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                                DISTRICT COURT
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                             CLARK COUNTY, NEVADA
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        CATHERINE RODRIGUEZ,
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                       Petitioner,
                                          Case No. A-13-685616-J
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        vs.
                                           Dept No. XXV
        NATIONSTAR MORTGAGE LLC,
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                       Respondent.
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                    BEFORE THE HONORABLE KATHLEEN DELANEY
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                        DECEMBER 13, 2013, 9:00 A.M.
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                            REPORTER'S TRANSCRIPT
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18
                             EVIDENTIARY HEARING
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        APPEARANCES:
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        (See separate page)
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        REPORTED BY: BRENDA SCHROEDER, CCR NO. 867
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LAS VEGAS, CLARK COUNTY, NEVADA 2 DECEMBER 13, 2013, 9:00 A.M. 3 **PROCEEDINGS** 4 5 THE COURT: I just wanted to make one note for the record about a conversation I had with my clerk 6 7 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. 10 but my understanding is that they are not stipulated to 11 for admission. Are there any that are stipulated to for 12 admission that we could take care of that housekeeping 13 right now? MS. NEWBERRY: Your Honor, if I may, I believe 14 15 the judicial notice documents when I look back at the transcript, Your Honor, had said that if there was no 17 objection they would be deemed admitted. So it was my 18 understanding, then, that those documents, which in this exhibit list would be Numbers 3 through 34, would be 19 20 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

are, they have no bearing or relevance on this case. 2 And so we want to reserve the admissibility

objection on those, at least on relevance grounds. And 3 4 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.

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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 22 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.

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objections that were raised at that time.

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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: Okav.

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

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 3 have a chance to look at my notes. 4

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

6 MS. NEWBERRY: No, Your Honor. And looking at 7 the transcript, I think you'll find that they did not 8 make an objection. They didn't indicate that they were 9 going to reserve a right to make any further evidentiary 10 argument. I think it's an afterthought that they 11 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

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does have the same issue, and there's an ice storm coming 1 THE COURT: I'm sorry. Exhibit - joint exhibit 2 now? to Dallas tonight, so we'd like to get her out. 3 MR. STERN: Joint Exhibit 2. 3 THE COURT: Oh, boy. That was my expectation to pick up with that witness and then pick up with 4 THE COURT: Number 2? 4 Ms. Newberry's witnesses after that. So happy to have 5 MR. STERN: Yes. THE COURT: Okay. I see it. Thank you. 6 the witness retake the stand. Why don't you recall her. 6 7 BY MR. STERN: 7 MR. STERN: We call Ms. Fay Janati. 8 Q Okay. Now, Ms. Janati, we have a couple of 8 questions for you. First, can you remind us what 9 9 Whereupon, custodial processes, if any, were taken, with respect to 10 10 FAY JANATI, was administered the following oath by the court clerk. 11 the original note? 11 A Usually after the note is originated, all the 12 THE CLERK: You do solemnly swear that the 12 original documents goes to the custodian. In this case, 13 13 testimony you give in this action shall be the truth, the whole truth, and nothing but the truth so help you God. US Bank was custodian of the note all the time. 14 14 THE WITNESS: I do. The original note stays with the custodian until 15 15 it's needed for foreclosure action and provided for our THE CLERK: Thank you. Please be seated. 16 16 Please state your full name spelling your first and last 17 foreclosure attorneys. 17 18 18 **Q** Is that what happened with Ms. Rodriguez' note? for the record. 19 A Yes, sir. THE WITNESS: First name Fay, F -- like Frank --19 Q Okay. So when the US -- when the note was 20 a-y. Last name, Janati, J-a-n -- like Nancy -- a-t-i. 20 needed for foreclosure purposes, to whom at US Bank 21 21 DIRECT EXAMINATION (CONTINUED) 22 transfer the note? 22 A To-at the time it went to our foreclosure 23 23 BY MR. STERN: Q Good morning, Ms. Janati. 24 attorney. 24 25 Q Do you know who that is? 25 A Good morning. 10 8 A I believe McCarthy & Holthus. Q Do you remember testifying in this case 1 Q Okay. Now, let's talk a little bit about the previously? 2 copy with the Nationstar name stamped on the endorsement. 3 A Yes, sir. 3 Are you able to tell us why or to explain how that -- let 4 **Q** And between that previous testimony that you me phrase it this way: Are you able to explain to us how gave and today, are there any answers that you would 5 the Nationstar stamp ended up on the copy? change from when we were here on November 1st? A We do have a system, imaging system that we call 7 A No. 7 Remedy, R-e-m-e-d-y. The copies of origination and lost 8 Q Okay. So we'd like to pick up where you --9 mitigation, a lot of documents are uploaded in that 9 where we left off. To refresh your recollection a little Remedy software that we call it our imaging. 10 bit, we were talking about two versions of the promissory 10 It appears that unfortunately somebody that I note, the original which did not have Nationstar's name 11 11 don't know who, printed a copy and stamped Nationstar stamped on the endorsement, and then the copy of it; do 12 12 Mortgage on the copy of the note and it went to the you recall that? 13 13 14 14 foreclosure attorney. A Yes, sir. 15 Q Okay. Just so that we can all refresh our 15 I do not know who did it and why did it, but I'm recollections, can you tell us again which is the correct 16 here to apologize. It was wrong. It should have not 16 happened. And, again, I'm sorry. One employee made one 17 version of that note? 17 18 mistake. 18 A The correct version of the note is the original 19 Q Okay. And following up on that, Ms. Janati, note that has been kept with our custodian. And that is 19 what access did that - did that employee have, which I 20 intact. There's no changes to that. It is a true, understand you weren't able to identify, but what access 21 official original note that was in custody and later on 21 would that employee have had to the original note? 22 with our attorneys. 22 23 A None. 23 MR. STERN: Okay. And just for the record, 24 **Q** And why is that? Your Honor, we had marked that as Exhibit 200. And now under our stipulation, it's Exhibit 2, the original one. 25 A When I see that the copy was stamped --9 11

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Q Uh-hmm. 1 2 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 7 copy and stamped it. Again, I cannot tell you why. Q Okay. 10 A But it's wrong and -11 Q Okay. 12 A - we apologize. Q And once -- tell us a little bit more about -- a 13 14 little bit more about this Remedy system. How is it 15 updated? How do new documents come into it, or new 16 images, I should say, come into it? 17 A It depends on what stage of the account the loan 18 is being serviced to. Usually, once the account is 19 transferred to us, we get all the previous servicer 20 documents. And we do have a department that document 21 execution, and documents that they upload all the 22 copies to be viewed with other Nationstar employees as 23 they need to look at it. 24 Q Okay. Now, I'd like to turn our discussion a 25 little bit towards the mediation that Nationstar 12 attended. Can you remind us when Nationstar -- I apologize. I'm going to cover a little bit of ground but 3 I think it makes sense for a logical question. Can you remind us what interest Nationstar has 5 in Ms. Rodriguez' loan?

1 this case, we did - we did work a modification for 2 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. 5 Q I'll interrupt you for just a second, 6 Ms. Janati, because the dates you gave me I want to 7 clarify. These modifications, were they done -- what R you're talking about, was that in 2011 or 2012? 9 A Then I'm going to leave myself open. Maybe 11, 10 maybe 12. I thought it was 2012. I don't know. Maybe 11 2011. 12 Q Let me ask you this way: Are these reviews that 13 you're testifying about, in relation to the mediation or did they occur after the mediation? 15 A At mediation. Q Okay. So --16 A If the date - if you give me the date of 17 mediation, I'm going to give at the same time. 18 19 Q Okay. It's - I don't think there's any dispute 20 about this; the mediation was in 2011. 21 A Okay. So we offered them -22 Q Just want to make sure we're clear on that. 23 A Sorry about that. 24 Q Okay. I interrupted you. Go ahead and finish 25 your answer.

6 A We are the servicing, so we are the 7 self-servicer of the account. The owner of the note is 8 BONY, Bank of New York, and we have been hired by First Horizon to continue the servicing of the account 10 which is loan admin, lost mitigation, foreclosure, 11 everything that pertains to a loan. 12 Q Okay. And remind us when Nationstar acquired 13 the servicing rep? 14 A I believe it was in 2011. 15 Q Okay. Does August 2011 sound correct? 16 A Yes, sir. 17 Q And so we understand that this mediation took 18 place shortly thereafter. Can you -- were you able to 19 determine what Nationstar was prepared to offer 20 Ms. Rodriguez at that mediation? 21 A Yes, sir. 22 Q Can you tell us what that was? 23 A Yes, sir. We make at Nationstar Mortgage we 24 make every effort to offer a modification to the borrower if they are able to afford the property to stay in. In

A All right. We tried to qualify the homeowner for mod twice. This is a HAMP government mod. For HAMP, 3 me and the servicer, I have to follow the government 4 guidelines. 5 Q Uh-hmm. 6 A We get audited very often by the government auditors. We also have our own review very often to make 7 8 sure HAMP is offered to every homeowner that they can 9 afford it and they qualify for. 10 Q Okay. Was that analysis done for Ms. Rodriguez? 11 A Yes. 12 Q Can you tell us what information Nationstar 13 considered as part of this review? A Sure. Ms. Rodriguez provided her paycheck stub. 14 After reviewing the income for Ms. Rodriguez that she 15 16 provided to us, we realized that it fails. Fails meaning 17 the monthly total debt of the borrower divided by the 18 monthly income is way out of the ratio that the 19 government allows me to do. 20 **Q** What is the ratio that the government allows? 21 A The ratio that the government allows with all 22 the other debt, it means payment of the mortgage, taxes 23 and insurance, and all the other debt, and we also have 24 to keep in mind the borrower needs some cash left over for the day-to-day living.

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percent rate with the income that Ms. Rodriguez had, she Q When you say, "all the other debt," does that was still at 86 percent debt-to-income ratio. 2 mean all the other debt with respect to the mortgage 3 Q Okay. And just so we understand it, that 86 loan, or other things like credit cards, car payments? percent debt-to-income ratio, what does that mean with -4 A We look at it both ways. for every dollar that she makes in income, how much would 5 Q Uh-hmm. she have to pay for the modified loan? 6 6 A Front issue means the mortgage and the loan A I don't know what you mean. It means 86 percent 7 7 versus the income that cannot be more than 31 percent of the income. If you add all the debt divided by 8 Q Uh-hmm. 8 income, it's 86 percent of the income is debt. She was q A - as dictated HAMP guidelines. And then we 10 left with couple of hundred dollars to live on. 10 look at the back-end ratio, which means the mortgage Q Okay. Really, just a couple more questions for payment. Well, when I say "mortgage payment" keep in 11 12 mind, we have to include taxes and insurance. So usually you, Ms. Janati. Based on the information that 13 Ms. Rodriguez provided, can she afford this loan? 13 people forget about that amount this it is an obligation. A Unfortunately, I'm very sad to say it is not 14 Q Right. 14 affordable for the borrower, and again -15 A So and then we look at the back-end ratio, which 15 is mortgage, taxes, insurance, other debts, utilities Q And why is that? 16 16 17 A - HAMP tells us, keep the borrower in the bills, credit card bills. All of that together. So you 17 have two debt ratios -18 property, bring it down to the amount that they can 18 19 Q Okay. afford to continue making the payment. Again, I'm very sorry to say that it looks like based on the income that 20 A - debt-to-income ratios. So both of them, they 21 the borrower has now, it is not affordable. And we do borrow way over the -21 22 not want the people to stay in their home if they cannot 22 Q Okay. 23 afford it. 23 A - guidelines. 24 Q Okay. Couple more questions, Ms. Janati. Can **Q** And by the "borrower" you mean Ms. Rodriguez? 24 you tell us how much profit, if any, Nationstar has made 25 A Yes, sir. 18 Q Okay. Can you explain why they were way over -off the Rodriguez loan? A None. why the ratios -- well, let's do it this way: What were 2 2 3 Q And why is that? 3 the ratios? A Well, first of all, we make every effort to 4 A 86 percent. 4 Q Okay. And what does that ratio mean, "86 modify borrowers to stay in their home. We are one of 5 the top servicers in the country. I know the numbers percent?" 6 from 2012 that we made 65,000 modifications to keep the 7 A It means the total debt that the borrower has 7 borrowers in their home. Going through foreclosure costs divided her income, it's of 86 percent. We are not 8 8 us a lot of money. I'm the subservicer, but it cost us 9 allowed to do that kind of modification. and the owner of the loan a lot of money. Q Okay. And is that 86 percent, does that result 10 10 In and out of the foreclosure, we're talking 11 11 occur before or after the proposed modification? about \$20,000. After foreclosure, it goes to REO, real 12 12 estate owned. I have to do repairs. I have to hire a Q What was the ratio before the modification, if 13 13 agent. It costs us a lot of money, and I can go on by 14 14 you know? the fact that the property value has gone down 15 A 100 and something percent. 15 considerably also. So we don't gain anything by 16 Q Okay. 16 foreclosing. We are forced to do it, because we have to, 17 A And I want to explain what step we take to make 17 18 you know, answer to our investors. 18 the borrower qualify. Ms. Rodriguez is currently at 19 MR. STERN: I do not have any more questions for 19 5.6 percent interest rate. We make every effort. We you, Ms. Janati. 20 20 brought the rate all the way down to two percent -21 THE COURT: Thank you. Ms. Newberry. 21 Q Okay. MS. NEWBERRY: I have a few questions. 22 A - which is the government. You know, I cannot 22 23 go lower than two percent. We bring it down all the way 23 /// 24 /// 24 to two percent, and we put two percent on the amount 25 /// financed, and then we figure out the income. Even at two

A I would say --**CROSS-EXAMINATION** 1 THE COURT: Hold on a minute. 2 BY MS. NEWBERRY: 2 MR, STERN: I'm going to object just on the Q Going back to your testimony from November 1st, 3 grounds that this is beyond the scope of our direct exam. you indicated that you worked in the resolutions THE COURT: Overruled. You may answer. department at Nationstar; is that right? 5 6 THE WITNESS: Yes. There is a lot of trails. A Actually, I was quality control, and I did 7 If you talk to the borrower, it is recorded and it is in quality control for all the modifications. My current 7 the system. If we make mod effort, it is in the system title is litigation resolution. At my current position, we make every effort and I was able to go look at it. A lot of notes are in 10 the system. 10 Q Okay. BY MS. NEWBERRY: 11 11 A - to come up with resolution. 12 Q And in that trail from 2011 to 2013, did anyone 12 **Q** -- quality, when you worked in quality control, you were responsible for looking over the modifications 13 raise an issue with regards to the note with the 13 Nationstar stamp on it being incorrect and improperly 14 as they were being generated by the subordinate employees sent to your attorney? 15 15 to you, correct? A I don't know. A Subordinate employees have their own managers. 16 16 Q Was there a log written in there where an 17 I was quality control. At the quality control, we pull a 17 sample and we review but not only. What I did was not employee caught the mistake, caught the error, or 18 18 addressed it in the Nationstar system? 19 only modification, but I also did a lot of quality 19 A On the note that I reviewed, I didn't see control for modification. I did origination reviews, REO 20 20 anything from Nationstar employee making a note of that, 21 21 reviews, loan app reviews. Modification was another however, a lot of those conversations were between 22 22 department that I did. Nationstar and foreclosure attorney. Q During that time period, from 2011, when this 23 23 24 Q You talked about a custodian and you mentioned loan was boarded with Nationstar, in your function as 24 US Bank repeatedly. It's your understanding that US Bank 25 quality control, did you ever review this file? 20 is the custodian for this secured type loan pool and A No. obviously Ms. Rodriguez' loan? 2 Q And from May of '13, when you were promoted to A Yes. the resolution analyst, did you review this file? 3 3 Q And that is not a misstatement, that US Bank is, 4 4 A May of '13, no. I reviewed the file when it in fact, a custodian and had possession of the came to my attention that I have to review it. 5 5 originating document since its inception in 2005? 6 Q When was that? A Before I came here from my last attorney, I 7 7 A I'm guessing mid-October. Mid-October 2013. asked and I was told US Bank was custody. Q So October of 2013, was when you first looked at 8 8 9 this file? 9 Q Who did you ask? A Our attorney asked document execution who was 10 A Yes. 10 11 the custodian, and I was told it is US Bank. 11 Q Are there – is there a written log that Q Who -Nationstar keeps of whoever has looked at this file, 12 12 MR. STERN: I'm going to jump in here, touched this file, or had access to it? 13 13 14 Ms. Janati, and just remind you not to disclose 14 A A written log? attorney-client privileged communications. 15 15 Q Or an electronic log. THE WITNESS: Okay. 16 16 A I don't understand the question. Nationstar has BY MS. NEWBERRY: 17 17 sets of policies and procedures. Depending on the status Q Who is document execution; what is that? 18 of the account, the employees are working on the account. 18 A Document execution is another department of 19 If it's in lost mitigation, lost mitigation employees are 19 Nationstar Mortgage, that they work with foreclosure 20 working. If it's in foreclosure, lost mitigation 20 attorneys to provide documents that is needed. continues lost mitigation effort and foreclosure starts 21 21 Q Okay. So it's an internal organization of their procedure. So the employees on the staff. 22 22 23 Q The employees you mentioned that are involved in 23 Nationstar that you contacted to find out where these 24 that, is there a trail of who has touched that file in 24 documents had come from? 25 A I did not contact them. I was told US Bank, your history on the file in your system?

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someone who made the investigation, and I was told that property, any expenses reimbursable to the master servicer pursuant to Section 31, and any enforcement or US Bank was the custodian of the original note. judicial proceeding including foreclosures. The Q Are you familiar with a document called pooling 3 3 4 management and liquidation of any REO property or 4 and servicing agreement? 5 A Yes, ma'am. 5 compliance with the obligations under Section 3.9." Are you familiar with servicing advances and • And have you reviewed the pooling and servicing 6 6 what that means with regards to pooling and servicing agreement that's relative to this loan? 7 7 A For this loan, no, but I have for other loans. agreements? 8 MR. STERN: Your Honor, I'm going to object. Q So you looked at them. Are they fairly similar 9 9 10 This is not only beyond the scope of our direct, it's not 10 from loan pool to loan pool? relevant to what we're here to discuss about the 11 A Yes, ma'am. 12 mediation. Q Have you ever looked at a pooling and servicing 12 THE COURT: Ms. Newberry. 13 agreement between Bank of New York Mellon and First 13 MS. NEWBERRY: Your Honor, she stated that they 14 Horizon with regards to servicing? 14 don't make any money. And she stated that they have no A Yes, I have. Yes, ma'am. 15 15 interest in foreclosure because it costs them money. Q Okay. 16 16 This document, including all the other corporate 17 A I have looked at it. 17 documents, shows exactly how they make money doing the 18 Q I'm going to direct your attention to the 19 foreclosures. It's entirely relevant. binders in front of you. I'd like you to take a look at 19 20 THE COURT: Overruled. You may proceed. Volume 1. I'm sorry. Volume 2, and Number 19. Just let me know what you've located the beginning of that THE WITNESS: No, I disagree. This document --21 21 when we subservice an account, we do get paid from master 22 22 document. servicing to process the account. 23 A Okay. I am in it. 23 BY MS. NEWBERRY: 24 Q Looking at this document, it indicated it's the 24 Q I'm going to direct you back to the question I 25 pooling and servicing agreement from May 1st of 2005. 26 asked. Are you familiar with the term "servicing" First Horizon Assets Security, Inc. is the depositor. account? First Horizon Home Loan Corporation Master Servicer, and A Yes. I have looked at a lot of servicing the Bank of New York is the trustee; do you recognize 3 agreements and I'm very familiar with servicing 4 this document? 4 5 A Yes, ma'am. 5 5 Q Then I have no doubt that you can answer my 6 Q And you've seen a document similar to this questions. Are familiar with the term "servicing 7 before, correct? 7 advances?" 8 A Yes, ma'am. 9 A Yes. Q Can you please turn to page 32 on the Bates 9 10 Q What are those servicing advances? 10 stamp. A I don't know the details of how much Nationstar 11 MR, STERN: Which page is that on the --11 gets paid on every account, but the servicing advances 12 MS. NEWBERRY: The Bates -- the top is also 32. 12 means if Nationstar as a subservicer has to go through THE WITNESS: 32 of 459? 13 13 cost of servicing the loan. Master servicers pays MS. NEWBERRY: Yes, ma'am. 14 14 THE WITNESS: Okay. 15 Nationstar to be reimbursed for the cost and it's very 15 natural. Making money out of the foreclosure is BY MS. NEWBERRY: 16 16 different than servicing advances. In order to service **Q** Looking at that document, direct your attention 17 17 to the first full paragraph entitled "Servicing 18 an account we go through a lot of expenses. 18 19 Q I'm going to ask you to just answer the Advances." 19 20 questions that I ask you. 20 A Servicing advances, okay. MR. STERN: She is answering the question. 21 Q "All customary, reasonable, and necessary 21 22 MS. NEWBERRY: I asked what servicing - if she 22 out-of-pocket costs and expense occurred in the 23 knew what servicing advances are. performance of the master servicing obligations, 23 24 THE COURT: I'm going to admonish the witness including but not limited to the cost of the preservation, restoration, and protection of a mortgage 25 that, I believe, that your answers are going beyond the 25 27

A Compensation to the Servicer. scope of the question asked. And just so that we can Q Yes. Section 5.1, Compensation to the Servicer: help avoid the record where you're talking over each With respect to each mortgage loan as compensation for other, answer the question to the best of your ability. its services under the agreement, the Servicer shall be If there's a follow-up question from entitled to the fees, collectively the servicing fee, set Ms. Newberry she'll ask it. And certainly your counsel 5 forth in the pricing schedule attached. will have opportunity -- or counsel, I should say for the 6 Are you familiar with this reference to this Respondent, will have the opportunity to follow-up with 7 document? 8 8 additional questions. But I will admonish the witness that most of the A Okay. Yes, ma'am. 9 9 Q Okay. And in the next paragraph: As additional 10 10 answers not only to Ms. Newberry's questions but even to servicing compensation, the servicer shall be entitled to 11 your questions, Mr. Stern. You are somewhat trailing 11 retain all ancillary income with respect to the mortgage into the narrative, which is really not what we look for 12 12 13 in these proceedings, okay? 13 14 A Yes, ma'am. THE WITNESS: Okay. 14 Q So you get to keep the fees. All of the costs, 15 THE COURT: Go ahead, Ms. Newberry. 15 all of the advances, everything that you put out when you MS. NEWBERRY: Thank you, Your Honor. 16 16 complete the foreclosure and there's an actual monetary 17 17 BY MS. NEWBERRY: recovery from the foreclosure; you get to keep those Q Servicing advances include ancillary costs, 18 18 correct? 19 fees, correct? 19 MR. STERN: I'm going to object on a couple of 20 20 A Yes, ma'am. basis; form, the question was compound. Also the 21 • And ancillary costs are inspection fees? 21 question lacks foundation particularly on what ancillary 22 A Yes, ma'am. 22 23 income means. Q Foreclosure filing fees? 23 THE COURT: Overruled. 24 24 A Yes, ma'am. BY MS. NEWBERRY: Q They are also the fees that are included with 25 30 28 Q It just described ancillary fees as the regard to the late fees that the servicer gets to retain, 1 inspection costs, the late fees. We didn't mention it, 2 correct? 2 3 but litigation cost would be included in that as well, A Does it say here? It is possible every 3 4 correct? servicing agreement is different. 4 A Yes, ma'am. We do pay for third-party vendors. 5 Q In a pooling and servicing agreement for a 5 We pay them and this is the cost of the servicing an securitized trust, you are allowed to keep the late fees 6 7 account. This is servicing agreement that I have to say, as a benefit of being the servicer or the subservicer, 7 yes, it's correct. 8 Я Q Okay. So your statement before that Nationstar 9 A Can you find that in this special servicing 9 doesn't make any money off of a foreclosure wasn't true, agreement? They're all different. 10 10 11 was it? Q If you'd like to turn to the subservicing 11 agreement for Nationstar with Bank of New York Mellon, I MR. STERN: Objection. Argumentative. 12 12 THE WITNESS: I do not agree with you. It was believe you will find the answer you're looking for, 13 14 true. Exhibit 22, which will be in the next volume. 14 THE COURT: Overruled. And, Ms. Janati, if you 15 15 A Volume 3? Volume 3? could just pause a little bit, because if counsel is 16 Q Volume 3, yes, ma'am. Turn to page 34. 16 going to object I need to have the opportunity to hear 17 A 20 -17 the objection and to rule on it before you finish. 18 Q 30 --18 THE WITNESS: Okay. 19 A 32 and then 34? 19 THE COURT: Ms. Newberry. 20 Q Correct. The bottom of the page, Article 5, 20 BY MS. NEWBERRY: 21 "Compensation to the servicer." Direct your attention to 21 Q When a foreclosure is completed and the sale of page 34 of the Bates stamp. That's where I'll begin the 22 22 the property occurs at the foreclosure sale, who gets the 23 23 questions. money first from the proceeds of the sale? 24 24 A 34 Compensation Article 5? MR. STERN: I object, Your Honor. That calls 25 25 Q Yes. 31 29

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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.

foreclosure sale of Ms. Rodriguez' home, recover all of their advanced costs, plus interest that has been

3 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,

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?

18 Q Someone comes down to the foreclosure auction 19 and purchases the home, hands over the money to the 20 foreclosure trustee; who does the foreclosure trustee 21 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

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

Q Yes. Books and records. me. Going through foreclosure, nobody wants a foreclosure. Not me, not the investor, not the master 2 A Okay. 2 Q This indicates that, "The record titled to each 3 3 servicer. We make every effort to keep the home. mortgage in the related mortgage note shall remain in Q I completely understand why the investor doesn't 4 4 blank in the name of the owner or the investor." Do you want a foreclosure because the properties are under water 5 recognize that statement? 6 and there's all these fees that get taken out before they A I'm reading it for the first time. get any recovery. I don't disagree with you there. I 7 Q Okay. Do you have any reason to disagree with 8 think we're on the same page on the investor. 9 that being a contractual obligation of the servicer to But back to Nationstar and Nationstar is the 9 10 not alter the note and to have it remain in blank in the 10 servicer in what it receives. Late fees. What money has name of the owner or the investor of the property? Nationstar advanced that categorically creates a late 11 11 12 fee? Is there an advancement of actual hard money for MR. STERN: I object, Your Honor. The contract 12 13 speaks for itself. It says what it says. 13 Nationstar's book for a late fee? THE COURT: She answered the question about how MR. STERN: Object on form. 14 14 this contract is implemented by Nationstar. 15 THE COURT: Overruled. If you know the answer. 15 MS. NEWBERRY: Yes, Your Honor. I'm just laying 16 THE WITNESS: Are you referring to the late fees 16 the foundation to ask those questions. 17 because of the borrower does not make the payment on 17 THE COURT: All right. Go ahead. You may 18 18 time? 19 proceed. Overruled, BY MS, NEWBERRY: 19 20 BY MS. NEWBERRY: 20 Q That is my understanding of a late fee with Q Do you have any reason to disagree with this 21 21 regards to a loan, yes. contractural requirement of the servicer having the note 22 A Okay. It is on the original note, and the 22 remain in blank? 23 borrower is well aware of it. They sign at closing, if 23 A Yes, ma'am, Lagree. 24 they do not make the payment on the 15 day, the late fees 24 Q So your testimony earlier today, that someone 25 25 are charged to the account. 38 stamped Nationstar into that blank endorsement -Q And who gets the late fee? A It says "original note." The original note was 2 2 A If the borrower is late, they have to make the never tampered. It was never touched. I apologize that 3 3 late payment charges. one employee stamped a copy. Original note stayed intact 4 Q Who gets the late fee? 4 and nobody touched it. 5 A It applies to the account. The borrower - the 5 Q Let's talk about that stamp on that note. What 6 borrower signed did you do to investigate where it came from? 7 7 MS. NEWBERRY: I'm going to object --8 A I just looked at the copy and I said, "I'm very 8 THE WITNESS: -- to make the charges. MS. NEWBERRY: -- for nonresponsive, Your Honor. 9 sorry that one employee made a mistake." 9 10 Q Did you go through the chain of people in the 10 THE WITNESS: I don't know if Nationstar accounting history that had touched this file and ask 11 11 retained the late fee or doesn't retain the late fee, them if they did it? regardless of that, that's the cost of servicing the 12 12 A No. I didn't because I was not clear who did it. 13 account. We hire employees. We have employees, manager, 13 Q And you didn't do an investigation to find out we have buildings. It's the cost of servicing the 14 14 who within Nationstar would have had access to the account. 15 15 Nationstar stamp in order to create that endorsement? THE COURT: I think she answered your question. 16 16 A No, I couldn't. Again, I have no idea who did 17 BY MS. NEWBERRY: 17 it. Somebody printed it and stamped it and sent it to Q Looking at the pool -- I'm sorry, the servicing 18 18 agreement that you still have in front of you, I believe 19 foreclosure attorney. So the fact that it was a copy, it 19 put me at ease, and I'm glad to say that that clerical 20 20 it's Exhibit 22. mistake did not make any changes to horrower's account. 21 21 A Okav. Q So if there had been a stamp on the original 22 22 Q Going back to page 14. It's 14 in the Bates 23 note, that would have been a concern to you, but the fact stamp, and then there's a Number 20 at the very bottom of 23 24 that it was a copy was of no concern? 24 the page in the middle. A Section 2.2? 25 MR. STERN: Objection, Your Honor. That 25

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Q Is there -misstates the testimony. It's argumentative. MR. STERN: Sorry. 2 THE COURT: Overruled. I think it is a fair 2 BY MS. NEWBERRY: 3 question. 3 Q Is there a policy or a procedure in Nationstar 4 THE WITNESS: Once again, ma'am, we are very 4 with regards to the creation of documents and how they're sorry, and I do apologize to you, Ms. Rodriguez, and this 5 submitted to your foreclosure attorney? Court. And one employee at Nationstar made a mistake on A Yes, ma'am. We do care about policies and a copy of the note. The fact that it did not affect my 7 7 8 procedures. homeowner it puts me at ease. **Q** What is the policy with regard to how documents BY MS. NEWBERRY: 9 9 10 are transmitted to your attorney? Q How did it not affect your homeowner that a 10 A Usually if the property goes to foreclosure, 11 11 forged note was used to prove standing at a mediation? foreclosure rep requests the original document from MR. STERN: Your Honor, objection, Lacks 12 12 custodian to foreclosure attorney. foundation. Argumentative of the fact it was a forged 13 13 Q So when a foreclosure is first initiated, the notice. Ms. Janati has repeatedly not only explained 14 14 document from the custodian is supposed to be sent out to 15 15 that the original was never changed, it was actually admitted, the original into evidence. So the statement the law firm that's going to do the foreclosure? 16 16 A Yes, ma'am. that this is a forged note is simply not correct and 17 17 Q Did that happen in this case? 18 18 lacks foundation. A I don't know. 19 19 THE COURT: Overruled. You, yourself, said, Q You reviewed the file? 20 Mr. Stern, that is about what happened at the mediation. 20 A Well, as far as when they requested it, I I think this is a fair question that Ms. Janati can 21 21 explained the policies and procedures, that is usually 22 22 when foreclosure starts -23 THE WITNESS: I'm sorry. Can you repeat your 23 **Q** You testified earlier that you reviewed this 24 question? 24 MS. NEWBERRY: Can we have the court reporter 25 file, correct? 25 42 A I reviewed the file in the system. I didn't go 1 read it back. to each department to talk to people. I reviewed the (Record read.) 2 THE WITNESS: A forged note was not used at file as far as the timelines. So the timelines as the 3 default occurs, the file is in foreclosure, the mediation. A wrong copy was produced at mediation. I foreclosure attorney is hired. And when the foreclosure don't know why. It should have not been there. attorney needs the original note, the original note is Mediation was supposed to be -- in regards to requested from the custodian. So these are the policies modification for Ms. Rodriguez, the fact that a stamped 7 8 and procedures and we make sure it follows. copy of the note was being produced. I'm shocked to see 9 Q So when, on your review of this timeline, did that, I don't like that it went to mediation. At 10 Nationstar ensure that its foreclosure attorney was in mediation we didn't need to prove standing because we do 10 11 possession of the original note? have servicing agreement to subservice the account. 11 12 A I don't know. At mediation, the goal was to help Ms. Rodriguez 12 Q You don't know? 13 13 to do modification. A I don't know the date. BY MS. NEWBERRY: 14 14 Q The year? 15 Q I do not expect you to be familiar with what 15 A I don't know. I can't say for certain. constitutes a forgery, but I would direct the Court's 16 16 **Q** Was it 2013? 17 17 attention to 205090, which describes a forgery, which is: A I don't know. The alteration of any document recorded or filed in any 18 18 Q Would like you to look at Volume 5, document court or with any public officer or senate assembly or 19 19 counterfeit or forges the seal or handwriting of another, 20 Number 46. 20 21 A Okav. with the intent to damage or defraud any person. 21 22 **Q** Do you recognize this document? Doesn't specify that it has to be the original. 22 A Well, I mean, this is the first time I'm looking THE COURT: The Court will note the definition. 23 23 at it. Let me read through. Exhibit A, is that where we 24 MR. STERN: There a question? 24 25 are at? BY MS. NEWBERRY: 25 43 41

interact with you based on this standards and practice? Q That's document Exhibit 46. 2 A How my attorney interacts with me? A Okay. 2 Q Are you familiar with this document? Q The foreclosure attorney, we were just 3 3 discussing foreclosure attorneys and how the files are A I am looking at it for the first time, so, I 4 4 sent to them. And how the files are referred to them, 5 5 mean and how he would obtain the custodial file. And this is Q "Yes," or "no," are you familiar this document? 6 the agreement, as your offenders, those law firms are A This is the first time I'm looking at this 7 supposed to interact with you, correct? 8 8 document. A Yes, it is with our agreement, then it is our 9 MR. STERN: I am going to jump in, Your Honor, 9 10 just, it's not an objection. It's just for reason we 10 Q Please turn to page 3. Exhibit 46, Bates stamp, don't have a copy of it in our binder. 11 11 12 3. 12 THE COURT: The Court has a copy. If you're not A Okay. 13 sure, we can certainly take a quick break. 13 Q Under 1.5, Litigation and Settlement 14 Mr. Stern, just in the interest of time, if you 14 Negotiation. "Each's firm shall obtain Nationstar's want my copy, an additional copy, you're welcome to have 15 15 written authorization prior to communicating verbally or 16 16 it and I can use the clerk's copy. 17 in writing, any type of settlement with borrower or their 17 MR. STERN: I appreciate that, Your Honor. legal representative." Correct? 18 18 Looks like we are also missing 47, just as a heads-up. A Yes, ma'am. 19 19 MS. NEWBERRY: I am giving him now the Q So Nationstar retains the authority with regards 20 20 opportunity to review it, Your Honor. to reaching a resolution, not the attorney? 21 21 MR. STERN: Your Honor, I'm okay proceeding with A Yes, ma'am. 22 22 questions on it. The only statement I'd like to make is, Q Okay. And turning to page Number 4, 1.9. 23 23 I am not sure where, and I apologize that I don't know Nationstar's Preferred Online Default Reporting this, but how Ms. Newberry's office came into contact Trafficking System. That's called DRTS. Is that the 25 with it. So I would like to - it looks like this is a 46 44 imaging file that you're referring to with regards to how vendor document and I don't want to waive any confidentiality objections obviously. the documents were transmitted to the law firm? 2 MS. NEWBERRY: Your Honor, I anticipated that 3 A I don't know. Let me read through. I have no 3 question. Here's a screen shot. I got it off of the 4 idea. 4 5 Q Take your time. Internet. It's posted and published. MR. STERN: Okay. With that, I'm not as 6 MR. STERN: While Ms. Janati's reviewing the ĥ document, Your Honor, I'd like not so much to object but 7 7 worried, but I'd just like to reserve the confidentiality note that this is a document with which she is not 8 objection that if this is, in fact, correct that we had familiar. And to the extent that her responses to this the ability to seal this portion of it or otherwise 9 protect the confidentiality of the document. 10 document are intended to bind Nationstar as a company, we 10 11 think there's a little bit unfairness there. THE COURT: If looks like it's available to 11 12 THE COURT: To be clear, I don't believe she anyone who wants to access it on the Internet. So I'm 13 testified that she's not familiar with it. She's simply 13 sure have a confidentiality issue with it. I'm taking testifying she's looking at it right now for the first 14 counsel's representations. I think you should proceed. 14 time. I appreciate that may sound like that, but I don't MS. NEWBERRY: Thank you, Your Honor. 15 15 think we got a clear answer, because I think the question MR. STERN: And we take it on face value. If it 16 16 was: Are you familiar with the policy and procedures 17 is on the Internet, of course, we would agree with that. 17 that are contained in here. And I don't know that she's 18 THE COURT: Okay. Proceed. 18 answered that question. And if she is and she can 19 BY MS. NEWBERRY: 19 testify to it, then she can testify to it. If she's not, 20 Q This document is called Nationstar Mortgage, 20 LLC, Firm Standards and Practice Policy, and you should 21 then she's not. 21 22 THE WITNESS: I read through it. This is have the opportunity to read that document, correct? 22 agreement between us and our vendors. And in my 23 23 A Yes. position, I'm just going to say that we are hoping that 24 Q Are you familiar with the terms that are written 24 everybody follows these policy and procedures. in this contract with regard to how your attorneys 45 47

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case, and I don't know if it is in Serangitis. BY MS. NEWBERRY: Q You turn to page 6. Look at 2.3 Foreclosure Q Are you familiar with a system called DRTS? 2 2 Prorated Fee Process. 3 3 A Okav. 4 Q How do you communicate with your attorneys when 4 Q Are you familiar with this matrix and this 5 a foreclosure is sent to them? 6 process? A When the foreclosure started, we do have an 6 A This is the first time I'm looking at it. 7 assistant that is called LPS, that I also have access to 7 THE COURT: I'm going to admonish the witness. 8 read through. And usually the communication between I don't believe that that answers the question. She's 9 foreclosure attorneys and our foreclosure department is asking you if you're familiar with the process, and 10 through LPS. 10 you're saying that is the first time you're seeing it Q LPS. That stands for Lender Process Services. 11 11 written in this document. I don't believe that that 12 12 right? answers the question, and I would like you to answer the 13 A Yes, ma'am. 13 14 question. Q And LPS created a work station desk top program 14 THE WITNESS: No. that allows you to interface with your attorney? 15 15 THE COURT: Thank you. 16 A Yes, ma'am. 16 BY MS. NEWBERRY: 17 Q And the LPS system is owned and operated by a 17 Q Can you turn to page 8. Under Section 4, 18 third party? 18 Foreclosure Overview. In 4.1 Foreclosure File Referral, 19 A I don't know. 19 it indicates the firm foreclosing in a state that 20 Q Does Nationstar own LPS? 20 requires original documents to begin the foreclosure 21 A I have no idea. 21 process, shall follow the provisions for requesting and Q Turn to page 5, please. 1.10, Escalated 22 22 using original documents in Section 4.9. Are you Litigation. It mentions something called a contested 23 23 familiar with that procedure at Nationstar? 24 foreclosure group. Are you part of this contested 24 25 A Yes. foreclosure group? 25 50 48 Q Under 4.2, Legal Standing. It indicates from A Yes and no. We do help foreclosure contested time to time, Nationstar may seek to use specific title group if the foreclosure becomes a complicated contested 2 vendors. What's a title vender? 3 matter. But I -3 A The title company that we use to run the title Q Is it fair to say that this is a complicated 4 4 matter, Ms. Rodriguez' foreclosure? 5 report. 5 Q Who is the title vendor in this case? 6 MR. STERN: Objection, Your Honor. Form. The ĥ A I don't know. witness hasn't - this is a complicated matter. 7 7 Q Skipping to the next paragraph: The law firm MS. NEWBERRY: She testified that they become 8 8 shall not initiate a foreclosure - skipping the involved in complicated matters with the foreclosure 9 bankruptcy remarks part of it -- unless it has group. I'm clarifying whether or not this particular 10 10 independently confirmed a valid chain of title for both loan is a complicated matter that would cause them to be 11 11 the mortgage and the note by review of all pertinent 12 related to the foreclosure. 12 documents and verification of appropriate standing of the 13 THE COURT: I'll allow the question. But 13 party. Are you familiar with that requirement of your Ms. Newberry, please let the witness finish answering 14 14 law firm vendor? 15 before you follow-up. 15 16 A Yes, ma'am. MS. NEWBERRY: Okay, Your Honor. 16 17 Q How do they do that? THE COURT: You may answer. 17 A When the title - when the foreclosure attorney THE WITNESS: I am not in a position to make a 18 18 runs the title report, they make sure we do have the 19 decision if one case is contested, complicated or not, it 19 first lien and look at the note, look at the note amount, 20 comes to me and I'm assigned to it and I work it. 20 and they do their search to make sure we have the 21 BY MS. NEWBERRY: 21 priority to start the foreclosure. 22 Q In the paragraph with the bullet point says, 22 Q Where do they obtain the documents that they are "The cases will be worked in Serangitis," is that the 23 23 24 reviewing? system you're using on this case? 24 A What document are we talking about? A I don't know. I did not use Scrangitis in this 25 25 51

A No. Q Are they solely relying on what is in the LPS system when making that assessment with regards to the Q It's a separate system? 2 A Yes, ma'am. 3 chain of title? **Q** The Remedy system? 4 4 A In regard to chain of title, they would look at A Yes, ma'am. 5 the title report, and if it is in regards to standing, 5 Q Does the vendor law firm have access to Remedy? they request original note to make sure we are filing the 6 6 7 A I don't know. 7 foreclosure by the name of the investor. Q You testified earlier that the note doesn't move 8 R Q Turning to page 9. 4.4 Preparation of Legal around. From origination it stays with the custodian; is Documents: Each firm is responsible for preparing all 9 9 10 that correct? legal documents required and/or deemed necessary to 10 A Yes, ma'am. complete the foreclosure action without any additional 11 11 Q So is there any way that any of the servicers, fee. Are you familiar with that term? 12 12 based on your understanding of the industry, would have 13 A Yes, ma'am. 13 been in possession of that original note --Q So you don't pay your lawyers to do whatever 14 14 A I don't know. foreclosure documents are required. It's just expected 15 15 Q - prior to it being sent to McCarthy & Holthus? that they will do that in conjunction with handling the 16 16 MR, STERN: Objection, Your Honor. Form. 17 foreclosure matter on a flat fee basis? 17 THE COURT: Overruled. A I don't know about flat fee but I agree on this. 18 18 MR. STERN: The question was confusing. Q Okay. Skipping to the third paragraph in 4.4: 19 19 THE WITNESS: I don't understand your question, Notary shall keep detailed and audible records involved 20 20 in notary activities. In the event any notary activity 21 ma'am. 21 BY MS. NEWBERRY: 22 requires administration of an oath, shall ensure that 22 Q Well, let's start with Nationstar. Did such oath is actually administered. Are you familiar 23 23 Nationstar ever gain possession of the original note in 24 24 with that requirement? the collateral file when it took over the loan in 2011? 25 A Yes, ma'am. 54 52

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.

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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 Idon't know.

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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

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16 of 95 sheets

1	provided it to our foreclosure attorney. And I'm going	1	Q Okay. Who is Daniel Marks?
2	to say that on every loan, that's the norm. That's the	2	A Daniel Marks is a manger with the mediation
3	policy and procedures. It stays with the custodian until	3	group.
4	my foreclosure attorney needs it to file it.	4	Q Does he still work at Nationstar?
5	Q You also testified on November 1st that you	5	A Yes, ma'am.
6	verified standing by looking at the spreadsheet. And the	6	• And it's your understanding, that he is
7	spreadsheet is very reliable. What were you talking	7	representative from Nationstar that participated in the
8	about?	8	mediation in October of 2011?
9	A We do have one spreadsheet that only qualified	9	A I don't know.
10	people have it. I wasn't quality control and I have it.	10	Q But he still works there?
11	And we also have a system that is called L-SAM, L, like	11	A Yes, ma'am.
12	Larry, S, like Sam, A-M. Loan Servicing Management	12	Q Since October of 2013 when you became aware of
13	System.	13	the note with the Nationstar stamp, you didn't make any
14	So I look at the - in the L-SAM, it does say	14	policy changes with regards to how your department
15	First Horizon securitized by BONY, series such and such,	15	participates in mediation, correct?
16	and I compared that with my spreadsheet, and it is	16	A I'm not in a position to make any policy
17	correct. What I have in my system is the exact same	17	changes.
18	thing that I have in my spreadsheet, which is	18	Q I'll ask you to look at what is Exhibit 21.
19	First Horizon carries such and such. I don't know what	19	A Volume - what volume? Volume 2?
20	they mean, but it matched.	20	Q Look at page 3 of this exhibit.
21	Q Are you familiar with someone named AJ Lowell?	21	A Ma'am, is it Volume 3?
22	A Yes, ma'am.	22	Q Okay. 21. Exhibit 21, page 3. Yes.
23	Q Who is he?	23	THE COURT: Please identify it for the record,
	A He's my boss.	24	what exhibit.
24 25	Q And what's he do?	25	MS. NEWBERRY: Oh, this exhibit is the joint -
25	And what's he do:		58
	•		
1	A He's VP of litigation support.	1	This is registration statement, Your Honor.
2	Q And he still works at Nationstar at present?	2	THE COURT: Registration statement filed by
3	A Yes, ma'am.	3	Nationstar.
4	Q How long has he been the vice-president there?	4	BY MS. NEWBERRY:
5	MR STERN: I'm going to object, Your Honor,	5	Q And this is the registration statement filed
6	relevance.	6	with the Securities Exchange?
7	THE COURT: I am assuming Ms. Newberry is	7	A My book, it says 21, but at the bottom of the
8	setting foundation for some follow-up questions.	8	page it says Exhibit 19.
9	But, Ms. Newberry, the relevance here?	9	Q Correct. That's a Bates stamp numbering. So
10	MS, NEWBERRY: I'm setting up who was involved	10	you are in the right spot.
11	in the mediation team and the mediation department at the	11	A What page do I go?
12	time this mediation took place in 2011.	12	Q Page 3. But according to that Bates numbering,
13	THE COURT: Overruled. You may proceed.	13	it's page 3.
14	THE WITNESS: What was the question?	14	A Okay. So Prospectus Summary?
	BY MS. NEWBERRY:	15	Q Yes. That's exactly where I'm looking.
15	Q How long has AJ Lowell been the vice-president	16	A Okay.
15 16		17	Q As of April 30th of 2011, Nationstar had 2,176
16	-		employees; do you agree with that?
16 17	in the mediation department?	18	
16 17 18	in the mediation department? A I don't know.	18 19	MR. STERN: Objection, Your Honor. Relevance.
16 17 18 19	in the mediation department? A I don't know. Q Longer than 2011?	19	MR. STERN: Objection, Your Honor. Relevance.
16 17 18 19 20	in the mediation department? A I don't know. Q Longer than 2011? A I don't know.	19 20	MR. STERN: Objection, Your Honor. Relevance. The document speaks for itself.
16 17 18 19 20 21	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	19 20 21	MR. STERN: Objection, Your Honor. Relevance. The document speaks for itself. THE WITNESS: I don't know.
16 17 18 19 20 21 22	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?	19 20 21 22	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
16 17 18 19 20 21 22 23	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	19 20 21 22 23	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
16 17 18 19 20 21 22	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?	19 20 21 22	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

THE WITNESS: Okay. Yeah, well, as of 2 April 30th, 2011, we had 2,176 employees. 3 THE COURT: I see the reference now. And the 4 5 objection, again, Mr. Stern? MR. STERN: Sorry. Relevance. And the document 6 speaks for itself. I don't know that this witness is in 7 a position to talk about the overall --8 THE COURT: Again, there will be a foundational 9 10 witness then. BY MS. NEWBERRY: 11 Q Do you have any reason to disagree with that; is 12 13 it more or less? THE COURT: The objection has been made to 14 relevancy as to what the relevancy is and how many 15 16 employees they have. MS. NEWBERRY: It goes to who was working at 17 Nationstar at the time of the mediation, Your Honor. And 18 the approximate number of employees that are employed by 19 Nationstar is relevant to that point. 20 MR. STERN: We don't believe the point is 21 22 relevant, Your Honor. Who cares how many employees 23 Nationstar had. You know, how does that impact mediation 24 at all? THE COURT: Do you have any reason to disagree 25 with the number? THE WITNESS: No, if it's here, I'm going to 2 guess it's accurate. 3 BY MS. NEWBERRY: 4 Q Also in this document, it discusses loan 5 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, 9 correct? 10 A Yes, ma'am. Q Our servicing portfolio consists of mortgage 11 servicing rights acquired from or subservicer for various 12 13 third parties, as well as loans we originate for 14 integrated origination platform; is that correct as well? 15 A Yes, ma'am. 16 Q As of March 31st, 2011, our servicing portfolio 17 included over 404,000 loans with an aggregate unpaid principle balance of \$67 billion; would you agree with 18 19 that? A Yes, ma'am. 20 21 THE COURT: Ms. Newberry, are you just going to keep reading from this document? 22 MS. NEWBERRY: No. No, Your Honor. I'm getting 23 to my point. 24 25 THE COURT: Can you get there quickly, please.

first paragraph, it's the last statement.

MS. NEWBERRY: Yes, Your Honor. 2 BY MS. NEWBERRY: Q Our -- the last statement: Our servicing 3 segment produces recurring fee based revenues based upon contractually established servicing fees. A Yes, ma'am. 6 Q Does that include the advances and the costs 7 that Nationstar is required under subservicing agreement 8 to pay out on the loan? 9 A I don't know. That's outside the scope of my 10 11 position. Q Okay. The next paragraph down it discusses the 12 13 amount based on the aggregate of the unpaid principle balance. Can you understand how -- can you explain how a 14 servicing fee is related to what the unpaid principle 15 balance is? 16 A I don't know. 17 Q Isn't it true, that the servicing fee, the 18 payment that you collect from a mortgage payment, is 19 based on what the unpaid principal balance is on the 20 loan? 21 A I don't know. You are going way outside the 22 scope of my position. The servicing agreement is between 23 the two parties that they sign it. So I cannot sit here 24 and testify against our servicing agreement. 62

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

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levels of the organization, and compensation for all of what she meant by Nationstar not making a profit from a our employees is based on achieving the desired results." foreclosure. 2 Are you familiar with that statement? 3 3 These questions, I think, are of a different 4 A No. nature or the subject matter is of a different nature and 4 Q Okay. So just to confirm: You, in October of 5 she's testified she doesn't know. 2013, you were made aware of a note that had been stamped THE COURT: Ms. Newberry, any record you want to 6 with Nationstar relative to Ms. Rodriguez' loan 7 make here? documents, and since that time, have you requested an 8 MS. NEWBERRY: I will make the record that they investigation to determine who did it? had the opportunity to bring the witness with the best 9 9 A A copy of a note. Again, I'm going reiterate 10 knowledge to represent their client here today and this 10 again and again, one employee made a mistake and put a 11 11 is the witness we've been presented with. stamp of Nationstar on a copy that did not affect the THE COURT: I'm going to sustain the objection 12 12 borrower. I cannot do any more investigation because I 13 because I do believe that this witness now has multiple 13 do not know who did it, but I do apologize for the 14 times answered what her basis for her response was as to 14 clerical mistake. why she believes there's an effort to avoid foreclosure. 15 15 Q How many people work in the foreclosure 16 And you have made your point through these 16 mediation department at Nationstar? 17 documents and through the lines of questions, that you 17 A Two different departments: One is foreclosure 18 believe there is value to Nationstar. I don't know that 18 department, one is mediation. I do not know the exact we're going to get any further to continue down this road 19 19 number of employees. 20 of questions, so I'm sustaining the objection. 20 Q Is it more than ten? 21 BY MS. NEWBERRY: 21 A Where? 22 Q Do you have any reason to disagree with the 22 Q In the mediation department? statements that are in this document that Nationstar 23 23 A Yes, ma'am. 24 24 recorded with the SEC? Q Is it more than 20? A The servicing agreement? 25 25 66 64 Q The registration statement and the servicing A Yes, ma'am. 1 agreement, do you have any reason to disagree with those Q More than a hundred? 3 A No, ma'am. documents? 4 Q How do you know that one single employee made MR. STERN: I will restate the objection, or 4 5 one single mistake if you don't know how the document was perhaps, I think, this is a foundational objection 5 6 created? actually, Your Honor. I think Ms. Janati has already A Because there is only one floating around. What 7 established that she doesn't have much personal knowledge 8 do you mean? I see that there is one copy of the note about the statements in this agreement or even how the 8 that is stamped. No one else produced other mistakes. 9 agreement is made, how it was prepared. I think --9 10 Q So you're confident someone within Nationstar THE COURT: Sustained. 10 created that document? 11 Ms. Newberry. 11 A Unfortunately, I'm going to guess, yes. It is 12 12 BY MS. NEWBERRY: very unfortunate that somebody at Nationstar printed the 13 Q Do you have subordinate employees that work for 13 note for the copy and stamped it. It is very unfortunate 14 14 you? and I do apologize. But I don't like it that the 15 15 A Currently, no. foreclosure attorney took it to mediation. 16 Q When you were in quality control, did you? 16 Q How many people have access to the Nationstar 17 A No. 17 stamp that's used on -- on those? 18 Q I will ask you to look at page 5. Paragraph 18 A I have no idea. titled, Culture Credit Loss Ownership and Accountability. 19 19 MR. STERN: Object, Your Honor. Object, 20 Does Nationstar have a policy with regards to a term 20 Your Honor. Lacks foundation. And it seems that there 21 called "credit loss ownership?" 21 is, in fact, a stamp that we don't really know how this 22 A I don't even understand what is credit loss 22 23 document was created. Whether it was --23 ownership. THE COURT: She testified somebody, she doesn't 24 Q The statement in the paragraph says, "We

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know who printed it out and stamped it, so I'm going to

establish financial and operational goals across all

A Okay. overrule if she knows the answer. 2 Q Is that correct? BY MS. NEWBERRY: 2 Yes, sir. 3 Q How many people at Nationstar have access to the 3 Q Okay. Can you tell us, again, just following-up 4 stamp? from what Ms. Newberry asked you: Does Nationstar make 5 A I don't know. any additional profit under the pooling and servicing Q How many people have access to the system where 6 agreement, or any of the other agreements we've they could have printed out the document and created a 7 discussed, when there is a foreclosure versus a 8 stamp? successful modification? A I don't know. 9 10 A No. 10 MS. NEWBERRY: Your Honor, I have no further Q And just so that I'm understanding, you're 11 questions for this witness. 11 saying, no, it doesn't make an extra profit or, no, you 12 12 THE COURT: Mr. Stern. 13 13 MR. STERN: Yeah, I have a few follow-ups and I don't know? 14 A No. we don't make extra profit. Foreclosure is have -- I'm not sure if -- okay, I'm just going to cut 14 15 not, you know, we don't want a foreclosure. We are not 15 straight to cross. making more money just because I'm pushing for 16 16 17 foreclosure. Foreclosure is part of servicing the REDIRECT EXAMINATION 17 18 account. We make every effort to come up with 18 BY MR. STERN: 19 resolution. 19 Q A few follow-ups for you, Ms. Janati. Can you Q Speaking of making efforts to come up with 20 20 explain to us with respect to the servicing advance, to resolution, we understand that the copy with the 21 the extent that you understand this, what is a servicing 21 incorrect stamp was presented at mediation. How did, to 22 advance? your knowledge, how did Nationstar change its position 23 A A servicing advance could be anything between 23 the things it offered, the modifications it considered as 24 inspection fee, paying third party when there's request a result of that stamp being presented at mediation? 25 for BPO. It could be anything. You know, foreclosure 70 A None. It didn't make any difference. We made 1 referral fee, notary fee. So those are the expenses that me, as a subservicing, has to go through to continue 2 every effort to offer modification to Ms. Rodriguez to 2 3 keep her in her home. 3 servicing the account. 4 MR. STERN: Your Honor, would you mind if I took Q Okay. And who pays for those expenses when they 4 one second to confer with Mr. Schnitzler about something? 5 5 are incurred? 6 THE COURT: Sure. 6 A It's my understanding that we pay them -7 7 MR. STERN: We do not have anything else. Q Okay. 8 THE COURT: Ms. Schuler-Hintz? A - when this is incurred. 8 MS. SCHULER-HINTZ: No, Your Honor. 9 Q Okay. Again, to the extent that you know, all 9 10 THE COURT: Ms. Newberry. of my questions assume that you know the answer --10 11 MS. NEWBERRY: Nothing further, Your Honor. A Okay. 11 12 THE COURT: All right. Ms. Janati, thank you 12 Q To the extent that you know. How does, if at 13 for your time today. You are excused. all, does Nationstar recover those servicing advances? 13 THE WITNESS: Thank you. 14 A It would be on the servicing agreement. It is 14 15 MR. STERN: Procedurally, Your Honor, Ms. detailed on the servicing agreement that we have when we 15 Janati, respectfully our witness. She was our witness. 16 16 took on servicing. I'm wondering if - I don't suspect that Ms. Newberry is Q Okay. Does Nationstar make profit from 17 17 going to want to call her again as an adverse witness or 18 18 servicing advances to the extent that you know? anything. She's got a plane to catch. 19 A From the actual servicing, I don't know. Again, 19 THE COURT: I think we knew that going in. I'm not very - you have to look at the detail servicing 20 20 21 Ms. Newberry, I assume, would have said something if she agreement. I don't know. But we -21 22 wanted to. 22 Q That's fair enough. 23 MS. NEWBERRY: No, Your Honor. I have no reason A - it's just vendor charges. 23 24 to recall her. Q That's fair enough. But we understand that 24 THE COURT: All right. Thank you very much. 25 servicing advances are vendor charges? 25 71 69

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•	THE WITNESS: I am excused?	1	mediations, although, I will say that includes a period
2	THE COURT: You are excused.	2	of time where I was representing borrowers, including
3	Why don't we take a five-minute break.	3	only the mediations I've attended on behalf of the
4	(Whereupon, a recess was taken.)	4	lenders, that's the vast majority of that number of them.
5	THE COURT: Ms. Newberry, your next witness.	5	Q So you would say you're very familiar with the
6	MS. NEWBERRY: Your Honor, for sake of economy,	6	Foreclosure Mediation Program?
7	we're going to allow Mr. Stern to call his witness. I	7	A Yes.
8	will do a cross-examination of that witness even if I	В	Q And did you attended mediation that is the
9	call her, so it makes more sense to do it that way.	9	subject of this petition?
0	THE COURT: I think that is fine as well. I	10	A Yes.
1	appreciate the efficiencies. I know we hope to complete	11	Q On whose behalf did you attend that mediation?
2	today, and the Court does intend to take a lunch recess	12	A I attended the mediation on behalf of Nationstar
3	at some reasonable point so	13	who had hired us as the servicer of the loan.
4	Go ahead, Mr. Stern.	14	Q Great. And in the exhibit binder, can you take
5	MR. STERN: Ms. Schmidt will be presenting our	15	a look - I'll direct you to - I believe, it is
6	next witness, Your Honor.	16	Exhibit Number 1.
7	MS. SCHMIDT: We would like to call Ms. Lindsey	17	A Okay. Is that Volume 1?
18	Morales.	18	Q I think so.
19	AND MICS.	19	A Sorry. The adjustable rate note?
20	Whereupon,	20	Q Yes. And can you take a look at that and tell
21	LINDSEY BENNETT-MORALES,	21	me if it appears to be the note as it was presented at
22	was administered the following oath by the court clerk.	22	this mediation?
	THE CLERK: You do solemnly swear the testimony	23	A Yes. I believe this is the copy of the note
23	you're about to give in this action shall be the truth,	24	that I presented at the mediation, or a copy of the copy
4	the whole truth, and nothing but the truth so help you	25	of the note I presented at mediation.
25	72		74
1	God.	1	Q And is there any certification that was
	THE WITNESS: I do.	2	presented with that note?
2	THE CLERK: Thank you. Please be seated.	3	A No. We did not have a certificate for the note
3	Please state your full name, spelling your first and last	4	for the mediation.
4	name for the record.	5	Q And to your knowledge of the Foreclosure
5	THE WITNESS: My name is Lindsey	6	Mediation Program rules and statutes as they existed in
6		7	2011, is a certified note required?
7	Bennett-Morales. L-i-n-d-s-e-y, B-e-n-n-e-t-t,	8	A Yes.
8	M-o-r-a-l-c-s.	9	Q Now, I will direct you to, I believe, probably
9	THE COURT: You may proceed.	10	the last volume, Volume 4 perhaps.
0	MS. SCHMIDT: Thank you, Your Honor.	11	THE COURT: We have Volume 5.
11	TOTAL CONTROL OF A MARKET AND A TRACKI	1	MS. SCHMIDT: Oh, okay.
12		12	THE COURT: If we have exhibit number we can
13		13	
14		14	find it, MS. SCHMIDT: Sure. It's Exhibit 49.
	employed?	15	
15	A	16	THE COURT: That's in 5, I believe.
15 16			MS. SCHMIDT: Thank you, Your Honor.
15 16	Cooper Castle law firm.	17	
15 16 17	Cooper Castle law firm.	18	THE COURT: I'm sorry, did you say 49?
15 16 17 18	Cooper Castle law firm. Q And Ms. Bennett-Morales, on October 6, 2011, where were you employed?	} "	THE COURT: I'm sorry, did you say 49? MS. SCHMIDT: 49, yes, Your Honor.
15 16 17 18	Cooper Castle law firm. Q And Ms. Bennett-Morales, on October 6, 2011, where were you employed?	18	THE COURT: I'm sorry, did you say 49? MS. SCHMIDT: 49, yes, Your Honor. THE WITNESS: The BPO?
15 16 17 18 19	Cooper Castle law firm. Q And Ms. Bennett-Morales, on October 6, 2011, where were you employed?	18 19	THE COURT: I'm sorry, did you say 49? MS. SCHMIDT: 49, yes, Your Honor. THE WITNESS: The BPO? MS. SCHMIDT: Yes.
15 16 17 18 19 20 21	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	18 19 20	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.
15 16 17 18 19 20 21	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	18 19 20 21	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:
15 16 17 18 19 20 21 22	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	18 19 20 21 22	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
15 16 17 18 19 21 22 23 24	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?	18 19 20 21 22 23	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:

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?

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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.

21 Because we do our best to comply with the 22 Foreclosure Mediation Rules whenever possible, we took a step to obtain a certified copy of the deed of trust from 23 the County Recorder's Office with the understanding, of

course, that because it is a recorded document, there

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judicial foreclosure. Would it appear that that was 2 incorrect?

3 MS. NEWBERRY: Objection. Misstates the 4 testimony. 5

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

MS. SCHMIDT: I believe, that Ms. Rodriguez 7 testified the first time she heard of Bank of New York 8 Mellon being involved in this loan was at her judicial 9 10 foreclosure.

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

14 MS. NEWBERRY: Your Honor, still I object. She's drawing a conclusion with regard to what 15 Ms. Rodriguez thought or what she was aware of. What her 16 testimony is, is that she was not aware of Bank of New 17 18 York Mellon until the judicial foreclosure.

THE COURT: That's my recollection of the 19 testimony as well. I will sustain the objection, but you 20 21 can rephrase.

22 BY MS. SCHMIDT:

23 Q Did you present this assignment at mediation to 24 Ms. Rodriguez and her counsel?

Q I will move on to 52, Exhibit 52. Can you

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

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

then also included terms regarding a short sale should

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

the liquidation option come up at mediation.

of evaluating Ms. Rodriguez for a loan modification. And

and at the mediation, an evaluative methodology, as well

So what this document is, is the evaluative

A Yes. Under the Foreclosure Mediation Rules as

A Yes.

explain what this document is?

as terms for a short-sale proposal.

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would be no changes from the copy that - well, there would be no changes on this copy from the original deed 2 3 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.

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

with the documents that you had? A No. 22

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

certificate would issue as a result of this mediation

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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 6 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

MS. NEWBERRY: Thank you.

CROSS-EXAMINATION

BY MS, NEWBERRY: 4

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Q Ms. Morales, now, correct?

Morales. Any of those names are fine.

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

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.

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offered at this mediation?

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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

MS. SCHMIDT: We have no further questions, 20 Your Honor. I am not sure if Ms. Schuler-Hintz has any. 21

> THE COURT: Ms. Schuler-Hintz? MS. SCHULER-HINTZ: No questions. THE COURT: All right. Thank you.

Ms. Newberry.

Q Okay. In this statement you said,

"Unfortunately, Nationstar reports that's Ms. Rodriguez' collateral file was physically moved to a new building as 3 part of the service transfer." What did you mean by 4

that?

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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 21

boarded with them yet electronically; and, two, that the 22 collateral file - or I was informed I should say - that

23 the collateral file had not made it from Metlife to 24

25 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 2 today when Ms. Janati was testifying with regard to the collateral -- or the custodial entity in this case? 4 5 A Yes. Q She indicated it was US Bank; is that your 6 understanding as well? 7 A I think I have to answer truthfully, that I was 8 not aware until I heard her testimony that US Bank was 9 the custodian. But I also would not have had a reason to 10 11 look into that. Q She also testified the custodial file remained 12 with the custodian, and that the loan and the documents 13 that were in it didn't move around. Did you hear that testimony? 15 A Yes. 16 Q Is that congruent with your understanding with 17 regard to this particular mediation, why there was 18 difficulty in locating the documents? 19 A My understanding was as I set forth in this 20 e-mail, that the collateral file had not been 21 transferred, whether or not that was a miscommunication 22 to myself from Nationstar I'm not aware -23 Q Do you remember if -24 A - if there was a question raised, I don't know. 25

also recall speaking to - I'm sorry, give me a second. There's another employee who's no longer with Nationstar 2 to whom I frequently refer questions about my mediation 3 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? 8 A Yes. Actually, that was the name I was trying 9 10 to come up with. Q What was his role in the mediation department? 11 A To the best of my knowledge, he participated 12 telephonically in foreclosure mediations, and also was 13 available for status updates prior to mediation or 14

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?

post-mediation if we are in need of an idea of what the

A I don't recall specifically my conversations with Jordan. What I can say in response to

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Q It's okay. Do you remember who you were speaking with at Nationstar? 2 3

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.

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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

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 3 mediation department was that Ms. Rodriguez, one, did not qualify for a HAMP modification due to - as Ms. Janati 5 testified, their understanding of her debt to income 6 7 ratio. Two, their is, as I think has been referenced 8

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?

21 A No, I don't. But knowing Mr. Wenzel and his 22 process, it wouldn't surprise me at all if he had, that 23 would be very - what he would do. 24

Q And Daniel Marks informed the mediator and the

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room that Nationstar owned the loan and serviced it, 2 correct?

A That I don't recall. Nationstar is certainly the servicer, but I truthfully don't recall Mr. Marks saving 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.

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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 15 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 21 consisting of other employees at McCarthy & Holthus who 22 are not attorneys and also assist in this process.

So answering for myself, generally, the process 25 is that upon heing assigned to a mediation, at this -

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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 3 September of 2011. 4

MS. NEWBERRY: Your Honor, if I may approach the 5 Witness so I can refresh her recollection? 6

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 12 approach the Witness and take a look at what she is 13 14 reviewing?

THE COURT: That's - I mean, that's fine. I 15 normally would -- counsel would indicate what it is that 16 she is using to refresh her recollection. I thought you 17 had already done that so I apologize. 18

That wasn't something that otherwise you have 19 20 available to you.

MS. NEWBERRY: This has been produced to 21 22 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

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and this was the process in 2011 so far as I recollect. 2 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 8 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 24 25 became aware of the issue, as I understood it to be, with

then give it back to Ms. Newberry when you're done. MS. NEWBERRY: I'm not introducing the actual 2 3 document.

4 THE COURT: Just for refreshing, but still doesn't hurt to reference for the record. 5 6

Ms. Newberry, go ahead.

7 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? 2 A No, I don't. Not off of the top of my head. 3

Q You stated earlier this was the third mediation?

A Yes.

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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 12 Nationstar-McCarthy-Holthus relationship.

THE COURT: I appreciate the objection, Ms. Schuler-Hintz. I think you can continue with your line 14 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.

19 BY MS. NEWBERRY:

Q Regardless of the agreement, in October of 2011, when this mediation took place, was it required by the 21 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. 25 For the purposes of foreclosure procedures, much of that

only for McCarthy and Holthus' Las Vegas offices. On 2 certain occasions, McCarthy & Holthus would be in possession of the collateral file, the original loan 3 documents for the purposes of mediation. 5

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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 9 Nationstar, but my understanding is that generally 10 servicers, custodians and beneficiaries would prefer not 11 to be transferring their collateral files around, if 12 possible, to ensure their - their safety so to speak. 13 14

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

is done through the trustee that McCarthy & Holthus works with, which is Quality Loan Services, who have their own attorneys. 3

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 24 25 the collateral file would have been - and I'm speaking 93

that we weren't going to be able to provide those at the 2 mediation.

3 Q Did someone at Nationstar offer to sign a 4 certification for you to produce at mediation with a copy 5 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 13 witness testified about it. And it goes to relevance to 14 15 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

23 foreclosure mediation necessarily tramples a little bit 24

on attorney-client privilege. I understand that, 25

however, certainly in the questioning that I had with 2 Ms. Janati and when policies and procedures were 3 testified about, it was on a global level of policies and 4 procedures, because as what happens here, Ms. Newberry is 5 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. 9 And so we believe that that is a distinction 10

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.

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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 20 testimony with regards to the communications back and forth between the specific rep, Daniel Marks, that was

21 22 involved in Nationstar. We also have communications and

23 testimony that's relevant to all the things that they discussed and did was beneficial, all of those

communications should have been privileged.

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certainly don't have a problem with them with information
saying that there were communications.
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At this point, for the first time they're asking 3 for the content of privileged communications, and that's 4 why the objection is appropriate at this point.

THE COURT: Anything further, Ms. Newberry?

MS. NEWBERRY: No, Your Honor. 7 THE COURT: The Court stands by its 8

determination, the objection is overruled. The privilege 9 has been waived and further questioning can take place. 10

Do you need the question? 11

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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 20 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

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If they wanted to maintain the privilege, then they should have raised the objection before 2 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 8 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 11 12 is appropriate.

MR. STERN: Your Honor, may I respond? THE COURT: Go ahead, Mr. Stem.

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 21 and Z regarding this, regarding the Rodriguez file with 22 my attorneys. At this point, that's what they're asking. 23

We don't have a problem with them asking about 24 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. 23

The issue, I think, the question is still pending to be 24

answered as far as whether there was such communication.

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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 4 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 7 would hope to obtain from the collateral file. I mean, prior to that.

BY MS. NEWBERRY: 10

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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 16 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 22 they weren't and they weren't going to be able to get them?

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

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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 3 4 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.

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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.

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beyond refreshing her recollection. She's already testified as to how she understood it. She testified there were no - Court's indulgence. 3 And she's also contemplating Jordan Newsome with 4

Nationstar by saying "they" in this case. Ms. Bennett 5 also testified there were no certifications of the note. 6 7

THE COURT: Overruled.

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

10 MS. NEWBERRY: Can we have the court reporter 11 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 --18 19

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

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 3 have a figure for you. I could make a rough estimate, 4 but they're one of McCarthy & Holthus' primary clients although not the largest one. So I would say that they 6 made up a significant portion of the mediations that I 7 attended there. I'm sorry, that might be the best answer 9 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

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this day as I am now, I'm having trouble recollecting a 2 specific instance.

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

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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

was owned by Nationstar and also serviced by Nationstar. 3 Q So it was a possibility that the note that you 4 presented at the mediation in October 2011 with the Nationstar stamp, that was a possibility that they owned 6 7 8

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

appeared at mediations where Nationstar was a servicer,

although, I do recall specific mediations where the loan

THE COURT: Overruled. 10 THE WITNESS: Nationstar was the servicer of

that loan, that was my understanding. As to the 12 endorsement on the note, I don't know that I ever 13 speculated internally as to the reason. We normally rely 14 on the last assignment of the deed of trust to identify 15 who the beneficiary is. And so that was certainly an 16 anomaly that I know that you and I discussed at the 17 mediation. But I don't believe that I ever thought there 18 was -- I can't say that. I don't recall specifically at 19 this time thinking Nationstar owned the loan. I think 20 they were clear that they were servicer. 21 22 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?

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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

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

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that Nationstar -- this was not a blank endorsement in other words -- it's stamped Nationstar as being the owner 3 of the note, did you believe that was true?

A I don't remember forming an opinion on that 5 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 14 the most current copy.

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So I believe the Nationstar was the servicer 16 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 22 the documents, given the fact that I believe at the time that the collateral file is still in transit or there had 23 been some issue with that. I was really focused at the 24 25 mediation on that issue. Because I recall prior to the

So it's possible. In terms of this specific file, I'll rephrase - I'll restate that I should say 2 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. 6

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.

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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? 25

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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 3 4

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.

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

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was you were representing Nationstar. But this document, 2 this evaluative methodology that's presented at the 3 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.

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McCarthy & Hoithus does represent the Bank of 12 New York Mellon. For the mediation, I appeared on behalf of Nationstar; however, that is the servicer who I was 13 there for. So although technically the firm also 15 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 20 that you trace it back from Nationstar to Metlife with 21 the service release, and then you look at the fact that McCarthy & Holthus represents Bank of New York Mellon and 22 Nationstar, and the fact that BONY is the beneficiary, it does make sense.

But I will say, yes, there was the entities

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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
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   options.
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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 12 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

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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. 22

23 But in terms of the content, it's my understanding has always been that the servicer or the 24 25 representative on behalf of the beneficiary or servicer

Nationstar. Have you ever looked at that document 2 before?

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

4 5 Q Will you, then, turn to Exhibit 46, it's in the 6 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

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clients you were representing including Nationstar? mediation. A They provided me with access. Q And did you see an agreement like this with 2 2 3 Q How do they provide you with access? Nationstar when you worked for McCarthy & Holthus? 4 A It's electronic access. So it's access so you 4 can review them electronically. Q And is there a policy at the law firm that you 5 5 review the agreement at any point during your employment? MS. SCHMIDT: Your Honor, I'm going to object to 6 6 7 this line of questioning. They are going into what's 7 going on at Cooper Castle. I don't understand how this 8 8 Q When? has any relevance. 9 A There - I don't know that there is a specific 9 THE COURT: It is hard to understand, 10 date so to speak. There is not like an annual review 10 Ms. Newberry, where we're going with this line of 11 date that I'm aware of at least. We were expected to 11 questioning. I answered the question that you had with 12 have knowledge of these for every client that McCarthy & 12 regard to these type of things still out there and going 13 Holthus represented. When new firm standards policies 13 and whatnot. But I'm not sure what we're doing now. 14 14 and procedures were presented to us for our client, we MS. NEWBERRY: I'm sorry, Your Honor. I was were expected at that time to review those and have a 15 15 trying to lay the foundation. I can ask the question and 16 16 working knowledge of them. 17 if I get --17 So if they were updated, we, of course, would THE COURT: Go ahead. have provided an updated version and expected to become 18 18 MS. NEWBERRY: - a foundation objection I will familiar with how to implement those. 19 19 Q And in your employment at Cooper Castle, do you 20 go back. 20 THE COURT: Do that. also have a agreement with regards to the law firm's 21 21 BY MS. NEWBERRY: representation of Nationstar that you testified you still 22 22 Q Did you communicate with Nationstar through the 23 represent Cooper Castle? 23 LPS system while you worked at both McCarthy Holthus and 24 MS. SCHMIDT: I object as to relevance. Not 24 at Cooper Castle? only not having to do with the agreement between 25 116 MS. SCHMIDT: Your Honor, again, the Cooper Nationstar and McCarthy & Holthus, but it's also beyond 1 Castle aspect of these questions are - we think are 2 the time frame of when we are talking about here. 3 irrelevant. THE COURT: Ms. Newberry. 3 MS. NEWBERRY: Your Honor, it goes to how 4 MS. NEWBERRY: I am simply clarifying that her 4 Nationstar's pattern and practices with regard to 5 knowledge is not based solely on McCarthy & Holthus, that foreclosure and the communication with the lawyers that 6 the agreement have continued in time and she still conduct them here in Nevada. 7 utilizes them to this day. 7 THE COURT: I'll allow it. THE COURT: To the extent that she has that 8 8 THE WITNESS: I have communicated with 9 knowledge? 9 Nationstar through LPS at Cooper Castle for foreclosure MS, NEWBERRY: Correct. 10 10 files. I also have communicated with Nationstar through 11 THE COURT: Overruled. 11 LPS at McCarthy & Holthus, more rarely because my work at THE WITNESS: Yes. The question was whether 12 12 Cooper Castle is not -- is more related to default work. 13 Cooper Castle also has those similar standards and 13 And I also handle foreclosure mediations, where at 14 policies and procedures. And yes, they are in possession 14 McCarthy & Holthus, I handle more mediations and less of one, and I am familiar with it or reviewed it for my 15 15 16 default work. purposes there. 16 17 I will say, it's my understanding is that BY MS, NEWBERRY: 17 Nationstar changed its policies to some extent regarding 18 Q This version says it existed as of 6/1/13. Who 18 LPS use in the midst of the time frame that we're 19 were you working for at that time? 19 discussing between 2001 and 2013. Nationstar relies more 20 A That was either right before or right after - I 20 heavily, to my knowledge at least, on LPS now than 21 mean, very, very close in time to the date I switched 21 perhaps they did at the beginning of this time frame. 22 employers. I believe as of June 1st, I was employed with 22 I will also say that McCarthy & Holthus, as I 23 23 Cooper Castle. stated previously, a foreclosure mediation department 24 Q When you started at Cooper Castle, did they 24 with employees who are not attorneys but who are trained 25 provide you with a copy of the agreement with all the 119

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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 10 as what mediators, borrowers, schedule mediation. They 12 are very instrumental in obtaining - or, again, this is 13 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 22 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 &

and Metlife, to obtain a certificate to proceed with forcelose, you know, on behalf of the beneficiary at that 3

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.

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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

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Holthus' side.

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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 17 18 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 22 Ms. Rodriguez had been through mediation a number times 23 before, and that we had difficulty in obtaining mediator statements that would have allowed, prior to Nationstar

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 realalthough 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?

THE COURT: Overruled. 1 A What foreclosure unit are you referring to? THE WITNESS: Yes. I referenced an e-mail at 2 Q McCarthy & Holthus. The attorneys at McCarthy & 2 least to Nationstar, that this was a file that had been 3 Holthus that handled filings of judicial foreclosure, did 3 to mediation previously before that, I believe, I 4 any of those attorneys contact you to talk about this 4 referenced there had been a prior Petition for Judicial particular file after October of 2011? 5 Review in an attempt to make them aware of the urgency so A I recall the file coming up in conversation 6 to speak of attempting to comply with the Foreclosure because it - I recall the file coming up 7 7 R Mediation Rules. in conversations -Q And is it your understanding, that McCarthy & 9 MR. STERN: Your Honor, we're going to make that 9 Holthus filed that Petition for Judicial Review? an attorney-client and attorney-work product objection 10 10 A Yes. I was not involved in any way with that here. I'm sorry to interrupt the witness, but before it 11 11 case, but my understanding is that it was filed hy 12 goes any further, we believe that this is a different set 12 McCarthy & Holthus on behalf Metlife. of circumstances that we're talking about before and the 13 13 MS. NEWBERRY: I have no further questions, work-product impressions that Nationstar's internal 14 14 15 Your Honor. counsel may have with respect to the judicial foreclosure THE COURT: Counsel. 16 complaint are certainly privileged, both under 16 MS. SCHMIDT: I just have a couple questions, 17 attorney-client and just as important, the attorney-work 17 and I'm not sure if Ms. Schuler-Hintz will have any. 18 product. 18 19 So while we don't have a problem with her saying 19 REDIRECT EXAMINATION 20 20 that they constantly, we object on both those grounds, work product and privilege, in terms of the confidence of BY MS. SCHMIDT: 21 21 Q Ms. Bennett-Morales, did Jordan Newsome ever 22 the internal discussions at McCarthy & Holthus. 22 sign a certification for these documents? 23 MS. SCHULER-HINTZ: Your Honor, it's also beyond 23 the scope of this Petition for Judicial Review. The A No. 24 24 Q Did anyone sign a certification for the Petition for Judicial Review addresses the events of the 25 126 124 documents from Nationstar? 1 mediation. This would have occurred long past the A No. No one from Nationstar signed 2 2 mediation. 3 certifications. 3 THE COURT: This objection is sustained. Q And there was no certification of the copy of Ms. Newberry. 4 the note that was presented, correct? 5 BY MS. NEWBERRY: 5 A Correct. Q Did you review any of the mediations that had 6 6 Q And I believe you testified, that Nationstar occurred prior to the October of 2011 mediation? 7 right before this mediation received this service A I reviewed - yes, I reviewed the mediator's R transfer, based on your knowledge of the Foreclosure 9 statement, I believe, there were prior Petitions for Mediation Program rule in 2011, how they existed, was 10 Judicial Review. I looked at the notes from that 10 there anything that Nationstar could have done to stop Petition for Judicial Review because I wasn't aware at 11

the time. I believe the prior mediations, at least one 12 of them if not both, occurred prior to my employment with 13 McCarthy & Holthus. So I was attempting to familiarize 14 myself with what the issues were and had been at those prior mediations and in Petitions for Judicial Review. 16 Q Did you address all of the prior issues with 17 18 your client? MR. STERN: Object. May I make the same 19 objection, Your Honor. Attorney-client privilege and 20 21 work product. MS. NEWBERRY: Your Honor, first of all, it's 22

waived, and I am not asking the contents of the

issues. What she said is not part of the question.

communications. I'm simply asking if she addressed those

12 the mediation from going forward if they felt that they 13 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

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copies for the collateral file wouldn't be available to mediation be moved out purely on the basis of the service 1 us at McCarthy & Holthus at the mediation. release, so you're basically relying on the mediator's 2 Q So it's not inconsistent that US Bank would have good will to some extent to do so, if that's what's 3 been continuing with subservicing of the collateral end 4 happening on that file. MS. SCHMIDT: I have no further questions. 5 of the case? 5 A Right. My understanding is that the building -6 THE COURT: Ms. Schuler-Hintz. 6 there was confusion of the location within those MS. SCHULER-HINTZ: Just a couple. 7 7 8 buildings as the e-mail said. 8 **Q** And then just very briefly lastly, at the time 9 REDIRECT EXAMINATION 9 the foreclosure - this foreclosure mediation occurred, BY MS. SCHULER-HINTZ: 10 10 what did the rules require regarding the exchange of 11 Q Who commenced the foreclosure in this matter? 11 financials and methodology? 12 A I believe it was the Bank of New York Mellon 12 A To start with the financials are you referring with Metlife as the servicer initially, although, I'm a 13 13 14 to the borrower's financials? little hesitant about who the servicer was given the 15 timeframe of the foreclosure and when the foreclosure 15 A The Foreclosure Mediation Program Rules request began. It might have been a prior servicer to Metlife at 16 16 the borrower do the best that they can essentially to 17 17 that point in time. produce financials at the time the -- in 2011, borrowers Q But it was not Nationstar at the time of the 18 18 were to do - make their best effort to produce 19 19 default was recorded? financials for the purposes of review for a loan 20 20 A Correct. modification or a liquidation. 21 Q So anything that applies to Nationstar's 21 I believe in 2011, we were attempting to get 22 practices with regards to a notice of default, Nationstar 22 those documents obviously prior mediation, ideally ten 23 23 wasn't involved at the time? days before mediation. The evaluative methodology was 24 A Right. By the time - I mean, the notice of 24 sent to the mediator only, not to opposing counsel, with default, is - as I know you're well aware of what 25 128 the rest of the documents or copies of the documents, I 1 triggers the election to mediate form, in this case, the should say, with a ten day document exchange as well. 2 notice of default was filed and Ms. Rodriguez elected Q So the requirement was that both sides exchange when Metlife was the servicer. 3 documents at the ten days? Q Did McCarthy & Holthus file the notice of 4 A Yeah, sorry. That would have been the short 5 5 default? answer, yes. 6 A No. 6 Q So it would be very hard in almost all cases, to Q That's done by the foreclosure trustee? 7 evaluate the borrower's financials completely because we 8 would not usually have a full document exchange; is that Q So the standards and practices that apply to a 9 law firm and the servicer would not apply to the trustee, 10 10 A Yes. Yeah, we - I can speak on behalf of the 11 to your knowledge? 11 mediations that I've personally attended not just with A Yes, that is - that's my understanding. 12 12 Nationstar but with almost every client that I've Q There was a lot of discussion about the fact 13 13 represented at McCarthy & Holthus, as well as Cooper that the collateral package that the collateral was 14 14 Castel, the timelines under which the Foreclosure 15 always held with US Bank; is that correct? 15 Mediation Program expects reviews to be done is a major 16 A Yes. 16 struggle for our clients depending on the complexity of Q The e-mail that everyone referred to discusses 17 17 the mediation - excuse me, depending on the complexity 18 the fact that the collateral changed buildings? 18 of the financials presented and their completeness. 19 A Yes. 19 MS. SCHULER-HINTZ: Thank you. I have no 20 Q Did they ever say they changed the holder? 20 A No. I put in this e-mail essentially what was 21 further questions. 21 THE COURT: Ms. Newberry. 22 told to me on the phone, at least that's my recollection 22 MS. NEWBERRY: One follow-up question. because, as I testified earlier, I do recall typing that 23 23 24 /// e-mail relatively shortly after I received the 24 25 /// information that the collateral file would not be - the

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financial at mediation, but to a certain extent, I RECROSS-EXAMINATION remember there being a discussion about the question 2 BY MS. NEWBERRY: about - a discussion about whether or not Ms. Rodriguez Q This was originally scheduled for a date in 3 could afford the loan based on her income versus debt early September, do you recall that for this mediation? 4 ratio, as was previously testified to. 5 A I do recall - I didn't recall the date but I And I believe there also was an offer made - or 6 recall that there had been a prior continuance granted by 6 7 an agreement to later agree sort of offer made at 7 the mediator. mediation, which was that mod 24 depended on the escrow 8 Q Correct. And the documents that were produced 8 to you by the homeowner, Ms. Rodriguez, that occurred at 9 analysis. 9 MS. NEWBERRY: No further questions, Your Honor. 10 some point in August, correct, in anticipation of the ten 10 11 THE COURT: Anything further? days prior to the mediation scheduled in September? 11 12 MR. STERN: No. Your Honor. A I don't remember. If the documents were 12 THE COURT: All right. Ms. Morales, you may 13 13 produced ten days prior to that initial mediation date, step down. 14 then that would have been at that point in time. 14 15 Let's take a lunch break. 1:30, that gives us 15 Q So continuing it to October 6th, gave an an hour. All right. We'll see you at 1:30. 16 16 additional 30 days with regards to those documents being (Whereupon, a lunch recess was taken.) 17 in the hands of Nationstar? 17 THE COURT: Are there any other witnesses that 18 A Yes. I will say, I believe, that part of the -18 we need to take out of order? 19 19 if there was, in fact, a delay in completing the review MR. STERN: No, Your Honor. 20 20 of the financials. Some of that may well have been due THE COURT: Okay. Thank you. to the lag time in boarding the loan electronically, 21 21 MS. NEWBERRY: Your Honor, we call Kristin 22 which, I believe, was the reason the initial continuance Schuler-Hintz to the stand, please. 23 was requested or perhaps one of the reasons. 23 I'm sorry. I'm not trying to get the time frame 24 24 25 confused, but if the loan had not been boarded fully with 25 /// 134 Whereupon, 1 Nationstar at that point, they would have been unable to KRISTIN SCHULER-HINTZ, complete a review for loan modification with the 2 was administered the following oath by the court clerk. 3 financials. 3 THE CLERK: You do solemnly swear that the 4 Q And you contacted our office and asked for a 4 testimony you give in this action shall be the truth, the 5 continuance for that very reason on August 21 st? whole truth, and nothing but the truth so help you God. A Yes. I don't know the exact date, but I did 6 THE WITNESS: I do. 7 contact and request it. 7 THE CLERK: Please state and spell your full 8 Q In August? 8 9 name for the record. 9 A Yes. THE WITNESS: Kristin Schuler-Hintz. That's 10 Q And the continuance was made for the mediation 10 K-r-i-s-t-i-n. Last name S-c-h-u-l-e-r hyphen H-i-n-t-z. to take place in October? 11 11 THE COURT: Go ahead. A Yes. 12 12 13 Q And at the conclusion of September your 13 DIRECT EXAMINATION representation was unfortunately we don't have all of the 14 14 BY MS. NEWBERRY: documents for mediation, do we want to - there's been a 15 Q Would you prefer me to call you Kristin or would difficulty in finding the collateral file, the building 16 16 you prefer has moved, that e-mail --17 17 A Please, Kristin. 18 A Yes. 18 Q I appreciate that. Thank you. 19 Q -- that happened September 30th? 19 Kristin, you are the managing partner at 20 20 A Yes. McCarthy & Holthus Las Vegas office, correct? 21 Q So there was never a representation made at that 21 A Correct, for the Nevada office. point in the e-mail, that the basis of the continuance 22 Q And how long have you been the managing partner 23 was a lack of ability or time to evaluate the homeowner's 23 24 for the Las Vegas office? financial? 24 A No. And we did discuss the homeowner's 25 A I have been the managing partner for about a 25

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1 yes. year and a half. Q Is this a document that you yourself have issued 2 Q And how long have you worked in the office here in other mediations or for purposes of a foreclosure? 3 3 in Nevada? A It was a document that was used for this 4 A Since 2008, January. 4 mediation. Q And what has been your primary function and role 5 5 6 Q Okay. at McCarthy & Holthus since 2008? 6 MS. NEWBERRY: Your Honor, I would like to offer 7 A I was originally hired as an attorney and then 7 Exhibit 38 into evidence. as the foreclosure crisis grew I had staff and then I 8 8 THE COURT: Any objection, counsel? 9 became the managing attorney. 9 MR. STERN: Your Honor, just to relevance. This 10 Q And as the managing attorney for a year and a 10 pertains to -- this is a Metlife document. We can tell half what has your goal been as a managing attorney? 11 11 from the fax up top and we already established that A Managing staff. Assigning files to people. 12 12 Metlife transferred the loan to Nationstar in 2011, so 13 Escalating things out on an as needed basis. Hiring and 13 I'm not sure what the relevance is. 14 firing. 14 THE COURT: I will allow it to make sure that Q And are you familiar with Ms. Rodriguez' file 15 15 the Court has the full picture of this loan and the 16 with regard to the foreclosure activity? 16 circumstances surrounding this loan. So the Court will 17 A With regard to foreclosure activity as it 17 ultimately weigh all of the evidence that is in this case relates to the mediation, yes. 18 18 as far as what's relative to. Q Okay. And it's my understanding and it's been 19 19 MS. NEWBERRY: Understood, Your Honor. represented by several witnesses here today that there 20 20 BY MS, NEWBERRY: has been three mediations with regards to foreclosure of 21 21 Q Looking at this document, do you see your name 22 Ms. Rodriguez' home? 22 23 anywhere? A I believe that is correct. 23 A Yes. I am under the McCarthy & Holthus caption. 24 Q And all three of those mediations were handled 24 Q Did you yourself prepare that document? 25 by McCarthy & Holthus? 138 136 A I have absolutely no recollection. 1 A Correct. 1 Q This document is a certification by an Anthony 2 Q And different attorneys appeared at each of 2 Francis. Do you know Anthony Francis? 3 those mediations? 3 4 A No. A I believe that is correct. 4 **Q** This document says: 5 Q Did you appear at any of the mediations? 5 "Attached hereto are true and correct copies of 6 6 A I don't recall. the original assignment and promissory note which is in 7 Q We'll go through a series of documents. The 7 the net possession of the affidavit and the deed of trust 8 binders are in front of you. I will give you a volume executed by Catherine Rodriguez." and a number and I will appreciate you taking the 9 Do you have any reason to dispute whether or not 10 opportunity to look at them and then we'll discuss its 10 that is true? 11 11 contents. A I didn't execute it, so I have no idea. The first document I would like you to look at 12 12 Q You heard testimony earlier today that based on 13 13 is in, correct me if I'm wrong, volume -- looking at the attorney services agreement that often the law firms 14 14 Exhibit 38. are asked to prepare documents for the purposes of THE COURT: That is Volume 5. 15 15 foreclosure and that including the mediation; is that 16 MS. NEWBERRY: Thank you, Your Honor. 16 17 true? 17 BY MS. NEWBERRY: 18 A Yes. Q Do you recognize this document? 18 Q And is it fair to say that your office, based on 19 A It is a document certification. 19 the pleading paper and the letterhead up above, McCarthy 20 Q How do you recognize it? 20 & Holthus, that your office generated this document for 21 A It was the format that was used at that time for 21 22 the purposes of if it being executed? certifying documents for mediation. 22 A Yes. We may have generated it but I cannot 23 Q Is it fair to say that this is a document that 23 testify that it is the same document that we originally 24 was created by McCarthy & Holthus? 24 generated. A It was probably generated by McCarthy & Holthus, 25 139 137

1	Q Do you have forms that you keep and use at	1	Q And your name is included on the counsel of
2	the time that this was executed was there a form document	2	record
3	that was utilized?	3	A Yes.
	A Yes.	4	Q at the top of the caption?
4	Q Is this the form document?	5	A Yes.
. 5	A I could not tell you; that is going back to	6	Q Will you look at the Exhibit 1 of that
6	2010. So I would not be able to tell exactly what my	7	complaint. What document is that?
7	·	8	A Promissory note.
8	form from 2010 looked like.	9	Q Adjustable rate note?
9	Q And the document was executed it appears on	10	A Yes.
10	November 16th of 2010. Any reason to believe that that	11	Q Similar to the one that we just looked at that
11	date is not accurate?	12	was attached to the certification by Metlife?
12	A No. There's a fax that says November 16, 2010.	13	A Correct.
13	There's a notary stamp saying November 16, 2010. And	l	Q Do you notice any differences?
14	Metlife says 11/16/2010.	14	A This is from the original collateral file that
15	Q Can you turn to page Number 26 of that document.	15	
16	THE COURT: Going from the Bates on the bottom	16	the title company copied. Q "That the title company copied." What does that
17	or the top?	17	
18	MS. NEWBERRY: The Bates on the bottom, Your	18	mean?
19	Honor.	19	A It is the copy made at the time the loan is
20	MS. SCHULER-HINTZ: It's 28 on the fax.	20	signed by the title company and they stamp it as a copy.
21	THE COURT: Thank you.	21	Q How do you know that?
22	BY MS. NEWBERRY:	22	A It has a stamp that says that.
23	Q This document, have you looked at that document	23	Q On the front of this note where it says "I
24	before?	24	hereby certify that this is the true and exact copy of
25	A Yes. It is a promissory note copy.	25	the original Old Republic title?" 142
	140		142
1			
4	And whose loan does this note pertain to?	1	A Correct.
1 2	Q And whose loan does this note pertain to? A The Catherine Rodriguez loan.	1 2	
2	A The Catherine Rodriguez loan.	1	A Correct. Q And you see that document, does that tell you something different about this copy as opposed to a copy
2 3	A The Catherine Rodriguez loan.Q It is attached to the certification that we have	2	Q And you see that document, does that tell you
2 3 4	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	2 3	Q And you see that document, does that tell you something different about this copy as opposed to a copy
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A I will take your word for it. I did not handle New York Mellon with regard to the judicial foreclosure? 1 A No. We represented the Bank of New York Mellon 2 it. Q Turn to Exhibit 10. Do you recognize this and its servicing agent Nationstar. 3 3 Q In all capacities for both the foreclosure and 4 document? 4 A Yes. It is the Amended Complaint. 5 the mediation? 5 **Q** Is that your name at the top? A For the purpose of the mediation since the 6 6 beneficiary is required to attend we are necessarily 7 A Yes, it is. 7 Q Is there anyone else listed as an attorney of representing the beneficiary at the time through their 8 9 record on that document? servicer. 9 A Yes. It states the Complaint was executed by Q So Bank of New York Mellon was certainly 10 10 11 Christopher Hunter. involved at the time that Nationstar appeared at the 11 Q This document was executed December 14th of 12 October of '11 mediation? 12 2012. And you are saying that is Chris Hunter's 13 A Yes. 13 Q And you had received the documentation and the signature? 14 14 15 A Yes. 15 information relative to the mediation before this Q Courtesy copies of this were mailed to my office Petition for the Indicial Foreclosure was filed? You had 16 received all the documents and information for the as well was Fennemore Craig, correct? 17 17 A That is what the certificate of mailing says. 18 18 October of '11 mediation? Q Do you have any reason to think that Ms. Lenardo 19 19 A The firm had, yes. (phonetic) didn't send it? 20 Q Okay. Why, then, was a different note produced 20 A No. 21 at the mediation of October of 2011 than what you filed 21 Q Attached to this Complaint, the Amended 22 as an exhibit to the complaint? 22 Complaint, is Exhibit 1, which is the adjustable rate MR. STERN: I will object, Your Honor, just to 23 23 note. It has the Old Republic stamp on the front. Can the extent that the question suggests that a different 24 you look through that document and tell me if you see note was produced. These are copies of the note. We 146 144 where there's an endorsement? 1 already introduced the original note in evidence. A Yes. 2 THE COURT: With the clarification my 2 **Q** Where is that endorsement? 3 understanding is the question had to do with different 3 A It's on the page - its between the addendum and 4 copies of the note, but I am going to overrule the the note of the signature page. 5 objection and allow the witness to answer. 5 Q And that endorsement was added to the exhibit to THE WITNESS: There are multiple copies of the 6 6 7 show that there was standing? notes retained in the electronic imaging system. The 7 A I don't know. 8 note is the same. This just happens to be the title Q Have you ever seen this document before today? 9 company copy. The contents of the note are unchanged. A This complaint, yes. BY MS. NEWBERRY: 10 10 **Q** At the very top of that document there appears Q "The contents of the note" meaning the printed 11 11 to be a white rectangle box. Do you see that on your substances, but with regard to the endorsement your 12 12 office presented at mediation an endorsement with a 13 copy? 13 THE COURT: Just so we're clear, you are talking Nationstar stamp on it. Then, when you went to file the 14 15 about the endorsement page? judicial foreclosure case you attached a copy of the note MS. NEWBERRY: Yes, Your Honor. that did not have any endorsement at all; how did that 16 16 BY MS. NEWBERRY: The endorsement page where it says, 17 17 happen? Paid to the order of, and as it reads: First Horizon 18 A I have no idea. 18 Home Loan Corporation, signed by BJ Cool (phonetic). 19 Q A motion to dismiss was filed in that case, 19 Meant to be paid to the order of, do you see a white 20 correct? 20 A I believe so. I didn't handle it. 21 rectangular box? 21 A Yes. I also see white lines across the page Q Who did? 22 22 itself. A number of them. 23 A I think Chris Hunter. 23

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Q And a Verified Amended Complaint was then filed

25 in response to the Motion to Dismiss?

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Q The white rectangular box, do you know why that

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is there?

Q Why do they send you a Bailey letter? A No. A So they can track where that is. 2 Q Also on that top copy of that note there are no Q And once a Bailey letter has been sent does it 3 3 two-hole punch marks. Do you know why there is no punch remain in the collateral file? marks on that when the rest of the document has a 4 A Depends. Different clients have different 5 two-hole punch at the top? procedures. A No. 6 Q You said they track where the note has been. Is 7 Q Relative to both -- well, after the foreclosure that consistent with Nationstar's policies? mediation in this case there was a judicial foreclosure A I don't know. They send us a Bailey letter. We that we're talking about now, at some point did your sign it and send it back or keep it. Depends on the 10 office receive what has been referred to as the client's policy. 11 11 collateral file? Q For Nationstar specifically, did you ever 12 A Yes. 12 receive a collateral file that did not have a Bailey 13 Q Who received that at your office? 13 14 letter in it? A I don't know. 14 Q Can you turn to Volume 5, Exhibit 53. Is this A I don't believe so. 15 15 Q Looking to the next page. It appears to be the the collateral file that has been produced for purposes 16 16 same document as before, however, on the second page of of the Petition For Judicial Review? 17 17 this letter there appears to be a signature there. Is 18 A Okav. that your signature? Q Are you familiar with that document? 19 19 A Yep. 20 20 Q Is it fair to say that you received the 21 Q And you have personally reviewed it? 21 collateral file on June 5th of 2013? 22 22 A Yes. A 1 received the collateral file for my signature. 23 **Q** Directing your attention to Nationstar Bates 23 We have a procedure in our office for the receipt of the 24 24 stamp 4. collateral file, so that is when it was given to me to A And I assuming you are referring to this 25 148 (indicating) page? If there is a Bates stamp, I can't 1 examine. 2 Q Can you explain that procedure specific to this find it. 3 file? Q It's at the very bottom right, it says A That is an internal procedure for our office. Nationstar 0004. 4 4 It's part of our practice and policies. It is received A Hang on. I see it. Okay, yes. 5 by the receptionist who logs it. It is given to my Q The document is dated June 5th of 2013, 6 assistant who logs into our safe. It is given to me to addressed to McCarthy & Holthus? 7 examine the contents and then execute the Bailey letter 8 A Yes. 8 before it goes back in the safe. 9 **Q** Do you recognize this document? 9 Q Why such a rigorous policy? 10 A It is a mailing document for sending a 10 A Notes are valuable. collateral file. 11 11 Q How often do you receive them in your office Q Is this a document that you have seen throughout 12 12 from Nationstar? your time working at McCarthy & Holthus as the 13 13 A From Nationstar, I couldn't speculate. communication that you would receive whenever you 14 14 Q Have you ever received one besides Catherine 15 15 obtained a collateral file? 16 Rodriguez? A No. Different clients have different letters. 16 A From Nationstar or in general? But this is one that is currently in use by Nationstar or 17 17 MR. STERN: Your Honor, I'm just going to object 18 18 was at the time. on relevance. We are here on the Rodriguez loan not on Q Drawing your attention to page 6. 19 19 20 other files. 20 A Okay. THE COURT: Ms. Newberry. 21 Q The document states "Bailey letter." What is a 21 MS. NEWBERRY: Your Honor, we are trying to 22 Bailey letter? 22 demonstrate the inconsistencies with the documents. The 23 A It's a letter when they are sending the 23 testimony that has been presented with how these files collateral file to us that we are holding the note for 24 24 are handled, what their policies and procedures are and 25 them. 151 149

their pattern and practice weighs heavily upon what we are ultimately determining in this matter, which is bad 3 faith THE COURT: I will allow it. BY MS. NEWBERRY: 5 Q Have you ever received a collateral file from 6 Nationstar prior to Ms. Rodriguez? A Probably. 8 Q Often? 9 A Well, we don't receive collateral files - it 10 depends on the time period. Sometimes we get a lot of 11 collateral files. Sometimes we don't. I don't generally memorize who we get them in from. 13 Q Going further into the collateral file, 14 15 directing your attention to page 11. Document says: The original document file review and checklist. Have you 16 seen one of these documents before? 17 18 A Probably. Q Did you complete this checklist in this file? 19 20 Q Who would complete the checklist in a collateral 21 22 file? 23 A I have no idea. Q Moving you to page 30. I'm sorry, 29. The 24 title page there is Recorded Mortgage Deed of Trust. Do 152 you recognize that? A It's a title page. I'm not sure I recognize it 3

A Correct. Q Who did you receive it from? 2 A We requested it from Nationstar. 3 Q Did it come directly from Nationstar? 4 A I don't know. 5 Q The note that is in -- the next page is 6 Nationstar 56. There is a note there that's been presented into the Court's record as Exhibit 2 as the 8 copy of the original that was in the collateral file. Do 9 you notice anything different between this note on the 10 first page than the other notes we have already 11 discussed? 12 A The photocopying is different. 13 Q How do you mean? 14 A It doesn't have a two-hole punch or a line. 15 Q There is also not an Old Republic stamp. 16 A That's correct. 17 Q Turning to this document we get to page 60. It 18 was articulated during the presentation of this document 19 that this was actually the back of page 59 and there is 20 an endorsement there, correct? 21 A Yes. 22 Q And that endorsement is in blank? 23 24 A Yes.

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.

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Q Turn to page 54. Page 54 references a note, 13 loan number and buyer named Catherine Rodriguez. Do you 14 recognize this page? 15

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 22 23 my form.

Q But this is from the original collateral file 24 that your office received and signed for?

A That's correct.

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Q There's no white text box and there is a red 2 circle that's around it?

No one's name is written in?

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?

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1	A No. That is a representation of our standing.	1	A Page 60 is the endorsement.
2	I didn't say it was a true and correct copy of the	2	Q I'm sorry. Exhibit 60.
3	original. It's a copy of it. I am not testifying that	3	THE COURT: Which is a standalone copy in my
4	it's a true and correct copy. It's a copy that has the	4	copy set.
5	relevant terms and conditions and facts about the case at	5	THE WITNESS: I stop at 59.
6	issue.	6	THE COURT: There may not be a witness copy. I
7	Q So you are of the opinion that when you attach	7	have an extra.
8	an exhibit to a complaint, it can be a copy of a copy of	8	MS. NEWBERRY: Thank you, Your Honor.
9	a copy; it doesn't have to be a copy of the original?	9	THE COURT: I am handing the witness the Court's
10	A Well, it is a copy of the original. It's a copy	10	extra copy.
11	of a copy of the original.	11	BY MS. NEWBERRY:
12	Q Prior to filing the foreclosure in this case,	12	Q This is the response to verified Petition for
13	did you feel you needed to have the original in your	13	Judicial Review that your office filed, it appears to be
14	hands before the complaint was filed?	14	on August 13th of 2013?
15	A No.	15	A Yes.
16	Q Why?	16	Q And I would ask you to look at the signature on
1	A It is not a requirement for the state of Nevada	17	that response. And whose signature is that?
17	to have the original note to prosecute a foreclosure.	18	A That's mine.
18	Q Well, for the mediation program it is.	19	Q You signed this document and it was filed with
19	MR. STERN: I will object, Your Honor, that it	20	the court with the exhibits that are attached?
20	misstates the mediation rules and the statute.	21	A Yes.
21 22	MS, NEWBERRY: You are required to produce the	22	Q Turn to Exhibit 1.
1	original or a certified copy of the original.	23	A Yes.
23	MR. STERN: That is correct.	24	Q Looking at that document, it is the adjustable
25	THE COURT: With that clarification, overruled.	25	rate note with the Old Republic stamp on the front with
25	156	-	158
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1	THE WITNESS: For the mediation program, the	1	two hole punches, correct?
2	client has to certify that it is in possession of the	2	A Yes.
1 .	client has to certify that it is in possession of the original and that what they are attaching is a true and	2 3	A Yes. Q Why would you use this version when you have the
2 3 4	client has to certify that it is in possession of the original and that what they are attaching is a true and correct copy.	2 3 4	A Yes. Q Why would you use this version when you have the original from the collateral file that was in your
2 3	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:	2 3 4 5	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?
2 3 4	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	2 3 4 5 6	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.
2 3 4 5	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?	2 3 4 5 6 7	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?
2 3 4 5 6	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.	2 3 4 5 6 7 8	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.
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2 3 4 5 6 7 8 9 10 11 12 13 14 15	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?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	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?
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• 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.

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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 12 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. 18 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. 25 BY MS. NEWBERRY:

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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?

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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

10 and a blank endorsement?

> A Yes. And that blank endorsement does not have a circle around it?

A Yes.

Q So you filed a second pleading in a different 15 matter still using the imaging file? 16

17 Q At some point in time you were made aware of the 18 fact that a version of the note was produced at mediation 19 with a Nationstar stamp filled in to the bank 20 endorsement, correct? 21

A Yes.

Q When did you become aware of that?

A I don't recall.

Q Was it before the October 2011 mediation or

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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, overuled.

BY MS. NEWBERRY: 19

> 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 23 system not the original. 24

Q Then on September 5, 2013, if you want to turn

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.

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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 -5 THE COURT: Why don't you ask the question of 6 the witness what she thinks it is. BY MS. NEWBERRY: Q What do you think a bank endorsement is? 9 MR. STERN: Your Honor, I'm going to object. 10 This is, first of all, opinion testimony. Ms. 11 12 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. 14 15 THE COURT: Overruled. THE WITNESS: It means that the note is a 16 negotiable instrument. I'm not sure what you are asking. 17 It means that the note is a negotiable instrument and can 18 19 be freely transferred. 20 BY MS. NEWBERRY: 21 Q And if the note is endorsed to a specific person 22 can that happen? A If the note - can it be freely transferred? 23 Q If there's a name that specifies pay to the 24 order of Nationstar Mortgage, LLC, Bank of New York 164 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 7 blank? A The party to whom it is stamped. That's what I 8 stated previously. They have the right to collect 9 10 Q So there is a significant difference between an 11 endorsement in blank and an endorsement to an entity? 12 MR. STERN: Objection, Your Honor, to the form 13 of the question, specifically what significant difference 14 means. Again, this is all set forth in the Uniformed 15 Commercial Code. We don't need any testimony on this. 16

THE COURT: I appreciate it. But I do think it

THE WITNESS: I'm sorry. Restate the question.

is relevant to get this witness's opinion on this matter.

endorsement in blank and endorsement to a specific

A I don't know that it is a significant

difference. You have to take additional steps to

Q There is a significant difference between an

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 5 who can enforce it because it doesn't specifically state 6 7 who it is being endorsed to. 8 MR. STERN: Restate the objection. That discusses the UCC Rules, Your Honor. An endorsement in 9 blank makes the instrument bearer of paper and anybody 10 11 that possess it can enforce it. THE COURT: I do not disagree with you. The 12 Court obviously will be making the final determination on 13 how all this is going to be played out. 14 But, Ms. Newberry, if you could, I appreciate 15 this is not necessarily you called this witness someone 16 that you are going to ask open-ended questions to, but 17 rather than getting her to agree to your statements of 18 what you think these things are, can you just ask her 19 what her position is. 20 MS. NEWBERRY: I am trying to understand. She 21 has testified that a copy of a copy of a copy is fine. I 22 am trying to understand what her information and 23 24 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 2 3 MR. STERN: Let me just make it for the record, 4 Your Honor. I'm sorry. Relevance objection to that. 5 THE COURT: Overruled. 6 THE WITNESS: I don't possess it for the purpose 7 of enforcing it. I posses it for the purposes of acting 8 as my client's attorney. So I am not sure what you are 9 asking because we have very finite and discrete 10 definitions of what we do. 11 BY MS. NEWBERRY: 12 Q Going back to the version of the note that we 13 14 discussed for the Metlife signed certification for, you mentioned that that was the copy of the note at the time 15 of the closing, and it didn't have an endorsement that 16 17 was attached to it, right? 18 A Correct. Q Is that because of the time of the closing it 19 20 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 22 thousands of foreclosures and documents over several 23

years that when you get a copy from the title company it generally doesn't have that endorsement on it?

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entity?

BY MS. NEWBERRY:

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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 12 13 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 16 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.

20 THE WITNESS: I don't know because I did not 21 22 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 23 the endorsements were added. 24 BY MS. NEWBERRY: 25

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possibility that, as Ms. Schuler-Hintz said, numerous copies. We also object on relevance. And this has been covered already. Asked and answered. 3

THE COURT: On the basis of the fact that this 4 witness has already testified multiple times that she 5 does not know how documents came the way they are, I am 6 going to sustain the objection. 7

MS. NEWBERRY: I will move on, Your Honor. 9 BY MS. NEWBERRY:

Q Earlier today Lindsey Bennett-Morales testified that there is a foreclosure unit in your offices at 11 McCarthy & Holthus that deal with mediation? 12

A No. There is a mediation department at our 13 offices that deal with mediation. We don't do 14 nonjudicial foreclosures at McCarthy & Holthus. Quality 15 16 Loan Service trustee does that.

Q Who owns Quality Loan?

A Who owns Quality Loan?

19 Q McCarthy & Holthus, correct?

A No. Kevin McCarthy and Thomas Holthus own **Ouality Loan.**

Q Do you oversee any of the operations of the Quality Loan servicing office that is here in Las Vegas? 23

A There is no Quality Loan servicing office here in Las Vegas.

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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

9 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.

21 MR. STERN: I'm going to object, Your Honor. 22 This lacks foundation and assumes that the copy that was 23 used throughout and all of these different pleadings was 24 the copy that the title company had and excludes the

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.

5 Q Relative to the October 2011 mediation that is 6 the scope of the Petition here today, what did your 7 office do to ensure that the documents presented at that 8 mediation were true and correct, if anything? 9

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.

And in this instance there was no certification for the note?

A Correct.

Q Why?

A Nationstar was unable to locate the collateral file.

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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.

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:

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Q On that document there is a white box. Did someone at your office erase the Nationstar Mortgage LLC

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.

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And then 8/13 of 2013 you respond to this 1 Petition for Judicial Review using the Old Republic note. 2 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

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Q And in October of 2011 were you the supervising 2 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 -

18 Q The 12/10 mediation, the 11/16 document, that's 19 the Old Republic note. 10/16/11, there is a Nationstar 20 note that emerges with the Nationstar stamp. 5/3/12 you 21 file a judicial foreclosure without an endorsement. 22 12/14/12 you file an Amended Complaint with the Old 23 Republic Stamp wrong endorsement with a box somewhere 24 25 near that endorsement.

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.

MR. STERN: Objection again, Your Honor.

Q So all the documents up until this point shouldn't be considered or irrelevant?

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

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Q Based on your experience, is it possible that 1 and suggest that at this point badgering of the witness the copy of the endorsement without the red circle was 2 to go over the same old ground. 2 imaged before the red circle was added to the original? THE COURT: Overruled. You can answer this 3 4 4 auestion. Q In fact, is that likely that that is what 5 THE WITNESS: I'm sorry. What was the question 5 occurred here? 6 6 again? 7 A Yes. BY MS. NEWBERRY: 8 Q What impact, if any, does that have on the Q The question was since you have the original 8 validity of the endorsement? today, all the other documents that have been produced 9 9 10 A None. 10 are irrelevant? Q Okay. And I just want to understand -11 A Yes. The original note is the operative 11 actually, it's not necessary. 12 document for enforcement purposes. 12 That is all I have, Your Honor. 13 Q Rule 11 requires that an attorney do certain 13 THE COURT: All right. Ms. Newberry, any 14 things when acting in front of a court; are you familiar 14 15 further questions? 15 we Rule 11? MS. NEWBERRY: I have nothing further, Your 16 A Yes. 16 17 Honor. 17 Q Rule 11 requires that an attorney make a THE COURT: Thank you, Ms. Schuler-Hintz. 18 18 diligent effort to make certifications to the court about MS. SCHULER-HINTZ: Thank you, Your Honor. 19 19 the true and correctness of the statements contained in THE COURT: Ms. Newberry, any further witnesses? 20 any exhibits, records, documents. Supposed to be 20 MS. NEWBERRY: No further witnesses. 21 21 truthful and honest with the court. THE COURT: Mr. Stern, any further witnesses? 22 MR. STERN: Your Honor, I'm going to object. I 22 MR. STERN: I think we have a document we want 23 don't represent Ms. Schuler-Hintz, obviously, or 23 to offer as evidence. We are not going to be asking any 24 McCarthy, but just on scope and relevance and the Rule 11 24 witnesses about it. It is a copy of Ms. Rodriguez' proceeding I do not think this is the proper time or 178 176 bankruptcy. procedure to inquire about that. 1 THE COURT: Before we get to that, Ms. THE COURT: Can I have counsel at the bench. 2 2 Schuler-Hintz, did you have any witnesses that you wish (Off-the-record bench conference.) 3 to call on behalf Bank of New York Mellon? THE COURT: The objection is overruled in terms 4 MS. SCHULER-HINTZ: No, Your Honor. of the questions being - the question can be restated 5 5 THE COURT: The exhibit you want to offer, is it 6 and go from there. 6 one that is in the binders? BY MS. NEWBERRY: 7 MR. STERN: It is not, Your Honor. We produced 8 Q Your understanding of Rule 11 is that you are it last night. What it is, Your Honor, is a copy of the making certifications to the court when you sign 9 voluntarily Petition for Bankruptcy, as well as a copy of pleadings and enter them into the record that they are 10 10 the Discharge of Debtor Order pulled from Ms. Rodriguez' 11 truthful and accurate to the best of your knowledge. 11 12 bankruptcy. 12 A Correct. THE COURT: We still have to address the MS. NEWBERRY: I do not have any further 13 13 documents 3 through 34 that were in the judicial notice 14 questions. 14 pile. And something like this would fall under that 15 MR. STERN: I have a few questions, Your Honor. 15 category as it is obviously a file. I'm assuming it is a 16 THE COURT: Please. 16 file-stamped copy of a court document. 17 17 MR. STERN: Correct. 18 **CROSS-EXAMINATION** 18 THE COURT: But what is the relevance in this 19 BY MR. STERN: 19 20 bankruptcy filing? Q Ms. Schuler-Hintz, we understand there were 20 MR. STERN: Two things, Your Honor. One is to 21 various copies of the note. We understand there is one 21 compare Ms. Rodriguez' testimony on November 1st with the 22 copy with a blank endorsement with no circle around it, 22 disclosures that were made in the bankruptcy schedules. 23 and the original has a red circle around it. Do you 23 We believe there are some inconsistencies we would like understand that? 24 24 25 to point out for the Court. 25 A Yes. 179 177

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MS. NEWBERRY: Well, no, Your Honor. Actually, Secondly, it goes to the affordability of the 2 2 loan for Ms. Rodriguez. One of our defenses that was we need to --THE COURT: We will hear final argument. 3 previewed by Ms. Janati's testimony was that MS. NEWBERRY: Well, we need to resolve the 4 Ms. Rodriguez simply cannot afford this loan and that is issue with regard to the documents. 5 why the mediations have failed not as a result of any bad THE COURT: Well, then that as well. 6 6 faith. And the bankruptcy would be probative of that. MS. NEWBERRY: Okay. THE COURT: Were you unaware of this bankruptcy 7 7 THE COURT: Ms. Rodriguez, come on up and we when Ms. Rodriguez was testifying the last time? 8 8 will re-swear you again since it's obviously been some 9 MR. STERN: I personally was not aware of it. I 9 can't speak to previous counsel. We did not have these 10 period of time. 10 documents. I don't intend to call Ms. Rodriguez again to 11 11 12 Whereupon, cross-examine her about it. I think it's useful for the 12 CATHERINE RODRIGUEZ, Court to have to compare the testimony. 13 13 was administered the following oath by the court clerk. THE COURT: We had the witness on the stand. 14 14 THE CLERK: You do solemnly swear that the 15 15 You are certainly entitled to call Ms. Rodriguez. I testimony you give in this action shall be the truth, the 16 don't know that the protocol of but if the documents that 16 whole truth, and nothing but the truth so help you God. 17 we were going to put in are where we think all these 17 THE WITNESS: I do. 18 inconsistencies are is how we go about doing that. I 18 THE CLERK: Please state and spell your full 19 think you either put Ms. Rodriguez on the stand and ask 19 her some question, or not. But, again, you are welcome name for the record. 20 20 THE WITNESS: Catherine Rodriguez. 21 to do that in your case in chief but I am concerned that 21 C-a-t-h-e-r-i-n-e, R-o-d-r-i-g-u-e-z. 22 that was something that wasn't done previously. 22 THE COURT: Thank you, Ms. Rodriguez. 23 23 Ms. Newberry. MS. NEWBERRY: Your Honor, I would respond that 24 Mr. Stem. 24 MR. STERN: Your Honor, may I approach the the bankruptcy discharge itself was produced with regards 25 25 182 180 1 witness? to judicial foreclosure as an exhibit that was provided THE COURT: You may. 2 to them in our 16.1 disclosure relative to this action as Now, obviously, my intention, Mr. Stern, is not well as that one. They were on notice of the bankruptcy 3 to have you question her about what's in the document by 4 at all three of the mediations because the bankruptcy was looking at the document. My intention was to have you 5 5 filed in 2008. question her on whatever information it is that you think So at this point to bring it in for impeachment 6 6 you can now impeach her prior testimony with, let her purposes for a witnesses that has already been excused is 7 7 testify, and if she can't recall something then you can 8 highly inappropriate. refresh her recollection with it. But this is not to put 9 9 THE COURT: If you wish to Call Ms. Rodriguez to her up to testify about a document that the Court is not the stand, Mr. Stern, you are welcome to do so. But I am 10 10 otherwise accepting. not going to accept the document and the representations 11 11 MR. STERN: Understood, Your Honor. about what you believe the document shows and what you 12 12 think what occurred at the time of the filing of that 13 13 DIRECT EXAMINATION document and her testimony. 14 14 15 BY MR. STERN: MR. STERN: Okay. I understand, Your Honor. I 15 Q Ms. Rodriguez, I would like to first of all ask 16 probably will recall her but only for that purpose. It 16 you do you recall testifying here on November 1? 17 shouldn't be very long. 17 18 A Yes. THE COURT: You are welcome to do it. She is a 18 Q Is the testimony you gave on November 1st true 19 party. Is that what you are doing? 19 and correct? 20 MR. STERN: Yes. 20 A To what I remember, yes. THE COURT: Ms. Rodriguez, can you please come 21 21 Q I would like to draw your attention - well, let 22 22 up to the me ask you this. Do you recall giving testimony about 23 MR. STERN: I'm sorry. I did not realize they 23 24 your bankruptcy? 24 had rested. 25 A Yes, I do. THE COURT: You had rested, correct? 25 183 181

1	Q Do you recall testifying that you had student	1	A No, nothing.
2	loans at about 12 or \$13,000?	2	MR. STERN: And I have no more questions for
3	A Yes.	3	you.
4	Q Do you recall being asked about credit card	4	THE COURT: All right.
5	debt?	5	Ms. Newberry, anything to follow-up on?
6	A Credit card debt?	6	MS. NEWBERRY: Just to clarify.
7	Q Credit card debt.	7	
	A I don't remember. You asked me about debt, I	8	CROSS-EXAMINATION
8	don't know if it was specific.	9	BY MS. NEWBERRY:
9	Q Okay. Do you recall what credit card debt you	10	Q You had an attorney that assisted you in your
10		11	bankruptcy in 2008, correct?
11	had discharged in your bankruptcy?	12	A Correct.
12	A I have no idea.	13	Q Did your bankruptcy attorney explain to you at
13	Q Was it more than \$2,000?	14	any point in time what the total amount of debt that was
14	A I don't remember.	15	being discharged?
15	Q I would like to ask you, Ms. Rodriguez, do you	1	A No.
16	recall in your bankruptcy what the amount of debt was	16	Q Did the bankruptcy trustee that examined you at
17	discharged in that bankruptcy?	17	your 341 hearing explain to you what the total amount of
18	A I have no clue. It has been too long ago. I	18	
19	have not looked at it.	19	debt being discharged was?
20	Q So if I represent to you \$92,000 was discharged,	20	
21	would that seem correct?	21	Q When you provided a list of creditors to your
22	A Huh?	22	attorney did you include not only the original creditors
23	Q If I represented to you that it was	23	
24	approximately \$92,000, would that seem correct?	24	
25	A I have no clue. I don't remember.	25	A I am not understanding. Sorry.
	184		100
1			
	1111 4 3 'FY	4	Were there any debt collectors that were sending
1	MR. STERN: So what I would like to do, if I	1	
1 2	may, Your Honor, refresh her recollection with our	2	you notices trying to collect payment other than the
1	may, Your Honor, refresh her recollection with our exhibits.	3	you notices trying to collect payment other than the original creditor that you had any debts with?
2 3 4	may, Your Honor, refresh her recollection with our exhibits. THE COURT: You may.	3	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.
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provide. Ms. Newberry, what's your position? MS. NEWBERRY: Your Honor, bankruptcy petition 3 is available on Pacer (phonetic). It is certainly 4 acceptable on a public record. I don't have an objection 5 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 7 think it is an improper stretch with regard to not only 8 what the testimony was, but even my client's basic understanding of what the bankruptcy petition schedules 10 11 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 18 judicial notice of their existence.

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Again, whatever weight to be given to them and 20 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

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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.
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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 8 deemed to admit them based on the fact that they are 9 available public records and authentication is not an 10 issue. And the Court will weigh the relevancy of them. 11 But on the same basis that documents were allowed through 12 the course of the witness testimony that Ms. Newberry 13 argued are relevant to the idea in terms of what might 14 have been the motivation of financial gain of Nationstar 15 in pursuing the foreclose the way that it did, I'll allow 16 these matters on that basis as well. 17

MS. NEWBERRY: Your Honor, for preservation of the record, I would like to comment on the other 19 documents mentioned.

THE COURT: You may.

21 MS. NEWBERRY: With regards to Exhibits 20 and 22 21, those are documents that Bank of New York Mellon is a party to, including the - I'm sorry. The First 24 Horizon assets security which is 14, 15, 16, 17 and 18.

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that range that you want to specifically object to. 2

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 10 we object to all. All objections are relevance 11 12 objections.

THE COURT: Now, can I see that the first set of documents that you objected to are First Horizon related 14 documents. I can understand the other objections 15 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 18 got documents related to Bank of New York Mellon and documents related to Nationstar. What are the basis for arguing those are irrelevant? 21

MR. STERN: Because they have nothing to do with 22 any of the issues in the case. They are annual reports. 23 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 3

inception of the loan securitization. They have remained 4

the owner of the note since they received it according to

their own documents in 2005 and were behind the scene 6

throughout the foreclosure of this file, which led us 7

here today.

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THE COURT: Anything you would like to add to the record, Mr. Stern?

MR. STERN: Yes, Your Honor. I reiterate the 11 fact that parties to this case are parties to these 12 13 agreements doesn't make the agreements relevant. Moreover, these agreements are registration statements 14 before the Securities and Exchange Commission. They are 15

very high-level disclosures that you have to drill down 16

considerably before you get to the loan level issue such 17 as a loan we have here. So that's the basis of the

18 relevance objection. They just don't show anything that 19

should really influence you. But we understand your 20 point that they are coming in but that we can argue for 21

how much weight you should give them. For a complete 22

record, that is our objection. 23 THE COURT: Okay. I appreciate that. 24

My intent was to allow both sides to make

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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 6 7 flow. 8

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.)

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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

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back when Judge Mosley was handling these petitions and any claims that Ms. Rodriguez had arising out of that 2 should have been addressed in that proceeding. 3 So this is all a way of saying, Your Honor, that 4

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 7

that had absolutely no connection to the loan until 9 August of 2011.

So we get to August of 2011, and as Ms. Janati 10 testified back on November 1st, in August of 2011 11 Nationstar acquired the servicing rights not only for 12 Ms. Rodriguez' loan but for a significant number of other 13 loans. I believe she didn't know the exact number but 14 15 the term she used in her testimony last month was 16 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.

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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 13 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 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.

5 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 7 8 Ms. Schuler-Hintz' firm. And Ms. Janati testified there 9 was no gap in the integrity of that process, the 10 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 15 Nationstar stamp was made in error. She testified and 16 explained that there was no policy or procedure on the 17 part of Nationstar to materially change notes. She 18 testified that in this particular case while there was 19 obviously a change, and we don't dispute that there was a 20 change made by somebody at Nationstar, Ms. Janati 21 22 explained that this was made to a copy, a copy of the note. She explained in her investigation she was unable 23 to determine who was responsible for that or what the

24 reason was, but she did also explain to the Court that 25

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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.

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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.

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it would be bearer of paper.

So the fact that this happened on a copy of the 2 note coupled with the fact that even if it happened with 3 an original note that it would have been regretful and 4 then in either circumstance the impact on the borrower is 5 zero militates very strongly against using this case as a 6 vehicle penalized Nationstar for alleged improprieties or 7 irregularities of custody and document handling. 8

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 12 the Court that even a two-month continuance, while it 13 might sound generous, while you are boarding thousands 14 and thousands of loans, it's not a long time to get up to 15 speed to engage in significant and meaningful loss 16 mitigation and home retention alternative for the 17 18 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. 25

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The affixation of the Nationstar stamp on this 1 copy does not change that at all. And the reason it 2 doesn't do that is because it was done on a copy. And I 3 think we have explained our position in regard, Your 4 Honor, which is it's the original that matters. The 5 original is -- and this is an important point as well. 6 If Nationstar had in fact affixed a copy of the original, 7 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 10 it would not impact Ms. Rodriguez at all. She would 11 still be under the Uniformed Commercial Code obligated to 12 pay the obligation to Nationstar even if BONY has a claim 13 potentially against Nationstar that does not impact the 14 promissor or the promissory. 15 16

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 197

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 7 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 19 borrower and cannot place a borrower in a performing 20

mediation not because of any imperfection in the process, 21

but rather because the borrower simply cannot afford a modification. And that's sometimes unfortunately the 23 24 case.

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

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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. 9

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

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in principle.

significant benefit to her and her family that she was 15 living in the residence without paying for it. Apart 16 from the monthly mortgage payment there is also the taxes 17 and insurance that Nationstar is carrying. All of those 18 expenses, Your Honor, are significant because 19 Ms. Rodriguez testified that she needs her payment to be 20 \$600 a month. That's what she would like. She stated 21 later that she could maybe go up to a thousand dollars, 22 but we suggest the fact that she has been paying a 23 monthly retainer to the attorneys in the amount of \$600 24 shows that that's about what she can afford. 25

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is unfortunate, but it is not sanctionable.

The only issue here that puts us outside -- and 2 the reason that a foreclosure certificate did not issue 3 is the document situation. Understanding the Supreme 4 Court's jurisprudence, we ask that you consider all of these factors. The fact that Nationstar was a newcomer 6 to the game, so to speak, having been servicing the loan 7 for only two months. The fact that despite that it 8 attended the mediation knowing full well, and I think 9 McCarthy & Holthus' efforts to inform Ms. Newberry and 10 her team that we were not going to have the documents 11 speak to that good faith. 12

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 22 McCarthy & Holthus would have noticed it. 23

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 1 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 4 have 14 cents left. 86 cents would go to the debt. And that's hallmark of a loan that the borrower cannot 6 afford. 7

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

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 3 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 19 trust having been assigned to the investor on whose 20 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 23 assignment and deed of trust. So that's what happened 24 25 here.

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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 7 blank giving Nationstar the ability to enforce it. 8 That's clear from the evidence we presented to you 9 regardless of what happened at the mediation itself. 10 There is no question that Nationstar is the right party. 11 12

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.

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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

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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.

7 The relationship between Nationstar and its counsel is between Nationstar and its counsel. If В Nationstar has policies and procedures that are not followed, and by the way, the plaintiffs did not present 10 any evidence that the policies and procedures were not 11 followed. In fact, they didn't even establish that the 12 policies in 2013 were signed by McCarthy & Holthus. But 13 even if we assumed that they met the hurdle, that is an 14 issue between Nationstar and McCarthy & Holthus. That is 15 not an issue that really impacts Ms. Rodriguez. 16

Again, Ms. Rodriguez is impacted by two documents; the note and the deed of trust. And there is 18 no question after two days of this that Nationstar has possession of the original. That it is endorsed in 20 blank. Yes, it has a red circle on it. All that means 21 is somebody made a red circle around it after the copy 22 was made. It does not mean that the endorsement isn't 23 valid. Doesn't mean anything. Certainly, there was no 24 evidence presented and no legal authority cited that it 25

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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 3 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 14 point here that not only did Nationstar have standing and 15 not only did Nationstar have an interest in home retention, there is a strong policy on the part of the 17 Supreme Court through its rules to use these forums, 18 forum, as a vehicle to discover what it is that happened at a mediation and to determine whether sanctions are 20 appropriate or not, that is a very case-by-case inquiry, 21 Your Honor. We submit that needs to account for the 22 particular circumstances of each mediation. 23

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

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

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.

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If the Court does issue a sanction and if the sanction is payable to Ms. Rodriguez personally we would 4 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

18 closing remarks? MS. SCHULER-HINTZ: Yes, Your Honor. I will be 20 very brief.

Mr. Stern said that this a common situation. It's not actually a common situation because Ms. 22 Bennett-Morales prior to the mediation specifically told Ms. Newberry that we did not have and could not get the 25 promissory note.

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Walking in, folding your arms and saying, I don't have to give you anything. I don't like you. 2 That's bad faith. Admitting prior to the mediation, We don't certify it. We can't certify it. We don't have 4 it, but we're here to try anyway, that is good faith. We 6 went in. We tried. 7

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

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When we went in to the mediation we all knew 1 there was no certified note. We have no option once 3 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 12 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 21 power to offer the modification that they offered. They 22 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.

necessary time to increase their income and improve their 2 situation.

3 Your Honor, I don't think that any sanction is appropriate here other than the sanction that's available 4 for failing to bring a certified copy of the note because 5 6 that is the exact failure that exists. There was a failure to bring the certified copy of the note to the 7 mediation two years ago. A fact that Ms. Newberry and 8 9 Ms. Rodriguez were aware of for the last two years. 10 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

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an object and describe what they found. One grabs the 2 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. 7

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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.

20 They are trying to boil this down to the only thing they have, which is oops. They have been caught 21 with their hand in the cookie jar. They forged a 22 document. They repeatedly filed inaccurate documents and 23 when it is brought to their attention, oh, well, it's 24

okay. Because it's horseshoes and hand grenades, and

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. 6

7 I will direct you to a series of exhibits, understanding you won't be able to keep up with me as I 8 flip through them, but I want the record to reflect how 9 the chain of events really pans out in regards to your 10 understanding of not just why this loan modification 11 wasn't offered, but why did they force the document, why 12 did they continue to make these representations. 13

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.

17 Bank of New York Mellon is responsible for what 18 First Horizon did. They are culpable for what Metlife 19 did. And they're culpable for what Nationstar did. 20 Because they are agents. We stipulated to agency. We 21 are asking for sanctions against Bank of New York Mellon. 22 Now, if Nationstar has to write the check, that's not my 23 problem. That's not your problem. It's who is 24

responsible in this case. Ultimately, it's Bank of New 214

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 3 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 7 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 10 York Mellon. 11

There has been a lot of evidence and a lot of 12 documents put in, and I appreciate the Court's indulgence 13 in allowing all of that information in because the only 14 way for us to see the elephant is to look at the 15 motivation for why. Is it really about Catherine 16 Rodriguez not keeping her home? Absolutely not. It's 17 not about that. That's way to much attention to a 18 specific loan file in detail for this large of an 19 organization to have. So we have to look at, okay, what

20 motivates them to look at loss mitigation. What 21

motivates them to show up at mediation and work with a 22

particular homeowner? Is it because every single 23 individual loan is their focus? No. It's because they 24

have policies and procedures and there are financial

York Mellon.

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In the Pooling and Servicing Agreement, which is Exhibit 19 on page 138, it says "Form of subsequent 3 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 6 7 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

19 saying they are the beneficiary. It says it in the 20

document filed with the Court. Metlife, we own the loan. 21

No, you don't. You own the servicing rights. Bank of 22 New York Mellon owns the loan on behalf of the 23

certificate trust series based on all of these documents 24

filed with the SEC. Why are all these documents filed

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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.

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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 12 point here is, they themselves, and when I am talking 13 about "they" I am saying McCarthy & Holthus as the 14 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 18 elephant in the room. They don't even know where these documents come from. 20

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 216

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 3 that custodial file.

They are looking at imaging records from 2005. 5 That note based on the pooling and servicing agreement, 6 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 9 documentations with regards to that loan could 10 potentially go somewhere else. If they don't go get the 11 custodial file and they are relying on the image --12 they've never seen the lien. They could be producing not 13 only a document that's inaccurate and fraudulent, they 14 may be taking action on a property that they don't have 15 any title to whatsoever. 16

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

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that foreclosure action, whether it ends up being judicial or nonjudicial. 2

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 ĭt.

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 24

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 23

payments for several years when in fact they would never

accept a payment from her during this time period.

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But going back to First Horizon, why would First 2 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.

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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 12 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 220

presented are true? How are we supposed to believe that, and why does it matter. Because the person sitting at 2 the table gets to decide whether that homeowner gets a 3 loss mitigation option or not.

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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 12 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 22 judicial officer sitting here, you have to be asking 23 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. 4 They claim that they have the right to foreclose, they 5 are the ones that are releasing the property because they 6 did not think that compliance, a strict compliance, with 7 the Foreclosure Mediation Program was required, that they 8 were close enough and they should be able to foreclose. 9

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 iust 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 12 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

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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 7 to rack up these fees. 8

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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

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"Typically, in the event such proceeds are insufficient to reimburse the advances in full, which we 2 refer to as nonrecoverable advance, servicers are 3 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 7 that is being accrued in that accounting exceeds the 8 value of the property when they complete the foreclosure they can dip into the funds that they are collecting from 10 all the other loans in the pool because they don't lose. 11 If they foreclose they win. If the loan is performing 12 they win because they are collecting payment, money is coming in and they are getting their fees. 14

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. 6

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. 3 Meanwhile, the homeowners are just collateral

4 damage and they are small and they are insignificant. 5 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 9 particular case and the information that the Court has 10 11 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 2 reduction, they would be cutting their noses to spite 3 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.

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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.

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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 10 they don't want you to understand how this really works.

If we have done nothing else today, that is our 12 hope, that we have at least enlightened this Court, and 13 hopefully many others, with regards to what is really 14 going on. What is really happening. Why do some people 15 get a HAMP modification while others don't. Because 16 whether or not the homeowner gets that modification there 17 are certain factors that are going to control. Sometimes 18 it is the homeowner's income and financials. But most of 19 the time the bottom line of the servicer who is showing 20 up and make the representation it's what's in their best 21 interest and that usually dictates and drives. And in 22 this situation that is absolutely what happened. 23 24

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 2 for each period of security will be equal to the 3 percentage per annum described in the related prospectus 4 supplement of the outstanding principle balance of each 5 6 loan.

If the servicer reduces the principle balance they reduce their own fee. And this compensation will be 8 retained by it from collection of interest on the loan in the related trust fund. The master servicing fee. A 10 compensation for servicing dues, a subservicer. If there is no subservicer, the master servicer will be entitled 12 to a monthly servicing fee. 13

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

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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.

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So now we understand why; the servicer makes 12 money, the master servicer makes money, Bank of New York Mellon makes money, Nationstar makes money. They are all 13 going to make money when this house is foreclosed on. 14 That is their incentive. Why does that matter to 15 Catherine? Because who's sitting at that table and who 16 is actually going to be the entity affected by the 17 outcome of the foreclosure should be the person that you 18 are negotiating with. When you are sitting there it is 19 required that the actual beneficiary appear or 20 representative or the authority. Well, the problem here 21 22 is the servicer is always going to be the one that appears. The servicer is always the one that comes

okay because it is very burdensome and very difficult for them to go to the trouble and expense of getting those 2 documents and because they are super important because 3 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 7 ship those documents and have them entered into the law Q 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:

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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 3 structure. 4 5

because it's the delegation of the contract in this

sense. It's the delegation authority in the system

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 25 in complete contradiction to our statute in 107, but it's

"To appreciate our potential and comprehend the 1 nature of our challenges it is necessary to understand 2 what we do. We are an investment company with 3 significant scale. Our model is primarily fee based with 4 little credit risk. A large percentage of our revenue, 5 78 percent, comes from recurring fees which is above our 6 peer group. That has helped us maintain a strong highly 7 liquid balance sheet with a solid capital position." 8 9

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 not 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

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only 20 or so people that work in the mediation department. There is no information that was provided that they were queried.

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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.

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act together so we can get our certificate and finish this foreclosure up.

In the history of the Foreclosure Mediation 3 Program the cases that come out from it, our Supreme 4 Court has repeatedly acknowledged the importance of adherence to the document requirements. It is not for 6 the sake of having the document and having a checklist. 7 It's to ensure, to borrow their words, that the parties 8 that are sitting at the table are the right parties so 9 that it is a meaningful and honest negotiation in order 10 to show that the parties are participating in good faith. 11

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 17 this case and treat it the same as not having one at all. 18 They produced that document because they had a shred of 19 hope that the mediator would find it sufficient 20 especially when the person on the phone is saying, Well, 21 this just transferred and you know this is really hard on 22 us, but we own it. See, our name's on it. We are the 23 right ones here. We are doing everything we can in hope 24 that the mediator wouldn't check all the boxes and they

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Well, that is startling because if every single 1 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 6 foreclose on the house. 7

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 23 the very beginning, which is we had no incentive to do a 24 mod and we don't intend to. We're just trying to get our would be able to get their certificate.

What a miscarriage of justice that would have 2 been. That mediator, though, found it deficient. We had 3 no idea at that point in time who we were supposed to be 4 talking to, who we were supposed to be dealing with. And 5 then when the judicial foreclosure was filed without the 6 endorsement, here we go again with the lack of 7 documentation. At that point in time, still didn't 9 really know who the parties were that we were dealing with. Why is Bank of New York Mellon all of a sudden 10 foreclosing; I thought this was a Nationstar stamp. 11

When the Amended Complaint was filed and the version that's been introduced into the evidence here 13 today, when the Amended Complaint was filed there's a 14 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 18 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

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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 PIR. How are we supposed to file a PIR 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.

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, 242

1 It's an absolute abuse of the process and the
2 statute requires that the integrity of the program be
3 maintained, not only by the rules but also by the
4 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.

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 3 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.

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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

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on my calculator. I had to actually go and get another 1 tool to make that calculation. Because I was just curious, what percent of 38 billion? \$380 million. 3 That's a lot of zeros. 4

Nationstar, their net worth, \$4.9 billion. What 5 is the right math? Is it one percent? And I will couch 6 7 this on the fact that, yes, if sanctions are imposed in this case, there is a perceived benefit to the 8 petitioner. But this isn't the petitioner. This is 9 about the conduct of the respondents in this case. 10

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

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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.

18 So what's it take to be meaningful to a 19 corporation whose net worth is over \$36 billion. The 20 Supreme Court has upheld sanctions where the financial 21 considerations have been considered of the defendant with 22 one percent of their income. Well, that would be 23 \$380 million, Your Honor. One percent of their net worth 24 would be \$380 million. I could not even make that happen 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 7 8 they don't. 9

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 22

thing, but everything else, that's pretty much par for 23 the course. It's shocking. And if it was so shocking to 24

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. 3

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

support a substantial sanction. I certainly believe the facts in this case warrant it, and I leave it in your

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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 11 inviting this, but if you wanted to get leave of court to 12 file some additional briefing that you thought would be 13 valuable you can seek that. But I indicated that we 14 would finish with Ms. Newberry. She did not get to 15 start. I appreciate that she got to finish. The Court 16 17 can weigh all of that.

I know what your position is. I know what 18 Mr. Stern's position is. I am not really trying to 19 shortcut you in any way, I just don't think it's 20 necessary for any rebuttal. 21

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

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1 financial benefit.

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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

briefing, the Court will always entertain any motions 2 that are filed.

MS. SCHULER-HINTZ: Your Honor, would you like 3 us to do that via motion? 4

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. 8 We'll just reserve the right to file -- if we feel after 10 we discuss it and we feel it is necessary, we will

reserve the right to file a motion requesting 12 supplemental briefing.

THE COURT: You may.

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

THE COURT: Otherwise, I will conclude the 15 remarks today. And I take all of the matters that come 16 over to evidentiary hearing, all that come on an order to 17

show cause in fact, very, very seriously. I always 18

appreciate when counsel has gone to the effort to provide 19 everything that the Court possibly needs to and can 20

review, and we have had that in abundance and I 21 appreciate the opportunity.

22 And the Court will review everything that it has 23 and issue a decision at the earliest opportunity. And 24

other than that we will conclude our matter today.

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MS. NEWBERRY: Thank you, Your Honor.
               THE COURT: Thank you very much. Everybody have
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     a good weekend.
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               (Proceedings were concluded.)
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                           REPORTER'S CERTIFICATE
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      STATE OF NEVADA
      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,
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      Respondent, Case No. A-13-685616-J, on December 13, 2013.
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      Dated this 10th day of January, 2014.
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                   BRENDA SCHROEDER, CCR NO. 867
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In ander to excreise eliberloyal defessance or covenant definished:

- we must introceedly digorsit with the trustee, in trust, for the hundle of the holders, costs or certain east equivalents, in such amounts as well be sufficient, in the epinion of a nationally excondized from of independent registered public accountants, to pay the principal of, premium, if only, and interest on the debt according on the stated date for payment through or on the applicable redengation onte; as the case may be, and sary other manuals a coving under the indepense;
- in the ties of legal deliverance, we shall have delivered to the course in piecen of course) in the Danes states recommuly acceptable to the truston examining that, subject to customary assumptions and carbusins;
 - · we have received from , or there has been published by the intensal Revenue Service (the "IRS") in talling of
 - Since the date of the indensite, there has been a change in the applicable disteral income tax law, in cliber case to the effect that, and based therein such opinion of counsel shall confirm that, subject to customer and exclusions, the holders will not recognize income, but or loss for U.S. federal income tax purposes as a basak of such legal deleasance and will be subject to U.S. federal income tax on the same amounts, in the same manuscription that the same times is reputed have been the case if such legal defeatings had not occurred;
- in the case of coverage defensance, we shall have delivered to the trates on apinten of coursel in the United States resonably acceptable to the trates on apinten of course in the States resonably acceptable to the trates on an interpretation of the formation of the course of the same that the same that the same the same that the same the same that same the same the same there is no the same the same there is no the same the same that same that same the same that same the same that same that same the same that same the same that same that same that same the same that same the same that same that same the same that same the same that same the same that s
- is no default or event of default shall have accurred and be continuing earlied due of each deposit (office than default carefully resulting from the borrowing of fluide to be applied to such deposit (and the further of the borrowings).
- such legal defensants de coverant defensance shall sed peut in a présent at violation et, et resultance defaut moderate indecaux ce any other.
 material agricament et instrument la which we de certain of our sidskildinies is in party ar by which we as such substitution is industria.
- we shall have deliveted to the turdeness officers' neglifices storing that the deposit was not inside by the issuers with the interit of preferring the halders over any other creditors of ours or with the threst of ourself and the laying or declarating any other creditors of ours or others, and
- washall have delivered to the trustee or officers' conficult and an opinion of courses, such stating that off conditions precedent provided for or relating to the layer delivered to the covariance of the covariance delivered to the covariance of the covariance delivered to the covariance of the covariance of the covariance delivered to the covariance of the covariance of the covariance delivered to the covariance of the covaria

Rowijhanding the foregoing, the opinion of deunicl required by clause (2) above with respect to a legal defeature oned may be delivered if all noise not therefore delivered to the truster for cancellation (x) have become due and payable of (x) will become due and payable on the middle on the middle on the middle within one year under expense, of the noise for the group of payable of the noise to the came, and at the expense, of the Debt Co-Ispans.

Design Campany Weigner Lee, William Proper South

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Table of Consonio

The indenture will be discharged and will cross to be at further effect (excess to purrious, rights or registration of transfer or ancheage of the mines, as expressly provided for in the ordentone) as in all notes whom:

- * all the debt occurities thesetofore mithemicated and delivered tixoem took, staten or desirated notes that have been replaced or paid and notes for whose payment morey has metalogous been deposited in must or segregated und livid in must by the trebit Co-ference and the confer repold to the Data Co-Issuers or discharged from such musi) have been delivered in the invitee for cancellation; in
 - all debt securives not theretology delivered to the trustee for eartiflation have become the rest payable will become due and payable willingers. year in my to be called for redesigner within one year under increasible varingements existratory to the trustee for the giving of nucleu of redemption by the initian in our mame and it can depende, and we have interestably deposited or council at by deposited with the trustee finds in an executed and fixed and pay, and discharge this entire included and the dold recurring not the entire of the entire principal of promiting if any, and interest on the notes to the date of deposit together with irrevocable laborations from the Dobi Ch-listers. directing the treatest is apply such fractic to the payment therein a manning or redemption, as the case may be
- · we have paid all where was payable by us under the indentire; and
- the Rede Co-lesseers have delivered to the trustee on afficers' certificate and an opinion of counsel stating that all conditions precedent under the indenture relating teaths and an and discharge of the indenture have been complied with

The indeature provides that, except during the conference and continuous of secretary default, the trustee with perform only well define as are specifically see forth in the indenture. Theing the axisience of an event of default, the master will exercise such rights and powers vested in they the industries. and use the rame degree of early and skill in its asserbs of a product pursue would usualisa or use under the circumstances in the conduct of his own affilias.

The indestruce and the provisions of the II a contain certain limitations on the rights of the truster, should it become a creation of the issuers, to obtain payments of claims in centain cases in increasing on certain properly received in respect of any such claims as escurity or otherwise. Subject to the TTA, the hauses will be permitted to enjage in other transcellens, provided that if the unuser sequines any scallicting interest as described in the TIA, it must chiminate mich conflict or resign.

Form and Registration of With Securities

Unless otherwise specified in a related prospection implement, dela securities will be issued in registered form, without interest coopers, in the form of global escurilies, as further provided below. We will not impose a service change in concentual with any manules or exchange of any debt recordly, but we may in general require payment of a num articlem as cover any transfer tox or similar governmental charge imposed in connection with the number of exchange.

Mobil Recurities

Global securities will be apposited with the presses as embedden for The Depository Trans Company (the DFC), and registered in the name of DFC or a nominee in DTC. Investors may hold their incress in a glubal security through DTC. If they are DTC participants, or indirectly through organizations that are DTC participants.

Tobbe of Constants.

Except in the limited sireumonness assembed historism under "Conflicated Securities," huldon of debt sceptifies will not be entitled to receive debt.

securities in conflicated form Unless and until it is exchanged in while on in part for conflicated resurities, such global sceptify may may be disinflicated except
as a while by DTC to a namines of DTC or by a nominee of DTC to DTC in another of DTC.

We wilt apply to DTC for acceptance of the global securities in its back-entry settlement system. The custodian and DTC will electronically record our principal amount of debt securities represented by global securities keld within DTC. Beneficial increases in the global securities will be shown by records mathematical by DTC and its direct and indirect participants. So long as DTC at its nominee is the registered owner or holder of a global security. DTC or such reminee will be considered the sole cover or holder of the debt securities represented by such global security for all purposes under the indectors and the idebt securities. He awards not be established interest in a global security will be able to transfer such interest according with DTC is applicable procedures and the applicable procedures of its direct and highrest periodicals. The laws of some jurisdictions way require that certain purchasers of securities take physical classifications and the applicable procedures of its direct and highrest periodicals and requirements may impair the ability to transfer or places beneficial interests in a global security.

Payments of principal, premium, if any, and interest under each global escurity will be unde to DTC or its members as the registered awder of such global scriptive. We expect that DTC or its nominear upon receipt of any such payment, with interestively credit DTC participatural accounts with payments propositive for expective beneficial interests in the principal amount of the colored payment as shown in the records of DTC. We also expect that, payments have been participants in awards of honorests will be governed by standing instructions and customary practices, as it now the case with payments had for the economic of customary replaced in the common of instructions had for the economic of customary replaced in the common of instructions had for the economic of customary replaced in the common of instructions and none of us the market, the custodies or any paying again or register will have any exponsibility or liability for any appeal of the records relating to any market and an account of pencilical interests in any global security of for majorathing or everying any records relating to such beneficial interests in any global security of for majorathing or everying any records relating to such beneficial interests.

DIC has advised as this is a similed-purpose trest company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Informs. The New York Informs of the New York Informs. Company of the New York Informs. Act 2012, was created to hold the periodic of the periodpants and to the illing the elegance and sentences of securities of accounts of the period of the peri

OFC's participants include accurities brokers and drafters (including the underwriters), banks, trust companies, clearing carporations and certain other corporations, scene of whom funders their representatives) now the depositary. Access to DIC's book-entry system is also evallable to adhers, such extends, trainers, dealers and trust companies, that exact through or maintain a custodist relationship with a participant, entire the edge of aware the aware the interest and transfer of aware the formula of the country best by or on height of DIC are recorded on the records of the direct participants.

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The unsees will exchange each beneficial interest in a plotal assurby for one or more excititented accurative regimental in the name of the owner of the beneficial interest, as identified by DTC, only if (x) DTC rollifies no that it is unwilling or onable to confinue as depositary for that global servicity or coases to be a clearing agency regiment under the factional; in either case, we do not experience accessor depository within 10 mays of such notice or sessation or ly) or an exent of default has excurred and is continuing and the beneficial owner of.

Toble of Continue

the releviest delta acquires has requested that its debut securities be reasured as excititeered securities. We will unake payment in respect of debut securities that are issued in conflictably from by modified that its debut securities that

Same-Itay Sentement and Payment

We will make payments in respect of dabl securities represented by Blobal counties by thre transfer of immediately available limbs to DTC of its nomine as registered owner of the global securities. We will make payments in respect of debt securities that are issued in perifficated form by mailing a check neight playeng halder's regioned address.

We expect the debt securities will trade in DTC's Same Day Funds Settlement System, and DTC will repoine all permined secondary market widing activity in the debt securities to be settled in immediately available funds. We expect that secondary trading to day conflictual acculties will also be settled in immediately available funds.

Transfers between participants in INFC will be effected in the ordinary way in accordance with INFC rules and will be settled in some day funds.

Although DTC has agreed to the above possedures to licititate transfers of incrests in the plobal securities among DTC participants. DTC is upder not as highly from the engineer of performent of us, any diderwriters of the ensiste will have any responsibility for the performance by LTC or its diese to indirect sufficient of their respective obligations under their end iroderwrites provening their operation.

We have childred the influentation we describe in this prosper for exaccoming DTC and the book-entry system from source that we believe to be reliable; but we do not take any responsibility for the accuracy of this information.

anverning Law

The indenduc and any descreptive 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 conducts of law in the extent that the application of the law of another jurisdiction would be required thereby.

DESCRIPTION OF COMMON STOCK

The following description of our contimon stock does not describe every aspect of our common stock and is subject, and is qualified to be entirely by a valence, as all the provisions of our annualed and resided bylaws. In this section colorates the "Company," we." "us" or "war" include only NMHI and not the Debt Co-lessues or any of the other subscitutes of MMHI.

Authorized Capitelization

Dur authorized repited riock, as of Mexit 31, 2013, cornica of (1) I jubiction of common elock, per value illo) per share, of which:
(a) 90,768, 594 shares were issued and 90,569,683 shares were outstanding and (b) 3,946,984 shares were reserved for issuance under the equity incentive;
place of NMAL and (2) 100,000,000 shares of preferred stock, per value 50.01 per chare, of which no chares an issued and outstanding.

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Common Mort

Each holder of common stock is entitled to one was for each about of common stock held on all makers submitted to a vote of sheekholders. Except as provided with respect to any other class or selles of stock, his holders of concommon stock bell present the oxicities right to vote for the election of directors and for all other composes. Our amended and restated sentificates of incorparative does not present for commitment of a majority of the oundateding charges of common stock can deer all of the directors is senting for election, and the holders of the remaining states are not side at alcohor, and the holders of the remaining states are not side at alcohor, and the holders of the remaining states are not side at alcohor, in directors; provided, however, that pursuant to the stockholders agreement that we have opposed into within the lattel stackholder, we are required to take all reasonable actions within our control (including nominating as directors the individuals designated by the lattel stackholder) of the members of our board of directors are individuals designated by the lattel stackholder.

Subject to any preference rights of botters of any preferred trock that we may issue in the Bourc, holders of our common stock are entitled so received dividences. If any, declared Born time to thus by our board of directure out of logally available funds. In the event of our liquidation, dissolutes or winding up, the botters of our common stock are entitled to know clubby in all assess remaining after the nayment of liabilities, publics to any rights of holders of our preferred stock polar to distribution.

Holders of our convenue seach have no preemplies, substription, redesigition or conversion rights. Any shares of enterior stock end under this period conversion rights will be validly issued. (ally paid and nonesseasable upon isotrates units full payment of the parelyse prior for such allows.

Profession Start

Our botted of directors has the authority, without action by you stockholders, to issue preferred stock and to fix coling powers for such class or series may be subject to redemptica; entitled to receive dividends, entitled to rights upon dissolution, or encycenthe of exchangeable for shares of any other class or classes of chapter notes. The tiphes with respect to a series of class of preferred stock may be present than the rights antiched to our common attack. It is not possible to state the eriod effect of the issuance of any shares of our proferred stock. It is not possible to state the eriod effect of the issuance of any shares of our proferred stock. It is not possible to state the eriod effect of the issuance of any shares of our proferred stock of the legislaters of our common stock until our board of discount determines the specific rights attacked to that preferred stock. The affect of seeing preferred stock could include, among other things, one or more of the following:

- · restricting dividends in respect of him common stock.
 - a distinct the voting power of our common stock improviding that highers of preferred stack have the right to vote on makers as a class.
 - . Impairing the liquidation lights of our common stock; or
 - · dalaying at provening a change of scottol of us.

Anti-Colespor Effects of Dilaware Law, Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

The following is naumanary of contain provisions of our untended and reseated certificate of incorporation and amended and realized bytawa that may be desired to have do and takenous effect and may delay, dates or prevent a tender offer of takenous anomal that a stockbookler might consider to be in temperatures; that a stockbookler might consider to be in temperatures; that before all orders and may delay, dates for the content of the shares held by stocktookler might consider to be in temperatures.

Airthorized bid Unissued Shares

The authorized but unisqued chares of our common stock and our preferred stock will be available for future incomes withour obtaining stockholder approval. These additional shares may be utilized for a variety of

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comparate purposes, including furne public offerings to mise additional capital, conficute acquisitions and complexes benefit plant. The extremes of surherized but anisaged shares of our communistation and preferred clock could render more difficult to discovering an autimpt surbtain control over us by inclusion of a proper confusa, tender offer, merger at atherwise.

Delaware Business Combination Statute

We are required under Delaware him. Some provisions of Delaware lay tiny delay or proven a transcript that would devise a change in our control.

Our concoded and resisted conditions of incorporation provides that Section 203 of the Delawsic Kiencrall Corporation Law tipe "DECL"), as amended, an anti-takkover taw, will not apply to us. In good this statute prohibits a publicity held Delawsic Kiencrall Arom engaging at a business combination with an interested stackholder for a period of three years tillo the disternal transaction by which that person become on interested stockholder, unless the business, possibility to present a presented manner. For purposes of Section 203, a besides; confination includes a merger, asset sale or other transaction resulting to a fusive of benefit to the interested stockholder, and as interested stockholder is a person who, together with a fill against assectates, wans, or within three years prior, did own. 15% or more of viding stock.

Onier Provisions of Unit Amended and Regard Certificate of Incorporation and Amended and Restated Bylims

Our intended and restated certificate of incorporation provides for a suggestal touch of directors consisting of three classes of directors. Directors of each class are chosen for three-year torns upon the expiration of their correct nearly year one classes four directors will be classified to the circums of the first, second and directors will expire in 2013, 2014 and 2015, respectively. We believe that classification of our board of directors with help to assure the continuity and sublity of our board of expires as determined by our board of directors. Additionally, there is no elimitative volting an the alection of directors. This classified board provision could have the effect of arching the replacement of incumbers directors from difficult. At least two annual meetings of stackholders, insight of one will generally be required to effect a change in a majority of our board of directors. This, the classified board provision could increase the tikelihood that incumbent directors will ream their positions. The staggered terms of directors may delay, defer or prevent a render offer or an attempt to change control of as even though a major offer or change in coincil might be believed by our stackfolders may be removed only for cause and only with the offirmative vote of it tend allows of the voting interest of stockholders ratified to sole; provided, inches we have long as the latiful Stockholder and capable other differences may be removed with or without cause with the affirmative wore of a majority of the voting interest of stockholders catalided to vote;

Ability of our Stackholders to Aut

The de Arendale Francisco Santa Eschiller de Atla

Our surroded and resisted scrifficate of incorporation indiamended and resisted bytaxs do not permit our stack holder to call special matchinders mustings; provided, however, that for no long as the Corress Switchfolders bureficially over at least 25% of our issued and outstanding common stock, any succeeding to the collectively beneficially own at least 25% of our issued and apparation common stock may call upoint meetings of our stackholders. Written notice of any special accepting so called shall be given to each stockholder of record emitted to one at such accepting not less than 10 or more than so days before the date of such accepting, unless afterwise required by law.

Linder our arounded and restated positions of incorporation and amended and destruct believe, any whom required to parasized to be telested a uncertaing of our stockholders for so long as the Forness Stockholders beneficially.

.com at least 25%.

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of the issued and constanting common stock. After the Progress Stockholders bounded ally own less than 25% of our issued and outsignifing slock, only selien by anapagous written spaceatal somelickholders can be taken without a mediag

Our amended and required bylows provide that nondantions of persons for election to our board of directors may be made at any united messain of our stockholders, us of any special meeting of any stockholders eathed for the purpose of closing directors, (a) by he at the direction of our board of directors of (b) by any of our stockholders, in addition to any other applicable requirements, for a nomination to be properly brought by a stockholder, such abordioder must baye given linely notice thereof to supper withen thing to the Secretary of Midfill. To be timely, a stockholder's ublice must be delivered to a resided and repeired at our principal accountive princes far in the case of an annual nucling of encekhaliters, nur lies than the days nor more than 120 days prior looks signiversary due of the immediately preceding amous meeting of stockholders; provided, knowner, that is showent that the annual meeting is called for a date that is not within 10 days before or filter such antiferrary date; unfive by a stockholder in order to bu banely must be so received not burn then the chose of Easiness on the reach day, following the day, on which such notice of the day of the annual meeting was mailed or such public disclinage of the date of the minus inceding was made, whichever first occurs, and the in the case of a species mediate of our stockholders called for the purpose of electing direction, not later than the close of business on the tenth day following the day on which notice of the date of the special mentaly was realled or public disclosure of the date. of the special meeting was made, whichever hist occurs.

the innemial and restried bylane provide that no business may be trapscard at any around meeting of our supekholders, other than business that is wither (a) specified in the motice of meeting given by or mate direction of our brain of direction. (b) otherwise properly brought before the ensual meeting by or at the direction of ear bound of directors, or (c) otherwise properly brought by any of our stockholders. In addition to any other applicable requirement, for business to be properly brought before an unnual meaning by a stockholder, such stockholder mind have given timely botten beyord in proper written from to our Siscisting. To lie timely, a specktibility's natice agastic delivered to be invalid and accoved a our principal executive offices not less than 90 days not more than 120 days prior to the unitiversary date of the immediately preceding annual marting of speckhaldens; provided, however, that in the event that the control meeting is called for a date they is not within 30 days before or after such analysmany these, notes by a succeeding in order to be simuly must be so received mit taler distribe class of business on the leath day following the day on which such sodice of the day of the semant meeting was meded or such public. illechoors of the date of the annual meeting was made, whichoor first recours

Lindiations on Liability and Indonmification of Idrectors and Officors

Our operated and restated continues of incorporation provides that our directors will not be presently liable to us or our stockholices for monetary denegos for breach of a fiduciary duty as a director, except for the following to the exical such exception is not pentitized under the EASCLIC

- ony breach of the director's due, of loyalty to us or our stockholders.
 - interclocal misconductor a knowing violation of law;

siligai, gangelira ásárgada 11879, státa Básáratba 184, ssílti ene anticommunicate de postate de postate de productione de la completa del la completa de la completa de la completa de la completa de la completa del a del la completa della completa della del

- Hability under Deleware corporate law for an unlawful payment of dividends or an unlawful speck parabase or redemption of stock; or
- any bransoction from which the director derives an improper pursonal benefit.

Our mounded and restated certificate of incorporation and amended reducted byland, provide that we must indennify our directors and officers so the fullest extent permitted by law. We are also repressly authorized to advance travities the electric including allorately lies and dishursements and result county. one directors and officers and entry directors, and officers, incurrece providing indomnification for our directors and officers for some liabilities. We believe that there indemnishes for provisions and insurance are useful to unious and culain qualified directors and executive afficers.

We have anisted two topscute indemnification agreements with rach of our directors and executive officers. Each indemnification agreement presides, siming other things, for indemnification to the fullest extent primitied by law and our amended and restated confidence of incorporation against (i) may and all expenses and limbilities, including judgments, fines, possibles and amounts paid in settlement of any claim with our supreys) and counsel first and disbursements. (ii) any liability parament to a loas guarantso, or otherwise, for any of our indobtedness, and (iii) my liabilities incurred as a requir of setting on our behalf (so a Receiving or otherwise) in connection with an camployer becalle clair. The indumnification agreements provide for the advancement in poyulant of all expenses to the indemnities and for recombinations to be if it is found that each indemnities is not emisted to such indemnities and the recombination under emplicable law and our amended and residiest certificate of increparation. These provisions and agreements may have the practical effect in some cases of ellumenting our modernizers' stating to collect respectory demages from our directors and executive efficiers.

incolor as indemnification for liabilities arising under the Securities Ast may be permitted in directors, officers or persons controlling the registrant parament to the folegoing provisions, we have been informed that, in the opinion of the SPC anch indemnification is against public policy as aspected in the Securities Ariand is therefore unonforceable.

Corporate Originatually

Under the encoded and restated continue of incorparation, to the extent parmitted by live:

- The Fungess Stockholders have the right to and have no duly to abstain from, exercising such right to, angage or lavest in the same or similar business as us, do business with any of our chients, customers or endors or employees;
- If the Fortress Starbholders or any of their officers, directors or employees acquire intowledge of a potential primaction that could be a composite apportunity, they have no duty to affer such corporate apportunity to us, are evakholders at effiliars;
- we have renounced my lateries or practimes in or in being officed an opportunity to participate it, such corporate appointments and
- in the event that any of our directors and offices who is also a director; officer or employee of any of the Fourest Stockholders acquires briswledge of a corporate opportunity, provided that this knowledge was not acquired solely in such person's expectly as our director or officer and such person acted in good fails, then such purson is desired to have fally setteded each percent's falluciary duly and is not hable to us if any of the Kenness Stockholders pursues or acquires such corporate apportunity or if such person did not present the corporate apportunity to us.

Transfer Agent and Replairer

The registral and transfer egons for our common stock is American Stock Transfer and Trust Company. LLC.

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Our common stock trades on NVSE under the symbol "NSM."

Sand Brones (Barket III - Dute Brandet Di. 1977

DESCRIPTION OF PREFERRED STRCK

The following description of our preferred stock does not describe every especia of our preferred stock and is author, and is qualified in its entirety by reference, to all the provisions of our amended and restated conditions of incorporation and all the provisions of our amended and restated bylanes. Analiswestian, references to the "Cumpany," "we," "us" or "our" include only field! and not the flesh Co-Issuers is any of the other subsidients of MMH.

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Authorized Capitalization

Dur authorized capital strick, as of March 31, 2013, consists of (1), 1,000,000 shares of common stock, par value 50.01 per share, of which:

[4] 90, 768,891 shares were usued and 90,569,683 shares were constanding and (5) 3,040,984 shares were userved for issuance under the equity incentive plan of MMH); and (2) 300,040,000 shares of preferred stock, par value 50.01 per share, of which no shares or instead and austrancing.

Professor Stock

The bound of directors may provide by resolution for the isstance of preferred clock, in one or minte series, and to fix the number of sharks constituting those series and the series and the series, and the fixed provided the volume powers if such series, and the preferences and tilative, participation, or other special rights, if any, and any qualifications. Imitations or restrictions thereof, of the shares of such series, as are not intronsistent with our anomalous and excitation of the interpolation of any anomalous thereof, and experience by the Office. The issuance of preferred stack with how the effect of excessing the market price of the componence, and could never affect the using and what rights of the holders of common stack.

We will include in a related prospectus supplement the terms of pay sodes of professed stock being offered. These terms will include come or all of the little of the litt

- the tipe of the series and the number of shares in the series, which our bound may, except where otherwise provided in the problem decle designation.
 Increase of descense, but not below the number of share disponentialing.
- .. the price per share at which the preferred stock will be offered;
- * the dividend rate or rares or method of coledition the rates, the dates on which the dividends will be payable, whether or not dividends will be completed on nonconsiderational of complete.
- . the voting rights, it any, of the holders of shows of the prefetred stock being effered.
- " the provisions for a sinking flued. If may, and the provisions for redemption, if applicable, of the preferred stock being offered.
- * the liquidation preference por shines:

THE STATE OF THE PARTY OF THE STATE OF THE S

- whether and the extent to which the sones will be guis noteed.
- · may listing of the perienced stock being offered on any secondise exclusing:
- " whether interests in the exerce of the series will be recommend by depositury shares.
- a discussion of any material U.S. technol income the considerations applicable to the professed stock being offered:
- inerclasive ranking and profesences of the preferred stock being officed as to dividend rights and rights upon liquidation, dissolution, or the wholing up of our affairs;
 up of our affairs;
- any limitations on the issuance of any claus or series of preferred stock making action or equal to the series of preferred stack being offered as to dividend rights and rights upon flippidation, dissolution as the winding up of our affers; and
- " uny additional rights, preferences, qualifications, limitations, and rearrichies of the series

Centum of our subsidiaries may fully and unexadificably governors our preferred work, as set forth in any colored presenting supplements.

Upon issuance, the shares of profuned speck will be fully paid and nuassassable. We are not regained by the DCCL our amended and restated perfection of incorporation or our amended and restated by laws to acek.

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accepted for approval, prior to any issuance of authorized but consensed sinch and nin fraud of directors does not currently linked to said slockholder approval. ingoi be any issuance of stillnesseed but undesteed speck, indestitutive required by law or the lightly regalizments of tVSH. As of the date of this prospecing, was beard of directors had not established any series of presenced spek, and no charge of our presenced stock are constanting.

DESCRIPTION OF DEPOSITABLY SHARES

In this section, relationers to this "Company," "were upon in "our" include only Notiff and not the Ochi Co-issuers or any of the other subsidientes of

We may issue fraisland interests in Shares of preferred stock, rather than shares of motorred 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 the its principal office in the its. It is is no specious for depository attack, each of which will represent a fluctional interest in a share of preferred stock. The charge of preferred stock undulying the depository shares will be deposited under a deposit presented between us and the depositery. The prospectus supplement will include the hame and stidless of the depository....

DESCRIPTION OF WARRANTS

Company, "Two dies of "our" include and Meet II and not the Debt Co-limiters of any of the coher nabeldlaries of " In this anches, references to the

We may issue variants, in one or many series, to purchase expliy securities. Each warrant will untille the holder to parchase for east the infount of equity securities at the execute price stated of destrollable in the prespectus supplement the the warrage. We may issue warrage independently or register with any offered securities. The marriants may be autoched to at separate from those offered securities. We will issue the warrants under warrant agreements to the entered tips between us, and a bank or trust company, as warrant agent, all as described in a related prospectes supplement. The warrant agent will set colely is our again in connection with the warmens and will not essume any abligation or relationality of agency in trial for or with any holders or beneficial owners of warrants.

The prospectua supplications relating to any suprimus that we may offer will bound that specific terms of the summings in addition to this summings and the relevant prospective supplement; you should with to the dentiled provisions of the specific warrant agreement for complete terms of the warrants. These terms will include some as all of the following:

- a the title of the warrants.
- . It the price is prince at which the warmins will be lessed:
- " the tierigageon, moreon and forms of the seconfine for which the warrants are executed by
- the designation and terms of the courses excurities. If my with which the womans are to be issued and the number of vicerants issued with each other screenly.
- the aggregate number of warmon:
- any provisions for adjustment of the number or amount of securities receivable upon execute of the variants of the exercise price of the warrants
 - the percent prices at which the securities purchasely than exercise of the tearmits may be purchased,
- . The date on and after which the marrons and the securities purchasolo upon exercise of the warrants will be exparately translerable. Trapplicable:

Populated by Variational and Descript Philosophiles

Table of Conjugation

- * a dispussion of any motorial U.A. federal iscome as a casiderations updicable to the exercise of the warrants;
- the date on which the right to execute the warrant will communic, and the date on which the right will explore
- . The maximum or minimum member of vomments that fruy be exercised at any ince.
- · information with respect to book-entry procedures, it may, tret
- any other terms of the warrants, including terms, procedures and limitations adulting to the exchange and exercise of the warrants.

The magnity will be evidenced by warrent conflictes. This expended in the prospecing supplication, the marron conflictes may be maded separately from the equity scentiles. If may, with which the wound conflicted were issued. Warrant certificates may be exchanged for new warrant certificates of all the holder of a wound does not have any of certificates of all the holder of a wound does not have any of the tights of a holder of our equity securities and in not softled to any payments on any equity securities and continues.

PLAN OF DISTRIBUTION.

We may sell the escurities covered by this prospectus in any of three ways lumin any combination):

- ... un in through imdeparters or deploy;
- at directly to a limited number of purchasers or to a single porchaser or
- a through agents:

We may even find derivative nonadicious with third parties, or self seconder not covered by fills prospectus to third parties in privetally negotiated transactions. If the related prospectus supplement to indicates, in connection with those derivatives, the third parties may self securities covered by this prespectus and the related prospectus supplement, including mathert sale transactions, if so, the third party may use securities predeted by us or terrounced from us in sertlement of those derivatives to sende those subsection to sende out any related open terrounly; of such. The floid party in such sale transactions will be an underwriter and, if not klearified in this prospectus, will be identified in the related prospectus complement (or a poor affective innecessant in the registration statement of which this prospectus from a part).

The ecompanying prospectus supplement will see feels the larmy of the offering of the securific securific develop this prospectus. Inchaling:

- * the news or names of any underwisers, desiers or agents and the amounts of securities underwritten or purchased by such at this mi-
- the initial public offering price of the securities and the proceeds to us and any discounts, compulsions or contessions allowed or reallowed or pold.
 to desire; and
- . my securities exchanges on which the securities may be listed.

Any initial public offering price and any discounts as concessions allowed ar reallowed or paid to dealers may be changed from time to time.

Underwriters of the third parties described above may offer and sall the affered according from time to time in one exposertions, including required manuactions, as a fixed public offering price of a varying prices determined in the time of sale. If we use underwriters in the sale of any according to the second as sale of any according to the sale of a s

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by the underwiters to their corrections and may be model from time to non-in one or using translations described above. The scientific may be cities, aftered to the public theorem, underwiters, and the public theorem, underwiters and least execution if they obligations to purchase the sets with the subject to exaction if they public the offered execution is the underwiters will be obligated to emphase all of the offered execution if they paralless may if the offered executions.

We may sell the recurring through agents their time to time. The return prospectiff supplicitent will name any agent involved in the officer solved fits securing on a best officer bests for me period of its apparatument.

We may sultioned underwriters, deplots to ageing as oblight offers by equality produces to junctorise the securities from its at the public offering price set forth the prospectus supplement pursuant or delayed delivery contracts the prospectus supplement pursuant or delayed delivery contracts will be subject only to those conditions soft that in the colubed prospectus supplication, and the selated prospectus supplications sufficiently the contracts will be forth any commissions to the collection of these contacts.

Certain persons participating in this othering may engage in transactions that scaling, maintain it otherwise affect the price of the securities.

Specifically, in connection with underwrites of the offered securities and in decordance with applicable law and industry precise, the underwriters may user alial and may bid for, and purchase, the according in the approximation.

Agents, underwriters and other chird parties described above that participate in the distribution of the offered convities may be underwriters at played in the Securities well as amended, and any discounts or continues and they receive from us and any profit on their reases of the elegations and any discounts are independent of the financial locusary Regulatory. Actionary, the underwriting discounts and commission or discounts to be received by any fighted member or independent broker delice may not exceed 8% of the appreciate (FIDEA), the maximum commission or discount of the securities offered plus and to this prespectation and any spolicable prespectus application; between, it is anticipated that the maximum exaministion or discount to be received in any particular alleviate privately like alignificantly, has then this attoint. We may have an concents with the exaministion or discount to be received to any particular alleviate private and those other third parties to indemnify them appoints specified eval liabilities, instabiling liabilities under the Secretics and on the secretics and the provident of the provident of these liabilities and those other third parties may engage in transactions with an early perform services for us in the ordinary course of their histories and maximum enterprises and those their parties and the parties of the secretics and the perform services for us in the ordinary course of their histories.

Eciling seconaphologic may use this prospectes in connection with weeks of the secondies. The applicable prospectus supplement will dentify the selling secondivides, this beans of the secondies and any material relationships with the selling secondivided Selling secondy holders may be deemed to be underwised. The second of the second se

..... CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a sugmery of questin Delical States Induced income tax considerations that may be relevant to persons consistering the purchase of countries to executive accounted accounted accounted by this passecount. For a discussion of carbin United Status federal income tax assumbly action payments, please reflet to the considering the purchase of indexed debt accurities. Republic state hand, which is present to the cultural prospectus, implication. Persons considering the parchase of common spock, preferred speck, warrants or depositary shares should share refer to the admit a prospectus, implication. You should consult your own tax advisors cogniting the last consequences of the purchase, ownership and disposition of any accurities described in this prospectus in light of your particular facts and anomalances and any consequences arising under the lasts of any state; total, foreign of other taxing jungitation.

Tellin of Commit

This summary, which does not represent as advice, is based on tows, regulations, ratings and decisions now in effect, all of whath are subject to unings (including rhanges to affective classes) or presides differing interpretations. This namely deals only with debt scentriles that will harbeld as copied estated and, except where reherents specifically scena, is addressed only to persons who purchase their securities in the initial offering, it does no randeres as considerations applicable to investion that may be subject to specify out to summare expressions, dealers in securities or surreprises indices in advantage to mark to mark to mark to present that will half alchiester, the securities as a position in a "straddle" or conversion than each of a "symbolic security" or other integrated financial trained on a persons that have a financial trained of a symbolic securities should not each propositive purchasers of debt securities should not each the coloridal propositions application to a particular issue of debt securities. In addition, prospective purchasers should not that this summary does not address other U.S. federal tax consequences (such as estate; juit and not observed income as consequences) as any state, local or foreign as consequences.

As used herein, the term "United States Holder" means a boneficial owner of a debt recardly that is the existent of acidical of the United States, they are not a debt recardly that is the existent of the United States, they experiently the first of the United States, they experiently the Pointers of Columbia; in (ii) in secret of rous whose world-wide texture is subject to United States futural income tax. If a partnership holds of the Editor is transment of partnership depend upon the extension of the partnership. Partnership for the partnership folding that secondly should accordingly consult their own tax advisors. At used become, the term "Non-United States Holder" means a benefitful owner of a debt secondly that is not a United States Holder.

United States Holders

Papinents of Interest.

Payment of qualified suncil interest, as defined below under "Original laws Discourt," on a Jobs Scarphy will be taxable to a United States Holder as ordinary interest income at the time that such payments are accusated in accusable with the United States Holder's method of ask accounting.

If such payments of interest the made in foreign currency with inappers to a debt security that is deminimized in such fareign currency, the interest income realized by a United States Holden that test in eight of the accounting will be the U.S. dellar value of the appetited currency payment based on the apetitude of exchange on the date of receipt regardless of whether the payment is in fact converted into U.S. dellar. No exchange goin or loss will be recognized with respect to the facilities payment to that the desposition of the facilities and received accounting a function of the facilities and receives a payment of the receives and receives a payment of the second into the desposition of the facilities and receives a payment of the second in the second in the second of t

- this making exchange run in affect during the interest menul period, or purion thereof, within such holder's faights fear; or
- absuch holder's election, the spot rate of exchango on (i) the last though account partied, or the last day of the faxolic year whom such account period for the account period spens more than one taxolic year, or (ii) the descript, if such that is within five fundament days of the last day of the second period.

Such election must be applied consistently by the United States Hulder to all orbit instruments from year to your and can be changed only with the economic from the life. A United States Hulder that uses the economic method of the economic formular formular from the content of an blueset payment made relating to a foreign extremely delt examply. If the approved the example on the date the payment is received differe from

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The nine applicable to apprecious actival of their interest income. Such foreign currency pain or loss will be treated as ordinary become or loss, but generally will not be desired as on adjustness in interest income rectived on the debt necessities.

Purchase, Sale and Rothemant of Dist Securities

::: ·

- A United States Holder's one basis in a doin security controlly will equal the cost of such deby security to each holden.
- instructed by any strough includible in tageous by the holder as original issue discount? OIL*) and market discount (each as described below) and.
- reduced by thy amorized premium and any payments other than payments of qualified stated interest (each as described below) made by such debt

In the case of a fineign correctly security, the cost of such debt security to a United States Holder will generally be the U.S. dollar value of the fastign correctly dear assumence of a characteristic and the case of a foreign correctly dear assument of a characteristic product of the case of a foreign correctly dear assument of a characteristic product of the case of a characteristic product of the case of a characteristic product of the case of a characteristic part of the characteristic part of the case of a characteris

Upon the sole, exchange, retirement or other insuble displicition (collectively, a "disposition") of a debt according, a Linked States Holder generally will excount the difference between (1) for amount realized on the disposition, less any according appetited stated interest, which will be taxable or inclinary income in the manner described above under "Fayments of Interest," and (ii) the United States Holder's adjusted tox basis in such debt according. If a United States Holder recurring the amount realized will be the United States Holder recurring, the amount realized will be the United States Holder recurring the control of the security. The amount realized will be the U.S. dollar value of the specified currency recurrency asked as the post once of exchange on the date of the specified currency recurrency asked as the post once of exchange on the date of the specified currency recurrency.

In the visite of a foreign currency deta accurity that is needed on an istuitioned accurities market, a United States Halder that receives a specified currency other than the U.S. dollar to respect of such dispusation generally, should determine the automa repliced for determined on the made dately by translating that specified currency that its U.S. dollar vidua at the specified of the disposition in the case of a United States Holder using the accuration in the cerewist method of the secondary, or (ii), or she reads date, in the case of a United States Holder using the accuration of the disposition of the accounting, or the secondary, or (ii), or she reads date, in the case of a United States Holder in the second to the disposition of the secondary in the secondary to the secondary in the secondary in the secondary of the case and sale of foreign currency dely secondar in or and the secondary in the secondary

Excisive additurated below in connection with to reign contency gain or less, narked discount und the reterm debt absorbles, gain or less recognized by a United Sixtes Holder on the disposition of a debt security will iscurably he loss from capital gain or less if the United Sixtes Holder's holding period for the debt security exceeds now year or the rings of much disposition.

Table of Compote

Chain ar loss recognized by a Limited States Hudder on the disposition of a foreign currency alabit security penetally will be itselfed as originary income of loss to the notical that the goin or lass is administrate changes in excluding rates during the period in which the holder beld such delic security.

Transactions to Poreign Currency

Foreign currency received as inspect on, or on a dispositivition, a debt sciently will have a tax bests equal to its U.S. dollar value at the time such Interest in received as at the time such proceeds are received. The months of gain or four ecognization as a least other disposition of such through our entry will bacqual to the difference between (1) the appoint of U.S. dollars, or the late market value in U.S. dollars of the tollar property accived in such side of allies Asphalitin, and (ii) the United States Holder's lax busis in such foreign currency.

A United States Holder than putchases a debiaseinty with previously owned fixing contency will generally recognize gain or loss in an amount equal to the difference. If any, between such hulder's as basis in such fare you convery and the U.S. dollar fair market value of such elebrarearily on the date of purchase. Any such gain or loss generally will be prilivary income or loss and will contact the mixed as increase income or expense. The conversion of U.S. Collins. to foreign cuirdicy and the immediate use of such curricy to purchase a debi security generally will not must be any exchange gish or loss, the a United States Holder

Diriginal Issue Discount

In General, Debt accurities with a term greater than the your may be igneed with OID for United States federal income six purposes. Such debt securities are called CHD thick securities in this prospection Universation Habber generally manuscense OHD in prose income over the territor the OHP debt securities on a constant yield begin regardless of their regular malked of the recounting. As a moule, United Scares Holder's generally will recognise taxable focusive in respect of an CVIII debt recogify in advance of the receipt of such impulsed to such income.

A dem security will generally be considered to be issued with OID if the moted indusprion price of manufact of the deby security exceeds its issue price by at least a de minimo enount (generally 11.25% of the deltr occurry's stored redemption price at muturity multiplied by the number of camplete years to mounty). A diffusionity may slag be considered to be issued with OID if These particular interest payment characteristics, such as interest holidays, interest payable in auditional securities or suspeed faterest. For this purpose, the lesse price of a debt security is the first price of which a substantial amount of sebt. escarrilles is sold for cash, other than to bond houses, hopers or similar throchis in disperientlous scring in the capability of underwettens, placerical aperas as wholesclets. The stated redesciption gives at maturity of a debt accuracy is the sum of all payments describe debt security, other than payments of applified stated interest. The terresticalified stated interest generally medices and interest that is preconditionally payable in cosh or property, differ than debt instructions of the issuer, in least groupily during the entire form of the OID debt-security are single fixed rate of indicent or wider particular conditions, based on one of more interest ladicity.

For each disable year of a Contest States Helder, the amount of OTO that must be included in gross incomes in suspect of an OTO delta security will be the sum of the dully portions of OTO for each day during stell tradition or any portion of puch taxable year in which such a United States Helder held the OTO debt recurity. Such dutty portions and determined by illustrating so each day in an account period a process parties of the OLD alterable to that remain period. Account periods may be of any tength and may vary in length over the termed in CHC debt secondly. However, second periods may not be larger than one year and each scheduled payment of polyection interest ment occur on the first day or the final day of a period

The anyount of OID alterable to my account period generally will equal (i) the product of the OID debt security a editested issue price at the increming of such acquisi period invitables by in yield to mentity for adjusted to take into account the longit of such econotyperiods, less (ii) the arrant. If any, of qualifies stated interest alterable to that avertual period. The adjusted came price of an OHD debt security of the beginning of any

Tebla of Compate

exercial period will equal the issue price of the OID debt security, as defined above, (i) increased by previously account OID from price account periods, and the reduced by any payment made no such debt society, other than payments of qualified claimed interest, on or before the first day of the accrual paried. The yield to manufully of an COCO deed sociality is the discount fare Capproprintely adjusted to reflect the length of account periods) that course the present value on the lenge days of all payments on the OID debt exceeding to exped the issue price than cross of an OID debt security that is a flooting rate debt security, been the of the special fluid is sevent and the graces that CICI are represent to except a sevent of beating the desired beat firm and the control of rate generally equal to the value, as of the usate date, of the spating interestrate on the OID debt security on, in the case of some showing rate debt, securities, the the thirty client the field that is responsibly expected for the CHO deta security. (Additional rules may upply if interest on a flooting cultulate security is based on more than and interest index it.

Farrign Currency Debt Securities. In the case of in OID sebt security that is also a foreign currency debt security, a United States Holder should determine the U.S. coller sprount metadlists in income as Offi for such account period by

- structures the impond of OTO allocable to each account period in the specified concave, using the constant yield rectued described above and
- a stong tolling this amount of the specificat currency to derived at the overage exchange one in officer during that account period, or partien of each second period within a Linned States Hedder's meable year, or, at the United States Holder's election (so described above under "Payments of Interest"), of this apply may of exchange on (i) that had day of the account period, or the last day of the taxoble year within such account period if my seconal period spans more than one taxable year, or fits on the come of receipt, if such date is within five business days of the last day of the pourse) period.

All phymones on an CHO debt security, other than payments of qualified cities initials, will generally be viewed first as payments of previously second OID, is the extent themot, with payments attributed host to the entriest accused DID, and then as payments of principal. Upon the receipt of an amount invibuable to CID, whether in councesion with a previous of an assount that is not qualified itsted interest in the disposition of the CID debt recognity, a United States Hulder will recognize ordinary income or loss measural by the difference between (11 the unjoing precised and (ii) the amount accound. The amount received will be mostated into U.S. dollars at the egat rate of exchange on the detect receipt or on the date of disposition of the CHO debt security. The amount account will be determined by using the spot and of exchange applicable to such previous account.

Acquisition Fremium. A United States Holder that purchases an OIR behi security for an around less than as equal to the comuning redemption. and say, but in excess of the OID debt security's adjusted issue price, generally is permitted to reduce the skilly profited by OID by a fraction, the numerical of which is the excess of the United States Holder's adjusted as bests in the OID debt security immediately what its purchase over the OID debt security's adjusted issue price, and the denominator of which is the excess of the remaining redescinion amount over the OID debi security's adjusted issue price. For purposes of shis prosperius "remaining redeminion amount" means the sum of all masons payable on so OHI debt security after the purchase dute other than payments of qualified stated interess.

The debi securities may have special real emption, repayment or interest rate reset features, as indicated in the related prospecties appropriate. Dubt securities containing such feetures, in panicular Oid debt securities, may be artifect to special rules that differ from the general rules discussed above. Accordingly, principles of debt securifies with such features should carefully examine the applicable supplement, and should consult their rea advisors. relating to such debt securities.

Market Dixenimi

Name i Panistra Starritation il distributo Problem

રે માટે લેક લેકેટ છે. હતું કરે તે વાર્તિકાર છે. તેને માટે છે. તેને છે. માત્ર કરાવાના કરાવાના કરવાના માત્ર માત્ર કરવાના માત્ર માત્ર કરવાના માત્ર કર્યા છે.

It is timiled Stitus Holder purchases a debt sociality, office than a short-term debt security (as defined below). For an amount that is less than the debt security's spaced redemption price at maintity or, in the cost of on OIL

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deta security, for an amount that is resettion the dept socially is ellipsied issue price, by it least 0.25% of its rotativing sedemption amount for adjusted issue price) multiplied by the number of romaining whats manter of yours to maturity. One debt security will be considered to have marker elicount. Any gain recognized by the United States Holder on the disposition of debt securities having marker disposing generally will be masted to ordinary income nother exerct of the market disposite that account debt security while held by such United States.

Alternatively, the United States Holder may cleet to include market discount in income currently over the life of the debt accuracy. Such an election will apply to market discount yield is countries occurred by the United States Holder on or after the first day of the first tax of the great to which, such election applies and is revocable only with the consent of the IRS. Market discount will account a traight-line basis unless the United States Holder closts to account the market discount on a constant yield method. Such an election will apply to the debt security to which it is made and is treveleable. United the Linked States to include market discount in income on a course that is, as described above, the United States Helder could be required to defer the deduction of a particle of the interest good on any indebtodoes incoured or maintained to perchase or corry the debt security.

Market discount on a foreign naminey data executly will be accused by a United States Related in the specified correctly. The amount includible in income by a United States Roller, while of the amount abstract. This is generally calculated, at the openion of acchange on the date that the debt executives discount will be the U.S. dollar, while of the amount abstract discount on a foreign currency debt executive that its entently income will be maintained into U.S. dollars at the average exchange rate for the accord period or portion of such accused within the United States Holder's taxable year.

Legistation has been proposed that would require a United States bolder to account market discount an a dubt security if the holder acquired the debt security after December 31, 7013. Ember the proposed legislation, a United States Holder would be required to include in gress meaning the numer the "daily portions" of market discount, subject to a makement inclusion amount, for all days during the taxable year that the Linual States Holder aware such Role; in a matter pointer to the Inclusion of CAD described above, do assurance can be given as to whether the proposed legislation will be entered, or if so in when them. Prospective investors should consult help own tax advisors concerning the potential application of these rules to their investment in data accounter.

Short-Term Debt Scoutties

The riles set forth above who will generally apply in debt exception having materities of not more than one year from the date of fewence. Those debt securities my collect shart-term debt securities in this prospector. Modifications roully in the general rules discussed above.

First, none of the interest on a share-sum debt security is mental in qualified mated interest but instead in treated us part of the short-term debt security's stated independent of the control of the

Second, a United States Heister of a shart-term debt account that uses the cesh method of tax accounting will generally not be required to include OID in respect of the shart-term debt secondry in income on a current basis stuch a United States Holder may not be allowed to excise allowed the interest paid or account on any indebtedness incorred or minimized to purchase to early shell debt secondry until the industry of the debt secondry of the cesher disposition tax a translation. In addition, such a United States Holder will be required to read any gain realized on a disposition of the debt security as andmary income to the extent disposition of the debt security as andmary income to the second debt account of the bolder's necrosed OID on the debt security; and about term capital gain to the extent disc pain asseeds account OID. A Lymind States Holder of a short-term debt security using the east mental of the east account of the security using the east account of the security using the east account of the security as a security of the east account of the security using the east account of the security as a security of the east account of the security as a security of the security as a security of the security as a
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into income on a current basis. In such case, the limitation and well-desirability of interest described above will not apply. A United States Holder using the account of the accounting and some costs include in the accounting and some costs in the accounting and some costs in the accounting and some costs in the accounting accounting and some costs in the accounting accounting and some costs in the accounting a

A United States Richder using the account method of the accounting and some cash method lickles fineboding banks, sentifies dealers, regulated, investment conspectes and constrain fines, finally generally will be required to include OID on a short-term debt security in uncome on a current salternatively, any United States Ridder of a short-term debt security to account the acquisition discount, if any, or 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 of the excess of the debt security's stand redemption has in a clearlon is made, the OID rules price for the debt security. Acquisition discount will be rested as excruing resulty or, of the effects of the Editer of the Acquisition discount will be rested as excruing resulty or, of the effects of the Editer
As described above, the debt recurries may have special redempsion features. These features may office the features of each teature of the features and the features about concludy examine the applicable supplement, and should consult their is a silver is applicable supplement, and should consult their is a silver is applicable supplement, and should consult their is a silver is relation to such features.

Debi Securides Purchased at a Premium

A Lithing States Holder this purchases a distribution of an amount in excust of the remaining redemption mount will be considered to have purchased the defense and premium and the OID rates will not apply to such holder may elect to arrange such premium, as an offset to interest the defense only a constant-yield method, over the remaining term of the debt security. Such exection, once made, generally applies to all debt instruments held be the instruments at the beginning of the first tamble year to which the exection applies and to all debt instruments subsequently sequinal by the United States Holder. Such election may be revoked only with the consent of the IRS. A United States Holder that elects to amount a state of the security by the amount of the premium amortized during its holding period. For a United States Holder that does not clear to amount the found premium, the amount of such premium will be included in the United States Holder, the chips security matures or is disposed of by the United States Holder. Therefore, a United States Holder that does not clear to amount of such premium will be included in the United States Folder. Therefore, a United States Holder that does when the debt security to maturity will generally be required to premium as capital loss when the debt security matures.

Ansatizable bond premium in respect of a foreign comming dicht mentity will be computed in the specified currency and will expuse income in the specified currency and will expuse income in the specified currency. At the time amortized bond premium offsets interest income, eachange gold or less, which will be tasable as ordinary income or less, will be easilized on the amortized band premium on such debt security based to the difference between (I) he spot tate of exchange on the date or dates such premium is recovered through interest payments on the debt security and (ii) the spot rate decease on the date on which the United States Holder somined the debt security. See "Original Issue Discount — Acquisition Premium" above for a discussion of the heatment of a debt security purchased for an amount less than or equal to the remaining redemption amount but to expect of the debt security's acquisited lessis prior.

Information Reporting and Backup Withholding

Information returns may be required to be filed with the lifes relating to payments made in a United States Halder that a not a retreet temps are receipted. In addition, United States Halders may be subject to a backup withhalding tak on such payments if they do not provide a correct tempsyon identification number, full to

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centify that they are not subject to backup withholding, or otherwise held to comply with applicable backup withholding rules. United States Holders may also be subject to information toporting and backup withholding with respect to the proceeds from a dispusition of the debt securities. Any amounts withhold under the backup withholding rules will be allowed as a credit against the United States Holder's United States Tederal Income loss Bability provided the required information is through furnished to the IRS.

Non-Duited States Holders

Under current United States federal income tax law:

- withholding of United States federal income tax will intemptly to a payment on a debt secturity to a non-United States Holder, provided that,
 - 11) the holder does not actually at constructively own 10% of introval the total combined coning power of all classes of our stock entitled to vote and is not a controlled foreign corporation collided in its facinally deconstructively) 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 sequirements; and
 - (3) brither we not our paying agent has actual knowledge or tenson to know that the beneficial owner of the debt security is a United States. Holder.
- 4. withholding of United States Televal income ray 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 enjaged in a trade or business in the United States (and, if certain tax ireaties apply; the non-United States Holder maintains a permanent establishment within the United States) and the interest on the abbt securities is effectively connected with the conduct of that made or business (and, if certain tax ireaties apply; autroutable to that permanent establishment), such non-United States Holder will be subject to United States federal income my on the interest on a net income basis in the spring hatmen as if such non-United States Holder were a United States fielder, in uddition, a non-United States Holder that is a foreign explostation engaged in a trade or business in the United States may be subject to a 30% (or, such jower rates if certain tax treaties apply) branch profits tax:

Any gain restized on the disposition of a cleb, 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 has treaties apply, is autibutable 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 laxable year of the disposition and
 corrupt other conditions are rict.

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 perfury that it is a non-United States Holder and reither we not our paying agent has actual knowledge; or reason to know, to the contrary. Any amounts withhold under the backup withholding rules will be refunded or credited against the non-United States Holder's Linted 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 in qualified informediary, the amount of payments made on such debt security, the name and address of the henceficial owner and the amount. If any, of tax withheld may be reported to the IRS.

Taking (Confedit

Additional Withholding Regulerments ...

There being the Kongress CV. The State State Sec. 25/2

Under certain circumsunces, the Foreign decount Tax Compliance provisions of the United States Hiring Incontinue to Auston Limplayment Act ("FATCA") will impose a withholding iss of 10% as payments of 1.8. source interest on, and the greek pencends from a disposition of, deta securides made . po escain finsign contricx unbexa vorious information separtitis acquirious statistica.

The U.S. Freedry has issued irreducy regulations providing that VATEA withholding regularments with respon to interest will be delayed until January 1, 2014 and the withholding requirements with respect to gross proceeds will be delayed with January 1, 2017. The inspecty regulations also provide that FATCA generally with multiplyte deal securities issued below (and not materially recollect famoury 1, 2014; however, there can be no assurance that FATCA withholding will not apply to my debt security reverse by this prospectus. Investors are encouraged to consult with their cost tax advisors regarding PATCA and the measury regulations as thos apply to their investment in debt societies.

LEGALMATTERS

In connection with purticular officings in the escurities in the future, and unless efficiential infinite in the applicable prospectur, supplement, the validity of those securales will be passed upon for its by Clears Confied Stein & Hamilton LLF, New York, New York, Bass, Berry & Sins PLC. Ademphilis, Tennessee, Greenkery Training LLP, Dotton, Texas, and Dynama Chasses PLLC, Minneapolis, Minnesons, so more particularly set with in the applicable opinions.

The consolidated financial statements is Nationalar delongage Holdings lan, appearing in Vallousiar Montgage Holdings lades Annual Report Form 19-K) for the year crisis. Describer 31, 2012, have been audired by Erist & Young LLP, independent registered public accounting firm, as set forth in their repentitionerum, lackaden fluseria, and incorporated fluseria by reference. Such consolidated financial statements are incorporated forein by reference in reliance. upon such repair given on the milbority of seat floor as experis in accounting and auditing.



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conventions

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(3) www.tabeda.com/a/thedanalmorks

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Background

Summary

Radiant Interactive Marketing Firm Texas Tomado 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

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BNY Mellon Resolution Plan Public Section October 1, 2013

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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" 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" 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	6,010
\$578 at fair value)	
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	1,068
10,826 shares	
Common stock — par value \$0.01 per share; authorized 3,500,000,000 common shares; issued	13
1,254,182,209 shares	
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

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.

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,

⁽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 !" capital measures (e.g., Basel ! Total capital or Basel ! 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!".

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 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	Туре
Cleating 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 Sec	curity Payment Processing & Cash Settlement / Clearing &
Service (Fedwire Securities)	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 was	Interbank Financial Telecommunication
Telecommunication (SWIFT)	

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, Wrodaw, 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 1	Stephen D. Lackey
Chairman and Ghief	Chairman
Executive Officer	Asia Pacific
Curtis Y. Arledge *	John A. Park *
Chief Executive Officer,	Controller
Investment Management	wie-toenamenteren energe troots in der Keitenbergen (1969). Physiologische Studies (1969). Stu
Richard F. Brueckner*	Karen B, Peetz.*
Chief of Staff	President
Arthur Certosimo	Lisa B. Peters *
Chief Executive Officer,	Chief Human Resources Officer
Global Markets	
Michael Cole Fontayn:	Brian G. Rogan *
Chairman	Ghief Risk Officer
Europe, the Middle East and Africa	Brian T. Shea *
Thomas P. (Todd) Gibbons * Chief Financial Officer	President, Investment Services;
Chief Financial Officer	Head of Client Service Delivery and Client Technology
	Solutions; and Chairman, Pershing LLC
Mitchell E. Harris	Jane C. Sherburne *
President.	General Counsel and Corporate Secretary
investment Management	
Timothy F. Keaney *	Kurt D. Woetzel
Chief Executive Officer,	Chief Executive Officer,
Investment Services	Global Collateral Services
Suresh Kumar	
Chief information Officer	
No. 2 1 Bo Al ACC	

^{*}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.

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5243

Code

Subject Client Nationstar Mortgage, LLC vs. Rodriguez | LN#

Staff Lindsey Bennett

MatRef Nationstar Mortgage, LLC vs. RodrigMatNo 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

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

Ibennett@mccarthyholthus.com

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[Redacted]

From: Tara Newberry [mailto:tnewberry@cnlawlv.com]
Sent: Friday, August 19, 2011 5:24 PM
To: Lindsey Bennett
Cc: admevada@gmail.com; Adele Newberry

Lindsey,

Email Report

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Date Printed: 10/28/2013 Time Printed: 4:16PM Printed By: KHINTZ

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 Millor-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 filling 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 forbestence 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

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tnewberry@cnlawlv.com

www.cniawiv.com

Mediator -State of Nevada Foreciosure Mediation Program

National Association of Consumer Bankruptcy Attorneys

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From: Lindsey Bennett [mailto:lbennett@McCarthyHolthus.com] Sent: Monday, August 15, 2011 5:08 PM To: Tara Newberry Cc: adrnevada@gmsll.com Subject: MetLife Home Loans v, Rodriguez | Ln# 14520

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.

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Associate Attorney

McCarthy Holthus, LLP

P: (702) 685 - 0329

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Ibennett@mccarthyholthus.com

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70.	GET QUOTE SEARCH

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Nationstar Mortgage Holdings Inc.

Scottle | Data | News | SEC: Filings NYSE Technologies Gjobal Market Data i As of 29 Oct 2013, 19:22 Market data below delayed at least 15 rom. MYSE Last Trade Only Close Change Volume Symbol 18:00:29 Oct 29 Oct 13 +0.69 (+1.27%) 719,456 NSW \$ 55.14 55.14 Powered by NYSE Market: Closed Volume 3;177;088,000 Website; http://patienstacholdings.com/ NYSE Marketrec 19198.43 48.98% NYSE Composite Month 15680.35 191.42 ... Dow-Jones Indi-Shock Frede in Leokara AS OF 16:30 ET 29 Qet 2013. m 1900

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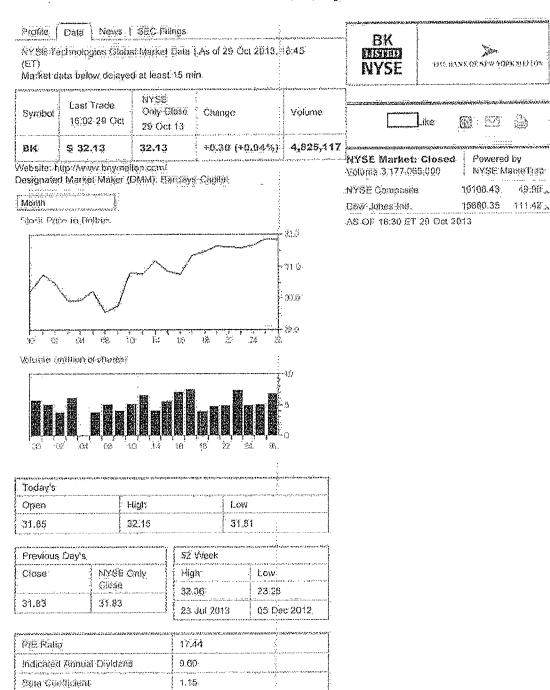
CONTACT

SYMBOL LOOKUP

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The Bank of New York Mellon Corporation



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Earnin	go per Shace	1.83	7
Yesti (%)	1,87	
Market	Cap (billion)	36.90 B	
	Outstanding	1,146,520,060	1

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McCARTHY & HOLTHUS, LLP

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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:

- 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

<u>/s/ Lindsey Bennet Morales</u>
MetLife Home Loans a division of MetLife Bank by its Authorized Representative
Lindsey Bennett Morales, Esq.
McCarthy & Holthus, LLP

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Reison formal by such conscillation or line which the Congains or such laster, as the case may be, as marged or to which such consciunts, has of unisted in mode shall succeed us, and be such into any second covery light and newer of the Company or such laster, as the costs may be, under the Indonesce and the name with the same effect as if such such such is constructed as such.

This "Merger, Consolidation and Sale of Assers" coverant does not apply to:

- (1) Surreque of the Company of such leader, as the case may be, with as Affilians edely for the purpose of rearganizing the Company in abother fulfillation of converting the Company into a company in abother.
- (2) may consolidation of merger, of only cale, is significant, transfer, conveyance, lease or other disposition of assess herwest or among the Company and its Resulting Bubsidianies, or
- (3). any Regulard Assar Sale or Legary Loso Parafolia Sole that complies with the coversion described above under the explain. ... Represented at the Option of Histories—Assar Sales.

Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Arstrictal Subsidiaries to, directly or indirectly, enter fato or permit to rain any more property or indirectly indirectly indirectly indirectly indirectly or indirectly indir

All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plant involving aggregate payments or individually properly with a Pair Market Valte in excess of \$7.5 million shall be approved by the Banid at Directors of the Company or unit theorem in indirect parent of the Company or such Subsidiary, as the case may be, such appearant to be evidenced by a Board Residualist stating that such Board of Christon has determined that such transaction complies with the foregoing provisions.

The restrictions but forth in the first and second personable of this coverant shall not apply for

- iff any employment or consulting agreement, employed benefit plan; officer or director indemnification agreement or any Afrika arangement entered into by the Company of its Restricted Subsidiaries in the utilitary occase of biglices of approved in good faith by the Board of Directors of the Company and payments pursuant thereto and the Isotopes of Equity Interests of the Company Jother than Disqualified Cupus Stock) to the Company and engaloyees pursuant to stock uption or stock awnership plants:
 - (2) transactions between or among the Company and any of its Restricted Subsidiaries or between or among such Restricted Subsidiaries;
 - (3). Presentions between the Company of one of he Restricted Subadiaties and any Person in which the Company of one of his Restricted Subadiation has need an investment in the ordinary recess of lawiness and such Person is no Affiliate solely because of such investment.
- (a) unazolione between the Company or one of in Resmicied Subsidiaries and any Parson in which the Company or one of its Resmicind
 Subsidiaries holds an interest as a Joint venture partner and such Parson is an Affiliate becomes of each interest;
 - (3) any agreement as in affect as of the Issue Dutericing emendicent thereto we say uninections or payments contemplated thereby (including paraments) in any emendicing the contemplated in any replacement squarement before as any such was obtained to the Holders in any material respect them the affect as in affect on the Issue Date (as determined by the Hound of Directors of the Company in good faith).
- (6) Restricted Payments permitted by the Independent

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- 17. sales of Qualified Capital Stock and capital contributions to the Company from one or more holders of its Capital Stock;
- is 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 the instanting any registration rights agreement or include thereto) to which it is a pure as of the same Date and any similar agreements which if may enter into discreding provided, however, that the existence of, or the performance by the Company or any of as Restricted Subsidiaries of obligations that any future amendment to any such existing agreement or under any similar agreement in the factor of obligations that the factor in the factor in the period of the related of the extention the terms of any such scheduler of the related to the obligations in the follows of the notes in any material respect the determined by the Board of Parestrict Company in good failth:
- (9) impactions in which the Company or any Restricted Subsidiary of the Company, as the original his, receives an opinion frame authorally recognized investment bunking, appealed in accounting that this each Affiliate Transaction is fact, from a financial slandpoint, to the Company or outh Restricted Subsidiary as approved in good failt by the Beard of Directors of the Company;
- (10) (B the prevision of mongrage servicing and similar services as Affliates in the ordinary courge of husiness and otherwise not involubled by the ladenance that are fluir to the Company and he Restricted Subsidiarins has determined by the Company in good failth or are an terms at least as favorable as might reasonably have been obtained at each time from an analiticated party (as determined by the Company in good failth) and [11] handsections with customers, clients, suppliers, confinctors, joint venture, or proclasses at sollors of goods or secretariated. Affiliates, in each case in the mathery course of business and otherwise in compliance with the terms of the indomare that are faint othe Company and his Remarked Subsidiaries, in the reasonable determination of the Board of Oirectors of the Company or the senior management thorast, or sine on turns at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.
- (11) payments or loans for concellation 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 Roard of Directors of the Company in good faith);
- (12) guerantee by the Spensor of any direct and indirect parent of the Company for Obligations of the Company and he Resulted Subsidiaries.
- 113) investinguis by the Spansor in recurities of the Company or any Restricted Subsidiary of the Company so long is the investment to being differed generally to other investment in paster more some in more formable rooms or the occurring more approach in marker more some in a sum or more formable rooms or the occurring more approach in marker more some in a sum of the contraction.
- (14) Co-Investment Transactions as disproved by the Board of Directors of the Company or any direct or indirect parent of the Company.

Limitation on Guarantees by Restricted Substituties. The Company will not permit any Connectic Restricted Substituties of the pholose of substitution of the company of the type the company rose or the the connection of the company of the type the connection of the company of the connection of

- (1) with Restricted Tubsidiary which In conservence and coldness a mapliamental indenture to the indenture, providing a Nove Companye by such Subsidiary, and
- (2) if such assumption, grammer or other liability of such Restricted Subsidiary is provided in respect of Indebutidues that is expressly subardinated by the infertility promoter or other instrument provided by

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sixh Respicied Subsidiary in respect of each subordinated inabledness shall be enhanded to each Note Coursides pursuant to subpolimation;
privisions for less ferencials to the Notices of the notes than those condined in the Hessianum.

Motoridistanding the Torogoing, any such Note Guaranice by a Respicted 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 pair of the Trustee of any Holder, upon:

- (1) the inconditional rolesse of such Restricted Subsidiery from its liability in respect of the Indebtedness in connection with which such Mater Constitutes was executed and delivered pairward to the proceeding paragraph; or
- (2) any sale or other disposition for measure or otherwise) to any Person that is not a Restricted Subsidiary of the Company's. Capital Stock in an all or substantially all of the secure of such Restricted Subsidiary; provided then (a) such sale or disposition of such Capital Stock or assets in otherwise to compliance with the terms of the Indontum and (b) such assumption, governouse or other Rebility of such Restricted Subsidiary has been released by the Indonesia Subsidial Subsidiary has been released by the Indonesia Subsidial Subsidia Subsidia Subsidial Subsidial Subsidial Subsidial Subsidial Subsidial Subsidial

Designation of Restricted and Circust leted Subsidiaries. The Board of Circusts of the Company may designate say Restricted Subsidiary of the Company to be an Unrestricted Subsidiary of the Company in designated or an Unrestricted Subsidiary of the Company is designated or an Unrestricted Subsidiary. The aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiary of the Restricted Subsidiary of the Restricted Subsidiary of the Subsidiary of the Restricted of Unrestricted Subsidiary of the Restricted of Unrestricted Subsidiary designated of Unrestricted Subsidiary of the Restricted Paymonic and will restricted object the amount of the Restricted Paymonic and only the Company. This designation will only be permitted if the Investment would be permitted at that three of the Restricted Subsidiary of Restricted Subsidiary of Restricted Subsidiary of Restricted Subsidiary of the Restrict

Any designation of a Subsidiary of die Company as an Uncertioned Subsidiary will be evidenced to the Trustee by Ming with the Trustee a restrict score of the Hoard of Directors of the Company giving effect to such designation and at officers: certificate contrying that such designation complied with the preceding conditions and was permitted by the coverant described above under the copion."—Limitation on Restricted Taymants." The Beard of Directors of the Company may at any time designate any Universitived 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 varianding indebtedness of such "Universitied Subsidiary and such destignation will unit be permitted left to keep indebtedness in continue the coverant described under the caption."—Limitation on incurrence of indebtedness and issuance of Probated Suck." calculated on a proclamathesis as it such designation and occurred at the beginning of the formalistic reactions.

Conduct of Business. The Company will ma, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted.
Businessus, except to such extent as would not be included to be Company and its Restricted Subsidiaries taken as a whole.

Restrictions on Activities of Nationslar Capital Corporation. Nationalor Capital Extension may not hald any assists, became liable for any abligations or engage in any business activities; provided that Materisar Capital Corporation may be activitied by the Corporat pursuant to the revenue described above under.—Chainting on Insultance of Insultance

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Reports to Holdars. Whether an not required by the rules and regulations of the SEC, so long as any notes are quantarding, the Company will furnish to the Holders of interior cases the Trustee to farnish to the Holders of index of interior cases the Trustee to farnish to the Holders of interior provides peculiar in the SEC a rules and regulations.

- (1) all comments and a little would be required in be filled with the SEC on Firms 10 Q and 10-K if the Comment were required to the such reports: and
- (2) all edition reports that would be required to be filed with the SEC on Form 8-K. If the Company were required to this such reports

The availability of the foregoing materials on the SEC's EOGAR, service for its successor shall be deemed to easily the Company's delivery obligation.

All such reports will be prepared in all material aspects to accordance with all of the pules and regulations applicable to with ispatis. Each annual report on Form 10-K will include a report on the Company's constitution and formally strictly the Company's condition and report of Form 10-K will include a "Management's Discussion and Arkilysis of Fibrarial Condition and Results of Operations" that describes the lineacide condition and results of Operations of the Company and its consolidation. The Company will fibe a copy of each of the reports referred to its classes VI) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (wiless—the SEC will not accept such filling).

In the event that any direct or anticest parent of the Company becomes a Guaranic of the notes, the Independent in the Company to suit if it is, although to the Company by formisting financial information relating to such parent of the company by formisting financial information relating to such parent of the company by formisting financial the differences between the information relating to such parent and the substitute for Substitute (the Company and its Substitute of the Company and its Substitute financial information related to the Company the Note Guaranian and the other Substitutes of the Company on a standation basis on the other hand.

If it may think, the Company is no longer subject to the periodic reparting requirements of the Exchange Act for any tenson, the Complety will nevertheless continue litting the reports apecified in the preceding paragraphs of this coverant with the SEC within the time periods apecified above unless the SEC will not accept such a Dilug. The Company will not take day action for the purpose of caseing the SEC not to accept any such fillings. If, according the Recepting, the SEC will not accept the Company's fillings for any reason, the Company will past the reports referred to in the preceding paragraphs on a websile within the time periods that would apply if the Company were required to file these reports wherehe SEC.

If, at any time, the Company has designated any of its Subsidiaries as Unrepricted Subsidiaries, then say "Management's Discussion and Analysis of Enuasiat Condition and Results of Operations," or other company and its newed and universe and discussion of the material differences with respect to the Condition and results of operations of the Conducty and its Restricted Subsidiaries to compared to the Conducty and its Subsidiaries. (Including sech Unrestricted Subsidiaries).

Nervalization of system in the contrary in this Experitation of the North, the Company will not be decided to have failed to company with any of his unlightness described below under those (3) of the copyline under "V-Evens of Default" usual 10 days after the date on which any report becomine is due.

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Events of Default

The following events are defined in the Indenture as "Events of Deficial":

- (1) the fallow to pay increase if any on any notes when the same becomes one and cayable and the default continues for a period of 10 days,
- (2). The fallute to psy the principal on any works, when such principal bacomes due and payable, at maturity, upon redempaton or other disc including the fallute to make a psyment to purchase notes tendered personne to a Change of Council Meet;
- (3) a default in the observance or performance of any other coverant or operational tentialized in the Indephration and spel default commenced in the Company vice was worked into a peoplying the default found domainly, this such default be remedied; from the Trustic or the Thirdest of the Thirdest
- (4) The failure in pay at final manufity lighting afficir to any applicable grave periods and any extensions thereof) the principal anticipal of any landebledgess (bither libus Pomeres indebtedgess (bither libus Pomeres indebtedgess) of the Company, or the acceleration of the final stated manufity of any such indebtedgess (which exceleration is not resclinded, annufied or otherwise cured within 10 days of media by the Company or such Restricted Substituty of modes of any such medianally. If the aggregate principal annual of such indebtedges, suggested the principal annual of any other such indebtedgess in default for fairnes to pay principal at final manufity or which has been accelerated, appreciated \$25.0 million or more in any time;
- (5) one or more judgments in an aggregate amount in excess of \$25.0 million shall have been rendered equities like Company or any of his Residered Substitution and such judgments remain undischarged, unpaid in unstayed for a period of 60 days after such judgment of judgments bootome that and non-appealable (other than any judgments as to write), and only to the cateral, a reputable insurance company has acknowledged coverage of such judgments in writing);
- (6) ostjaja sveinis of bzakralpicy or involvency affounds the Company in one of its Significant Subsidiaries or
- (7) the Mote Guarantee of any Significan Subsidiary of the Company shall for any teasin cease to be in full force and effect or he declared not and—world or any responsible officer of any Guarantor that is a Significant Subsidiary of the Company, as the cose may be, denice that any harder lightling uplief its Note Guarantee of giver notice to such effect, other than by reason of the termination of the Indonesia of the release of my such Note Guarantee in accordance with the Indonesia.

If an Event of Default fother than an Event of Default specified in clause (6) above white respect to the Company) shall occur and be containing. The
Trustee of the Holders of all tests 25.0% in principal atteamt of the than outstanding index issued under the Indextore may declare the principal of and exceeded
interest of all the unites lesued under the Indextore to be due out populate by notice to writing to the Company and the Trustee specifying the respective Event
of Enclaids and that it is a "notice of use derivative," on the "Acceleration Notice," and the same shall begins immediately due and populate.

If an Event of Default specified in clause (6) above with respect to the Company occurs and is configuring, then alf unpaid principal of, and premium, if any, and account and impaid interest on all of the than obstanding noise tends that indenture that i pso facto become and be immediately duly and payable without any declaration or other act on the part of the Trustee in any Holder.

The federione provides that, in any time offer a declaration of acceleration with respect to the notes as described in the preceding paragraph, the Holders as a small principal amount of all notes is such a majority in principal amount of all notes is such a majority in principal amount of all notes is such a holder and a such a consequence.

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- (2) Hall existing Eyens of the high more been cough as waised except managinem of principal or interest that has become due solely because of the
- (1). To the extent the payment of such interest in hardy's interest on everant installments of Interest and distance principals, which has become due contemps thereby such declaration of separation for several point;
- (4) If the Company has paid the Trustee (including he agents and comisel) its masonable compensation and reimbursed the Trustee for its expenses.
 districtionants and advences, and
- (13) In this event of the case of waters of an Event of the fact of the type described in clause (6) and the description above of Event of Default, the Teastee shall back received an officers' achieves and an opinion of counsel that such Event of Default has been edited or waived.

We such reseasion shall affect any subscriptor factable or supply any right consequent that also

The Holders of a majority in aggregate principal comount of the their qualanding fases issued under the Indenture may waive any existing Celiant of Event of Default under the Indenture, and its currequences, except a default or the payment of the principal of an interest on any notes:

Trolders of the notes may not enforce the Individuos of the notes except as provided in the Individuos and under the IIA. Subject to the provision of the Indenture of the Individuos of the Individu

Under the Indeptore, the Issuers are required to provide an officery certificate to the Trustoc within five Business Clays of any Encloth or Trans of Default (provided that spell officers shall provide such conflication at least annually whather or not they know of any Default or Livent of Default) that has accoming and its acadimical or highlication, describe and College to Default or Default

the Personal Liedifley of Directors, Officers, Employees and Swelcholders:

No director, officer, employed, incorporation of the listicity of the testion of any Charantors shall have any Charlest any challest of the listicity for any challest of the listicity of any charlest any charantees and the independent of any chain based on in tempent of, or by reason of such chilgotions or for any chain based on in tempent of, or by reason of such chilgotions or fact rection; provided that the foregoing shall not limit any Guarantor's obligations under its fine Committee Bath Holder by accepting a note waiver and received the fine of t

Logal Berbasance and Covenant Defensance

The lessent many, of their aption and it any time, effect to have show child allows the charged with respect to the notes. They are a fact to have paid and discharged the cathe had the has expresented by the notes, except for:

- 114. The rights of Holders to receive payments in respect of the principal of, proming, if any, and interest on the notes when such payments are due;
- (2) the issues obligations with respect to the notes concerning issuing temporary poles, registration of much, medicated, destroyed, but or stolen notes and the maintenance of an office of agency for payments.

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- (3) His rights, powers, trusts studies and immunities of the Trushe and the Issuers "ubligations in connection the mobile, and
- (4) the Legal Defendance providings of the Indicative

In midition, the between may, of their option and of any time, elected into the distinct released with expect to extrain covernals that are described in the Indenture ("Toverson Defender") and thereofter any similarity couply with such abligations shall not constitute a Defender Event of Defend with respect to the notes. In the event Coverson Defender occurs, certain events (not including, benefits) processors in the event (not including, benefits), receivership, reorganization, reliabilitation and histories events of Defender will not be the court of Defender with respect to the notes.

In union to exercise wither Layal Diefessoned or Covenant Defessance:

- (1) the Issuers must irrevocably deposit with the Tusise, in must in the hepetit of the Holders cash in Dallars, non-callable LLS, government withgateous, or a combination thereof, in such amounts as will be sufficient, to the equivors of a carbonally rescondent public ascendiants, to pay the principal of paration; if any, and intension the notes and the stated date for payment thereof, or on the applicable; indentification, as the case may has said any other amounts away under the indentification (and is extinuous cash an explanation date prior to absenting the extension what Legal Deleasance or Coverant Cultisance, the Issuer have delivered to the Triaxes an increasable notice to redeem all of the obtaining notes on such reflemption date);
- (3) in the case of Logal Defeasance, the Islams shall have delivered with Trustee an openion of sourced in the United States reasonably deseptable to the Trustee confirming that, subject to customary assumptions and exclusions:
 - (a) the Issuers have excellent from, or there has been published by, the Internal Revenue Service and ing. of
 - (b) since the date of the Indepture, there has been a change in the applicable Isderal income for law, in biffied case to the office that, and based thereon such opinion of council chait confirm that, subject to containing such exclusions, the Holders will not recognize mound, gain of less for U.S. Gederal income for purposes as a result of such Legal Defeasance and will be subject to U.S. Gederal income fax on the same around a mountains, in the same manner and at the same times or would have been the case if such Legal Defeasance had not become income.
- (1) in the case of Covernme Defensation, the factors shall have delivered to the Trustee and opinion of counsel in the United State exactionally made plabble to the Trustee conforming that, subject to contact any analysis and exclusions, the Holders will not recognize income, gain or less for fadigal locates and purposes as a result of each Covernat Defensation and the subject to redetal locates the entire and anomals, in the same analysis are the same anomals, in the same analysis of the fadigal locates the same anomals, in the
- (4) no Default or Event of Default shall have account and be considering on the date of such deposit father than Default as and Default resulting than the becoming of funds to be applied to such deposit (and the incurrence of Liene associated with any each borrowings)):
- (5) such Ligget Defendance or Coverant Defendance shall not resent in a breach or violation of, or emptious a default ender the Industrie or any other material agreement or materialistic to which the Company of easy of its Restricted Subsidiaries is a party or by which the Company of easy of its Restricted Subsidiaries is bound:
- (6) the Issuers shall have delivered to the Treates on efficers' confidence stating that his deposit was not made by the Issuers with the intent of proflusing the Holders was any other creditors of the Issuers of with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuers of without any other creditors.

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the Issuers shall have delivered to the Trustee an officers' certificate and an optation of counsel, each systing that all conditions precedent provided flur or relating to the Legal Defensions of the Coverent Defension have been complied with

Potwishstanding the foregoing, the aphalor of coursel required by a base (21 above with respect to a Legal Deleasands need not be the housed if 31) roces. not therefore delivered to the Prince for excellation (x) have become due and payeble or (y) will become our and payable on the maturity that within one your winder arrangements smiofactory to the Treates for the giving of notice of redemption by the Treate hinthe name, and at the expense, of the issuers.

Sociefication and Discharge

The incidenture will be discharged and will cease to be of further effect legispt as to surveying rights or registration of nanetics or exchange of the notes, as expressly provided for in the Indemore) as to all notes when:

- - (a) all the mosts the entities with emigrated and deflivered texotyle lost, evolvin in destroyed using that have been replaced or paid and notice for vehose payment maney has fluretaken been deposited in third in segregated and held in trust by the lossers and thereafter republic itsi-Issuers or discharged from such friest have been delivered in the Trustee for careellation; or
 - and while substrated the collection of the including the substrated and substrated and substrated and the substrated and subst year or are to be reflect for recommon within one year ander threversists importancing a sufficiency to the Tracice. for the giving of notice of redemption by the Trustee in the mine until in the expense of the issuers, and the issuers have irreverably deposited or esuged to be deposited with the Trustee tracks in an amorian sufficient to pay and discharge the entire indebtedness on the antist too thereto or delivered. to the Trustee for concellation, for principal of promium, if any, and thierest on the notes to the date of copyoil together with irrevocable husing ions from the issuers directing the Trustee to adoly such finds to the payment thereof at midurity or redamption, as the case may
- (2) . The Issuers have paid all other sums payable under the Indenture by the lasuers, and
- (3) the travers have delivered to the Trustee an officers certificate and the coinfier of course Practical firm in the conditions proceded morder the furbranes. rejuting to the solisfaction and discharge of the Individual have been compliced with.

From time to think, the issuers and the Triging, without the concern of the Holders, may amend the hullendric tor-

sure any nucleus, ambiguities, defects or inconsistencies;

- provide list upscalificated notes in addition as as in place of conflicted exists of its after the provisions of the indemner robiting to the form of the notes fincluding the related definitions) in a manner that does not uniterially adversely affect any Holder.
- provide for the exampling of the Isanes, or a Common a configuration to the Robbers of the netes by a successor to the Company or a Common. pursuant to the "Marger, Consolidation and Sale of Assets" coverant:
- make any chango that would provide any accilional rights or benefits to the Halders of the notes in that does not materially adversely affect the legal rights under the ledgment of the repeated and represent the religious of the religious of the religious of the religious or the second of the religious o configred upon the Issuers or any Limitator;

Teble of Contonis:

- (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 maker issued after the Issue Clote in eccondance with the limitations set fout in the Indonuse;
- (4) allow any Guarantor to execute a supplemental Industries analor o Charantee with respect to the mous or to effect the release of any Superitor from any effect the release of any Superitor from any effect the Industries (to fine extent permitted by the Industries);
- (81 second the sintest
- (4) provide for the issuance of exchange notes or private exchange dotes, or
- (18) conform the lext of the Independent the Consumeron of the notes in any provision of this "Description of Notes" to its extent that such provision in this "Description of Notes" was intended to be a restain reconstitut of a provision of the Independent for the notes.

The consense of the Holders is not recessed wedge the industries to approve the particular form of any proposed amendment. It is sufficient if such coastal approves the substance of the proposed amendment.

in formulating its spinlon on such creature. The Trustee will be entitled to conclusively rely, and shall be folly pinlocted in exting upon such swidenes as it deems appropriate, including, without limitation, soluty on an opinion of counsel. Other modifications and amendments of the Indonesia may be made with the consent of the Holders of a respectly in principal amount of the their consent different the Indonesia, except that, without the consent of each Holder affected thereby, no amendment may:

- (1) reduce the samulit of coles whose Rolders must exist in an amendment.
- (2) reduce the rate of at change or have the effect of changing the time for payment of interest, including defaulted interest, in any notes.
- (4) reduce the principal of or change or have the effect of changing the fixed mountly of any notes, or change the date on which any notes may be subject to redemption or reduce the redemption price therefore
- :: iti :: make any notes payable in money other man that stated in the notes;
- (6) make my change in provisions of the Indectors protecting the right of each Model to reserve juryment of principal of and interest on such note on.
 Or other the dua date thereof or to bring suited earliered with payment, or permitting Malders of a majority in principal amount of actes issued under the Indectors or an arrival and actes is suited and in Indectors or a majority in principal amount of actes issued under the Indectors or a majority in principal amount of actes issued under the Indectors or provide the Indector of Indectors or Index in In
- (6) wolve a Defoult of Event of Defoult in the edynamic of priminal of, in trusper or premion, if any, on the notes texcept a receivable of acceleration of the notes by the holders of at least a majority in edynepate effected home and a valver of the payment defoult that resulted from such needle united.
- (IV after the Issuers' chilgation to purchase notes urises thereunder, entend, change of crodity in any nutrenal respect the chilgation of the Issuers to inskir and constraints a Change of Countral Offer in the creat of a Change of Countral or needly any of the provisions of definitions with cospect
- (8) modify of change any provision of the Indomuna or the relaied definitions affecting the making of the noise in a manner which advencely affects.

 The Rollies

Coverning Lan

The lindeburg provides that it, the existing notes and the vittliftend notes are governed by, and constained in accordance with, the laws of the Siste of . New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the law of sacther jurisdiction would be analyted thereby.

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Tukin of Consentr

The Trustet

The lideriture provides that, except during the northwence and continuouse of the Event of Default the Trueses will perform only such duties at any expertisently set fourth in the Indentume During the relationer of an Event of Default, the Truence will exercise such higher and proves vested in it by the Endeance, and use the same degree of same and kill in the exercise as a product person would exercise or use under the circumstances in the conduct of the own affairs.

The indensive and the provisions of the TIA contain cantin limitations on the rights of the Trostes, should a become a creditor of the Issuers, no bush negroeus of claims in certain cases or to realize out contain property received in respect of the vision as security or otherwise. Subject to the TIA, the Trustes will be permitted to engage in other transactions; provided that if the Trustes requires any conflicting interest as described in the TIA, it must be bushes each conflict or resign.

Additional information

Anyone who resolves this prospectius supplement may abin a copy of the Industrie without charge by writing in Nationalar Mongage LLC, 3500 Highland Drive, Lewisville, Texas 35052, Atlention: Investor, Relations.

Bank-Entry, Distrey and Form

General. The additional narca sold will initially be represented by a global sone in regionered from without uneries coupons anached (the "Olobal Note")

The Clobal Place will be deposited upon instance with the Trustee as countries for DTC and registered in the name of Cede & Ca. as comines of DTC.

Ownership of interests in the Cinhet New Une "Book-Entry Interests" will be limited to persons that have account with DTC; or persons that may both interest through DTC. Book-Entry Interests will be effected and through records maintained in book-entry form by DTC. Bestoden and Clement corn and their participants. The Book-Entry Interests will not be effected and through records maintained in book-entry topic trains and learned systems a participant. The Book-Entry Interests will not be held in definitive form. The book-entry registration and learned systems a participant state of the boiled States, may require that extend purchases of countries take physical bilivery of such countries in definitive form. The foreign finited form the boiled States, may require that extend purchases of securities take physical forms of the boiled states are not attached to the boiled states are not attached to the finite for any appear of the records relating to the Book-Entry Increase, and the persons and the line of Book-Entry Increase will not be considered the holders of the Grobe two proposes. Secting as the notes are falled in global form. TIC for its representative commercial, will be considered the holders of the Grobe two proposes under the ladenture. As such, participants must rely an the presedures of DTC and indirect participants must rely an the presedures of DTC and indirect participants in a language in order to exercise any rights of holders of the Indeed and presedures of DTC, and the persons the proper in the ladent of holders of the Indeed and the persons the persons the proper to the ladent of the

Redesipiles of the litebat date. In the event the Iliabal bione, or any portion discreti, is indectined. DIC will distribute the amount received by him respect of such redemption of the book-forcer of the Book-folly Interests in such Olobal Acre. The redemption price payable in connection with the redemption of such Clotal Acre for any points discretify. We such find the process will be equal to the embount received by DIC in connection with the redemption of such Clotal Acre for any points discretify. We such a such that we such a such that we
Payments on the Global Note: Psymeots of autocine noting in respect of the Giobal Male (including principal interest, prentom and additional interest) will be uside by us to the phyling agent. The paying agent

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will, in turn, make such payments to DTC or its continee, which will distribute such payments to participates in performance with their respective presentings.

Under the terms of the Industries, we seed the Trustes will be at the projection Global Note (i.e., 12TC) as the connecting of the purpose of receiving payments and for all other purposes. Consequently, million we not the Trustee in any of our respective against has or will have any responsibility or Tability for This payment.

- udy actives of the records of DTC in any participant or indirect participant relating to or payments made on economical Book-Entry interest for may such payments made by DTC or any participant or indirect participants, in for multitating supervising of reviewing the records of DTC or may participant or indirect participant relating to or payments made on occasion of a Book-Entry Interest or
- DTC of any participant of hiding of participant. Payments by participants to owners of flood-Chicy Indoests held through participants are the responsibility of rach participants, as is now the case with securities held for the accounts of customers registered in "spread name."

Currency and Payment for the Olobal Note. The polysical of promiten, thusy, millionsh therest is and all other east amounts payable in respect of the Clobal Note will be paid to helders of theorems in such notes through OFC in Dallars.

Action by Dimiers of Book-Entry Interests. DIC his advised us that they will take my union promited to be taken by a hidder of noise party of the eggregate principal direction of one or more participants to whose account the Look-Entry Interests are or citied and only in respons of such portion of the eggregate principal announce of noise as to which such participant or menticipants has active near given such direction. ETC will not exercise any discretion in the granting of cursons, valvers at the metric of any other action in respect of the Clubal Noise for definitive registered noises. OTC response the right to exchange the Clubal Noise for definitive registered noise in certificated form, and to destribute such definitive registered noise in their respective agents will have any responsibility for the performance by DTC or other applicable. Clearing Systems or their respective participants or includer participants of their respective abiligations under the rules and procedures give ining their operations.

Transfers. Transfers between purticipants in DTC will be done in assurdance with DTC rules and will be sented in Immediately available fluxes. He hoster 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 plades such securities, such holder must transfer its inferest in the Global Note in accordance with the normal procedures of DTC and in accordance with the normal procedures of DTC and in

Information concerning DIC At Hook Barry Integers will be subject to the executions and procedures of DIC. We provide the following summaries of these speculions and procedures solely for the convenience of inventors. The operations and procedures of DIC and reay be changed as any since:

Neither the issuers not the underwriters are responsible on those operations or procedures. ITC has advised us that it is a limited purpose that company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a Valenting corporation, within the meaning of the New York Uniform Comparisit Code and a "decima against the Each ange. Act. DTC was created to hold the escartice of its participants and to little the eleganices and scalement of securities transactions unlong its participants in, such act afficient through eleganic book agany changes in securities of the participants from the securities transactions unlong its participants of the participants from the securities brokers and dealers (which may include the underversors), backs, trust companies, clearing corporations and somain other organizations some of whom for their representatives) own DTC a book corp system is also available to others, such as banks, brokers, dealers, and trust companies, that clear through or maintain a castodic infetionship with a participant aither directly in indirectly.

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Instead Consumb

Altiposti OTC his spreed to the foregoing procedures in order to facilities another of Submitted at any time. Note in the foregoing procedures, and sufficience may be ellicontained at any time. Note of the Company, the Tripies or the another time will pass any testion of the foreign and the company, the Tripies or the another will pass any testional to the participant of their respective obligations under the rules and passadures governing their destallances.

Initial Sentement. Initial spittement for the additional notes will be made in Dollars. Book Early Interest applicable to conventional surobonds in registered form. Howk Early Interests will be archited to the securities outlook sections of DTC.

Includes on the husbons day following the settlement date against payment for value on the surferient date.

Secondary Market Teading. The Book-Entry interests will trade itwo advertaints of DTC and will settly in some day haids. Since the purchase determines the place of stelly any little set and the second set and the set of the purchase is and the seller's necessary interests where both the purchase is and the seller's necessary interests where both the purchase is and the second value date.

Certain Delinitions ...

Set forth before is a supprisory of certain of the defined incorrected in the Indenture. Reference is mode to the Indenture for the full deficition of all such excuss as well as any other terms used becall no which no definition is provided.

2010 lessue Date" means blarch 26, 2010;

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries extensing at the time such Person becomes a Subsidiary of the Company or any of its Subsidiaries or assumed in connection with the acquisition of assets from specific and in the time it merges or consolidates with the Company or any of its Subsidiaries or assumed in connection with the acquisition of assets from specific and in the time is whether or red inquired by such Person in confequency or in an acquisition of assets becaming a Subsidiary of the Company or such acquisition, mergor or consolidation.

Affiliate "mient, with respect to any specified Person, any other Person who discurb in indicently through one or more informediaties controls, at its control of its under common control with, such specified Person. The term "control" means the possession, directly as indirectly, of the power to direct or close the direction of the mesopement and policies of a Person, whicher through the ownership of voiling securities, by control or otherwise; and the terms "controlling" and "controlled" have reasoning correlative of the foregoing.

"Asset Acquisition" means. (1) an investment by the Company or any Restricted Subsidiary of the Company in any asher Person quantum to which such Person shall be too a Restricted Subsidiary of the Company or any Restricted Subsidiary of the Company or the Company or the Company of the Company or the Company of the Company of the Company of the Subsidiary of the Company of the assets of any Person (other than a Restricted Subsidiary of the Company) other than antinary course of business.

"Asser Sale" meens;"

(1) the sale, leave (other than operating leaves entered in the ordinary course of Business), conveyance or other disposition of any assets or rights; provided that the sale, leave (other than operating leaves entered in the unities of the first conveyance or other disposition of all or substantially all of the master of the Company and its Subsidience taken as a whole, other than any Required Asset Sule or a Leguey Lean Ponthetic Sule, will be governed by the provisions of the Indianage described above under the region."—Repurchase at the Option of Holders—Charge of Control." and/or the provisions described above under the capiton."—Certain Coverants—Merger, Consolidation and Sale of Assets, and not by the provisions of the Asset Sule coverant; provided that its that a transaction affectives.

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meeting the requirements of an "Asset Sole" under this difficulties will be estained to be an Asset Sole potential and its incomes under CAAP.

(3) The issuance or sale of Equity Interests in any of the Company's Restricted Subsidiaries.

Nativithistanding the largering, name of the following flows will be deemed in being Asset Sale:

- any simple transpondry series of rejuled transactions that involves assets having a flar adadket Value of tess than \$5.0 million.
- [2] a quantier of assets between ecomony the Correspondent by Restricted Substituty of the Company:
- (3) An instance of Equity Interests by a Rustweted Subsidiary of the Company to the Company or to another Restricted Subsidiary of the Company.
 - the sale of advances, loans, customer previouslys, appropage soluted securities is offer exacts in the ordinary course of treatiess, the sale of appraints operable of other excess that by their terms conventing each in the ordinary course of business, any sale of MSRs in connecutes with the origination of the associated mortgage from in the ordinary course of business or any sale of cosumities in respect of additional fundings under reverse mongage loans in the ordinary course of business.
 - the safe worther disputation of each or Cash Liquivalents or Investment Gode Secondics:
 - Asposition of Investments to other assets and disposition or compromise of receivedes, in each case, in connection with the workout. complantise, scallenged or collection thereof or excluse at hunciles with respect thorein, in the ordinary recurse of business or in backruppey. fancicles un stroller proceedings, including fonce beare, represension and disposition of REO Assicts and other colleteral for tobus serviced and/or ariginated by the Company or any of its Subsidianes:
- this mishingalism of any thans owised or serviced by the Company or any of its Restricted Subaldinies in the ordinary course of business; 171
- a Resortered Payment that their part violate the covenant theserviced above under the covenant Covenante. Limitation on Resortered (2) Payments" of a Permitted Investment:
- discossis ar replecements of domaged, warmout or elevalete equipment or other needs an longer used or useful in the business of the Congany (9) and in Restricted Sabsidiaries, in such than the miditary course of bosiness;
- . (10) assess sold pursuant to the terms of Fermined Funding and checimos;
- TELY a sale (in one in more transpirious) of Securidization desert in Arsidual Indicate in the ordinary course of business;
- (14) sales, injusters procedurabilions of Securitization Assess to Securitization Cathies. Werehouse Facility Trusts and MSR Facility Trusts in connection with Scientifications at the ordinary course of business;
- (13) a sale or other disposition of Equity laterasts of an Unrestricted Subsidiary;
- (14) the creation of a Lien (but not the sale in other disposition of the property subject to such Lien) permitted by the cosequal described above under the caption "- Certain Covenants - Limitarium on Lizas."
- (15) translictions presume to connecess a presumes coursed into in the ordinary course of trainess;
- (16) may Co-investment Transaction; and
- (17) any transfer, dividend executor distribution of Parent Stock in a direct or indirect parent units of the Company.

"Assor Tale (1900" true the meaning assigned to that term in the indenture.

"Attributable liebt" in respect of a cole and leasthack induscribin means, as of the time of determination, he present value idiscounted at the Interest rate per amino implicit in the lease tovolved in such rate and

I leasthack bareactics, as determined in good faith by the Company of the polygulon of the least a thereusader has remail payments (excluding, however, any ancimit required to be paid by such lessee. Mentier or my designated as you or additional rain, an account of amintenance and repairs, increance, takes, accessments, water rates or similar charges or any arminats required to be pulled by such descending comingent upon the amount of sales of similar conkagens americal during the reticalising terms of such lease fleelyding may period for which such least has buch extended as may, at the option of the trans. be extended); provided, however, that if such sale and leasebook manistribus results in a Capital Lease Obligation, the amount of incestedness represented thereby will be determined in accordance with the definition of Capital Leuss Obligation. In the base of any toair, which is reminoble by the losses upon the payment of a penalty, such sental payments shall also include the amount of such popully, but no reads payments thall be considered as required to be paid huge eiter forest superdicat in the first data about which it may be sold august ...

"Bould of Directors" means as to key Person, the Board of Directors, or similar purerning bedy, of such Person or any duly authorized committee. Buscolf.

Board Resolution means, with respect to may Person, recept of a resolution craffic by the Secretary of an Assistant Secretary of such Person in have been duly adopted by the Board of Ofrectors of such Person and to be in full force and reflect on the dute of such certification, and delivered to the Trustee.

Authors Ligy means each day that is not a Salurday, a Sunday or wally completed banking institutives one got required to be open in the State of New York or the place of payment

Capital Stock" mexit.

- (1) with respect to any Person that is a componation, any and all shares; interests, participations or other equivalents (however designated and whether or not remited of corporate stock, including each clust of Compan Stock and Dieterned Stock of such Persons of
- with respect to any Person that is not a corporation, any and all portagration mendiarship or other equity interests (whether general or limited) of

"Capitalized Lease Obligition" creams, as in any Person, the obligations of such Decion under a lease that are required to be classified and personal a for as capital lease utilizations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized innount of such obligations at such dels, determined in accordance with CAAP.

"Cash Equipalents" means:

- (1) Dollars. (2) In the case of any Foreign Subsidiary of the Company that is a Restricted Subsidiary of the Company, such local currenties held by such Foreign Supplicitury of the Company from time to time in the ordinary counts of business:
 - securities of any exidence of indeblectness issued of directly said field provinced or included by the United States provinced or agency or instatmentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities of such evidency of indebtedness):
- (4) marketable direct colligations is such by any seaso of the United States of America or any publical subdivision of any such state or say public instrumentality thereof matering within one year from the date of acquisition thereof and, at the time of acquisition, having one of the time of acquisition, having one of the time of acquisition, having one of the time of acquisition. ratings obtained in the collier S&P or Mondy's
- (5) exceptiones of deposit with monuties of twelve months or less from the done of acquisition, bankers' acceptances with majorities not exceeding. iwelva monthe and overnight bank deposits will any

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King magamaking separangah basyi Magamak, peksak bangs kanan

domestic commercial bank having enginal and surplus in excess of \$500.0 million and a Thomson Bank Which Rusing of "B" or bester.

- (6) repurchase obligations with a term of not more than 30 days for underlying accurates of the types described in clauses (3) and (5) above entered to clause with any Universal Institution inselling the qualifications specified in clause (5) above (5) above (5).
- (7) communial paper to ring one of the two highest taking absoluble from Mosdy's or S&P and in each case maining within twolve months often the date of acquisition; and
- (8) money market woods at least 60,0% of the exists of which consultate Cash Equivalents of the kinds described in clauses (1) through (7) of this delimination

In the ease of investments by any Foreign Subsidiary of the Company that is a Restricted Subsidiary of the Company. Cash Equivalents shall also include (a) investments or in the type and maturity described in spaces (1) through (8) above of foreign chilges, which investments or obligors (or the parents of anch obligors) have retings described in such clauses or equivalent manage from comparable foreign rating spendies and (b) local currencles and other shantern investments willized by foreign Subsidiaries that am Restricted Subsidiaries in accordance with promat investment practices for each management in investments similogens to the foreign subsidiaries in clouses (1) through (8) and in this parameter.

"Clange of Control" means the accurrence of any of the following:

- (f) the sale, have or transfer, in one or a scrips of related transactions of all or substantially all of the assets of the Company and his Substitutes; taken as a whole, other than a Populated Holder or:
- (2) the Company becomes owns of thy way of a report or any other filing parsoant to Section 13(d) of the Exchange Act, proxy; vote, written article or asherwise) the acquisition by any Person or given tytich the meaning of Section 13(d)(1) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, butting or disposing of securities (within the meaning of Rule 13d-16(d)(1) under the Exchange Act, which was not to the personnel Holders, in a simple transaction or to a related series of unrescribes, by way of mention, consolidation or other business combination of purchase of becefficial ownership further the meaning of Rule 13d-1 decer the Exchange Act, or any successor provision) of 30.03cm more of the total voting power of the Viting Stock of the Company or any of its decer in indirect param companies; provided that for unrescribed excluding the "beneficial covership" of any group, any Young Stock of which may Permitted.

 Holder is the "beneficial owner" shall not be included in determining the amount of Young Stock of water to water by such group.

For purposes of this definition, say direct or indirect holding company of the Company shall not likeliftle considered a "Person" or "group" for purposes of course (2) above; provided that no "Person" or "group" (wher then the Pennined Holders) beneficially evens; discally or indirectly, more than 30 0% of the total voting power of the Yoling Stock of such holding company.

"Co-Investment Transaction" means a transaction parsiant to winch a portion of MSRs or the right to receive fees in respect of MSRs are transferred for fair value to mailing Peason.

"Cu-lesuor" means Nationalor Capital Corporation, a Delawing corporation.

"Common Stock" of any Person means my and all chares, interests arother participations in; and other equivalents from each meant and whether values or same after the Issue Date, and includes; without limitation; all series and classes of such common stock. Whether customing on the Issue Date or issued after the Issue Date, and includes; without limitation; all series and classes of such common stock.

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Considicated EATOA means, with inspect to any Person, for any period, the sum (without displication) of

- [1] Consolidated Mit Income and
- (1) to the extent Consolidated Net Income has been received therefor.
 - [a] Consolidated Taxest
 - (b) Consolivated Injerial Expense (excluding Consolidated Interest Expense on Indebtedness incurred under clauses (2), (5), (6), (10), (11), (12), (13) and (27) of the delipition of Permitted Indebtedness);
 - (e) depreciation, amortization (including smartization of intengibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses that were paid in a plant period and other non-cash expenses to the excluding shore period of impartment, but excluding shore such conscious as passes of the excluding shore such conscious any account of or sective of increasers in any future period of a mortization of a prepaldingsh expenses that was paid in a prior period), allias determined on a consolidated basis for such Person and its researched substitution in a second increasing with CIAAP;
 - (d) (i) ouslandary fors, expenses of charges of the Countary and (is Restricted Substitution payable in connection with (A) the instance of the countary states of the Countary Stat
 - je) inny amordization or write-off of debt issuence costs poyable in connection with Corporate Indebtedress incumed concurrent with and after the figure Date;
 - (i) herback of oppor-providential fore on resupply provide scentific personal provide mampare, les eportogra, kelmide
 - (e) all other unutual or mon-recurring desired last of expenses.
 - (h) the smouth of any expense related to minority interests, and
- (i) domes at by (without diplication);
 - (4) howersk gains pursuant to clunde (2) above henessing Consolidated Net Income of such Person for such period, excluding any gains that paperson the reversal of any accusal of an each classes for anti-pare in any prior period (other than such classes for any prior period (other than such classes for that have been added book to Consolidated Net Income in calculating Consolidated RETION to accordance with this definition);
 - (b) all other mucual or near recurring gains or covering
 - (a) all lowerst income to the extern a motology interest expense has been added back to clause (1) above, and
 - (d) this marker ratine of his Kacapiralized by the Company and its Associated Subsidiaries:

all es delermined on a consolidated laises for such Person and its Restricted Subsidiaries in accordance with CKAP. For the avoidance of doubt, Consolidated — Entitud alon exclude the effect of any income ut loss religion a Logicy Losa Pontalio, except to the extent such instances last is accounted for in the calculation of Consolidated Net Income.

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tronger or Taustactar Secretarios de Constant de 200 decembra de 1800 EX 32 00000062 de 1800 de 200 de 1800
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Contollained Interest Expense" means, with respect to any Porson for any period, the sum of, without duplication:

- (1) the aggregate of the interest exponent on indebtedies of such basers and its Restricted Substitution for such period determined on a controlled and bases in accordance with GAAR, malling without limitation; (a) any importantion of debt discount; (b) the net cours under Permitted Redging 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 companies of Capitalized Lease Obligations policy secreted and/or scheduled to be paid or accused by such Person and its Restricted Subsidiaries during such period as determined on a consulidated basis in excording with OAAP:
- (1) the impired interest with respect to Auribuiable Dibt created after the fieue Diate, and
- (4) The product of (a) all dividends, whether paid of accined and whether of not in onshiven early arries of Diagnatified Capital of such Person in preferred stock of any of its Restricted Subidiaries, other than dividends on Egydly Interests payable solely in Egydly Interpress of the Company (other than Diagnatified Capital Stock) or to the Company of a Restricted Subsidiary of the Company, those (b) a Facility, and the demonstration of which is one aims the then current combined federal, state and then should be at a consolidated basis to accordance with GAAP.

"Consolphaned New Jorome" means, with respect to may Person, for any period, the aggregate net become (or loss) of such Person and its Restricted Subsidiaries before the payment of disidencis on Preferred Stack for such period on a consultated basis, determined in accordance with GAAP; provided that their shall be excluded therefrom

- (1) effer-tex gains and losses from esset sales or shandonments or reserves relating thereor.
- (2) . After tax tlems classified as extraordinary gains or losses and direct impairment charges or the reversal of such charges on the Person's assum:
- (3) The nec income that not lose of any Rescricted Subsidiary of the referent Person to the extent that the decidention of dividends of similar distributions by that Subsidiary of that income is restricted by a contract, operation of law or afterwise, except for such testrictions permitted by clauses (g) and (b) of the "Limitation on Dividend and Other Phymiont Restrictions Affecting Restricted Statesidarless coverated, which is a subsidiary of the trisc of not income) of each dividence or distributions poid 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 look of any other Acrond, rather then a Restricted Subsidiary of the ecknote Rection, exacult
 - (x) with extent (in the case of net inoping) of such dividends or distributions poid to the referent Person, or to a Wholly Owned Restricted of Subsidiary of the relation Person of the colored Person of the second of the relation persons of the second of t
 - (b) that the referent Person's share of any net income or lost of such other Person under the equity method of accounting for Affiliates shall not be applied
- (I) any contributed income of any confingency reserve of an expendinary, non-scuring or unusual nature, except to the excent that provision for such reserve was made our of Cancolidated Net Income account 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 aparations were classified as discontinued);

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Table of Combants

- [47] In the case of a successor to the referent Person by consolidation or merger or as a namefrica of the robotent Person's assois, any earnings of the accessor corporation prior to such consolidation marger or transfer of assois:
- (3) any valuation allowerse for excitage loans held for incustrant and/or any change in fair value of mortuage loans held for acte and coinspunding dely in relation to accommission in accommission with GAAP that require no additional expital or equity contributors to the Company:
- (9) Thongs in fair tables of NSRs on the amortivation of 185Rs pursuant to such Person's accounting policy:
- (10) Convenience Trace of such Person recognized in accommod with GAAP, to the extent they exceed the testes in respect of the some interest, capital accommodal activity that aperecognized in accommod with GNAP for the applicable period by a jurish entity of each Person that a Bable for such taxes:
- (14) any income or loss related to the fair marker value of accomme bedges related to MSPs or other micrigage related assets or exemplies, to the extent
 that such above meergage related assets or accordings me valued at lair market value and pains and losses with respect to excluded assets or
 securities have been excluded pursuant to another chance of this provision;
- (12) any icooms or lass related to a Logary Loon Portletic.
- (11) the comulative effect of a charge in accounting principles during such period; and
- (14). This effect of any gala or loss associated with liabilisies are not in respect of a Co-Investment. Transaction of a feedle of the accounting treatment is induced under 1948?

Consolicitied large means, with respect to any Person for any period, all income texts and freely methholding taxes and laxes have an sapital and assume that you with the large to period.

"Corporate Indebtedness" means, whit respect a my Parson, the appropria consolidated amount of laddecedness of such Person and its Restricted Subsidiaries from the purposes of this definition, indebtedness incurred under clauses (21, (5), (4), (10), (11), (12), (13) and (27) of the definition of Permitted Indebtedness.

*Credit Enhancement Agreements" means, milkestively, any decounsents, instrurbents, guarantees in agreements entered into by the Company, any of its providing credit support (that is reasonably consumary as determined by Company, senior management) with respect to any Permited Finality instructions or Permited Securities for Instructional Securities for Instructional Securities for Instructional Securities for Instructional Securities for Institution Instruction Instruction Instruction Institution Institu

"Currency Agreement" means, with respect to any specified Pérson, shy findign exchange sociated, currency swap agreement, beinges contacts, upilions in hitmes compacts in infer similar agreement or anangement designed to protect such Person or any its Resoluted Subsidiary quality fluctuations in contacts with the currency calust.

"Definal" means no even or condition the decomples of which is, or wide the logge of time or the giving of college or both would be, an Even of Pintonic

Designated Nomeans Considernation income the Fair Market Value of any necessh consideration received by the Company or one of its Newtricted. Substitutes in connection with an Asset Sale that he designated as Dosignated Noncien Consideration principal to an influence continues executed by the principal funccial officer of the Company or such Restricted Substitutes of such Asset Sale has the amount of Cash Equivalents received in connection with a subsequent sale of organization an authorization.

"Disputified Capital Stock" means that portion of any Capital Stock that, by its terms for by the terms of any security this which it is exchangeable at the spition of the holder (hereof), or upon the happening of any event (other than an event which would constitute a Change of Control), respective or is

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nunderedly redeemable, purecau to a sinking fund didigation or otherwise, or is redeemable as the sole option of the holder the red (except, in really case, upon the occurrence of a Change of Connot) on or prior to the link meaning data of the noise.

"Dellar" or "F" ingaris the lawful money of the United States of America.

Divinishly Individuary income, with respect to any Person, any Restricted Subsidiery of such Person other themse Persons Subsidiary.

Equity interests" means Cuperil Stack wat all segrants, college or other rights to sequire Capital Stack (but excluding my deta security that is convertible into no exchangeable for Copital Spock)

"fixellungs skey" mounts the Securities Discharge Art of 1914, as amended, for any successor statuturar statutes thereto.

Exclused Compitations." Themse has easily processed in markingly received by the Company from complations to be emprised by the Company from Compiler of the emprised by the Company from the compiler compiler compiler compiler compiler.

Excluded Restricted Substitions incurs any newly acquired or croited Substitions of the Company that is designated as a Restricted Substition but probabiled, in the massamplic judgment as the Company, from guaranteeing the mass by any applicable law, regulation of contractual restriction existing at the time such Substition, becomes a Restricted Substition, and which, in the case of any such confined at the good faith epinion of the massignment of the Company, cannot be removed through commercially reasonable epining. As of the lasts Dune there are use Excluded Rustricted Substitutions.

"Axisting Facilities" means, collectively, the Unjuting Servicing Advance Pacifilies, the Existing Vorthouse Pacifilies and the Existing MSR Facilities.

Tristing MSE figurates means the MSE idoes regener with the related documents therein the luthers. Allow had being any security documents in each agreement of cities and instance of the supplemental or otherwise modified from time to this including any agreement extending the migration for increasing the interest line or fere. applicable therein, refusing excitance restricting finehiding adding Subsidiaries of the Company is additional becomes in granteen throughout all or only portion of the individuents which agreement or my subsessor or replacement agreement and whether by the some or my other igent, functor or proup of lexists.

Thirding Servicing Advance Furthers' means: (1) the \$275.0 million Agreement with respect to MES Loan Huyour Firancing Option and the Further Amended and Resisted Services Advance Early Reinhusoment Machenics Addressing, doted as of Junuary 13, 2010, by and among the Company and the femies described therein. (2) the \$390.0 million 2010—ARS Advance Firancing Facility maintained with an alliflate of Wells Forga Securities. ELC. (1) the \$75.0 million 2011 Agency Advance Financing Facility maintained with an alliflate of Wells Forga Securities. ELC. (1) the \$75.0 million 2011 Agency Advance Financing Facility maintained with an alliflate of Enclave Clapital for and Children in Section 10. Means and the related documents thereto, including any antenderal including any antenderal theoretic graphenested or otherwise modified from three time of the properties of the Company as additional horowork and or face applicable thereto, administration of the Industry of an according to the Company as additional horowork agreements thereander) allow any position of the Industry and a special fertile for any position of the Industry and a special fertile for group of leadons.

Existing Warehouse Fitedities "mean: (1) the \$100,0 million Mester Repurchase Agreement, dated as of humany 27, 2010, by and smong the Company and the lender plantified therein, (2) the \$100.0 million Muster Repurchase Agreement, John as of October 1, 2009, by and among the Company and the lender identified therein; (3) the \$175.0 million Muster Repurchase Agreement, Leted as of October 21, 2010, by and emong the

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Company and the leaker identified therein (d) the \$500 million Master Repurchase Agreement, dured at a March 25, 2011, by and upong the Company and the leader identified therein to the lander identified therein the lander identified therein; in each case together with the related documents thereto (including, without limitation, any eccurity documents), in each case of such agreements may be anested thereing any uncomment and each lander identified therein; the each therefore the lander of all crists produced from time to time, including any agreement was the analyty of the manufactured the including any including adding Subsidiaries of the Company as additional borrowers in guaranters thereing all or may purious of the ladebiedness under such agreement or any successor or replacement agreement and whether by the concern any other agent, lender or group of lenders.

"Fair Marker Value" means, with respect to any assert preparty, the price which could be negotiated in an arm's length, free market transcation, for each, between a willing seller and a willing and able buyer, neither of whom is under probe pressure or correption to complete the "transcation. Fair market volue shall be determined by the section management of the Company or any restricted Substituted by the section management of the Company of the Company, as applicable, when the fair market value of any asset other than cash is estimated in good feith to be below \$5.0 million, and by the Douglot Directors of the Company acting reasonably and in good fair and, if the fair market value exceeds \$10.0 million, shall be evidenced by a frame Resolution of the Daned of Directors of the Company delivered to the Truston.

Fixed Charge Covernge statio." monus, with respect to any Person, as of any date, the ratio of (I) Consolidated 1801 Do. of such between for the most recently ended that full fixed quarters (the "Faut Outstan Period") for which interfal basedual statements are available. Ending offer in the date of the transaction giving ripe by the need to calculate the fixed Charge Coverage Rute (the "Transaction Dute") to (10) the Fixed Charges of such Person for the Point Unified Period.

In addition, for response of calculating the Fixed Charge Coverige Ratio, "Consolidated EB/TDA" and "Fixed Charges" shall be calculated after giving intercents print forms basis for the period of such disculation to:

- (1) the licensence or repayment of any indistactions of such Person or any of its Restricted Substitution for the application of the gasecus thereof) giving rise to the need to make such substitution and any incurrence or repayment of the recoveries thereof), after that the incurrence or repayment of indevisioness in the ardinary course of business for working capital purposes printican to working capital believes, occurring thereof and on a print to the Transaction Date, as It such incurrency or repayment, as the case may be find the application of the proceeds thereoft, excitred on the first day of the Four Quarter Period, and
- (i) any asset siles or other dispositions or any asset originations, asset perchases, investments and Asset Acquisitions (including, without function, any Asset Acquisition giving rise to the occal in make such calculation as a result of such Person or one of its Subsidiaries (including say Person who becomes a Restricted Subsidiary as a result of alculation) incoming, assuming or otherwise being liable for destructed such assets and also including any Consolidated EUFDA (including any into force expense and soft reductions) attitudable to the Assets which are originated or purchased, the Investments that are unable and the assets that an at the originated or purchased, the Investment included and the assets that the originated or purchased, the Investment included or the Person or purchased for the Asset Acquisition or including the Four Courter Period and or any increasing the four courter of the Asset Acquisition or including the incurrence, as an activity or any such Acquisition or asset origination, asset purchased the Asset Acquisition or fact that are the acquisition or any of its Restricted Subsidiance and give effect to the Incurrence of such guarantees that the original or any or Restricted Subsidiary of each Person had directly incurred or otherwise assumed such parameters industricted.

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The Company shall be entitled in calculating the Fixed Charge Coverage Ratio; (i) to treat the entry into a bone fide subservicing agreement in tespectual MSEs as an Asset Acquisition and tist to give affect in such pro forms calculation to any bone fide hinding definitive agreement, subject to ensuring a conditions. For any consection that upon the constituents from the received would be subject to the longoing pragriagh finducibing any related incurrence or repayment of inchicators. The core forms calculations that he made by a responsible accounting officer of the Company in good feels based on the information tensorably available to it at the times of such calculation. The foreigning calculations shall not be required to comply with the requirements for no forms. Intensity because it at the times of such calculation. As foreign the Securities and the regulation or policy of the SEC related flux recommends.

"Fred Charges" means, with respect to any Person Parany period, the sum of

- 11) Consolidated interest Expense on Corporate Indebtedness:
- (2) all cash dividend payments (excluding from aliminated in consolidation) on any sories of Preferred Stock of such Person, and
- [1] all each dividend payments (including from dividualed in concollidation) on any cortes of Disqualified Capital Stock

"Firefyr Subsidiary" means, with respect to any Person, any Restricted Subsidiary of with Person that is not argumend or existing under the lews of the United Spines, any mate thereof in the District of Columbia.

"Foreign Subsidiary Total Assets" means the tolal essets of the Foreign Subsidiaries of the Company, as determined in accordance with UAAP in good faith by the Caresany without intercompany eliminations.

"GAAP" means generally excepted accounting principles act field in the opinions and processorizers of the Function Accounting Standards Accounting Standards Conditional or in such other statements by such other letting is may be approved by a significant segment of the accounting profession of the United States, which see in effect as of December 31, 3011.

"governore" "means a guarantee fother than by codorectem of negotiable incornents for collection in the endingry source of bestices), direct or indicat, in any nominal including, without indicate, by way of a pladge of assets or through letters of eachier scholarmed agreement agreement in respect thereof, of all or any part of any indebtedness (whether ending by virtue of perforeship arrangements, or by agreements to keap well, to purchase assets, givets, ecosities at survices, to take at pay or to minimate themsels, sixtenced coordinates of the otherwise).

"Charantai" means such of:

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- (1) Center Land Vista Ridge Linebville III Renemi Partner, LLC, Center Land Vista Ridge Livelsville III. L.P., Changson Medigsgo LLC, Harwood Insurance Services, LLC, Harwood Service Company of New Jersey, LLC, Hornesoleut Schleinent Solutions, LLC, Nationaled 2009 Equity Corporation, Nationale Equity Corporation, Nationaled Land Company, Mationaled Industrial Land Company, Mationaled Industrial Lond Company, Mationaled Industrial Lond Corporation, Mationaled Republic Corporation, Mationaled Subject Solutions and Subject - (2) any other Subsidiary of the Company that executes a Note Equivance in occardance with the provisions of the Indepture, but not including stay. Principly, Subsidiary of any Subsidiary that contains and assigns, in each case, until the Note Charentes of each bas been released in accordance with the provisions of the Indepture, provided that any England Respect Subsidiary, any Securitization Emissis, any Warehouse Pacility Trains and any MSR Facility Trains shall and be decimed to be Charenters.

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"Habler" means the Person in whose name the note is tegistived on the registrer's bugh-

"Indebtaduess" means with respect to any Person, without displication;

- (1) all Obligations of such Person for horrowed money;
- (1) all Chlightons of such Person evidenced by bonds, debentures, notes at other similar installments;
- 13) all Capitalithia Craise Obligations of duch Pursuit
- anonagible his bou enging into star installence his cinegroup to paing archorup begallation beament to be never the conclusion to enclose the toider any title setuntion agreement (but excluding trade accounts payable and other account liabilities arising in the ordinary energe of business which we not creating by 40 days of most or are bonds consected in good faill by appropriate proceedings promptly instituted and diliginally
- [5] all Ohligations for the reimburgement of any obligar on any letter of crodit, banker's acceptance or similar crodit domasticat.
- (6) guarantees and other contingent obligations in respect of indebtedness referred to in clauses (1) through (5) obove and clauses (8) in (9) below.
- (1) Obligations of any other Person of the type referred to in clauses (1) through (b) above and clause (9) below which are secured by any through the above and clause (1) below which are secured by any through the constant of the constan property of essent of such Person, the amount of such Ohliganian being deemed to he the lesser of the Pair Market Value of such preparity as assurand the sanguar of the Collysian ar secured:
- All Archimetric Debe of such Persons and
- (10) all Disqualified Capital Speck lastest by such Person with the amount of indebtedness represented by such Disqualified Capital Stock being equal to the greater of us withousers or involuntary liquidation preference and its indeminant freed adjust these price. This excluding assured: dividends, if any,

For purposes beroof the fame insum fixed expundings price of any the qualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Strok as it such Disqualified Capital Stock were purchased on any date on which infebledness shall be required to be netermined pursumit to the Indonours, and it such price is based upon, or measured by the Reir Markat Value of such Disqualified Capital Stock, such Fult Market Value shall be determined recombly and in good falls by the Bount of Observers of the source of such Disqualified Capital Stock.

The arrivant of any indebresiness notstanding as of any data shall be

- (1) the econted value thereof, in the case of any brild redices is such it is this court to par-
- (2) with respect to any Obligations under curious, apparament, and interest, was agreements, the new amount payable it such opposite the minuted of that time due to default by such Persons
- (3) in respect of halfbridges of invalue Person secured by a Lien on the assets of the specified Person, the lesser of
 - the Fair Market Value of such assets of the cold of determination; and
 - the amount of the Incobledness of the after Person or
- . (4) proceed as previded above, the principal amouse of liquidation proformer thereof, in the cure of any other indebenders.

"Invariation in any success any senson, any director indirect loss or estension of credit (including, without limitation, a greatests). advance or expital contribution to the means of pay transfer of each

or able property to tidiges of any phymem for property or nervices for the account or use of others), or any quickness in acquisition by such Person of any Capital Stock: bonds; notes, decenances ar other accurities or evidences ar Indebedaces issued by, any Person therese required by GAAP to be classified an the bilance sheet functioning the Copyrigon) of such Person in the same manner is the other investment included in this definition to the extent such increased one. involve the aguster of each or other property. "Investment" shall exclude (%) accounts regalvable, extractions of irade credit or advances by the Company and his Restricted Subsidiaries on commercially missinable terms in accordance with the Company's or its Restricted Subsidiaries normal made practices, as the case may be (y) deposits made in the ordinary course of husiness and ensumary deposits into reserve accounts related to Securifications and (a) commissions. travel and similar advances to officers, directors, managers and employees, in each cose, made in the ordinary course of business.

Investment Grade "manus a rules of the notes by both Skip and bloody's, each such rating being one of such agency's four highest generic rating conegories that algorifies investment grade (i.a. DBH-for the equivalent) or higher by S&P and Bual for the equivalent) or higher by Moody it, provided that in each ease, such ratings are publish available; provided, further, that in the event Mondy's or the is no longer in existence for purposes of despreading whether the notes are ented "investment Grade," saich organization may be copleted by a nationally recognized statistical rating expanization (as defined in Rule 416 under the Securities Activisizated by the Company, notice of which shall be given to the Trustee.

"Investigent Grade Socurities" encans marketable securities of a Person corbes than the Company or its Recorded Substituties, an Affiliate of local recture of the Company or any Restricted Subsidiary), acquired by the Company or any of its Restricted Subsidiaries in the ordinary course of husiness that are raised, at the firm of Acquiretion, BEB- for the equivalent) or higher by SEP and first for the equivalent) or higher by Mandy's.

"Issuic Date" means truy 21, 2013, the date in which the existing notes were originally issued.

Issury," means the Company and the Castsaver.

"Leguey Lour, Purifolia" ansang the residential mongage loans outgets to the Note Purchase Agraement, dated as of Celeber 30, 2009 by and among the Company and the representatives of the underwriters party thereto.

"Loguey Loan Parifolic Sale" means the sale, tease, conveyance or other disposition, in one or mont transactions of all er a portion of the Legacy Loan Pontalia.

"Lied" areans sity lion, mortgage, doed of inut, pludge, iscurity interest, charge or encembrance of any kind (including say conditional solo or other this recention agreement, may lesse in the esture thereof and say agreement to give any security several; provided that in no as an establish repending being or a transfer of nascus persuant to a Co-investment Transaction be deemed to constitute a Lieu-

"Muscles" "means Mondy's Investors Service, Inc., a subsidiary of Moddy's Corporation, and its accessors.

"AXAR" musing mangaga servicing righis Cooluding master particing rights) entiting the header is service mortgage testis.

"MSR Assess" brooms Make other than (1) Make on loans originated by the Company of its Restrictor Subsidiaries for so long as such Make me financed in the normal course of the origination of each loans and fiff MSRs subject to existing Lieus on the Issue Date receiving Existing MSR Ferallites.

"Mish Facility" means any dimensing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note issuance facilities and communial paper

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insilistes (excluding in all cases, Securitations), with a financial institution or other lender or purchaser exclusively to flutace or reflection the purchases, affiginalism, partiaged in finaling by the Company or a Restricted Sabridacy of the Company of MSRs originated, purchased, or greened by the Company or any Restricted Subsidiary of the Company in the condinary course of basiness.

ASSE Pacific Trus? print any Person (whether or not a Restricted Subsidiary of the Company) established for the purpose of issuing notes or other accurities in connection with an MSE Facility, which (i) notes and securities are backed by specified MSEs perchased by such Person from the Company of any other Restricted Subsidiary, or (ii) notes and recurring are backed by specified mangage bours purchased by such Person from the Company of any other Restricted Subsidiary.

"MSR (edebredities" means helebisiness in connection within MSR facility; the immonent of any particular MSR indebisioness as of any date of the intermination shall be calculated in secondarce with GAAP.

MSR Louis" nileas losas outstanding under the MSR Notes that are, in accordance with the terms themed, accorded by the placing of an MSR.

"kerse Notes" means the \$22.2 million Senior Secured Civili Agreement, dated as of October 1: 7009, by and among the Chappary said the lender tentified therein.

"HASA Substitusp" receives any Restricted Subsidiary of the Company that owns MSR. Assots that have a Fair Market Value in oxocas of \$5.48 million.

"Mer Proposed" means the aggregate cash proceeds received by the Company or any of its Romeine Subsidients in respect of any Assot Sale, proceeds received by the Company or any of its Romeine Subsidients in respect of any Assot Sale), not all the direct closes relating to such Assot Sale, including, without Important logal, eccounting and investment banking fees, and sales commissions, and sales related to expenses incurred as a result of the Assot Sale, taxes gold or payable as a result of the Assot Sale, in agent case, after taking into account any available for excellent or deductions and any tax sharing arrangements, distributions to minority interest holders in Respicted Subsidiaries as a result of such Assot Sale and amongs required to be applied in the represent of indebtodness secured by a Lieu on the asset or assots that were the subject of such Assot Sale and any excerce for adjustment in respect of the sale price of such asset or assots that were the subject of such Assot Sale and any.

"Non-Recourse Indebiviless" means, with respect to any specified Person. Indebtedness that is:

group money in Freezy metry, arthur September in \$17%

- (1) specifically advanced to finance the acquisition of investment assets and secured only by the essets to which such Indebtedness relates without recourse to such Person or sny of its Restricted Solvabilaries (other than subject to such enterpresent antiques for which cuth Person or its Restricted Solvabilation acts as a guaranter 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 beaut made thereigned (edited has not been suitafied) at which thin the obligations with respect to any such autonomy curve out shall not be considered Nos-Recourse badebtedness, to the extent plus puch although a tighting of such Person for GAAP purposes);
- ndvanced to (1) such Person or its Restricted Subsidiaries that holds investment assets or (ii) any of such Pirson's Subsidiaries in group of such Pirson's Subsidiaries formed for the sole purpose of conditing investment assets, in such case, against which a loan is obtained that its made without reconse to, and with no cross-collateralization against, such Person's or any of such Person's Restricted Subsidiaria 'other assets (other than (A) cross-collateralization against assets which exerc as collateral for other Non-Reconse Indebtidiaris, and (B) stolect to such customery carrierout tractors for which and: Person or to Restricted Subsidiaries acts as a guaranter in connection with such bedefiness, such as fraud, misappropriation, breach of representation and warranty and

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- misapplication, anters, until and for so, long up a claim for payment or performance has been made thereunder (which has not been satisfied) at which time the deligations with respect to any such customary carve and shall not be considered Non-Resource Indebtedness, to the extent that with claim is a liability of such Person for GAAN purposes) and upon complete or partial tiquidation of which the loan must be correspondingly completely or partially topold, as the cust may be or
- specifically advanced to finance the acquisition of real property and received by early the right property to which such indebtedies a relater without received to their Person or any of its Reservoid Subsidiaries acts as a guaranter in connection with such indebtedness, such as fraud, misappropriation, breach of reproceeding and warrants and misappropriation, entering the content and misappropriation, unless, and and has been made thereunder furbidit has not tree acts and which time the obligations with aspect to any such customary over review the solutions of the considered Mon. Ascourse Indebtedness, to the executive the state of a Person of the Architect debtedness, and the Response, to the extention of such Person for CAAP purposes provided that, now phenoling the Response, to the extention of such Person of the Person of the Response indebtedness, and the parties of any New Recourse indebtedness is not be such assets of a Person of the Response to the Now-Recourse to the other assets of a Person of the deeped not so be Now-Recourse to the other assets of a Person of the deeped not so be Now-Recourse to the other assets of a Person of the Response to the Now-Recourse to the other assets of a Person of the Response to the Now-Recourse to the other assets of a Person of the Response to the Now-Recourse to the other assets of a Person of the Response to the Now-Recourse to the other assets of a Person of the Response to the Now-Recourse to the other assets of a Person of the Response to the Now-Recourse to the other assets of a Person of the Response to the Now-Recourse to the N
- "Note Cimerance" beautiful processed by each Charanics of the Company's obligations under the Indeature and any notes Association entering a resulted pursuant to the provisions of the Indeature.
- "Chiligations" ricens all obligations for principal, produm. Interest, pendities, lass, indomnitication, reimbutarrooms, dameges and other liabilities payable and choramonation governing any indebtectors.
- "Originations tourt Fenture" means one of more joint sentures that constitute Restricted Sobsidiaries and that engage in the business of or otherwise conduct sensative related to managed learn cognitation.
 - "Originations Joint Country Total Assert" means the total asserts of the Originations Joint Ventures of the Company, as determined consistent with the definition of Tibul Asserts.
 - "Parion Emplies" menus, collectively. Nonlooser Mongage Holdings Inc., Nationalar Subl. LLC and Mationser Subl. LLC
- "Threat lines" recons the stock of a parent early of the Company, held by the Company as of the lesue Date of subsequently sequired from a percolearly of the Company.
 - "Pari Passa Debt" means Inochicaness of the Conspinsy or a Regaleted Subsidiary that is senior or, part parsa in right of payment with the notes. For the purposes of this definition, no indicinations will be considered to be senior or jumier by virtua of being account on a first or junior priority hasts.
 - "Persuated Business" trisums the bisinesses of the Company and its Subsideries as described in this prospectus sugglement and trusinesses that are inscending related, another a complementary thereto or reasonable developments as extensions thereof.
 - "Permitted Familia: Indebtedness" towns (I) any Permitted Servising Advance Facility Indebtedness. (II) any Permitted Verchouse Indebtedness. (II) any Permitted Residual Indebtedness. (IV) any Permitted Residual Indebtedness and Permitted MSR Indebtedness. (IV) any Indebtedness and Indebtedness and Permitted MSR Indebtedness. (IV) any Refinancing of the Indebtedness and Endaged Subsidiaries based upon, and secured by, Servicing Advances, mengage related accounties, loans, MSRs, consumer receivables, REO Assets or Residual Interess extening and Issue Date or created or application introduced, however that solidy as of the date of the facutarness of such Permitted Funding Indebtedness.

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the amount of any extress (determined as of the runs recent date for which internal financial statement are intuitible) of (a) the amount of any indehiculiess formed in accordance with this clause (without total internal financial statement at the Company or its Restricted Subsidiaries is satisfy claims with respect thereto over (y) the apprease (without duplication of ancourt). Realizable Value of the assets that experient Indehiculiess shall not be deemed to be a new insultance of indebtedness that experient in the experient above under the caption. Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" except syntherspect to, and solely to the extent of, any such experient white incurrence of indebtedness incurrence of Preferred Stock except syntherspect to, and solely to the extent of, any such except that exists upon the initial incurrence of indebtedness incurrence in the continual of the continual of the continual of the continual of the continual described above under the continual of Indebtedness and Issuance of Frederica Stock. 1. The amount of any Partalited Funding Indebtedness shall be determined in accordance with the definition of "indebtedness".

Promined Heiging Transactions' means suscring into instructional contracts and making nonthe cells thereon by the Company of soy of its Restricted Subsidiaries in reasonable relation to a Permitted Business that preventing into include hedging physics and not for speculative purposes (as determined in good falls by the Beard of Histories or senter management of the Company or such Restricted Subsidiary and shall include, without histories, interest rate symps, caps, deats, collars, forward badge and TBA contracts or mornings and about marrounding, interest rate symps, caps, deats, collars, forward badge and TBA contracts or mornings and about a function in the Eurodaliar, Federal Funds, Transity and options on flations contained in the Eurodaliar, Federal Funds, Transity, bills and Trassitry rates and similar fluorists historicalia.

"Remitted Holders" means Spensor and its Affiliates and members of management of the Company and its Subsidiaries.

"Persitted Indialedness" mesos, without duplication, earli of the following:

- (1) Indebtedness under the existing notes and the Note Avarantees;
- (2) Indibtedness incurred pursuant to the Existing Partities in an aggregate principal answert of any time cultivaries in to exercit the existing making audit said. Easily, Facility as in diffect to the Issue Date reduced by any required parameter repayments (which are accompanied by a corresponding permanent commitment reduction) thereunder:
- (1) that big does of the Company or any Charleour under the Working Capital Facility in an approprie priscipal amount at any one time outstanding [with length of credit being decired to have a principal amount could be maximum potential liability of the Company and its Repyleted.

 Subsidiaries thereunder) in an amount new to exceed the prenter of (x) 5101.0 million and (y) 1.25% of Total Assists.
- (4) other hidebtedness of the Company and its Restricted Indulations anternating on the taste Dese (when him localisedness described in clauses—
 (1) and (2) above);
- (5) Pennied Hodging Transactions

er yanga yangang dan danah ya ya

- (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 Subadiaries outstanding other than us a result of fluctuations in foreign currency exchange rates or by mason of fees, independing and compensation payable thereunder;
- (7) Indebtences awad to and held by the Company or a Restricted Subsidiary, provided, however, that (s) any subsequent issuance or gransfer of any Capital Stock which results in any such Restricted Subsidiary reading to be a Restricted Subsidiary of the Company of any standing of the Indebtedness (althor than to the Company or a Restricted Subsidiary of the Company) shall be deemed, in each case, to constitute the license of such indebtedness by the abliger thereon and (b) if the Company is the abliger on each indebtedness, such indebtedness is expressly.

 Subsidianted to the prior payment in full in each of all obligations with respect to the optics:

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- (8) Indebtedness of the Company or any Stratzenor to a Resmoted Subsidiary of the Company for my long we such indebtedness is held by a Wholly.

 Owned Restricted Subsidiary of the Company in each case subject to no Lian; provided that (a) any indebtedness of the Company of any Guarante to only Restricted Subsidiary of the Company we are a fluorance in an action agreement, to the Company's obligations under the factorize and the notes; and (b) if as of any does my Person other than a Restricted Subsidiary of the Company owns or holds, directly at indirectly, any such hadebtedness or any Person holds a Lieu in respect of such indebtedness; such case shall be defined the incorrence of indebtedness our constituting framined indebtedness by the Company.
- (9) [reserved];
- (18). Indebiedness of the Company or any of its Subsidistics represented by lenter of credit for the account of the Company or such Subsidiary, as the case may by, in order to provide security for workers scharged shints, payment abligations in connectain with self-insurants or shaller requirements in the ordinary course of fusiness:
- (11) Permitted Funding Indebtedness:
- (CL) Permitted Securitarisian independences and indebtedness under Credit Enhanciament Agreements:
- [13] Relineating Indebtedness;
- He/A/any quareness by the Company or a Guaraner of Indebtedness of other obligations of any Restricted Subsidiary of the Company tether than Non-Recourse Indebtedness is closed as the recourse of such Indebtedness incurred by such Restricted Subsidiary of the Company is permitted.

 under the terms of the Indenture, or (A) any guarantee by a Restricted Subsidiary of Indebtedness of the Company (other than Non-Recourse Indebtedness), provided that such guarantee is discurred in recordance with the coverant described below under "— Limitation on Guarantees by Restricted Subsidiaries";
- (13) Non-Recourse indobediness:

and a figures a first paint of the first first common .

- (16) Indebtedness insured by the Company or any of the Quantuloss in connection with the inequisition of a Permitted Business, provided that on the due of the incurrence of such Indobigious, after giving affect to the inequivity three of and the use of paleous three forth, affect
 - (a) the Company would be permitted in increasings). S1.00 of additional indebtedness pursuant to the Fixed Charge Coverage (both test establishes pursuant to the Fixed Charge Coverage (both test establishes pursuant to the Fixed Charge Coverage (both test establishes). Limitation on Industriance of Indebtedness and Issuance of Professional Stack, "of
 - (b) the Fixed Charge Coverage Radic althe Company would not be less than the Fixed Charge Coverage Radic of the Campany immediately prior to the Coverage Radic of the Campany immediately
- (13) Indebtedrass (including Capitalized Loasa Obligations) incurred to finance the development, construction, purchase, lease, sepains, maintenance or improvement of assets (including MSRs and related Sorvicing Advances) by the Capitality or my Restricted Subsidiary, perovided that the Licens seconding such Indebtedrass may not extend to any other property, named by the Congruity of any of its Restricted Subsidiaries at the time the Licens for any line indebtedrass second by the Licens in incurred into a may see that the latter of the acquisition of our completion of the construction of the purperty induced to the Licen, provided, further that the announce of such Indebtedrass does not exceed the Fair Market.

 Value of the assets purchased or constructed with the proceeds of such Indebtedrass.
- (18) Indebtedness artifag from agreements of the Courpens (wants of the Resident Subsidieries providing for indemnification, edgestion of purchase prize carnoods to similar obligations, in each case, mourred to assumed in connection with the acquisition of disposition of any business, assets

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Indo pi Gestante

- Subsidiery, other than grareaters of indeblothest uccurred by toy Derson neighbors all or any particular such beginnes, assess as a Subsidiary. For the purpose of themsing such acquisition
- (19) Indeberings consisting of indeberginess from the repurchase, retherment of other equivalence retherment the value by the Company of Common Stock) of the Company (or payments in any direct or indirect parent company of the Company (or payments in any direct or indirect parent company of the Company to permit distributions to repurchase common equity (or uptions, worming or other rights to acquire common equity) thereofy from any future, current or former of floor, director, director, managed or any other company, or any of the Company, and direct or indirect parent company of the Company, or any of its Subsidiarias to their authorized riggressingles to the cannot described in charge (it) of the second personal mater. Lightmen on Respicted Payments."
- (20) Indebtedness in respect of eventeal protections will influence a cornection with customary deposit associate maintained by the Company or any.
 Restricted Subsidistry with banks and aither financial institutions as part of its ordinary costs management programs.
- (21) the incorresce of Indebtoducin by a Foreign Suzsidiary in an amount not to exceed at any rate time constanding, together with any other Indebtoducin incurred winder this clause (21), 5,0% of Portion Subsidiary Total Assets:
- (22) Shores of Preferred Stock of a Restricted Subsidiary of the Company is sued to the Company or another Restricted Subsidiary, provided that any subsequent instance or transfer of any Capital Stock or vay culture event which results to any such Restricted Subsidiary costing to be a Restricted Subsidiary of any other subsequent frontier of any such shore of Preferred Stock (except to the Company or breaker Restricted Subsidiary) shall be deemed in each case to be an issuance of subsidiary shall be deemed in each case to be an issuance of subsidiary of factored Stock was purposed by this closes (22).
- (23) Indebtedness of the Company and its Restricted Subsidiery consisting of the linencing of insurance premiums in the ordinary course of business:
- (24) Obligations in respect of performance, bid, succey bonds and completion qualities of provided by the Company and its Restricted Subsidiories in
 The continuity course of business:
- 1291 [reserved]
- (26) to the extent otherwise constituting independences, obligations undays, from agreements providing for independence adjustment of porchase price or similar subjustants, in each case, incurred or accuracy in connection with the disposition of Residual Interests or other teams and cuter morphose related Subsidiaries ariting in the ardinary course of husiness;
- (22) guarantees by the Company and to Respicted Substitutions of indebtedness that is otherwise Pennined Indebtedness.
- (28) Indelectores of Despublical Capital Stock of the Company and Indebtectess. Dispublical Capital Stock of Preferred Stock of any of the Company's Restricted Substituties in an aggregate principal amount of liquidation preferred on to 100.0% of the net cosh proceed yearly the Company of seal-ophinistic of the Company of the Company of the Company of the Substitution of the Company of the Substitution of the Company of the Substitution of the Substitution of the Company of the Substitution - (29) Indebtedness unsleg cut of a to hind purchase of all semelating constanting asset backed securities of any Securities and Easily for the purpose of principal descriptions are a Substitution of the Company of the administrative expense of servicing such Securities from Easily.

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- (in) Indebtedness. Disquelitled Speck of Preferred Speck of a Restricted Subsultary Incorred to Indece or assumed in councetion with an acquisition in a principal ancount not to exceed the greater of (x) \$20.0 million and (y) 1.0% of Total Acceleration in the ingressive of any one time unistanding topology with all other indebtedness. Disqualified Stack and/or Preferred Stock issued under this clause (30):
- (31) quarances by the Company and the Rounaced Subsidiance of the Company to owners of servicing rights in the ordinary course of business.
- (32) additional indebtedness of the Company and he Subsidiaries in an aggregate principal amount not to exceed the greater of (2) SECO million and (y) 1.0% of Total Assets at any one time constanding; and
- (52) (1) the incurrence of Indebtedness by the Services Uniness in an amount not to exceed at any one time outstanding, together with any other (ndebtedness incurred update this closes (i), the preater 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 only one time outstanding, together with any other Indebtedness incurred under this otomic (ii), the greater of (x) \$50.0 million and (y) 25% of Originations Joint Venture (of all Assets).

For emposes of determining compliance windths "Limitation on incarrence of indefluctuess and listenase of Preferred Stock" covernat, in the event that an item of indebtedness described in clauses (1) through (35) above or is entitled to be freezred pursuant to the second purgraph afford coverant, the Coregony shall, in its sole discretion, classify for later reductify; such term of indebtedness in any medice for complies with this coverant, Account of interest, accretion of any medice for complies with this coverant, Account of interest, accretion of any medice for complies with this coverant, Account of interest, accretion of any medical interpolated Capital Stock in the form of any indebtedness to the form of and the form of any indebtedness of the same class of Iriqualified Capital Stock will not be deemed to be an incorpore of inceptationers or an issuance of Disqualified Capital Stock for purposes of the "Limitation on Incorpore of indebtedness and Issuance of Preferred Stock" coverant.

"Permitted linestinents" trienns

- (1) any lovesiment in the Company or in a Restricted Subsidiary:
- (2) any Investment in cash or Cosh Equivalents:
- (i) soy 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 Person Husbress or (ii) such Person is merged, consolidated or analysinated with a rate of the Company or a Restricted Subsidiary of the Company or a Restricted Subsidiary of the Company or a Restricted Subsidiary of the Company of the Company or a Restricted Subsidiary
- (a) Investments by the Company or any Restricted Subsidiary in Scouristication Emilies. Warchinese Facility Trans, MSR Feetlay Trans, typesiments in mortgage refuged countries of charge-off receivables in the professor course of business.
- (5) Investments mixing out of purchases of all remaining constanding societ backed securilies of any Securitization Entity for the purpose of reliaving the Company of the Company of the Company of the company of the scholars of servicing and Securitization Entity;
- (6) herestments in MSHs.
- (7) ... Investments in Residual Interests in connection with any Securitization, Wezehouse Facility or ASSR Facility;
- (6) Investments by the Company of any Reprieted Subsidiary in the form of leans extended to non-Affiliare Dorrowers in connection with any lain original on business of the Company or such Restricted Subsidiary in the entirety course of business.

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- (9) shy Restricted investment made us a acsole of the receipt of scenarios or other assets of non-cash convectantion from an Assau Sale that was made pursuant to and in correlation will the coverant described above under the curtion "—Reptirchese at the Option of Holders—Asset Sales," or any other disposition of assets not constituting an Asset Sales."
- (16) Investments made solely in exclusings for the issaurce of Equity Interests (other than Disqualified Capital Stock) of the Company, or any of its direct or indirect descent entitles, or any Davistricted Solizidinty.
- (11) any layestments received in resultances of resolution of (A) obligations of trade originary or ensumes that were incurred in the ordinary course of including parsonnit trade plan of receivances in the removement upon the banksupply or insolvency of any trade creditor or clustomer or (B) Highdon, arbitration of other disputes with Persons who are not Affiliates:
- (12) Investments in connection with Permitted Hadging Transactions:
- (13) repurchance of the notes;
- (14) Investments in old making of Servicing Advances, residential or communical mornage loans and Securitization Assets (whether or too mode in confinintion with the acquisition of MSRs):
- (13) genrances of Indebiedness permitted under the coverage described in "—Carlain coverage Limitation on Incurrence of Indebtedness and Insures of Indebtedness and Insures of Indebtedness and Insures of Indebtedness and Inde
- (16) any transaction to the extent in constitutes on investment that is parallel and usels in expendence with the provisions of the third paragraph of the covering described under "--1 imitation on Transactions with Allillater" (except transactions described in clauses (2) and (2) of usels recovered to
- (17) Investments consisting of purchases and acquisitions of inventory, applies, material or equipment of the licensing or contribution of intellectual property purpose to both marketing arrangements with other Persons.
- (18) undersements for collection or deposit in the ordinary course of fusiness.
- (19) says layer an existing on the leave Date or made pursuant to binding commitments in affect cardio Issue Date or an investment consisting of any cardinession, modification or consist of any livestment extering on the Issue Date; provided that the adapted has parely lives bright he induced pursuant to this clauses (19) to the extent required by the terms of such Investment as in existence on the Issue Date;
- (20) any incomment 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 of any other Investment or accounts receivable hald by the Company of any such Restricted Subsidiary in connection with or as a result of a bankruptey, workout, reorganization or recapitalization of the issuer of such other investment of accounts receivable or (b) as a result of a lovellassed by the Company of any Restricted Subsidiary of the Company with respect to any secured investment or other manager of title with respect to any secured in default:
 - (21) any investment by the Company or any Restricted Subskillery of the Company in a joint veilbles not to exceed the greater of (x) \$75.0 million and (y) [.0% of Total Assols.
 - (22) other investments having an approprie feir Market Value, taken topolise with all cries to recurrent made pursuant to this clause (22) that are all their fine outsignaling (without giving effect in the sale of us Unredicted Subsidiary is the extent the proceeds of such sale do not consint of path and/or mathenable equalities), not to exceed the gravior of (x)\$1000 million and (y) 1.5% of Total Assets of 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
 - 4231 pulsbases of morigage backed securities or similar dest instruments related in a Permitted Basiness

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"Permitted Liens" means the following types of Liens;

- (4) Living for forces, assessments or governmental charges in claims Either (a) not delinquest 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 Substitutes shall have set aside on be trocks such reserves as may be required pursuant to CAAP;
- (2) statumer lives of landlords and Listic of carriers, waterialismen, meraphies, implies, indicriplicen, repairmen and other Listic inferred by their injured in the ardinary course of business for sums not yet definanced to being conferred in good faith, if such reserve or other appropriate provision, Tang, as shall be required by GAAP shall have been made to respect thereof.
- (4) Liens included or deposits made in the ordinary course of basness in connection with workers' compensation laws, unemplayment inturence lives or similar lagislation and other types of social security or abtaining of insurance, including any Lien securing letters of credit issued in the confusty course of business consistent with past practice in connection therewish, or to secure the performance of tenders, attainers or highligations, surely and appeal bonds, bids, leaves, government concrete, performance and return-of-movey bonds and other similar obligations (exclusive or obligations) for the psymbol of behavior of movey).
- 13) Liens existing on the Issue Disc.
 - (3) Lieus on assets, property or shares of seask of a Person at the time such Person becomes a Restricted Subsidiary, provided, however, that such liter for mot availed or incurred by consection with, or in cohermoterian of, such other Porson becoming such a Restricted Subsidiary, provided. Ruther, however, that such their may not extend to any other property owned by she Company or any Restricted Subsidiary.
 - (6) Liens an assets or property or that time the Company or a Restricted Subsidiary acquired the assets or property or within 360 days of such application, including any acquisition by indens of a merger, analgamation or seasolidation with at most line Company or any Restricted Subsidiary, provided that the Liens may not extend to any other property owned by the Company or any Resulted Subsidiary (wher than assets and property affixed or appurparant therefore provided, further that the appropriate amount of obligations secured thereby does not exceed the greater of (c) \$80.0 million and (c) \$, 25% of Tatal Assets at any time automoting and no such Lien may secure obligations to an amount that exceeds the Pair Market Value of the assets or property acquired as of the date of acquisition;
- (7) Lieux exturng Indebiedness or other obligations of a Reserved Scholdlery of the Company to the Company or another Respicted Subsidiary of the Company?
- (6) leases, subleases, freeness or sublicenses granted to others which do not materially interfere with the ordinary conduct of the husbows of the Company country of its Resulcted Substitionies.
- (g) Lieus arising from Unificent Commercial Code disancing surement filters regarding operating leasur entered into by the Company and its.

 [Restricted Subsidiaries in the ordinary operator of flustices]:
 - (10) Liculty acquing Indobtedness permitted to be incorred under the Warking Capital Facility, including any letter of credit Section relating therets, that was permitted to be incurred pursuant to clause (3) of the delimition of Fermitted Indebtedness;
- (11) Lieus in lavor of the Issuers or any Countainor;
- [12] Their on the Equity Interests of any Unrestricted Subsidiary securing Non-Resource Indebtedness of such Unrestricted Subsidiary;
- (13) Wants of affice in wind after reclinatory diseases in the publicary course of business;
- (14). Liens in usure any reflusiving, refunding, extension, conswel of replacement for successive actionacings, refundings, extensions, sensivity or replacements) as a whole, or in part, of any Indobtedness accural by any Lien referred to in clauses (4), (5), (6), (28) and (34) of this definition.

 Involved, Jawayer, alpit (a) such new Lien shall be finited to all or part of the same property that

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- secreted the original Lien fully improvements on such property) and (y) the indebtedness secured by such Lien at such time is not focreased to any ariginal treater, committed employ of the indebtedness described under clauses (4); (5); (6); (28) and (34) of this definition of the time the original Lien become a Permitted Lien under the indentate, and (6) as antown insecstacy to pay this less and expenses, including promiting, related to such refinancing, related to extension, related to such refinancing, related to extension, related to such refinancing, related to extension, related to such refinancing.
- (15). Idens arising out of specifical salt. (ille referrior, consignment or should arrangement for the salt or surchase of goods endeed into in the
- (16) Liens included to secure cash management sorvices or to implement tash explinic transgements in the ordinary course of business and Liens, arising by views of any statutory or common law provisions teleting to banker's Liens, rights of set-off or statilar sights and remedies as to adjust accounts or other funds resimilated with a depositely to linearist institution.
- (17) any encumbrance corrected him (including purind call arrangements) with respect to Capital Stock of any Initial venture or similar arrangement purposes to any initial venture or similar agreement.
- (13) any amounts hald by a creater in the flieds and accounts under an indemore securing any resenue boods issued for the benefit of the featurer any Rustinger Subsidiary.
- (19) judgment Liens not giving rise to an Event of Didhutt to kopy as such Lien is adequately builded and any appropriate legal proceedings which may have been didly totaled for the review of need judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expined;
- (20) infor survey exemptions, minut excusobrances, exements or restrictions of, or rights of other far, licenses, rights of way, sewers, cleans he had properly of Lions incidents to the resolution of the formation of the format
- (24) his interest of Aile of a lessee under any Capitalized Louis Obligation; provided that such Liens do not entered to any property of assets which is not leasted property subject to such Capitalized Louis Obligation;
- (22) Liese upon specific items of inventory in other goods and proceeds of any Person securing such Person's jobilizations is respect of bankers.

 Superplaners issued or created for the account of such Person to facilities the processes, supposed or specific inventory or other goods:
- (23) Dives straining reimburgament abligations with respect to commercial lenges of coadh which are and economics and echar property relating to each letters of credit and products and proceeds their of:
- [24] Lions encapharing deposits made to secure obligations arising from statutory, regulatory, contracted, or warranty regulators again and the Company of the Subsidiaries, including rights of affect and securit;
- (25) Lieus coming Parmined Hedging Transactions and the casts than of
- (26) Lieus resuring ledditedness coder Curvery Agreements.

THE HOME HE TO SUMME THE STATES SEPTEMBERS OF THE

- ... (27) Liens with respect to obligations of any one time constanting that do not exceed the preserve (x) Salid million and (y) 1.25% of Total Assess;
- (28) Lions sections indicated in the commentation of perchast of using featheding MSR Assets) by the Company or any of its Restricted Subsidiaries (including any acquisition of Cupital

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- Stock or by means of a morger, unaulguration or conscillation with artino the Company or any Restricted Subsidiary). provided that any such then may not existed any other property owned by the Company or any of its Restricted Subsidiaries of the time the Lien is incurred and the field bequites 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 for that the unables of indistrictions secured by such them does not exceed the parchase price of the assets purchased or constructed with the proceeds of such Indebtedness;
- . (29) Liens an Secaritistian Associated the proceeds thereof incurred in Connection with Pennified Sconfidestan Indebtedness of pennified gustantees:
- (30) Liens on apread accounts and credit columnesment results. Liens on the stock of Restricted Subsidiaries of the Company substantially all of which accounts and credit enhancement assets and Liens or interest in Securilization English in raich case incurred in composition with Credit Enhancement Agricultures.
- (11). Liens to secure Independents of any Foreign Subsidiary of the Company or Excluded Resortered Subsidiary according Indebtedness of such Foreign Subsidiary of the Company or any Excluded Restricted Subsidiary that is permitted by the terms of the trakenture to be incomed.
- (22) Liens (b) of a collection bank strong coder Section 4.74 of the Uniform Commercial Code, at may compareble or excessive provision, on them in the router of the enthuring deposite furtheling the right of ret-off within the general parameters customery to the banking industry.
- (431). Liens notely on any each express money deposits made by the Issuar or any of its Restricted Subsidiaries in consecutor with any haner of intentormineture surgainment.
- (34) Liens accurring hidebrodness interpret to limence the purchase of MSR Assets ("Acquired MSR Assets") by the Company or any of its descricted Subsidiaries, including any acquirition of Capital Stuck or by means of a merger; amalgoration or canadiation with or into the Company or any (restricted Subsidiary), provided that (1) any such Lien may not extend to any other moperly what day the Company or any of its Restricted Subsidiaries at the line the Lien is incurred and the lindchedness accurately the Lientany not be incurred more than 180 days after the aspiration of the property subject to the Lien and (3) the aggregate amount of indebtedness accorded by the Acquired MSR Assets in such perchase days not exceed the property subject to the Lien and (5) 0% of the purchase price of such Acquired MSR Assets in such pay any face and expenses related to such acquisition (the property engineer of 3 000 of the property and to such acquisition (the property and the subject of the subject
- (35). Lieus to secure instituentese of the Services Dusties of Originations John Venture that is permitted by the terms of the Indenture to be incorred covering only the assets of the Services Busilius of Originations John Venture, as applicable.

"Parmined MSR Indebtodance" means MSR Indebtodances; provided, that solely as of the date of the incorrence of such MSR Indebtodance, the unwint of any exercia (determined as of the most record days for which internal financial statements are available) of (s) the brought of any such MSR indebtodances for which the holder during the customental records to fix Conjuny is its Restricted Subsidiaries in satisfy claims with respect to such MSR indebtodances for which the holder decides for matters aged as it may be provided and the provided with the provided with the provided of the mistaplication over (y) the regregate (without depleation of smoothest Realizable Value of the assets that secure such MSR Indebtodances shall not be Permitted MSR indebtodances (but also decided to be a new incorrence of Indebtodances subject to the provisions in the coverant decided above codes the exploid "Industrict to Incurrence of Indebtodances within access that it is entitled to be industrial as a subject of Particles Stock" except with respect to any other provisions in the coverant in the coverant control of provisions in the provisions in the coverant.

described above updes the capital "- Limitation on Incurrence of Indebieshess and Isotonics of Preferred Stock"). The arround of profescular Permitted MSR Indebertures as of envidence of descentination shall be calculated in accordance with AAAP.

"Psymithed flasidual indubicidiess" frams any indebicidiess of the Company or any of its Regiricial Subsidieses under a Residual Funding Fasility; provided that solely as of the date of the incomence of such Permitted Residual Trabibilities, the amount of any excess (determined as of the most recent data) for which internal financial transcriptions are available to (a) the amount of any such Permitted Residual Indebtedress for which the holder thereof has congrativel recourse to the Company or its Restricted Substitutes in satisfy claims with response such Committed Residual Indebtedness that including constitutions to the first state of the first state of the control essets that seems men permitted. Australia Indubuldies what he decined not to be Fermitted Residual Indubercioses (but shall not be desired as the state incurrence of full chiefless subject to the provisions in the coverent described above united the caption "-Limitation, or incurrence of indebitations and Issuance of Preferred Spock" axcept with respect in, and rootly to the expect of, any such excess that exists upon the initial incurrence of such Indobedieses Which excess shall be civilical to be accused pursuant to may other provisions in the coverant described above under the confident—Limitalism on frecuency of independents and issuence of Propertied Stock I of the Company or such Resident Supstitling, as the case may be all state line.

"Posnived Securification fodelisedness" made Securification leakisedness; provided that (1) in connection with any Securification, any Wandowse Indepredicts or MSR, indepredicts used to finance the practices, origination or gooding of any Receivables subject to such Securitization in regald in connection with such Securitization to the entern of the set precede received by the Company and its Restricted Subsidiaries from the applicable Securitization Entity, and (ii) solely as of the cire of the recurrence of such Permitted Socialization indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) of (a) the emount of any such Securitization Inselved less for which the holder thereof has: contraction recourse to the Company or its Respirated Substances to early chines with respect to such Secondardian Indebtedness (excluding repourse for matters such as fraud, misapprepriation, breaches of representations and warranties and misapplication) over (1) the aggregate (without duplication of ambunist Bealtrapie Vapue of the useem that secure such Securification indebtodates chall not be Permitted Securification indebtoshes first shall not be desired to be a new incorpure of Indebicaness subject to the provisions in the coverent described above eacher the coption "-Limitation on incurrence of insected mass and issuance of Professed Secret exist except with respect to, and colely to the extension, any sigh excess that exists upon the initial propriete of such indicated associated. which excess shall be entitled to be incurred principal in any other provisions in the covening described above under the copylion — Librarian on Incurrence of findsbudgesy and (spaceural Preferred Smok."):

Peruliped Servicing Advance Facility indebtedness income any indebtedness of the Company of any of his Rusticed Sulpidiaring incurred under a Servicing Advance Facility, provided, however that coldinas of the date of their correspond from Recording Servicing Advance Facility indebtellhoss, the amount of any excess preformland as of the most received are for which intomal financial successions are available; at (x) the annual of any such Permitted. Servicing Advince Fachlity Independences for which the holder thereof has companied decodes fother than publication such customary carrie-out materix for which such Person us as Restricted Subsidiaries note us a quaremar to connection with such tradelicitiess, such as fraud, ansarproprietion, breaches of representations on universities and missipplication, unless, and seed for so long as a counterpreparation performance has been made discussifier (which has not been satisfied in which line the adifiguious with respect to any such exclanary curvature shall not be considered Ness Recourse indebtedoess, to the extent that such claim is a linding of such Person for CIAAP purposes) to the Company of histographed Substitution to smish claims with response each Promined Servicing Advance Exempty Indebudness over typine aggregate (without digilization of amountal Realizable Value of the assets that secure such Formulad Servicing Adverse Fucility Indebtedness thall has be Permitted Servicing Advance bacility Indebtedness that shall not be deemed to hearnest incurrence of leadstreadness subject to the provisions is the coverant described above under the continu

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"Limitation on trearrence of Indoblemess and Issuance of Pielened Stock" except with respect to, and sofely to the extent of any anch excess that exists
upon the initial incurrence of such leakinglass under a Softisting Advance Feelily which excess shall be emitted to be tocarred pursuant to any other
provisions in the consume described above under the emptor's allowing an incurrency of indebredness and Issuance of Preferred Stack I at the Company
or such Restricted Subsidiery, as the gape prof by, at such line.

"Permitted Wirschman Indettrethers" mount Warehouse incidencess, provided that sately as in the date of the incurrence of such Warehouse indebicdness, the amount of any excess (determined as of the most receive date for which internal financial statements are evaluable) of (a) the amount of any such Warehouse indebicdness for which thereof has connected recourse to the Company or in Restarcted Subsidiaries to emissly chings with respect to such Warehouse independences (excluding recourse for multiple such as found in the product of the provision of warehouse indebicdness (excluding recourse for mounts) Realizable Value of the secure such Warehouse Indebicdness shall not be deserted to be a new incurrence of indebicdness (but shall not be deserted to be a new incurrence of indebicdness (but shall not be deserted to be a new incurrence of indebicdness (but shall not be deserted to be a new incurrence of indebicdness (but shall not be deserted as a new incurrence of indebicdness and issues of incurrent persuant transparent provisions the coverant described above under the caption"—Limitation on incurrence of indebicdness which excess shall be entitled to be incurred persuant transparent provisions the coverant described above under the caption"—Limitation on incurrence of indebicdness and issues of Preferred Stock"). The amount of any particular Permitted Warehouse Indebicedness as of any date of descriptions the caption of the provision of the provision in accordance with GAAP.

"Person" means an individual, parasership, corporation, impremporated expendencin, trust of jobs venues, or a governmental agency of political subdivision decrease.

"Profession Stock" of any Ferson misus any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividuals or redunizations or notes liquidation.

"Countified Capital Reach" means any Capital Stock that is not Disqualified Capital Stock:

"Hypny Agencies" means Moody's and SAM.

"Realizable Value" of an excel means (i) with juspect to any NEO Asset the value realizable upon the disposition of such asset as ecompined by the Company in its reasonable dispretion and consistent with evisionary inclusive, practice and (ii) with respect to any other caset, the least of (a) if applicable, the free value of such asset and (y) the market value of such asset as determined by the Company in speciations will it is represent growning the applicable. Permitted MSR Indulusioness of Pountied Residual Indulusioness, as through the provided dispression approximate does not contain any related provision, as determined by tenior management of the Company in good field), "provided dispresses, that the realizable value of any used described in clause (f) or (ii) above which an analitimed third party has a binding communication in clause (f) or (ii) above which an analitimed third party has a binding communication in clause from the Company of any of its Respected Subsidiaries shall be the missimum price payable to the Company of such Respected Subsidiary for such asset pursuant to such contracted analizable and subsidiaries.

"Mecelvabler" make loons and other manyage related receivables (including Servicing Receivables etcl MSRs but excluding Servicing Receivables interests and not interest an application of a margin accurately purchased or interest by the Company or any Assirted Subsidiery of the Company or, with respect to Servicing Receivables and MSRs, otherwise aroung in the ordinary course of the company of the contract of a Receivable at any three such accurate the described in accordance with CaAP, consistently applied, as of the most recent practicable date.

"Refinance" means, in exepted of any security in Indibutainss, to refinence, execut, rather, refind, repay, prefers, defease to refine or to issue a accurity or Indibutedness in executing at replacement for, such security or Indebtackers in while or in pass "Refinanced" and "Refinancing" shall be reexecutive meanings.

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Refinencing ledebicdness" means any Refinancing by the Company or any Subsidiacy of the Company of Indebtedness locatred in exceedance with clauses (1): (4), (13), (14), (13), (23) or (29) of the defidition of Permitted Indebtedness, and in each that flow not:

- (1) result in an increase in the appropriate principal amount of indebtedness of such Person as of the each proposed Religiousing failed his amount of any premium required to be gold under the come of the insurance governing qual-indebtedness and plus the embine of reasonable expresses incurred by the Company in connection with such Helmonding and amounts of laddbredness otherwise parallel to be insured and the ladenture); or
- (2) create Indebediuss with a Weighted Average Life to Majority that is less than the Weighted Average Life to Mounty of the Indebediases being Refinenced; on a final mountly earlier than the final mountly of the Indebedialness being Refinenced; provided that (1) such Indebedialness is incurred either (1) by the Company at any Thumburg or (b) by the Restricted Subsidiary that is the obliger on the Indebedialness being Refinenced; and (1) if each Indebedialness being Refinenced is subordinate or jurior to the case, then such Refinencing Indebedialness shall be subordinate or jurior to the case, then such Refinencing Indebedialness shall be subordinate or jurior to the case, then such Refinencing Indebedialness shall be subordinate or jurior to the case of the same extension.

"REQ Asser" of a Porson enemus a real Estate assat invined by such Painso and exquired as a result of the fonctosure of other enforcement of a fine in such asset securing a Servicing Advance or foundable interpretable and encourage related receivables purchased or originated by the Company or any Restricted Subsidiary of the Company or any Restricted Subsidiary of the Company or any Restricted Subsidiary of the enduring of the artifact of the enduring of the content of the content of the enduring of the e

"Reciption Funding Facility" means my landing arongeners with a ligancial institution or landinations or other lenders in inschasers under which earliers in the Company or any Restricted Subsidiary secured by Residual Literaries

"Residual interests" means any residual, subordinated, insonce accounts and related a ownership interest held by the Company or a Restricted Societilisty in Securification Residues. Manchouse Facility Transcambar MSE Facility Transc regardless of Apother required to appear on the Research and the securification in accordance with TRAP.

Restricted threstment. Theoris on livestonear other than a Perceited Invisionalia.

"Reprilined Substituty" of a Person means any Subsidium of the actions for for his firm to Universitied Subsidium.

Argulfed Arrei Sule images one Asset Sale ilm is a result of expundingly lighter theighton of a quadarory role pight of obligation reliated to (1) MSRs, (ii) pools or portfolios of MSRs, or (iii) the Capital Such of any Person that helds MSRs or pools or portfolios of MSRs, which rights or obligations are obligations in existence on the Issue Date (or substantially similar in nature to such rights or colligations in existence on the Issue Date (or substantially similar in nature to such rights or colligations of existence on the Issue Date (or substantially similar in nature to such rights or regulations of exportant existence of the post of the providence of the providence of the post of the providence of the post of the providence of the post of the

"CAP" means sumbed & Pron's Ratings Survices, a division of The McCirco-Hill Companies. The Land its recessors

"SEC" moving the Securities and Exchange Commission;

produces and therefore the following with the contract of the Contract of

"Secured Dob" mass any Indebtedress secured by a Lien upon the property of the Company or any of he Respisted Subsidiaries (regardless of the Respisable Value of each respects).

"Experilling Apr" makes the Securities And of 1913, as amended, or any prescesor statute or statutes therein.

"Sycaritization" means a public or private transfer, sale or financing of Servicing Advances and/or mortgage loans, landalment comment, office loans and any other paper capable of being securitized (collectively,

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the "Seculification Assets" by which the Company or any offic Resulted Subsidiaries dressly or indirectly securitizes a paid of specified Secontration Assets including, Villimic limitation, any such transaction involving the sile of specified Servicing Advances or intergage loans to a Statistization Entity.

"Securitsallan Asses" has the meaning ser forth in the deficition of "Securitization."

"Securification Emply" means ()) any Preson (whether of not a Restricted Subsidiary of the Company) with binhol for the purpose of county seedbacked or merigaged backed or merigage pass-through securities of any kind (including collinealized morigage old gations and are interest margin securities). (ii) any spacial purpose Subdidiary comblished the the purpose of selling, depositing or conditioning Securial purpose find a Person department in clause til or helding securities in any related Securitization Entity, regardless of sibular such person is an issuer of mecunics; provided that such Verson is not an obligat with respect to any indebtedness of the Company or any Connection and (iii) any special purpose Subsidiery of the Company formed exclusively for the purpose of sulfelying the responsive Credit Enhancement Agreemonic and regardless of whether such Subsidiary is an issuer all executives; provided ricii such kurson is not an obligiot with respect in any indebiatness of the Company or any Contantor other than under Credit Indoncement Agreements. As of July 15, 2011, Astronaus Hame Egyliy Loso Trait 2000. A. Nationalar Home Egyliy Lian 2009. A. MEG LLC, Nationalar Microslage Advance Receivables Trust 2016-ADVI, Butlesstor Funding LLC, Majamerer Residual, LLC, Majonson Advance Funding LLC, Matingson Advance Funding II, LLC: Hollowing Agency Advance Funding: LLC, Nationstat Agency Advance Funding Tries, Nationsing Advance Funding 2012-W. L.E.C. Nationsing Advance Funding Trick 2012-W. Nationater Advance Funding 2012-A. LLC. Nationalar Advance Funding Trust 2012-R. Nationalar Advance Funding 2012-C. LLC, Nationstar Advance Funding Tries 2012-C. Mationstat Agency Advance Funding 2012-AW, LLC, Nationalar Agency Advance Funding Trust 2012. AW, Nationalar Advance Funding III LLC, Maticushii, Merigago Advance Receivables Trust, Nationalar Reverse Mortgage Advance Funding LLC, Walledistor. Reverse Montpage Advance Receivables Trust 2012-ACIVI. Manignous Servicer Advance Facility Transferor, LLC 2013-CS, Manigustur Servicer Advance Facility Transferor, LLC 2013-BC, Nationalar Servicer Advance Facility Transferor, LLX 2013-BOFA, Nationalar Servicer Advance Rebaivables Trust 2013. CS. Manionstar Servicor Advance Receivables Trust 2013-BC and Mechanists Servicor Advance Receivables Trust 2013-BOHA: chell be deemed to hansly the confined with of the foregoing definition.

"Securification Indefined means (i) includes the company or any of its Respicted Subsidiaries incurred pursuant to an estable sheet Securifications treated as throughouse and (h) any todebrodness atmisting of advances made to the Company or any of his Resulting Subadiantes based upon securities is ned by a Securitization Entity pursuant to a Securitization and acquired or retained by the Company or any of its Aestheted Subsidiaries.

"Services Surphers" means a Person to which the Company compliants one or more Subsidiaries or other assets that provides one or more services other thin mortgage screening or loan extransion, lookeding but not demind in one of mero, field services, valuation and tills services and exercises. ofter which consideration the Services Custness shall be deemed to include such Person and its Subsidiaries.

"Services Business Texal Assets", mouns the total assets of the farrica Dusiness, as determined consistent with the definition of Total Assets.

"Devilence Advances" means advances made by the Company of any of its Acameted Subsidiaries of its capacity as services of any manager chaled tourlyables to find principal, increas, escriby, foreclosure, incurance, the or other payments or advances wherethe barrower are its unitarlying receivable is delingued in making payments on such receivable, to enforce remedies, manage and liquidate REO Assets; united the Company or any of its Restricted Signification of her wise odyanees in its expacitly as services

"Torrively advence Facility" inches any funding arrangement with landers collapsed in whole or in part by Sandring Advances under which advances for mode to the Company in any of its Richarded Subsidiaries based on such collected.

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"Servicing Accordates" means righte to collections conter margage related secrivables, or allow rights to relative means of Servicing Advances that the Company tir a Restificial Subsidiary of the Company has mide in the codings of hustaces and on customary industry lamb.

Significant Subsidiary," with respect to any Person, means any Eubsidiary of such Person that satisfies the enteris for a "significant subsidiary forth in Rule 1-92 of Regulation & X under the Exchange Ach, as such regulation is in effect on the Issue Date.

"Sporsor" means Portress Investment Circup LLC:

"Subjectory," with respect to any Person, musius:

- (1) any composition of which the constanding Capital Stock has bug at least a majority of the surce contilled to be cust in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person, or
- any other furnin of which at least a majority of the roting interest under ordinary streamstraces to at the time, directly or indirectly, award by auch Parsons

"Taxable lincome" means, for any period, the texable income or loss of the Company for such period for federal bycome lay purposes.

"Total Arrives" primes the total assets of the Company and its Restricted Subsidiaries, determined on a consolidated basis in instordings with GAAP, as shown extile mind reconfluiture sheet of the Company with each per forms adjusticants as are appropriately and consistent with the proforms influencent provisions see forth in the skelinition of Fixed Charge Coverage Ratio

"Unrespricted Subsidiary" means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unitesticized Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

- . (17 has no legarisectures other than Mon-Recourse Indebudness and other indebudness that is that execute to the Company or any Resoluted Subsiding of any of their assets:
- except as promitted by the coverant described above under the caption." Cortain Coverants. Franciscions with Affiliales," is not party to any directoria, contract, arrangement in understanding with the Company or my Restricted Stanislary of the Company unless the terres of any such increment, contract, extendenced or understanding stemo less favorable to the Company or such Resultred Subsidiary than those that might be obtained at the time frame Persons who are not Affiliates of the Company.
- Is a Person with respect to which resident the Company nursely of its Restocical Substitution has any director indirect obligation [4] to substitute he additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified lovels of operation results; and
- (4) has not your ascent or intervise directly or indirectly provided statificapport for any ladiotedness of the Company or any of its Restricted

Follow Smos of any Person as of any date his and the Capterl Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

"Warshouse Facility" means any linancing arrangement of may kind. Including but not limited to. Unarroing arrangements in the form of appurchase facilities, hum agreements, note issource facilities and communical paper facilities feachading in all cuses, Accuritizations), with a financial insiliation or other lender or purchaser

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exclusively to dig timmes or refinence the purchase, origination or thinding by the Company or a Restricted Subsidiary of the Company of, provide tunding to the Company or a Restricted Subsidiary of the Company through the transfer of, listen, mornings to listed securities and other mornings, related acceptables, purchased or originated by the Company or any Recurreted Subsidiary of the Company in the ordinary course of business.

(ii) finsact the funding of or refinence Servicing Advances; or (iii) lineace or politicate the carrying of RDC Assets related to bear and other morningsislated reactivibles durchased or originated by the Company of any Redivised Subsidiary of the Company, provided that such purchase, origination pooling. funding, refinancing and carrying is in the ordinary bourse of business.

"Parchouse Facility Trust recans any Person (whether at not a Restricted Subsidiary of the Company) established for the purpose of issuing nates of other securities are backed by specified Servicing Advances parchesed by such Person from the Company or any other Restricted Subsidiary, or (ii) ristes and securities are backed by specified managing John's purchased by such Person from the Company or any other Restricted Subsidiary, or (ii) ristes and securities are backed by specified managing John's purchased by such Person from the Company or any other Restricted Subsidiary.

Waterboure Indebtedness' means indebtedness in connection with a Warehouse Facility; the amount of any particular Watehouse Indebtedness as of any date of determination shall be calculated in accordance, with GAAP.

Weighted diverge Life to immunity means, when applied to any indebtedness. Disquelified Capital Stock on Professed Stock, as the case may be, as any date, the number of years obstance by dividing: (1) the meanstanding aggregate principal amount of such indebtedness or redemption or alimber; payment with respect to such Disqualified Capital Stock by Freshred Stock into (2) the sum of the total of the products obsaided by multiplying (1) the amount of each then remaining installment, sinking fund, actial motority or other required payment of principal, including payment of that motority, in respect thereof, by (1) the number of years (calculated to the newestrance wellflif) which will elapse between such date and the making of such payment.

"Profly Channel Restricted Subsidiary." of any Person messes any Restricted Subsidiary of such Person of which all the ourstanding valing securities.

[inder than in the case of a Pincipa Subsidiary, thracket's qualifying states or to immunicial amount of charts required to be expect by other Persons pursuant to applicable law) are corned by upon Person of any Wholly Owned Restricted Subsidiary of such Person.

"Working Capital Facility" messe (i) any indonture or credit facilities in commercial paper facilities with banks or other institutional facilities in commercial paper facilities or child banks or other credit facilities or commitments permitted under clause (I) of the definition of Permitted Indebtechess and (ii) any indontures or credit facilities or commercial paper facilities with hanks or other institutional feeders or investors that extend, replaces refund, refunding a reserving and of the leans, notes, other credit facilities or commitments therefore including any auch replacement, refunding or animalizing facility in indecture that alters the maturary thereof, as evolvage energy to unreaded finelying any exceedings and restatement the text), supplemented or otherwise maddled from these textures.

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CENTAIN U. S. PEDERAL INCOME TAX CONSIDERATIONS

The linemal Reserve Service has issued recent guidance that further delays the implementation of the Poteign Actional Tax Compliance provisions of the United States Diving Inservives to Restore Employment Action Tax Compliance, FATCA personly will not upply by debt securities issued before find not imperially modified up or other) July 1, 2014, and withholding requirements with respect to discress will not be delayed too of other and other securities and that Therefore, as was also the case today the limitation by reason, regulations, we do us underpose that FATCA withholding will apply so the costs.

For a discussion of certain other U.S. federal income tax considerations rout may be relevant to investors in the notes, see Certain U.S. Federal Income.

Tax Canaldonations, in the accompanying prespectus.

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BENEFIT PLAN INVESTOR CONSIDERATIONS

The following is a summary of crasin considerations associated with the practices of the units by (a) amployed benefit plans that are subject to Tale Lof . (By U.S. Employee Retirement accounts and other agrangements that are subject to Tale Lof . (By plans, individual ratesment account and other agrangements that are subject to Section 3975 of the hestrail Resignar Code of 1936 (the "Code"), (b) emitted whose underlying assets are considered to include "plan assets" of any employee benefit pain, plan, exception Code of 1936 (the "Code"), (c) emitted and onlying assets are considered to include "plan assets" of any employee benefit pain, plan, et are subjected in proceeding classes (b) or (d) any governmental plan, church plan, non-U.S. or other laws of codes, investor whose purchase of heiding of the additional agree would be subjected to provision under any federal, steen, lood, non-U.S. or other laws of regulations that are similar to such provisions of ERISA or Section 4975 of the Code (being referred to Cultivatively as "Similar Laws") (each entry described in proceeding clause (a), (b), (c) ar (d), a "Plan").

General Fiduciary Matters

ENISA and the Code impose certain divide an parsons who are fiduciaries of a Plan publicat to Title I of ENISA to Section 1973 of the Code (as "ERISA"), and prohibit certain transactions involving the assure of an ERISA Man and its fiduciaries of other interested painties.

In considering on investment in the additional notes of a portion of the assets of any Plan, a fiduciary should determine whichted the investment is in a detectable in with the desuments and instruments physiming the film and the applicable provisions of FRISA, the Lode or any Similar Law relating to a librariant of the Lode or any Similar Law relating to a librariant of the Lode or the Code or confidence in the Code or confidence of the Love or the Code or confidence of the Love of the Code or confidence of the Code o

Prohibited Transaction Issues

Section Managery West come Lat. (1269), Black of his level of the

Section soft of BRISA and Section 4975 of the Code probabil ARISA Florations engaging in specified transactions layofying plan orders with persons or emittee who are "parties to inscress," within the meaning of BR 1811, or "disqualified parsons," within the magning of Section 4975 of the Code, unless preexemption is available. A party in interest or disqualified parson who engages in a non-exempt, prohibited franciolism they do subject to excite target and other penalities and flabilities 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 perchies and liabilities under ERISA and the Code. Panies in increas or aliqualified parsons could include, without limitation, us, the underwriters, the triston, the principal paying spent, the holders of the 10% Oxidentines or any of their respective officers. For example, the acquisition under holding of noise by an EMISA Pean with respect to which we are considered a party in interest or a disqualified person may constitute or result in a direct or indicest prohibited transaction under Section 40% of ERASA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance Willi.... an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued pushibited transactions class exemptions ("FUCLES") that may apply to the acquisition and holding of the additional news. These class exemptions include, without limitation, PTCE Bir 14 gelating of transactions determined by independent qualified professional used managers. FTCE 98-1 printing to investments by insurance company pooled separate accounts. FILE 91-38 relating to investments by bank collective investment funds. FFCE 95-60 relating to linestments by life insurance, company general accounts and FICE 96-23 relating to massissions determined by in-house asset menagers, although there can be no assurance that all of the conditions of any such exemptions will be initialised. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may provide a firm and exemption for the purchase and boiling of the eddicional notes, provided that neither a party in interest on disqualified person nor any of their advilates has on exercises any discretionary authority or control or renders say investored subject with respect to the assets of any EHISA Plan involved in the measuriton and provided Bribor that the BRISA Plan pays no more, and receives no less, than edequate constituent in normation with the transaction (the se-called "service privider exemption").

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Accommental plaint, aga-U.S. plans and cortain adarch plans, white not subject to the prohibbed transaction provisions of DRISA and Section 1975, of the Eoda, may neverticliss be subject to Similar Laws which may affect their investment in the additional roles. Any Adversary 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 being the analysis of describing and to determine the need for, and, if uncessary, the availability of they encounter the role of the consult with its counsel to determine the need for, and, if uncessary, the availability of they encounter thein and to determine the need for, and, if uncessary, the availability of the problems of the foundation of the need for and it is a supplicable.

Because of the foregoing, the additional noise should not be purchased or hold by any person investing "plan assets" of any Plan, unless each purchase, and indicing with not constrain a non-exempt prohibited transaction under INISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

Representation

Accordingly, by accommon of a senior nois, each purchase and alluquent timisferes of a senior nois will be defined to have represented and manned of the essent used by seek purchases or transferes to acquire and hold the most constitutes assets essent used by seek purchases or transferes to acquire and hold the most constitutes assets of any Plan or (it) the number of the noise by disk purchases of transferre will not constitute or result in a number of the noise of transferre will not constitute to result in a number of the noise of transferre will not constitute. Assets of the noise of the noise of the noise of transferre will not constitute that the constitute of the noise of the no

The foregoing discussion is general in near and is not intended to be all inclusive. Due to the complexity of these rules and the panalities that may be imposed upon persons involved in consecurity prohibited unhanderious. It is writerably important that identicals, or other pursues considering probating the additional notes on behalf of, we with the issues of, any film, consult with their course legarding the potential applicability of ERISA. Section 4975 of the Carle and any Similar Laws to such investment and window as exemption would be applicable to the purchase and holding of the routs. Purchasers of the additional notes have enclusive frequestation for ensuring that their purchase and holding of the routs do not violate the flowelisty or prohibited transaction rules of ERISA, the Code or any Similar Laws. The sale of any notes in a flow is in manageneous factorious and relational requirements that such investment indicated relational requirements any properties for such floor generally or any particular flow.

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UNDERWRITING

Subject to the terms and conditions of the underwriting agreement direct the three of this prospectus supplement, the underwriters named below have agreed to pulsibate from us, and we have agreed to ealt, the aggregoto principal amount of ecolional notes set forth below:

Underwieders.

Credit Sulese Securities (USA) LLI.

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of access of figures. \$,225,000,000 \$225,000,000

The underwriters are officing the additional notes subject to their acceptance of the additional notes from us and autisms to prior sale. The underwriting agreement provides that the obligations of the underwrises to pay for and accept delivery of the noise offered by this promestre supplement are expised to the approval of certain legal matters by their counset and to exclude after conditions. The underwriters are colligated to take see pay for all of the notes offered by this prospectes supplement if any such additional notes are taken.

The underwriters initially propose to offer the notes to the public on the offering price lived on the caver of this prospectes supplement. After the initial . Affering of the noise, the applicable offering price and other selling terms tray from time to time be verted by the representatives.

We have appeal, during the period deginality from the deer of this prospecture applications and continuing through the date of days after the date of this prospertus supplement, not to offer, sell, continue to sell or wherehe dispose of or this everylabilion absorbed in marcel of except with the prior consent of Credit Solace Securities (USA) LLC, any accurrics of Nationalar Marigage LLC, Nationalar Capital Corporation, or the guarante's which are studies to the notes of recurling exchangeable or convertible into debt securities similar to the notes.

We will pay the underwriting discounts and commissions of 1.3% of the public offering drice per exhibitated note, for a local of \$1,375,000.

We estimate that our show of the total expension of this offering, excluding unconvising dissuints and commissions, will be appresimately \$500,000, which includes an amount not to exceed \$150,000 that we live agreed to reimburse the undervellers for excess expenses incurred by them in exacestion with

We end the underwriters have agreed to indirantly such other niterial contain liabilities, including liabilities under the Secontles Act.

We do not intend to apply for listing of the notes on any partianet recumies exchange. The underwriters have advised us that the underwriters may make a market in the notes after completion of the officing, but will not be obligated to do so and they discontinue any market making notivities at any time without natice. He assurance can be given as to the liquidity of the trading market for the notes of that an active public market for the notes will exist or develop. If an series public training market for the noise does not exist or develop, the market introduct of thousand the noise may be enversely effected.

th connection with the offering of the additional notes, the underwriters may engage in manuacilians that stabilizes maintain so otherwise affect the price of the additional tistes. Specifically, the underwriters may overallos in connection with the offering, creating a short position. In addition, the underwriters may bid for sed purchase. The notes in the open market is cover syndicate about positions or in sublifier the prior of the notes. The underwriters also may impose a penelty bid. This recuire when a particular underwriter repays to the exclerivations a portion of the excelsivation discount retained by it because the regresconstines have repurchased values and by or for the account of such underwines in stabilizing or short covering transactions. Any of these activities may

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Subilize or equinate the market price of the cases show independent market levels, but no representation is made hereby of the inagnitude of any effect that the transactions described above may have set the market price of the index independent so required to engage in these spit office, and may engage in those activities, and may end any of these activities, and may end any of these activities, as any time without notice.

The underwriters and their respective affiliates are full kinden ibancial inativities sugaged in various sequilies, including securities inadiage, commercial and investment bankless, financial edvisory, investment partners, principal investment, hedging, financing and brokerage activities. Certain of line and investment and their espective affiliates have, from time to time, performed, and rary in the future portains, various financial advisory until investment and commercial backing services for us, for which they received at they received out of many feet and expenses.

In the ordinary course of their various business activities, the underwriters and their respective atificiales may make or hold a broad array of investments and actively saids debt and courties for related derivative securities; and financial instruments (which may include bank home and/or credit default aways) for their cavit second and for the accounts of their customents and may at say time feeld long and short prejitions, in such accounts of his accounts and instruments. Such broassments and securities are investing may involve experience of their affiliates in affiliates have a louding relationship with us, certain of these underwriters or their affiliates required perfectly, and certain of these underwriters or their affiliates would bedge their areal exposures to us considered with their consistent of their affiliates would bedge their appeared by aftering into brancations which consist of other the practices of credit default swaps or the credit of their positions in our securities, including potentially the notes of lered hereby, and account and hereby the notes of lered hereby, and affiliates may also make layestomin rescontinuous activities and their affiliates may also make layestomin rescontinuous solutions which affiliates may also make layestomin rescontinuous solutions in such solutifies and instruments and may hold, or recommend to effects they acquire, four and or short positions in such solutifies and instruments.

To the extent that any underwriter that is not a U.S. registered broker-dealer fascade to effect any sales of the poles in the United States, it will do so through one of more U.S. registered broker-dealers as permitted by Financial Industry Regulatory Authority regulations.

Helatlanships with Underwriters

Therein Ministral Mengalis (C. 4. Str. Lendon 1977, 1897).

Credit Stains AC, an attitude of Credit Stains, the underwriter in this aftering, is a halder in respect of variable finding notes issued by our PIMART Financing facility, for which Credit Suisse AG is also the Administrative Agant. Credit Suisse AG is also the lender under our \$175 million secured servicing advance facility (which was temporarily increased to \$250 million from July 2013 to January 2014), which we entered but to fund cartain servicing advance receivables we acquired in connection with the acquisition under the BAINA Purchase Agreement. Credit Suisse AG is also the lender under our \$400 million Wardington Finding. Further, Credit Suisse AG is the lender under our \$2.3 million Weakington Finding. Further, Credit Suisse AG is the lender under our \$2.3 million WEART-CS Financing Facility. Credit Suisse was also an initial purchaser or underwriter, as applicable, in connection with the offerings in April 2012 and 1619 2612 of our \$2.55% Senior Notes due 2019, the offerings in Spiciember 2012 of our 7, 183% 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 2021, the offering of Asset-Sacked Notes in January 2013 and was also the lead manager of our offering of Asset-Backed Notes in January 2013 and was also the lead manager of our offering of Asset-Backed Notes in June 2013 and was also the lead manager of our offering of Asset-Backed Notes in Juneary 2013 and was also the lead manager of our offering of Asset-Backed Notes in Juneary 2013 and was also the lead manager of our offering of Asset-Backed Notes in Juneary 2013 and was also the lead manager of our offering of Asset-Backed Notes in Juneary 2013 and was also the lead manager of our offering and Backed Notes in Juneary 2013 and was also the Junear 2022 and the offering of Asset-Backed Notes in Juneary 2013 and was also the Junear 2022 and the Offering Agant 2021 and
We intend to continue to actively seek ablificous scryicing acquisitions from third parties, notentially including from the uniformiters or their affiliates. In connection with such acquisitions, we may enter into additional borrowing arrangements, including with the uniformiters or their affiliates.

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European Exondedic Area

In relation to each Member State of the European Economic Ares ("REA") which has implemented the Prospectus Descrive (each, a "Relevant Member. State 1, soul, undervaited his represented and agreed that with office from and mobiling the date on which the Prospectus Directive is implemented in that Reliving Member State the Reliving Implementation Pate") if his not costs and will not make an offer of notes which were public of the effect contemplated by this prospectus supplement and the occompanying prospectus to the public in that Relevant Member State (the "Scott inco"), except lead in rary, with effect from and including the Relevant Implementation Data, make an offer of such Securities to the public in that delevant Marrier State;

- (a) at any time to any legal entity which is a qualified investor as defined in the Prosperms Directive:
- (b) at any time to figurer than 100 or. If the Buleyant Miscolor State has implemented the relevant provision of the 2010 PD Amending Directive. 150, natural or legal pursons (after their qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the interseccodeswiller or underwillers respinated by us for any such offer, ca
 - fel et uny titre in any other elecunistances falling within Article 1/27 of the Prospective Disselve.

provided that no seek offer of Securices referred to in (a) to (c) above shall require us in any underwriter to problem a prespectus presents to Article I of the Prospectus Directive or a supplement to a prospectus presente to Article is of the Prospectus Directive.

For the purposes of this provision, the expression on "ofter of additional notes to the public" or any similar expression in relation to any becausies in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the office and the Securities to to offered so as to enable an investor to decide to purchase or unseenby the Securities, as the super may be varied in that whenhor sime by any museum implementing the Prospectus Oirective in that Meinber State, and the expression "Prospectus Directive" means Directive 2001/1000 and uncodinegas theselo. including the 2010 PD Amsording Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Referent Member Siste and the expression "2010 PM Amending Directive" means Directive 2016/71/EL:

The HEA rolling restriction is in addition to any other selling restrictions set out below.

United Kingdom

tioch underwriter has supresented and agreed that:

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- this has only communicated to caused to be communicated will only communicate or place to be communicated un invitation exhibited ment to sugges in investment activity (within the meaning of Socilor 2) of the Financial Services and Markets Act 7000 ("No FSMA")) received by it in connections with the issue or sale of any mass in elecumstances in which Section 21(1) of the PSNIA does not apply to us, and
- (ii) If has complied and with comply with all applicable provisions of the PBMA with respect to anything done by it in relation to any additional notes in, from or intervise involving the United Kingdom.

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VALIDITY OF THE ADDITIONAL NOTES

The validity of the additional noise and guarantees affected by this prospectes supplement will be passed upon the us by Cleary Confiel Steen & The variety of the admittant noise and generality is not producted appeared. According Training LLP, Delies, Tours, and Dykena Gossen.
Handlon LLP, New York, New York, Hass, Berry & Sunn PLE, Mengdas, Trainings, Greenberg Training LLP, Delies, Tours, and Dykena Gossen.
Hall, Minneapolls, Minneapol, Certain legal metters will be passed upon for the underwriters by Skadden, Arps, State, Member & From LLP, New York.

New York. EXPERTS

The consolidated financial sintements of MM11 appearing in the MM11 2012 From 10-48 have been multied by Error & Young LLP, independent regionally public accounting firm, as set forth in their report thereon, included therein; and incorporated herein by reference. Such consolidated financial submitted are incorporated herein by inference in relieves than such report of the publicity of such firm we expecte in accounting and auchting: 2-62 And the second s

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PROSPECTUS



Nationstar Mortgage L.L.C

Nationstar Capital Corporation

Debt Securities

which may be fully and perconditionally guiranced by Newtongar Managoge Holdings Inc. and vermin of its subsidiories

Nationstar Mortgage Holdings Inc.

Common Stock
Depositary Shares
Warrants
Praferred Stock

splich may be fully and uncouldifunally guaranteed by certain substituties of Nationstar Moxigage Holdings lipc

The following are types, of securifies this National's Mortgage 1.4.C and Millionator Capital Christian (together, the "Debt Co-Institute") may allow issue and sell-from time to time, or that may be said by solling security holders from time to time, aspectional separately:

debt securities, which may be littly and uncombinitally quaranced by Haticrestar Mortgage Holdings Inc. ("NWHI") and execute of the subsidiaries

The following are types of securios that MMHI may offer, issue and sell from time to since or that may be sell by setting security wilders from time to time, regulator or separately:

- · abuses of its common slock
- whores of its preferred stock, which may be guidanteed by existin of its audistriances
- · denositary sharest and
- warrants to purchate equity securities.

Any of these accordes may be offered logather or supermy and in the or more series. If any, in annuals, at prices and in adder learn to be determined at the sine of the offering and described for you in an eccompanying prospectur supplement.

We may offer and self these securities through one or more underwritere, bettern or agents, through undergriting cynoticites managed or or one or man underwriters, or discelly to purchasers, on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe in detail the plus of distribution for that offering.

To the extent that any selling security bolder resells any exputities, the selling security holder may be required to provide you with this prospectus and a prospectus supplement identifying unit containing specific information about the solling security holder and the terms of the securities being offered:

The common stock of NMH is lived on the New York Stock Exchange (the "NYBE") under the armbal "NSM" Each perspectus supplement will incline it use securities offered thereby will be listed an ony escentites are burge.

Investing in our securities involves risks. You should consider the <u>risk instars</u> described in any secompanying prospectus supplement and in the documents we incorporate by reference.

Friber the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of three securities of passed.

open the accuracy or usequary of this prespectus. Any representation to the contrary is a criminal affecte.

The date of this prespectus is May 28, 2013.

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Common Use Februal Inscende Tax Considerations
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We are reaponsible for she information consider and incorporated by reference in this prospectus. We have not authorized anymae to give you any other information, and we take he respecibility for any other information that others may give you. We are not include no other is self these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporates 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.

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ABOUT THIS PROSPECTUS

This prespectus describes some of the general terms that may apply to the debt securities of the Cu-Issue's and common stock, preferred slock, described an amplement to the specific terms of any securities to be effected will be described in amplements to this prospectus. The prespectus supplements may also add, upitate or charge information contained in this prospectus. Any statement that we make in this prospectus will be modified or superseded by any inspectus shadonious made by us in a prospectus supplement. The prospectus may not be used to offer and sell securities—onless accompanied by a prospectus supplement.

You should read noth this prespectua and any accompanying prosperable supplement, the documents incorporated by reference in this prospectua and and "incorporation of Certain Documents by Reference" before you make your investment decision.

Unless we have indigated otherwise, or the context otherwise requires, referenced in this prospective to "Notionaler," the "Company," we," "us" or "ose" refer collectively to Publif and its subsidiases, including the Debt Context. In the continue of Description of the Debt Securities," references to "see" "us" or "on" includerally the Debt Contesses and per Modell or any of its after subsidiaries. In the sections entitled "Description of Cammon Stock," "Description of Prefered Stock," "Description of Depositacy Shares" and "Description of Varrants," references to "see," "us" or "one" include only Kallificant not the Debt Contesses or any of the references of Modell.

AVAILABLE INFORMATION

NMHI is required to file amount, quarterly and concent reports, prony statements and other information with the Securities and Exchange Commission.

(the "Shi"). The Delt Codsource and the subsidiary generators are exempt from these information reporting requirements, You may read and copy any documents that NMHI files at the SEC at testo regiment of the N.E., Washington, C.C., 20549: Please call the SEC at testo-SEC 0330 the forther information on the public reference room. The fillings of NMHI with the SEC are also available to the public through the SEC a website at http://www.sco.gov.and.through NYSE, 11 Wall States, New York, New York 10005, on which the continon also ket NMHI is tasted.

This prospectus is part of a registration statement on Form S-I 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 contact or other document of the Company, the reference is made in this prospectus to a contact or other document of the Company, the reference is only a statement, and you should refer to the extribite that are a part of the registration statement at the SEC a public reference room in Washington, D.C., as well as through the SEC a public reference room in Washington, D.C., as well as through the SEC a public reference room in Washington, D.C., as well as through the SEC a public.

INCOMPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the differention contained in despinent; that we file with them, which means that we an discloss incorporate by reference to the means that we file separately with the SEC. The information incorporated by reference is aconsidered to be port of this prospectus and any accompanying prospectus supplement. Information in this prospectus suppressed afformation incorporated by reference that we filed with the SEC prior to the that of this prospectus, while information that we file later with the SEC prior to the that of this prospectus. While information contained on 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 american. We incorporate by reference the documents listed below and any finant fillings we make with the SEC under

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Sestions 1 Ma). (May, 14 or 1574) of the Securities featurage Act of 1934 this "Exchange Act") on or other the date of this prospectus and before the securities are before the securities are before the securities are represented by this protectors.

- * The Annual Report of SMHI on Form 10-K for the year anded December 31, 2012, as their on March 15, 2013 (the 2012 Form 19-K-1).
- * The Delianive Press Statement of MANTI on Schedule 14A. in filed on April 15, 2013 (other than information in the Definitive Press Statement that is not specifically incorporated by reference in the 2012 Form 1976):
- The Junitary Report of White in Form 10-17 for the quarter creted March 31, 2013, as filed on May 7, 3013; and
 - The Currers Reports of MM99 on Form 8-15 as filled on January 10, 2013, February 4, 2013, Pebruary 5, 2013, February 6, 2013, February 7, 2013, February 21, 2013, May 9, 2013 and May 23, 2013 (of which there are three), Warel 26, 2013, May 9, 2013 and May 23, 2013 (of which there are three), Warel 26, 2013, May 9, 2013 and May 23, 2013 (of which there are three), Warel 26, 2013, May 9, 2013 and May 23, 2013 (of which there are three).

You can request a copy of these filings at no ever, by writing ar culling us as the following excluse:

Mattimatur Merugoga 350 Highland Drive Lawisville, Texas 75057 Telephoni: (468) 548-3003 Kun, Investor Heldilone

Special note regarding forward looking statements

This prospectus and any prespectus supplement contain and inscripting by reference "forward-looking statements" within the meaning of Socian 274 of the Securities Act of the Securities and the statements of Distortical facts. When used to this discussion, the words "antisipate," "appears," "believe," "forward looking statements. These statements are intended to intendify forward looking statements. These statements are accepted to the office of the securities of the securities and the major of superstanding the office of the securities and data that majorities imprecise or incorrect. Specific factors that may impact performance of other predictions of fature actions have, in cases but not all cases been identified in connection with specific factors that the statements. There are a number of imparities for the could cause fature results to differ materially from distorical performance and these forward-looking statements. Factors that only is account of the could cause fature results to differ materially from distorical performance and these forward-looking statements. Factors that might cause such a difference reclide, but are not displaced to:

- s the dolay in our forceleaure proceedings due to inquiries by cestain state Anomeys Ceneral, court of ministrators and state and lexeral posentionent
- the impact of the engoing implementation of the Dodd-Frank Wall Street Referenced Consumer Protection Act of 1970, including rules lessed by the
 Consumer Figuresia Protection Esseau (the "CFPR") relating to medicage servicing and originations and the continuous exaction of one backness
 toggon by the CFPR, on our business activities and practices, easily of openations.
- the impact on our servicing provides of unforcement consent orders equires, and agreements entered into by certain federal and state agreement with the largest mortgage services and angeling lequiries regarding proof rose bank marriage services;

Increased legal proceedings and planed costs;

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- the continued uncertainty of the residential accepted market, increase in monthly payments on edjustable rate mongage loans, adverse economic conditions, decrease in property volucional increase in definition.
- the description of the market for reserve mortgages and horses in forces out to most for reverse mortgages.
- our ability to efficiently service higher rick licens;
- a courability is militare the increased risks related to servicing reverse more segret.
- our ability to compere successfully in the morneye town exceleting and more app town originations including
- our shifty to maintain or grow the stree of our servicing portfolio and realise our significant investments in personnel and our technology platform by anccessfully identifying sursource appoisition apportunities, including motigage servicing rights, subservicing compacts, servicing platforms and arremains platforms:
- our ability to seede up appropriately and integrate our acquisitions to realize the anti-pated beautits of any such potential future acquisitions;
 including potentially significant acquisitions;
- r our autstantial indebiedness may littli due fleuncial and operating acquites and our ability to book additional debito fund factor notes.
- · sur ability to obtain solucient capital to meet our forancing requirements:
- out ability to green our loan originations volume;
- the heralication of our servicing rights and subservicing comments;
- * Changes to federal, state and lovel leave and regulations concerning foun servicing, from origination, to mustablication at the licensing of entities that
- changes in state and federal layer that are edverse to mortgage services. Which increase coasts and operational complexity and impose significant
 penalties for violation;
- . loss of our licenses;
- · our ability to most depain serioris or characteristics under the indument governing our scountized posits of leans;
- our ability to follow the specific quidelines at government speasors unterprises or a significant change in such guidelines,
- · delays in our ability to collect or be reimbured, by survising advances
- Stunges to the Horra Affendable Modification Program, Home Affordable Refinence Program. Making Home Affordable plan of office stufflar government programs;
- e changes in our husiness relationships with Fannic Mac. Freedic Mar. Dianic Mac and others that facilitate the intronse of impressed backed according
- · "throngs to the nature of the guerantees of Fannie Mac and Freddie Mac and its market implications of such changes;
- retroit in our financial models of changes in assumptions
- requirements to water description of cortain essent.
- · changes in prevailing interest rates:

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- · our ability to accuratedly incidents our risks through hodging strategies.
- · changes lo our servicer wildys.
- the recurrency and completeness of information about borrowers and counterparties;

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- our ability or malaista our technology systems and our ability to indipl such systems for ilsure operating environments.
- Tallure of our internal security measures or breach of our priving prospetions;
- failure of our vendors to comply with servicing criteria;
- is the loss of the services of our senter managers.
- * Induce to oppure and receive a highly addited work force;
- changes in public applica contenting analysis prigitation in debt collectors;
- · changes in secounding shouldinds;
- toward action of interest with the principal stockholders and
 - other fiscions, including the other section discusses in "Rise Factors" in the documents tradeparated by reference in this perspectus.

When considering these forward booking endoments, you should keep in mind the cautionary smoonents in this prospectus, any prospectus supplement: and the decuments incorporated by reference. We do not undertake any responsibility to release publicly any revisions to these forward-locking stamments is dakcinia accours evenue or eleginasianece that occur after the date of this prospectus. Additionally, words not instantake any responsibility to update you on the occurrence of any mannicipated avenue, which may reduce usual results to differ from those expressed to implicate these forward-looking statements.

· COMPANY OVERVIEW

Wave one of the largest residential mentgage services companies in the United States, offering a broad array of acressing, originalise and residentia services to improved insignators and equisomers. We have been use of the finitest growing marriage new icers than 2007 as manipued by growth in aggregate impoid principal belonce ("IFB"), having groun 34, 1% arminally on a compounded basis through Warch 21, 2013. As of March 31, 2013, we serviced over 1.4 million residental triatiques frans with an aguregate UPD of \$312.5 billion. In April 2013, we closed on a \$22 billion agency servicing contollaesquistion. Pro forms for use agency portful in requisinon and the obelog of the private label securitization excitation under the mangage secretary rights. pundanse and sale agreement between Halianatan Marigage L.L.C. and Hank of America, Mational Association, dated as of lanuary 6, 2011, we expect our LPB to be approximately \$435 billion. Our allegts include national and regional banks, government organizations, securitzation trivis, private investment funds and other primers of residential mortgage from and securities. As of April 10, 2013, we implied over 6,200 people in the Linked States and are a Remsed servicer in all 30 states.

In addition to our cate servicing business, we also operate a firsty integrand to an uniquestion and such of odjaceor businesses, which we call "Solutionstar," designed to meet the changing nesse of the mortuge industry. Our originations platform complements and enhances one servicing business by allowing us to replement our servicing position as home pay off over hims, while Solutionals, brackless our product offerings by providing managine related services apsending the life cycle of a morngular fram. We believe our integrated approach, together with the everyth and diversity of currencing operations and our strategies for growing additional partional of our distiness with committee capital enthrys twater we refer to as our "capital light" approach, position as lo take nitrainings of the rision structural changes carriently of contring across the manage industry.

Maliconar Mortgage LLC is a Deluwate limited liability company and was formed in 1994 in Denvez, Colorado as News Credit Corporation, a News 2s. corporation. In 1997, Nova Credit Corporation moved its executive offices and primary operations to Texas and changed its name to Centex Cutific Corporation, in 2001, Center Cordii Corporation was integed in Center Home Laury Coursely, LLC, a Delivery limited liability

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company in 1996, I'll Mi Holdings LLC four "Initial Buckfolder") acquired all of the operanding membership interests in Centra Home Equity Company, LLC from changed its came as feationain Mangage LLC. National Capital Corporation, a Delawate corporation, is a whally event an interest of Plationater Mangage LLC formed solely for the purpose of being a experience co-leaver of dela securities.

In March 2012. NMHI completed an initial public offering and related reorganization transactions pursuant to which all of the equity interests in Patronal to Mortgage LLC were transferred from our initial Stockholder as two direct, whichly owned antistidences of NMHI. Traiting in common stock of NMHI on NYSE commenced on Morth 8, 2012 circle; the symbol "NSM." As of the date of this presentation periodic transaction of the symbol stock of the witstanding common stock of NMHI. FIF HE Holdings LLC. in turn, is principally owned by certain private equity funds managed by an affiliate of Formess favesiment Change LLC ("Formess"). Formess to leading global investment management firm with approximately \$\$5.5 bifflen in few paying assets under management as of March 31, 2013. Formess is headquartered in New York and has affiliates with offices in Adama, Daller, Frankfurt, London, Los Angoles, New Capana, Philadelphia, Rosne, San Francisco, Shatghai, Singapone: Sydnoy and Tokyo.

Our executive offices are topoged in 180 Highland Dajve. Leveloville. Texas 75007 and may deliphone number in (469) 549-2000.

MSKTACTORS

laxisting in our accurities involves risk. See the "Lisk Feelers" scenies in any accompanying prospective supplement and in the documents incorpagated by reference in this prospectus for a discussion of carein literary that you should consider buffors investing in our securities.

USE OF PROCEEDS

Unless minerwise sor 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 cortex of accurates is offered, the prospectus supplication relating in that offering will set first our intended use of the net proceeds recoved.

Joint the sale of these accurates.

Unless otherwise set fould in a prespectus supplement, we will not receive any proceeds in the event that the securities are acid by a selling execute finite.

RATIO OF EARNINGS TO FIXED CHARGES

The feltenning table are furth intermation regarding our ratio of eachings to fixed charges for each of the periods shown. For purposes of calculating this ratio, (i) examings consist of five enterings for constant for a five entering from the first constant of interest expense, which includes emorphismion of deferred finance charges, and imported interest on our tease obligations. The interest component of confused the first expense of a reasonable interest factor in the inception of the leases.

Table of Contacts

We had no extending strates of professed stock for the periods shown below. Accordingly, the extre of combined fixed charges and professes dividends to the mile of combines a fixed charges to the periods there is identical to the mile of combines a fixed charges for the periods there is before.

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Rails of comings to fixed charges

(1) Lumings for the years ended Described 41, 2008, 2009 and 2010 were madequate in construct disease from the coverage deficiencies were \$157.4 mallion. \$83.9 million and \$9.9 million, respectively.

DESCRIPTION OF SECURITIES

This prosperies contains surringly dosulptions of the debt securities, common stock, preferred stock, depositing shares and generals that we as selling accomplete the complete the cripitiens of each security. The particular terms of any security will be described in a related prospectus supplement. If noncessary

DESCRIPTION OF DEBT SECURITIES

This resulted describes the general terms that will apply to any describes that we pay offer pursuant to this prospectus and a related prospectus supplyment. The specific game of any offered debt socialises, and the extent to which the general terms described in this section apply to these debt socialises will be described in a related prospectus supplement within time with a sillne offering. The prospectus supplement, which we will file with the SEC, may or any not modify the general terms found in this prospectus. For a complete description of any series of debt securities, you should read both this is objectus and the prospectus supplement relating to this series of debt securities.

In this section, reforences to the "Company," "we," "us" or "out" include only the Debt Co-Estuers and an MMH or any of the other subsidiaries of MMH. As used in this section, "dail sociation," means the debenures, notes, bonds and enhanced of indebtedness of local pursuant to this prespectus and an accompanying prospectus supplement and authoritizated by the relevant rustes and solvered under the indepture.

We not issue debt securios under an indentar to be entered into beloved us. Wells Fargo Bank. Unicari Association, as inisted, and contain of its subsidiaries as potential properties, as supplemented from time to time. This indenture, as supplemented, is referred in in this prospectus, as indenture, as supplemented, is referred in in this prospectus. If a different number or a different indenture for a series of debt indenture is used, those desails will be propided in a prospectus supplement and the forms of any other indentures will be filled with the SEC of the time they are used.

We have summarized below the restorial provisions of the incenture and the debt excitive, or faultened which makes provisions will be described by a releved processus supplement. For facility and any should read up indexture. The indenture is an exhibit to the registration statement of which this prospectus faces a just. The indicating summary is qualified in its entreiv by the provisions of the indicature.

Ceneral:

The debt executives that we may after under the indecays are not thinked in apprepais procless account and may be queconized by WMH and vertain of the debt accountes may have different terms. The terms of any sories of debt executives may have different terms. The terms of any sories of debt executives may have different terms. The terms of any sories of debt executives will be described in, or determined by surface the any sories of debt executives will be described in, or determined by surface the any sories of debt executives of any sories of determined by the angeled of directors of the application of the federiture relating to the research.

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The prospectus supplement relating to any series of sheld accurative that we may offer will exact the price of prices at which the debt recurities will be gillered and will epochic the specific some of that series. These terms may include the following:

- . the talk of the series:
- the trushese price, despinituation and any limit upon the vegregate principal unrount of the series.
- thochies se dates on which each of the grinoisal of and pramium; if any, on the securities of the series is payable and the mothod of decomination.

 Thereof:
- the rate of cases at which the securities of the series that bear interest, if any, or the method of calculating such rate of rates of interest, the date or dates than which such interest shall accurate the date of the securities of which such interest shall be determined, the interest gayment dates on which such interest shall be payable and the record date of any.
- A whicher and the assem to which securities of the series will be government.
- is the place of places where the principal of (and premium, it any) and interest, it any, our securities of the across shall be payable;
- · the three or places where the securities may be exclumed or construct
 - the period or periods within which, the price or prices of which, the corrects or currences (including corrects) unit or calls) in which, and the other lights and conditions upon which, solution of the earlies may be redeemed, in whole or in paint at our option, if we see to have that upilion with temperature to the applicable action:
 - our obligation, if any, to redeem or purchase securities of the series in whole or in pair purchasu to any sinking fund or analogous provision or upon the happoning of a specified event or at the option of a holder thereof had the period or periods willow which, the price or prizes at which, and the other series and conditions upon which securates of the series shall be redeemed by purchased, in whole as in 1819, pursuout to such obligation.
- · if rither than decommunities of \$1,000 and any increase multiple itereof, the denominations in which severales of the series are issuable;
- (Fother than LLS) dolling, the currency of continuites (including choices) unit or units) in which payments of principal of (and primition, if any) and interest, if any, on the series shall be commitment, and the particular of the series shall be commitment, and the particular provisions applicable thereso:
- if the payments of principal of fund premium, if anyl, ar intension is premium, if any, on the southflick of the secretary in the reader, at our of a holder's election, in a currency or currency including currency unit or units) other than that in which such securities are denominated or designated to be payable, the currency of correncies (heliotopic currency unit or units) in which such payments also to be made, the fermit and combines of such payments and the manner in which the exchange that with respect to such payments shall be determined, and the particular provisions applicable.

 Therefore,
- If the amount of payments of principal of (and premism, if any) and deterest, if any, on the secontities of the secon shall be determined with reference in an index, formula or other method (which index, formula or product may be based, without limitation, on a surrouncy of carrencies (including, currency unit or units) other than that in which the associates of the series are denominated or designated to be payable), the index, formula or other method by which such aircoids shall be determined.
- If other than the principal stream thereof the perturn of the principal containt of requirities of the series which shall be determined;
 Reselections of the metality theoret pursuant to an event of default or the method by which such position shall be determined;

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- sky modifications of or substitute to the seems, of delimit or coverants with respect to securides of the series or say modifications of or additions to subjudination provisions with respect to subjectionical debracturities.
- . phelbes the securities of the series will be indicated the highest of covering the course of provider the indemness.
- a likelier is no the cruster. The identity of the registral and may paying agence and
- may other terms of the series.

We are not obligated to istue all debt seminfes of one tones at the same time. Unless otherwise provided in the prospectus supplement we may wilkness the consent of holders of any series of debt securities, increase the principal amount of the series by issuing additional debt securities in the father on the same throne and conditions, except for any difference in the issue price and increas necessary may to the issue and with the same CUSIP number, so long as such additional deal securities constitute part of the name issue as the debt securities continually intend, for U.S. federal income tex purposes. The debt securities enginally issued and any additional debt securities would tank equally and middly and would be trusted as a single series of debt eccurities for all purposes under the indeposes.

Interns

Unices officialise specified in the prospectus supplement. It may payment done with respect to debt separation falls off a day that is traduced day, we ::: will ninke the payment on the nest huncess day. The payment made on the test business day will be treated as though it had been made on the original. payment Jods, and no interest will acome no the pryment for the additional sector in the discount

Debi Concanters

Escupt at described in the prospectus supplement with respect to any script of debrase unities, our debrase unities out be guaranteed by bimid and scripts extendingly of MMAL, which we referred to in this seriou as the "gibraniers." Any composes of debt securibes will be direct, unconditional. conscioused and manybordinated publications of the respective guaramous:

ti, for any reason, we do not make any required parament in respect of any quantities debt security when due, whether on the normal due class, on personation of extending or eitherwise, the guammers with respect to the guarantees that are then in effect will cause the payment to be reside to or to the order of the trestee. The highest of a gununised clear recently will be untilled as payment under the gununiters of the gununiters which taking my action who recent

The guarantee of a guarantee will be released apparenticably with lespect so any series of acts securities as provided in the applicable indemons

Ranking

The noise and the coluced governoises will be due and the governoise general unsecuted conjunished eleganess, respectively, and will:

- rank equally in right of payment to all of our and the quintations' existing and future indebtedness and other configutions that are not, by their terms, expressly submidlinated in right of payment to the make and the guarantees.
- tank nerves in right of paymon to very of our and the gunnators existing and future sensor autorithment and subordinated incept senses and other obligations that are by their terms, expressly subordinated in right of payment to the notes and the guarantees, and

Takin of Combines

. be effectively juntor in right of payment to all around the quantous assisting and figure sonion escured indebtedness and other obligations to the raion of the rates of the names accurring such individuous and other obligations.

The applicable prospector supplement will indicate whether one may asken the debt securities proceed their meaning date. It we recease the debt extractive price to meanify, the applicable prospectus supplement will indicate the redamption price, the modern for modern and the date or dates upon which we may recent the debt securities.

Except as described fectors or in the prospectus supplement with respect to my series of alcot securifies, the indenture limits our solidy cost the ability of Our publisheries to

- · incur programmen midilional indebtaduess.
- :: * incir lizas;
- - meta investments:
 - consolidate, marge, soll or adversion dispose of contain assets; and
- * coter into transactions with our affiliates.

These company we subject to important exceptions, limited and qualifications as disordered in the inclusive and the amplicable prospectus supplements:

tinless onstrofes indicated in the prospectus supplication, coversus sommed in the indenture will be applicable to the series of delt securities to which the possisches oppolariere relates so fone as any of the delection in that series are our sanding.

The indeptors provided that we stall furnish to the trustee sill reports that NMH1 is required to be filed with the SEC on Forms 10 O. 16 K and N.R. Weshall also pomply with the other provisions of Section Ald of the Trust indenture Aus of 1919; as amended, which we roke to to the Trust bedening And

Consolidation, Dierger and Sale of Assets

odidakton, Merger und Sele of Azsets The indontaris prohibits as from aquisolidating with or increding will coring, or selling, transferring, leasing, conveying or otherwise disposing of all as sobstantially all of our property or assets in, unother purson threlading pursuances a scanney arrangement), whether in a single transpolution scarles of related trensactions, unless:

- and most cetain theorist ratios impiediabily after giving effect to such instantion.
- we are the surviving earlie person formed by ar any early any each consolidation or mergor ar to which such sale, transfer, lesses, conveyance .compar disposition is rando it a percon organized in the United States of America and expressly assumes the due and panetual regular of the tribelial of food themping it only and increst on all the deer recorder and the bertannance of every covernon of the beginning on our part to be perfermed or observeit
- immediately ther giving effect to such monactice, no area of default, and on event which, after notice of lapse of time, to both, would become an corning default, shall have happened and be continuing; and

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we have saturated to the region of the respective adjunter and that all conditions precedent provided for at the respective industries and that all conditions precedent provided for at the respective industries and that all conditions precedent provided for at the respective industries and that all conditions precedent provided for at the respective industries to another than the respective industries and that and that the respective industries and that another precedent provided for at the respective industries.

Upon such a consolidation, margor, sale, masser, lease, conveyence or other disposition, the specessor person formed by the consolidation or with or him which we are integed or to which the sale, mansler, lease, early removes or other disposition in made will accessor to, and, except in the case of tease, he inframined for, we under the indenture, and the prodecessor corporation shall be released from all adjugations and coverants under the indenture and the debt according.

... Events of Defoult

The indexture provides that it an event of defeats shall have accurred and be continuing with respect to any series of debt securities, then either that busice of the holder's of not less than 25% in customoling provided amount of the debt accurring of the debt accurring of the series may declare to be due and payable immediately the constanding principal amount of the field accurring at his affected series, together with interest, if any, accrued thereon, provided, downver, that of the average of default is any of certain avenue of bankruptey, intolvency or reorganization, all the debt accurring topy with a provident of the providence of the partial decision of the holders.

Under the indenture, an event of default walt respect to the west recurling of any series is any one of the following availes

- · default for Il days in payment when the of any interest this will respect to the och instabilizated that recias;
- s delays in payment when the of principal (whether a stated maurily, upon redemption (if anglicable), upon any required amurchass by as lift applicable) of otherwise) of or of promium, it my, in the deby securings of their section.
- default for the observance or performance of any other cavanant or agraement continued in the industry that continues for a period of 50 days after we require written notice specifying the daying (and dynamiding that the default he remedied) from the trade in the holders of at least 25% of the period of according to the continue then constanding of that series:
- dictions to pay the principal mozant as final maturity findlinding the beestamen of the stated final insteady) of indobleduess in an eggregate turbul of \$25 million or more;
- 4. This judgenerits in an aggregate amount of \$25 million or more oil days or more offer such judgements became final and unappealable;
- · community one of bankruptoy, insolvency and reorgan much with respect to us, of the relevant subsidiary guarantom. If any,
- · Unic debt satisfied of that reports guaranteed, a guarantee crosses to be to full force and effect (other about increasional with the indexinus) or my guarantee devices on disalfiture its obligations under his grapulitee, and
- e spry ishor event of default provided with respect to their recording of their schemes described in the applicable prespectus supplement

If corning peops of debugged accordingly be continuing, the mustoe of the holder of at least 250% in principal amount of the thun huntending data securifies issued under the indicapare to be due and payable by neither to the first principal of and secured offeres and the notes issued under the indicapare to be due and payable by neither to the Company and the poster specifying the responses event of default and that it is a "notice of acceptance," or the "Acceptance Modes," and the same shall became immediately thus and payable.

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If terrain events of default with respect to bank injusy, insolvency and morganization occurs and is continuing, their all unpaid principal of, and parameter, if any, and arranged and amound defent on all of the their solutional mais; leaved indee the indepture shall theo facts become and be immediately due and poyable without any declaration or exist act on the part of the trusteer any holder.

The bubber of a majority in apprepair principal unusual of the their outstanding relections and exhibition may write any existing default or event of the principal of or interest on any notes:

Holders in the notes may not enforce the indepture or the notes except as provided in the indepture and under the TVA. Subject to the praverous of the indepture indepture of the trustee, the nustee is under to obligate the region of the rights of powers under the indepture at the regions, order or discense of any make holders writes each holders have affected to the interest indepture exist before to all provisions of the indepture and applicable life, the holders of a majority in principal amount of the third absummanding notes assued under the indepture have the right to the interest the interest in an indepture of a majority in principal amount of the trustee of extending any proceeding for any remark available to the instead and or power contends on the trustee.

Usder the indenture, the light Co-liques are required to provide an efficient accrificate to the protess within live positive edge of any deteat drevent of the that has occurred out is countried in the state thereof.

Madilication

The training and we may append as supplicated the industries or the debusecurities of any series without the consent of any holder te-

- cure any releasite, and ignity, defeat or inconsistency:
- provide for uncertificated data scoundes in addition to at implact of sectificated dubt securities or in affecting provisions of the indenture relating to the form of the debt securities (locheding the related definitions) in a phanter that these but manerially adversally affect any holder;
- provide for the exercision of souther corporation to see obligations or those of a quarantee and the examplion of any series of dobt soccurities in the
 applicable quarantee by such successor, in accordance with the indenture;
- r recore our obligations in respect of the debt recordings:

Builty Hope wis thurse which strike Sandorines in which

- make any change that would provide any additional rights or broadits to the violders of all is any siries of clebs scenaries and that slose not adversely affect any such holder.
- * provide for the resumes of devi-securidar issued after the usua date ser forth in the indenture, in neverthence with the limitations see forth in the
- allow any gardines is executed supplicated indentine under a guivence with respect to the deferencies or to effect the defeate of any governor riomany of its obligations under its gardines or the indentine to the indentities by the indentities or to effect the defeate of any governor.
- . comedy with SEC requirements in roder to effect or multitain the qualification of the indepute under the Trust Indeptute Air. or
- to puch series of debt accorded or copplication the indenture or the centree of any series as described in the prospectus accordence, with tespect to puch series of debt according.

In secilion, except as described below, needs them and amendments of the indenture of this securities of any secretary the made by the quarter and of with the content of the bridges of a neighborst maintainding principal angum, of the dibbts contribes affected by such modification or amendment. In addition, subject to

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remain exceptions, the holders of a majority in apprepara principal amount of the consumations about the extractions affected may water our constitues with any provision of the industrie of the debt esserblies. However, so such modification of amendation and, without the consent of each builds affected thereby:

- rsdyco line amannt of dold accurifica whose holders must content to an outstillinent(
- recises the rate of or change or have the effect of changing the time for payment of interest, including defeated interest, on any debt escuribes,
- reduce the principal of or change or have the effect of changing the fixed minimized any och securities or change the doze on which any debt soponules may be subject to endamption or reduce the recomption price therefor:
- make any didu requisites poyable in manay other than that stated in the debt accurities;
- make not change in provisions of the indender projecting the right of each hower in receive payment of principal of and interest on such debit security on or after the due date thereof or in bring sent to enforce such payment, or permitting helders of a analonity in principal amount of debt. socialities lesient under the incenture to waive distribute or expits of default.
- value a despit of event of desput in the payment of principal of, or interest or permitten, or additional interest, if any, or the debt securities less rescusion of weederstion of the depresenties by the inflore of a loss a naturity in aggregate principal amount of the debt according and a waver of the payment details that resulted from such acceleration);
- after our obligation to perchase debt recurlies arises thereupder, amond, charge or modify in any charged respect the obligation of the Carbi Car-Issuers to make and consuments a change of control after in the event of a change of control or modify may of the provisions or definitions with
- readily or change any provision of the indenture of the celesed definitions effecting the reaking of this observation in amounter which adversely affects the halders.

Legal Belensaire and Covenant Deleasance

The Delth Ca-becom may, or their option and at any time, elect to have their obligations discharged with respect to the debt occurities. Such legal defeasures means thus we shall be deemed to have paid and dischinged the entire independence represented by the debt securities, except for

- the rights of holders to receive payments in respect of the principal of grantom, if any, and interest on the debrase mides when such payments are
- the issuers' abrigations with respect to the debrassarious concerning using temperary data accurities, registraction of debrase confiden, multiplied the proped, liest or ancien the breezewises and the maintenance of an office or agency for payments,
- she rights, powers, luxus, drittes and irritualities of the trusten and our addingtions in commettan therewith and
- inc provisions of the incomure regarding legal defeasoner.

In addition, we may, stroup apillan and at any time, elect to have our obligations telesivel with respon to a stain coverants that are described in the indentous and thereafter says ministractor to enoughy with earth addigations shall not constitute a default or event of thefault with respect to the debt excludites. In the event such coverion asterizance excurs, escalar excurs (not indicating, bonkrupicy, receivership, beingwalzulan, rehabilication and insolvency execus) described under the Tivents of Pelault' section in the including longer constitute an event of delault wilk respon 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

Electronically Filed
May 14 2015 02:46 p.m.
District Court Case Norace McLindeman
Clerk of Supreme Court

Appeal from the Eighth Judicial District Court of the State of Nevada, in and for the County of Clark, The Honorable Kathleen Delaney, District Judge District Court Case No. A-13-685616-J

APPELLANTS APPENDIX – VOLUME 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

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	2642 – 2643
(Jud Not Ex. 27) Bank of New York Mellon	2644 - 2667
Resolution Plan Public Section filed October 1,	
2013 with Board of Governors Federal Reserve	
System	
	2668 – 2669
E-mail from L. Bennett to T. Newberry dated	2670 - 2673
August 15, 2011 and response from T.	
Newberry to L. Bennett dated August 19, 2011	
(Jud Not Ex. 31) Nationstar Mortgage – New	2674 - 2675
York Stock Exchange Profile dated October 29,	
2013	
(Jud Not Ex. 26) Bank of New York Mellon –	2676 - 2677
October 29, 2013	
Evaluative Methodology/Proposal/Short Sale	2678 - 2680
Valuation	
Court Transcript from hearing on December	2681 - 2764
13, 2013 in Department XXV	
	(Jud Not Ex. 32) Nationstar Mortgage LLC Prospectus filed under Rule 424(b)(2) with Securities and Exchange Commission on September 25, 2013 Linked-In Profile – Daniel Marks (Jud Not Ex. 27) Bank of New York Mellon Resolution Plan Public Section filed October 1, 2013 with Board of Governors Federal Reserve System E-mail correspondence from L. Bennett-Morales dated September 30, 2011 E-mail from L. Bennett to T. Newberry dated August 15, 2011 and response from T. Newberry to L. Bennett dated August 19, 2011 (Jud Not Ex. 31) Nationstar Mortgage – New York Stock Exchange Profile dated October 29, 2013 (Jud Not Ex. 26) Bank of New York Mellon – New York Stock Exchange Profile dated October 29, 2013 Evaluative Methodology/Proposal/Short Sale

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XII.	(Jud Not Ex. 27) Bank of New York Mellon	2644 - 2667
	Resolution Plan Public Section filed October 1,	
	2013 with Board of Governors Federal Reserve	
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XII.	Court Transcript from hearing on December	2681 - 2764
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XII.	E-mail correspondence from L. Bennett-	2668 – 2669
	Morales dated September 30, 2011	
XII.	E-mail from L. Bennett to T. Newberry dated	2670 - 2673
	August 15, 2011 and response from T.	
	Newberry to L. Bennett dated August 19, 2011	
XII.	Evaluative Methodology/Proposal/Short Sale	2678 - 2680
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XII.	Linked-In Profile – Daniel Marks	2642 – 2643

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

Morningstar® Document Research[™]

FORM 424B2

Nationstar Mortgage LLC - NSM

: :: ::

Filed: September 25, 2013 (period:)

Prospectus filed under Rule 424(b)(2)

The information contained hardin may not be copied, adepted or distributed and is not excrepted to be accurate, complete or linely. The user againment in the environment of contained from any use of this information, except to the extent such damages or leaves cannot be draited or excluded by applicable law. First financial performance is no guaranise of future results.

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(1) Calculated pursuant to Role 457(1) under the Securities Act of 1933, to antended (the "Securities Act").

(3) Pursuant to Rule 457(11) under the Securities Ant, no registeration for is required with respect to the primaters.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 28: 2013

\$225,000,000

Wationstar

Nationstar Mortgage LLC Nationstar Capital Corporation

6.500% Senior Notes due 2018

The \$225 DELOCU aggregate placepal adoption of the bright novel boding offered nearby (the "antibional notes") constitutes a further tasking on the \$250 DELOCU aggregate principal monority of \$2,000. Senior Notes the \$2,000 Delocus on \$1,000. Senior Notes the \$2,000 DELOCUS and the senior of \$1,000. Senior Notes the \$2,000 Delocus on \$1,000 Delocus on

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Prospectus supplement deted September 24, 2013

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We are responsible for the information considered and incorparated by reference in this prospectus supplement, the accumpanying prospectus and in any free writing prospectus with respect to this effecting filed by us with the SEC. Nother we not the andowniters have subparised anyone to provide you with different information and neither we not the underwriters take any responsibility for any office information that others may give to you. We are not, and the underwriters are not, making no offer to sell our securities in any jurishistant where the affector sole is not permitted. You should not assume that the information emisland or incorparated by reference in this prospectus supplicates or the decument containing the information.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The linst pert 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 occuments incorporated by reference this prospectus supplement and the occumentying prospectus. The section part, the occumentying prospectus, gives more general information, some of which rity not apply to this offering. If the notes,

If the description of this offering of the notes in the accompanying prospectuals different from the description in this prospectua supplement, you should get you the information contained in this prospectua supplement.

You should read this prospectus applicment, the accompanying prospectus, the documents incorporated by reference into this prospectus supplicated and the additional information described under "Availente indications" and "Incorporation of Certain Documents by Reference" in this prospectus supplicates a before deciding whether to invest in the notes of fired by this prospectus supplicates.

Unless we have indicated otherwise, or the context attractively to Middle and its exceptions supplement and the accompanying prospectics to the discussion of the accompanying prospectics to the discussion of the accompanying prospectics to the discussion of the accompany of the accompany. The Cover page, in the section entitled "Risk Pectors" and in the scribon entitled "Destringtion of the social context to two, "us" of "our" include only National Managing LLC and Hallonster Capital Composition and not any office substitutes of Middle With respect to the section entitled "Prospectus Supplement Survency Survency Consolidated Phancial County inferences to "we," "us" of "our" include only National County in the section entitled "Prospectus Supplement Survency Survency Consolidated Phancial County inferences to "we," "us" of "our" include only National Marting at LLC and its substitutions and not any other activities of NAMI.

You should not consider any information in this prospective supplement of the accompanying prospective to be investment, legal or like advice. You obtained spour own connect, accommons and ather advisers for legal, use, trainess, linearial and related advice regarding the purplement into a prospective supplement.

Chinency appoints in this prospectus supplement are stated in D.S. dollars.

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This prospectus supplement is only being distributed to and it only directed at (i) persons who are obtained the United Kingdom of (ii) investment professionals falling within Article 19(5) of the Trancial Services and Narkets Act 2000 (Thankial Proceeding) Order 2006 (the Todas") or (iii) high set worth excites, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order fall such persons together being referred to as "relevent persons"). The rotes will only be overlable to, and only invitation, offer at agreement as substantial and activation of the order fall such persons and its contents.

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No retire has been at will be taken by us that would pennil a public oftening of the notes, or possession or distribution of this prospectus supplement or the separnoughing prospectus or any other offering or publishy material relating to the notes, in way country or jurisdiction butside the United States where, or in any circles the which, action for that purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and this prespectus supplement, the accompanying prospectus and any other offering or publicity material relating to the interior purished or published, in or from any country or jurisdiction sputide the United States except under chromosomers that will result in compliance with applicable laws and eighted as

AVAILABLE INFORMATION

NMHI is required to file amount quarterly and current repens, proxy materness and other information with the SEC. Nationally Mentgage LLC.

Mailonaler Capital Corporation and the subsidiery guarsenors are exempt from these information reporting requirements. You may read and copy any
documents that NMHI files at this SEC's public reference rooms at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC in 1.500-SEC-0310 for
further information on the public reference room. The filings of NMHI with the SEC is east which the public through the SEC's washing at
http://www.nec.gov.and.through NYSE, 11 Wall Street, New York, New York 18003, on which the common stock of NMHI is listed.

This prospectue supplement and the accompanying prospectue are part of a registration statement on Form S. I that we flied with the SEC. This prospectus supplement and the accompanying prospectus to act contain all the information in the registration distingment. Whenever a reference is made in this prospectus supplement and the accompanying prospectus to a contact or other document relating to us, the reference is analy a manuary, and you should refer the the exhibits that are a part of the registration statement of the exhibits that are a part of the registration statement at the SEC's public reference room in Washington, Ir.C., as well as through the SEC's website.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC silvers is to "incorporate by felerence" the information combined in documents that we ally with them, which means that we carrelecture important information in you by referring you to those documents that we septiately file with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. Information is this prospectus supplement and creates information. Incorporated by reference that we filed with the SEC prior to the doce of this prospectus supplement, while information that we file later with the SEC will automatically, operated appearant in the previously incorporated by reference into prospectus supplement. We incorporate by reference into prospectus supplement. We incorporate by reference into the state of the securities exchange had a securitie of the securities exchange had a securitie of the securities exchange had a supplement and before the fermination of the information of the recording of the recording covered by this prospectus supplement and terrary the fermination of the information of the recording covered by this prospectus supplement.

- The Annual Report of 1944() or Form 10-K for the fiscal year model Desember 31, 2012, in filed in Murch 15, 2013 ("MMH 2012 Form 10-K").
- The Definitive Proxy Statement of NIMIN on Schools 14A or filed on April 15, 2011 (other than information in the Definitive Proxy Statement that
 is not specifically, theoryteach by reference in the 1904H 2012 Fame 10-K.
- The Quertariy Report of Maldi on Form 10-Q for the genter ended Maich 31, 2012, as filed in May 7, 2013:
- . The Quarterly Report of NMHI on Form 10-Q for the quarter ended June 30, 2011, as Fled on August 9, 2013 [NMHI QZ 2013 18-Q]; and
- The Current Reports of NiANN 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 also be three), March 26, 2013, May 23, 2013 (of which there are also 1, 2013, June 20, 2013, July 3, 2013, July 8, 2013, July 17, 2013 (of which there are swo), July 22, 2013, and September 20, 2013.

You can request a copy of these filings at no cost, by writing or salling us at the following address:

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Nationster Morgege 130 Highland Daive Lawleylde, Texas 15067 Telephole: (469) 549, 1905 Awii: Inceptor Rollejions

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FORWARD-LOOKING STATEMENTS

This prospectus supplication contains and incorporates by reference "forward-boxing statisments" within the meaning of Section 27A of the Securities. Act if 1933, as amended (the "Securities Act"), and Specific 27B of the Fischings Act. Forward-boxing statisments include, without limitation, supernoves concerning plans, objectives, goals, projections, strategies, fluine events of performance, and underlying assumptions and other statisments. When used in this discussion, the words "aniscipate" "appears "Selicine" "foresee" intend. "Should." "expect, "intimute" project, "pin, "may," sould, "will, "are likely" and similar expressions are instanted to despity forward-looking statements. These statisments involved of any future flyangist will have fireformence, plans and amongsions and en thus flying flavors including, willow limited on, any future after a future section, but one all cases, been identified in connection with specific factors that may import performance or other predictions of future actions but on any all cases, been identified in connection with specific factors that may be appeared to the appearant factors that are not instituted in connection with specific factors that may import performance or other predictions of future actions but on any loss of all cases, been identified in connection with specific forward-looking statements. There are not important future actions are not finished. In difference include, but are not finished in

- the impact of the engeling implementation of the Guid-Frank Well Super Reform and Constants Projection &ct of 2010, including rules is such by the Consumpt Francial Projection Bursau (the "CFPB") relating to mortgoge sarying and ariginations and the continuing examination is but business: begun by the CFPB, proon business activities and perceites; yours of aperations and overall reputs of aperations;
- the impact or can carrie by procleose of enforcement consent week's against, and appropriate independent independent independent in the independent i
- · increased legal procuritings and related costs;
- die continue inceptating of the residentia mathage mother increase in monthly phymens inceptage falle medicine false described economic conditions, decrease in property values and increase in collegences and defaults:
- . the deterioration of the market for reverse mangager part increase inclosure basec roles for reverse mangaget;
- » one shiller in efficiently service higher risk loans;
- our ability to militate the increased risks related to servicing coverie mangagos;
- asimubni aqoilanigiro nuul apagroon bina gaisivron nool agagroon odt ni yllidassessa stagrigo un yalida nuu 🔸
- our ability to promain or grow the size of our servicing paritolic and realize our algorithm to recommend and personal our rechnology platform by
 successfully identifying auractive acquisition opportunities, including mortgage servicing flates ("MSRs"), subservicing contracts, strucing
 platforms and originations platforms.

\$ 8

- our ability to scale up appropriately und integrate pur ecquisitions to realize the uniterpated herefus of any such potential future augustions, including percentially significant countritions.
- · our substantial indebtedness may limit our financial and operating activities and our ability to incur additional data to find future medic
- · cer spility to obtain cufficient capital to meet but financing regularments;
- eer ability to great our loan originations volume:
- the termination of our earliching rights and subservings obstructs.

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- changes to federal, state and seem investigations in according bon respecting, for a argument to a modification of the licenting of culties that
 engage in dione activities;
- changes in abic and indepat lowe that are adverse to numerical surfaces which increase costs and operational complexity and inspect algorithms.
 penalties for violations.
- · loss of our licenses:
- our stallty to meet genator chierie or characterissus uniter the indentance governing our securitized pools of liams:
- our ability to follow the specific modelines of Luxury new sponsored collegives; or uniquificant charge in such gill collines;
- dalays in our stelling to collect or be remitted and for surviving selvences.
- Changes to the Horae Affordable Middication Program, Home Affordable Refinance Program, Making Hunte Affordable plan or other similar covernment groupens.
- chenges in our business relationships with Famile Mac. Freddie Mac. Counce Moc and others that facilitate the issuance of mortgago-backed extensives ("MED");
- * changes to the rounce of the quarteers of Fernic Mac and Fieldie Mac and the market intelligations of such changes;
- erross in our financial models or changes in useumplings;
- exclusionistic with detailuration of vertale assus:
- · changes in providing innerestance.
- our earlity to successfully malgate our risks through tedging susceptos:
- A changes to our servicer mingly.
- the accuracy and completioness of inflammarion alunch borrowers and counterparties.
- our ebillity to maintain our technology systems and our nisting to adam such systems for future operating environments
- * Billiage of our foremal security importants or beengh of that privacy protections:
- a failure of our wridow to comply with servicing chierla-
- · the loss of the sorvices of our sector monagers.
- * failure to enrich and retain a lootify shilled work force:
- * thanges in public opinion conscioung variety age triginators or debroodlectors;
- the delay in our fine closure proceedings due to implicies by certain some Anomeye Constal, your administrators and able and federal government
 agencies;
- changes in accounting standards:
- ing maladabatic injury and the chief in the children and
- other risks described in the "Risk Foreign" excurrent of this prespectur supplement beginning on page \$-10 and in decoupains decorporated by reference in this prespectus supplement.

These factors should not be construed as exhaustive and should be read in conjunction with the other configurery statements that are inclined or incorporated by reference in this prospectus supplement. The buward-building statements made in this prospectus supplement relater and the original of the prospectus supplement relater and the original of the statements are made. We do not undertake any obligation to publical and also on which the statements are made; We do not undertake any obligation to publical and also on which the statements are not or really for whether as a feight of now information, between developments or otherwise.

Tous of consens

If one or more of those or other risks or uncertainties moterialise, or if our underlying stageoglisms prove to be incorrect, our actual results may have appressed or implied by these forward-looking statements. We estate that you should not place undue restained on any of our forward-looking statements on any of our forward-looking statements. You should appellically consider the factors identified to the properties supplicated or incorporated by reference that could enuse actual results on differ. Furthermore, may risks and precedenties arter from time to that, and it is Impossible for us to predict those events or how they may affect us.

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PROSPECTUS SUPPLEMENT SUPPMARY

The following summary is qualified in its unitary by the more demiled aformanon included elsewhere or incorporated by reference into this is a subminist. It may not contain all of the information that is impariment to you. Before making an hayesment decision, you should read the entire prespectus supplication, the accompanying prospectus and the declarants incorporated by reference, including the section entitled "Rick Factors" in this prospectus implement and with MAHI 1012 Form 10 E.

Company Overvier

We are one of the largest residental managage structs companies at the Manada States, officing a broad array of strucing, offsituation and real estate services to marging the institutions and containment. We have been one of the fiscient proving managage sorvices above 2007 as measured by proved in appropriate impair principal belonce ("UPR"). Inving grown 79.6% annually on a compounded basis through June 30, 2013. As of June 30, 2013, we serviced over 1,0 million residential mornage bases with an aggregate LPR in process of 52 to 1 billion, excluding MSRs regulated substances to June 30, 2013 and private label according to the regulated under the BARIA Furchase Agreement as defined below. Our clients include national and regional banks, povernment organizations, securitization treats, private investment funds and other awarers of residential mornage from and scarrifus. As of Ray 31, 2013, we amployed over 7,700 people in the United States and securities.

In giddlor to our cap constitu business, we also operate a fully integrated loan originations platform and sufer of adjacent testinestes, which we can "Solutionstar," designed to meet the changing needs of the mortgone industry. Our uniquestlose flatform complianteus and enhances our servicing beginess by allowing us to reptents our servicing portfalle as leans may all overtime, while Solutionstar broaders our product afteriogs by providing trongene related services something the life cycle of a morseige loan. We selve our magnical approach, regener with the mergin and diversity of our servicing operations and our strategies for growing substantial portions of our futsions, with relational couldors (which we refer to as our "capital tight" approach), position us to take advantage of the major structural changes currently accurring across the marging lodinists:

Our executive offices are located at 350 Mightonii Litive, Lewisville, Texas, 15067 and our telephone number is 1469) 549-2000.

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THE OFFERING

The summary below describes the principal terms of the voles. Certain of the terms and conditions described below are subject to important huntations and exceptions. For should carefully review the "Description of the Notes" section of this prospectus supplement, which contains more iterated descriptions of the terms and canditions of the notes.

Issuers.

Nationalar Mongage LLC and National Capital Conformion."

Notes Offered

The \$225,000,000 aggregate principal amount of additional notice being offered hereby consultates a further issuance of the \$250,000,000 aggregate principal amount of the existing notes and forms a single series of debt are unities with the existing notes. The additional notes with bare rems identical to the existing notes, other than the risus date and offering price and will be fungible with, have the same CUSIP manber as, and you together with the existing notes as a single class immediately upon issuance.

Maturity Date

August 1, 2018.

interest Riste

Inicipal sin the notes is payable in such and accrues of a rate of 6.500% per annum.

Interest Payment Dotes

February | and August |, commencing February 1, 2014.

Guaranters

The notes are fully and unconditionally guaranteed on an dissectived senior basis by rach of our existing and lution demostic subsidiaries, when this our secondization and contain finance subsidiaries, certain other restricted subsidiaries and subsidiaries that in the future we designate as excluded restricted and unrestricted subsidiaries, and by the Parant Emilies.

Additional Notes

In addition to the additional holes, 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 forms and conditions and with the notes (CISP number as the notes. Any offering of any additional notes is indicate and extended described under "Description of the Notes.—Constan Covenents.—Unitation on Inquireces of Indobedness and Issueurs of Preferred Book." The additional notes although the known is a single place for all purposes under the indenture.

Hanking

1967 A. Marian W. Aleman W. A. Maria Carlo
The naive and the related grantances are our and the quantations' general insecured senior indebtedness, respectively, and:

mole equally in right of phyment to all of our and the granulors' existing and future:
 indefinedness seek other obligations that are not, by their jornes, exercisely subordiented in right of phymoni to the notes and the granulous.

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- r sink senior in right of payment to any of our and the guaranters' existing and fidure santor subordinated and subordinated indebtedness and other abligations that are, by their terms, expressly subordinated in right of payment to the moles sed the guaranters;
- one officerively junior in right of payment to all of our and the quaractors' existing and flavorsentur secured indestrulous and other obligations to the extent of the value of the assert sockering such indebtedness and other obligations; and
- are stipenum ly subscribendianed to all abbigations of each of our new generalization.

As of June 30, 2013, as adjusted to give effect to the issuance in July 2013 of the existing notes and this issuance of edditional notes, we and our guarantors had approximately \$7.5 hillion of itual indeptedness fincinding secured steet of approximately \$3.3 billion), and unused availability of approximately \$0.9 billion under our various financing facilities for tending airlivities. Now-guaranter subsidiaries held approximately 20.3% of our root assets and had that the first of \$2.4 billion as of June 30, 2013.

We may reduce the nerse, in adjocure in part, at any time prior to Angust 1, 2015 at a prior equal to 100% of the approprie principal amount of the bates plus the applicable "make whole" premium; as described in: "Description of the Notes—Redemption—Optional Redemption," plus accrued and append interest. If any, to the applicable redemption date.

We may respect the notes, in whale or in part, it any time on or after August 1, 2013 of the imprinciple redemption price specified in "Description of the Notes—Redemption—Content." A elemption, "plus accrued and trape id interest, if any, to the applicable redemption date.

In addition, we may industry up up 15% of the aggregate principal amount of the roces at any time on or prior to August 1, 2015 with the not each process from extrain equity offerings at the applicable addengation price specified in "Rescription of the Notes—Redemption—Optional Redemption (Proc. Equity Offerings," plus accrued and unpaid interest, it say, to the applicable redemption that.

If certain admigraal control execute became, we must offer to popurchose all of the notes at 101% of their principal amount, plus accused and unpaid interest. If any, to the repurchase dote:

If we will assets under coriain hircumstances, we will be required to make circlion to purchase. The notes of their face amount, plus accused and empaid habrest, if any, to the purchase date.

Optional Redemprium: ...

Change of Control

Asset Silles

Problem by March group Depresent Hope will "

Tubka at Cambridk	
Cersolu devenuus	The indenture poverning the notes, among other things, limits out altitly and the elitity of our subjidities to
	incur di gustames additional indebiodresse; incur di gustames additional indebiodresse; pay dividents on er make distributions in respect of our capital stook or make other restricted payments; make investments; consoliding menge, sell or otherwise dispose of surtain userts; and consoliding menge, sell or otherwise dispose of surtain userts; and
-Kirk Faciors	These coverages are subject to important exceptions, timitations and qualifications as described in "Description of the Notes—Corona Coverants." Van should surefully consider the information set forth in the "Risk Patrias" section of this
	purspectus supplianted; as well as which information landaded or lacouparated by reference in this prespectus supplicatent and the accompanying prospectus, before deciding whether to layest in the name.
Likeing Usa af Fraezeds	Words not to easy to apply for listing of the votes on any national according each enga. We astimute the not proceeds from the issuance and sale of the additional notes offered hereby, and deducing underwriting discussion and astimated offering capeners, will be approximately
	5227,125,000. We intend to use the net proceeds from this offering for general corporate purposes, which may include futers nequisitions and transfers of servicing portfolios and/or adapted businesses from third parties, localiding, but not limited to from one or more affilialist of the underwriters. See "Use of Proceeds."
Trustee	Wolfe Fargo Bank; National Association;

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our commany consolidated financial information and the scramary consolidated financial information and the scramary consolidated financial information and the scramary consolidated financial information of NMFI. Effective loss 30, 2012, the Percut Endline juvaranced Malconsiar Mondage LLE's and Mondage Cappeal Copposition's outstanding 10.875% Senior Putes to March 7, 2012. NMFI conducted on activities other than those incident to be formation and the properation of the registration of the re

The summary consolidated statement of operations data for the years ended December 31, 2010, 2011 and 2012 and the summary consolidated belance stated data as of December 31, 2011 and 2012 have been derived from the qualited from the frequence of SIMH1 interpretated by reference mix. this prespectus supplication. The summary consolidated belance sheet data as a December 31, 2010 has been derived from our nodated francial statements that are not incorporated by reference into this prespectus supplicated. The summary consolidated from the first manufacture of the six months ended line 30, 2012 and 2011 and 2011 and for the six months ended before the 31 and 2011 and 2011 and 2011 and for the six months ended before the summary consolidated before 32, 2013 have been derived from the unaudited financial financial data, in the color of management, reflects all endualing normal recording terms, which are necessary to present fairly in all material respects, the results of interpretation of function periods. Operating results for the factor periods presented are not recessarily indicative of the results that may be expected for the entire year or for future periods. Additionally, incortical audited consolidated function of contain events after 30, 2013, see "Frospectus Supplement Summary—Recent Developments" and "Capitalization."

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A many many many the first the second	Full (the straint)
Statement of Operations Data—Consolidated	
Revenues	The second of th
Card the income	2 184 084 2 208 102 2 401 121 2 103 104 2 104 124 2
The one appropriate leader health of this	77,344 109,656 487,164 172,857 471,148
Protect and Manufacture Assistant Assistant August	761 676 307 Kal 986 375 365 831 1,038,727
Total revenues	608 822 FOR 1845 TO 1846 TO 18
Total expanses and importments:	STOTALS ORDIAGE. SOSTIALS.
Office income (expense)	TOTAL PARTY.
Interest income.	58,895 65,802 (1,586 24,916 92,013
Inicipal curatisa	(116,163) (105,373) (197,308) (60,893) (219,203)
the community of the first of the second	13,600
Contract forminicant fees	(194571)
Loss on requity method vives minus	2037
Con (loss) on history into swaps, and cops	The state of the s
Fair value changes in AISS recuritizations	The state of the s
Total order incorn (oxpress)	(30,784) (50,771) (125,087) (17,170) (17,170)
	10 9141 20,R87 276,583 102,386 300,127
(Loss) income before inves	71.796 15.925 114.046
Income ker expense	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
Mer (leas) income	S. 17474) S. 24601 S. 24702 S. 24772
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	2913	701 2017	trisca apresa
 		ifu (kanceadi)	lenga grand
Eplance Sheer Dars—Cansolidated	42 2274 11414		
Cush and cash equivalents	31,223	62,445 \$ 152,6	49 J 385,931
A nitracionale manifelica la la co	441.278	562,900 3,003,6	115 7.449 VA
Mongage servicing rights fat fair value)	145.062	251,050 425,8 1,787,931 7,176,1	60 1,616,42
Tojal asseis	(,047,181		41,988,38
Notes toyable	709.758	R73.179 3.601.5	86 6,168,91
Unsertied remor hours	244,061	280,109 1,062,6	35 1,969,16
Legany assats recording dela	138,662	112,490 100,6	20 95,72
Legacy assets reconstructed debt Excess aproad financing for fair value) ABS nomecousse dobt (as fair value)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	112,450 (00,5 44,505 288,0	89 370,49
ABS populacional dobi (at fair value)	496,691		
Total liabilities	1 690,809	1,506,622 6,368,4	6t li,033,99
Total Killer Charles and Andrews With the	256,372	281,309 757.6	82 947,40
Managestrolling interess	,	the transfer of the same for	4,99
Total course	286.372	281.309 757,6	82 952,39
The part of the contract of th			· · · · · · · · · · · · · · · · · · ·
[]] A summary of noise sugable as of June 30, 2013 follows:		***** 11	
		•	June 30, 2015
resurricedic			(spinited)
			debinished etc.
Servicing			di salahan
MBS Advance Financing Facility:			\$ 425.93
Securities Repurchase Facility (2011)			11.62
Nationstat Agency Advance Financing Estiting			978.37
MSR Note			84,96
Revente Participations financing Facility			55,16
MBS Advance Financing Facility (2012):			1,424,46
Nationalar Marijunge Advance Reprivable Trust			4,94,94
Originations			751.89
\$750 Million Wardhouse Facility			" S40.70
3600 Million Warehouse Facility			97273
SLO Billion Warehouse Feetling			241,54
\$300 Million Watchouse Facility			380,44
\$400 Million Warchouse Parillity			
ASAPY Short Term Finencing Pacifity			399,84 26,168,93

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The following tables communize consolicated financial information for our Operating Segments and the Operating Segments of NMHI. Management analyzes our performance and the performance of NMHI in two separate segments, the Servicing Segment and the Originations Segment, which separate segments, the Servicing Segment and the Originations, we and NMHI have a legacy asset pertibility, which printedly consists of non-prime and non-conforming managed loans; most of which were originated from April to July 2007. The Servicing Segment provides Toan crything at our servicing purificities and the servicing portfolio of NMHI and the Originations Segment involves the originations packaging and rule of government sponsored enterprise montgage town the december of a pulpis loan sets of securitizations.

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1 100				der her de la company de la co	Mt
7 II III 1449 III II 100 100 1 II II	ALSO INC.	r Reced Resember 31.	4151	1012	1013
	inocoh hill de chaces	and Marine	historia de la	Chechief	(i/d)
		110114	"Historophila"	** **	
Sintement of Operations Date—Operating Segments	4				
Information	*****	****		, , , , , , , , , , , , , , , , , , , ,	
Bearing town			and the same of th	ne Victor media:	in annain
Total its hicome	\$189,884		\$ 496,843	\$493,786	¥ 593,830
Can on mongage loans held for sale	77,498	109,431	487.192	172.835	440.841
Toul revenues	267.182	379,123	983,985	366,621	1,034,671
Total expenses and impaintents	194,203	279.537	357,900	209,340	592,586
Other income (expense):	,	- 11.4 ·	1999		Non-Lybran
Interest incame	12,111	14,381	31.362	13,945	17,104
Inicical especie	(60,597):	(68,979)	(182,647)	(59,014)	(201,288)
Contract tornimation fres	(Marry)	11. 1. 1. 1.	15,608	THE STATE OF	777
Long on quary method investments	in the second	(193)	(14,571)	(334)	1372
Clean floss) on interest wife evolps such cops	(10801)	annimalia.	1,237	130	· · · · · · · · · · · · · · · · · · ·
Total other income (expanse)	(38.287)	(53,807)	()29,619)	(39,475)	(120,801)
Income belose taxes	\$ 14.892	\$ 45,1179	\$ 297,006	£117,806	\$ 315,278
INVARIANCE MARKA	Lada a de segui de la constante de la constant	(Academical States	A STATE OF THE STA		1.29.
11105401-10-10-0	paping and provide the second				books
11155404-70-70-70-70-7	Anta	free Kadai Carratu		E strad	097.49
1110000000 1000000	2210	irso kododika pols		2012	097.49
	parting and parting.			2012	2012
	payage many transport		222	2012	2012
Income from Operating Seguicals to Adjusted EMTDA	7		da (secondo)	Jonea 3013 Execut	Des 18
income from Operating Seguicals to Adjusted EDITOA Reconsidutions	2010		222	2012	2012
income from Operating Segments to Adjusted EUTDA Recontillution Income from Operating Segments Actions for	\$1#,892	2011 3 43,779	3918 Au (secondo): \$297,086	2012 HOP.	05-40 05-41 \$315,278
income from Operating Segments to Adjusted EUTDA Recontillution Income from Operating Segments Actions for	\$1#,892 24,628	\$ 45,779 30,464	2918 Na issassinii 3297,086 63,379	2012 10149 10149 \$ (17.866) 22.058	000 AN 8011 00001 01001 01015,278 69,763
Income from Operating Segments to Adjusted EMTDA Repositions Income Num Operating Segments	\$14,892 24,628 1,873	\$ 45,779 30,464 1,393	2808 Junisasistii \$297,086 62,379 8,880	\$ (17,006) \$ (17,006) \$ 22,058 \$ 1011	09:763 65:718
Income from Operating Segments to Adjusted FINTDA Recontillation Income from Operating Segments Adjust for Theorem expense from unsecured sembrances Depreciation and macropholom Change in this value of MSRs.	\$1#,892 24,628	\$ 45,779 30,464	2908 - 150 (1000) \$297,086 - 62,379 - 8,880 - 68,242	\$ (17,006) \$ (17,006) \$ 22,058 3,001 20,380	09:763 6:718 6:718 69:763 6:718 (23:217)
Income from Operating Sequients to Adjusted EMTDA Recordibution: Income from Operating Sequents Adjust for: Increas expense from unsecuted semin notes Depreciation and americation Change in Thir value of MSRs. Americation of managed accreeting Habilities	\$14,892 24,628 1,873	\$ 45,779 30,464 1,393 39,000	\$297,086 63,379 63,379 63,242 (5,120)	\$ (17.006) \$ (17.006) \$ 22.058 3,001 24(380 (624)	09: A8 (01) 08:010 08:015,278 69:763 07:718 (23:217) (38:0)
Income from Operating Sequients to Adjusted EMTDA Reconsillation: Income from Operating Sequents Adjust for: Income expense from unsecured semin notes Depreciation and unterfaintion Change in his value of MSRs. Amonization of mongago servicing liabilities Foir value charges in several sympol financians.	\$1#,892 24,628 1,873 6,043	\$ 45,779 30,464 1,393 39,000 3,000	\$297,086 62,379 8,580 68,242 (\$120) 10,684	\$117.866 22,058 2,054 20,380 (624) 7,263	09: A8 (01) 08:015,278 69:763 8:718 (23:217) (250) 47:672
Income from Operating Sequients to Adjusted EMTDA Recordibution: Income from Operating Sequents Adjust for: Increas expense from unsecuted semin notes Depreciation and americation Change in Thir value of MSRs. Americation of managed accreeting Habilities	\$14,892 24,628 1,873	\$ 45,779 30,464 1,393 30,000 1,060 1,764	\$297,066 63,379 5,880 68,242 (5,120) 10,684 [4,045	\$117,856 22,058 2,051 20,380 (624) 2,263 8,747	09: A8 (01) 08:010 08:015,278 69:763 07:718 (23:217) (38:0)
Income from Operating Seguients to Adjusted KBCTDA Reconstitution: Income from Operating Seguents Adjust for: Incorest expense from unserved senior notes Depreciation and unservations Change in him value at MSRs Analysisation of montage asserticing liabilities Fair value changes in excess spaced financings. Shere-based scampensation.	\$14,892 24,628 1,873 6,049 8,999	\$ 43,779 30,664 1,393 30,660 4,764 1,836	\$297,086 62,879 8,885 68,242 (5,120,184 14,085	\$137,866 \$137,866 \$2,058 3,001 20,380 (624) 7,263 8,747	5315,278 69,763 67,763 1,718 (23,217) 1,550 47,672 5,698
Income from Operating Segments to Adjusted KINTOA Reconcillation: Income from Operating Segments Adjust for Income sepense from unsecured sembrances Depreciation and unwindering Change in him value at MSRs. Anunication of mongago nerticing liabilities Fair value changes in excess spend financings. Store-based compensation Exil sects Safryalue changes in decimalizes	\$74,892 24,628 1,873 6,045 8,999 9,885	\$ 45,779 30,864 1,393 30,860 1,360 14,764 1,856 (298)	\$297,066 63,379 5,880 68,242 (5,120) 10,684 [4,045	\$117,856 22,058 2,051 20,380 (624) 2,263 8,747	09: A8 (01) 08:015,278 69:763 8:718 (23:217) (250) 47:672
Income from Operating Segments to Adjusted KBCTDA Recentilation: Income from Operating Segments Adjust for: Income from Operating Segments Adjust for: Income for Operating Segments Depreciation and interfaction: Change in initivative at MSRs Anapigation of montage newicing liabilities Fair value changes on exercising liabilities Fair value changes we excess spread financings: Shere-based compensation	\$74,892 24,628 1,873 6,049 8,999 9,803 (9,00	\$ 45,779 30,864 1,395 39,000 1,360 1,366 1,856 (2,98) 1,2032	\$297,066 63,379 8,889 68,242 (5,120) 10,684 14,045	\$ (17,806) \$ (17,806) \$ 22,058 \$ 3,001 \$ 26,380 \$ (624) \$ 7,263 \$ 3,747	6915,278 69;763 8,718 123,217; 1,580; 47,672 15,698
Income from Operating Segments to Adjusted KINTOA Reconcillation: Income from Operating Segments Adjust for Income sepense from unsecured sembrances Depreciation and unwindering Change in him value at MSRs. Anunication of mongago nerticing liabilities Fair value changes in excess spend financings. Store-based compensation Exil sects Safryalue changes in decimalizes	\$74,892 24,628 1,873 6,045 8,999 9,885	\$ 45,779 30,864 1,393 30,860 1,360 14,764 1,856 (298)	\$297,086 62,879 8,885 68,242 (5,120,184 14,085	\$137,866 \$137,866 \$2,058 3,001 20,380 (624) 7,263 8,747	5315,278 69,763 67,763 1,718 (23,217) 1,550 47,672 5,698

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- (1) Relates to a financing arrangement on comm MSRs, which are correct at full value under Frozential Accounting Standards Good ("FASR")

 Accounting Standards Codification ("ASC") \$23. Financial Instruments
- Actinuiting Standards Codification ("ASC") N23: Financial Instruments

 Adjusted partings before instructures, taxes, depreciation and propriate ("Adjusted EEPTIA") is a key performance inovalued by management in stationing this performance of our segments in the operating segments of Profil, and except income and expenses of Hilly (Adjusted EBTIDA represents our and the income (loss) of the Operating Segments of Profil, and except income and expense of the this relate to the interest of the second content of the profile of the content of the exact of the profile of the content of the from our legacy must posselve and the legacy area posselve and the content of the new accounting gridance challenging the content along the profile of the new accounting gridance challenging the content of a qualitying special purpose praint.

Adjusted ERITDA provides our and NMH1 with a key measure of our and NHM1's Operating Segments' performance as it assists us in a comparing durand NHM1's Operating Segments' performance in a consistent later. Management believes Adjusted EBITDA is useful in assessing the profitability of our and NHM1's operating performance as follows.

- Financing arrangements for our and KHIMI's Operating Septembs are secured by essets that are attacked to these segments. Interest expenses
 that relates in the financing of the senior notes is not considered in evaluating our and NIAMI's operating partiamone because this obligation
 listeralized by the excess compage from our and NIAMI's Operating Septembs after the dest obligations that procedured by their assets.
- To monder operating costs of each Operating Segment excluding the impact from depreciation, untertained and falls value change of the asset base, out to at a from our and NRM is restructuring and non-each operating expense, such as share based compensation. Operating costs are earlyzed to manage costs per us and NRM a uperating plan and to assess anothing levels, implementation of technology-based solutions, contained addresses and other general and administrative costs.

Monagement does not ussess the growth prospects and the profitability of our and MMM/4 begany asset portfolio and escale securitization musis that were conscillated upon indeprior of the new occusating guidance, except to the excest necessary to playee whether cash flows from the assets for the legacy asset portfolio are sufficient to service by debt abligations.

Adjusted ENITOA has limitations as an analytical tect and chaids not be considered in isolation as a substitute for analysis of our and WHM is results as reported under U.S. generally accepted
- Adjusted EBFTDA does not reflect our and NFDAP's cash expendence or funite requirements Incomplete expenditures or convectual
 communicate;
- · Adjusted EPITDA does not reflect changes in, areash requirements for, nor and tything a working capital needla
- a Adjusted SHIFIDA does not reflect the cost coquirements necessary in service principal payments related to the linemains of the bistness.
- Adjused BRITDA thou not reflect the interest expense or the cash requirements precessary to service interest or principal engineers on our
 corrected fabri;
- allbough depreciation and amortization and charges 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 easily requirements for each replacements, and
- caher correspondes in our and Milital's lockwary may calculate Adjusted Hall IDA Afficerally than we do Juniting its accounters as a comparative measure.

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Table & Commits

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Because of dress and other limitations, Adjusted EBFIDA shalld for be considered as a measure of districtionary cash available is Notionata LLC and NHMI to specify in the growth of our business. Adjusted EBFIDA is presented to provide additional information about Nationals ILC and NHMI's operations. Adjusted EBITDA is a post-IDA of measure and chiral be considered in addition to, but rooms a substitute for or superior to operations, and income, operation of the companies of financial performance prepared in accordance with GAAP. We compensate the three limitations by felying primarity on our GAAP results and deline Adjusted EBITDA only supplementally.

We have provided above a reconsidiation of Adjusted CRITDA to the not income of Nationstar LLC and WMNI from Operating Segments, which is the most directly consorted CIAAP Chancell recording

Adjused LATTYA, as described in this prosperor supplement, is not coloribed in a manuse coesistant with consolidated EBSTDA, which is discribed under the heading "Description of the Notes."

Lang term lacrest rates have continued to parrest in the third quarter with the 10 year U.S. Treasmy Veld at 2.72% as at September 23, 2013.
This rise in interest rates have caused a significant inclusive wide decline in refinance originalisms and a decline in total inclusive origination refunds. The time in interest rates have an exclusive in investey gain on the manying on now term applications. These factors could have an adverse offers on an increase in parrest the could have an adverse offer on an exclusive in the parrest on which quarter this increase in the fallow thin activities experienced in the fallow thin activities experienced in the fallow thin activities experienced to the fallow thin activities experienced to the could result to an increase in the fallow thin activities experienced to the fallow the could result to the could result to the fallow thin activities experienced to the fallow the could result the fallow the could be a fallowed to the fallow the could be a fallowed to the fallow the could be a fall to the fallow the fallow the fallow the fallowed to the fallowed the f

On September 10, 2013, the Company received a later from the idea York State Department of Fluoretal Services with respect to these consumer complaints involving loses that were not funded in their scheduled closing dates that have subscripedly funded. The letter requires that we provide remain financial and addictinformation eightfully the mouthly funding of our load expensions. 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 to Charlest positive.

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risk factors

Risks Related to the Notes

Our substantial ladebrediers may that our financial and operating activities and our epilics to triver additional date to final fluwe needs.

As of June 10, 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 qualitatives had approximately \$0.9 billion under our various fluxisting distillutes for leading activities. Our substantial indebtechess (approximately \$0.3 billion of which was secured) and any future indebtechess we inter could:

- require is to dedicate a substantial portion of each flow front operations to the payment of principal and interest an indebtectness, including
 immediately as may be not be future, thereby reducing the future or interpretation for purposes;
- make it using difficult for us to suitsfy and comply with any obligations with respect to the notes;
- * subject us to increased suscitedity haring easily in interalling laterest roles;
- place us a competitive disadvantage to competitors with retainedy loss debt in accommiss downward, advance industry conditions or catestrophic external events or
- reduce our flexibility in planning for or responding in changing business, bullistry and economic conditions.

In addition, our emposite level of indefeedness is just that it is ability to obtain additional financing on acceptable funds or it all to bad limits a squisitions, working capital, exolat expensional process, which would have a material effect on our business and financial condition. Our liquidity reads each way significantly and may be affected by general concents and there, industry fronts. performance and many other factors not within our control.

Cursubstantist obligations could baye other important contequances. For example, our failure to comply with the respective postering proceedings are independent, including the independent permitted on independent in the context of the could result in the court of t

We may incur more debt which could limb our financial and operating activities.

We sed out subsidiaries are able to incur additional independent in the fours, subject to the limitations contained in the agreements poverning that indebtedness, including the independent of the experiments governing the independent in the agreements independent in the experiment published the independent independen

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Table of Comprise

We may not be able to generate sufficient cash flow to meet our debt service abligations; including the notes:

Our ability to generate sufficient cash flow from operations to make eshably depend on our debt voligations including the nates will depend on our content and interest monetal, performance, which is subject to general economic. The action, competitive, seguidative, regulators and edder factors that are beyond our control. Our micro of campings to fixed charges for the period ended trace 20, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 2011 was 2.4 and our interest coverage ratio for the period ended time 30, 20

If we do not generate authorist visit flow from operations to satisfy our debt obligations; including interest invitative inspired visit enderly, who may have to underly entered to the polymetry of principal alternative, who may have to underly entered to the polymetry of the property
In addition, we me dependent on the cash flow of and dividends and distributions to us from our substitutes in order to service and employed indebtedness. Our substitutes are separate and distinct legal emities and lunc no obligation, configured or otherwise, to pay any amounts the parsuses to any indebtedness of ourser to make any funds available therefor, accept for most substitutes that have queroused our obligations under our ourses offing middle the motor. The ability of our substitutes to pay any dividends and distributions will be subject to indebtedness and the funds of any debt instruments of our substitutions are all search flow. There can be no assurance that our substitutions will generate each flow sufficient to pay dividends or clarify almost as us that another to pay interest or principal on our existing indebtedness on the motor.

We may be unable to repay or repurchase the notes at materity.

The information controped being dropping the ground the information receives to the colon such that the ground the first such that the colon such that the ground the first such that the ground the g

At materity, the optim outstanding principal amount of the notes, together with accreed and unpaid interest, will become due and payents. We may not have the funds to fulfill dress obligations of the ability to renegative this obligations. If upon the materity to observations prohibit is from repaying the notes, we could try to obtain waivers of such prohibitions from the typical and holders upder these arrangements, or my could attempt to enforce the beautifully than stream the restrictions. In these carcumstances, if we were not able to obtain such waivers or reflexes those borrowings, we would be unable to oppay the notes.

The industries governing the notes, as well as other agreements governing our delt, include provisions that may resider our financial and business operations, but may not moussarily restrict our ability to take actions that may impair our ability to regar the muces.

The agreements governing our indebtedness, including our servicing advacen heilities that relate to kervicing loan perthilas, por warehouse heilities that relate to engineering loan perthilas, por warehouse heilities that relate to originating inertigage found, the notes we issued to floore one perchase of a parthilate of Make and the indebtedness on the relation negative coverants operatory for such financings; such as limiting our ability to sell or dispose of assets, increased additional indebtedness or lions, make certain investments, consummate margers, consolitations or other business combinations or engage in other fines of business. These restrictions may interfere with our ability at engage in other accessary or desirable huminess activities, which could materially affect our business, financial condition or restalls of investment.

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Table of Contents.

Our financing feetlines also require us to comply with certain thousal rathes and coverants, such as inaximum teverage rathes, infalmant tangible not worth, rathermum jupacity and positive sormings coverages. In addition, evaluability todor certain of our financing feetlines are installed by birrowing base, and minimum collected conditions. Our ability to comply with these coverages depends on our financial conditions and performance and also in tubes to evalue counties our control. Asset write devers, other non-cash charges and other one-time events also impact our shelling to comply, with these coverages in addition, these coverages in other accessing or destrable business activities, which may have a material affect on our operations. These coverages are subject to important exceptions and qualifications. Mereover, if we fall to controlly with these coverages and and ancounter so obtain a wayeer or among their fact of default would result.

Our financing facilities and other dela agreements, including the indemore governorm the mies. The contain exteriorems of default sustament for each financings. In addition, as a vervicer, we are required to observe and perform the conversable and additions in the agreements under which we service loops. As a service in accordance with these requirements may feat to an event of default under our credit facilities. We cannot provide assentice that we would have sufficient liquidity to replay or refinance the poles of borrowings under our credit facilities. We cannot provide assentice that we would have sufficient liquidity to replay or refinance the poles of borrowings under our credit facilities if out minorate were acceptance of default. If we are unable to service aim dela, this could materially affect our business. Financial condition or results of operations:

... If we defante on our obligations to pay our other ladebledness, we may not be able to make payments on the notes.

Any deliable under the agreements covering our independences that is not weived by the required lenders, and the remedice engight by the holders of auch independences, could make us unable to prey the principal, premium. If any, and mercet on the noise and independently decrease the market value of the noise. If we are unable to generate sufficient each flow the principal, premium, if any, and interest on our independence, we if we otherwise full to comply with the various coverance, including functed and appending unversaries in the information of our independences, we would be in default time of the agreements provining such independences, which could also result in an event of delively under other linguisting agreements. In the iterat of such deliant, the holders of each independences could elect to declare all the fundation of the declare and provide the could declare the declare all the fundation of the declare and provide the could be functed to apply all available each flows in repay such indebedrates, and, in any case, we could ultimately be fixed into bank upper injudence.

The repayment of the notes is effectively substained to cubstantially all of our existing and fluore secuced debt and the existing and future secured debt and the existing and future secured debt of our guaranters to the exists of the value of the accus securing such indebtedness.

The flows, and each guaranter of the notes, are unsecured evigations. The notes, and tary other assecured data securities traved by us, are effectively portion in right of payment as all secured indebtedness to the extent of the value of the assets securing such didubtedness. In the event of our highly of our guaranters will have claims that are product to the fluors of our guaranters will have claims that are product to element of the highest of any data securities is used by us with respect to the fluors security our other indebtedness. As of time 30, 2013, its appreparation entrying value of our and our guaranters, secured indebtedness was approximately \$5.5 billion.

If we definited an our chilgations under any of our second debt, our second fenders could proceed appines the collegent granted in them to second debt, our second fenders. If any second indebtedness were to be accelerated, there can be no issurance that our second would be sufficient to repay in full districted educations and the collegent of t

Theological melitarium datar "Tankarum Kabini"

remain them one Mountain (1809-1904) and the Fire of the

to receive payment hi full from the proceeds of the collected societies our subject indoblatiness before the histories of the nates will be entitled in receive and payment with respect therein, as a result, the holders of the rever may recover proportionally less than holders of secured indebtedness.

The notes and related publishery guarantees are effectively subordinated to indebtoduess of our cristing and future non-protein subsidiaries.

Not all of our subsidiaries guarantee the notes. The moles are effectively informationed to all a debusiness and other limiting and commitments, including spote payables, of our existing, and furine substitution that decreas guarantee the review Any right of the holder of the notes to pairticipate in the description al'a non-gioramo (subsidiory upon say liquidation or reorganization of the subsidiory will be existed in the prior claims of the subsidiary's craditors.

As all Suppliables 13, 2011, Hopic Community Mortgage, LLC: Hame Search corn Really Services Ind., Home Search conn Really Services A2 LCC; Home Sourch com Karly: Services CT. LEC, Nationalar Agency Advance Funding 2012-AM, LUC: Nationalar Advance Funding 2012-6, LLC: Nationalar Advance Funding 2012-R, LLC: Platingstor Advance Funding 2012-W, LLC: Nations of Advance Funding It LLC: Nations of Agency Advance Funding: Trust 2012-AW, Notionster Advance Funding Trust 2012 C. Nationstar Advance Funding Trust 2012 R; Nationstar Advance Funding Trust 2012-W; Madonstut Advance Funding, LLE: Nuttanstar Agency Advance Funding LLC: Phytionstar Agency Advance Funding Trues Nationalar Funding LLC; National Higgs Equity Line 2009 A REVILL, Numbered Home Equity Line Tous 2009 A: Nationals Mortgone Advance Receivables Trus 2010-ADVI (Historisia: Mortgage IV, LLC: Nationala: Mortgage IV Manager LLC: Nationala: Review Review Mortgage Advance Funding LLC; Nullopsian Advance Funding III LLC; Nullousian Mortgage Advance Receivables Trust; Nationsian Services Advance Facility Transferon, LLC 2013 CS, Nationalar Service: Advance Facility Transferor, LLC 2013-BC, Nationalar Service: Advance Facility Transferor, LLC 2013-BOFA; Nationalar Servicer Advance Receivables Trust 2013 CS; Banjansiar Services Advance Russiyobles Trust 2013 AC; Millianston Servicer Advance Receivables Trust 2013-BOFA: Sulutionatur Apprilisalis L.L.C. Sulutionalus Default Management Screices L.L.C. Solutionatur Resily, Services LEC, Solutionstan Moldings LLC: Schullonstar Services LLC: Solutionscur Schlumon Services LEC and Solutionstar Services of Alchanas LLC ine pur new controls and sidiaries. Non-customer subsidiaries held comparismistly 20,1% of our total assols and had liabilities of \$2.4 billion as of June 30. 2013

Unrestricted substitutions generally are not subject to any of the covenants in the indenture and do not gracemeethe notes; and we may not be while to rely on the cush flow or assets of those unrestricted subsidiories to pur our indebtedness.

Subject to compliance with the restrictive coverable could nixt in the Indentutive governing the rotes, we are primitively excepted earthin of our subsidiaries is oppositived substitutes. If we designate a subsidiary messaniar as an innestricted subsidiary for purposes of the indenture governing the notes, any generatives of the notes by such subsidiary or nay of its subsidiaries will be released under the indepture. As a result the creditars of the unrestricted subsidiary and its subsidiaries will have a senior ribro on the assets of such unrestricted subsidiary and its subsidiaries.

Unreswinted substituties and generally not epoper to the extenders under the recienture powering the notes and do not governmen the notes. Unrestricted substitutes may unter this linauting attractions that timit that tability to take loads or other payments to lind payment, in respect of the noise. Accordingly, we may not be able to rely on the costs flow or useds of unrestricted subsidiaries to pay one of our individualness. Including the nows

As of the date of this prospectus supplicated there are no unastracted subsidistics and we do not have any plates as designate any of our subsidiaries as inerestricted subsidiaries.

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Assert Alice Ministry Department flowers to

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Your right to be repuid would be adversely aftered if a court descripted by any of our guaranters made any gult quite for inadequate The second secon consideration or with the intent to defraud credition.

Under the federal vanistupicy fave and compareble provisions of rate froudlient transfer laws, my grapholog medo by my of our grandicin could be: raided, or claims under the guarantee made by any of our guarantary could be suburdinated to all rather obligations of any such guarantee, if the guarantee, at the tiral it incorred the abligations under the generalize:

- . Incurred the chilinations with the intent to hinder, delby or delicud creditives in
 - ... received less than reasonably equivalent value in exchange for incurring those obligations, and
 - was transvent or rendered insolvent by reason of that incurrences
 - * was engaged in a business or transaction for which the guaranter eternal ning uses constituted unreasonably training or party of the programmer of the pro
 - intended to incur, or believed that it would incur, do by boyond its ability to pay those debis as they matere.

A legal challengo to the obligations under any guarantee on fraudulent conveyance grounds could focus on any houselts received in exclumes for the incurrence of layer chilipations. A guiranter could be subject to the cleim that, since the guirenter was incurred for our benefit and only individily for the benefit of the guaranter, the obligations of the applicable guaranter were incomed for less than fall consideration. The liability of each guaranter under the indensities will be finalled to the amount that will result in its quarantie not constituting a facultulant consequence, 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 guaranter. We believe that each of our pastancers making a greatened will receive reasonably equivalent value for incurring the guarantee, but a court may disagrae with our conclusion.

The messures of incolvency for purposes, of the fisudulant minister laws very depending on the law applied in the properting to determine whether w fraudulent puneler has occurred. Centerally, however, an entity would be considered inaction it.

- " the sum of its debts, including contingent liabilities, is greater than the fair saleable value of all of its assets;
- the present fair rules ble value of its resorts is less than the amount that would be required to pay the probable liabilities under existing debts, including continuent liabilities, as they become absolute and meaner in
- . Il cannot pay its debut as they become due.

The credit ratings assigned to the untermap not reflect all risks of an luvertiment 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 doe. Consequently, estial of unleipsted changes in these credit ratings will generally affect the market value of the notes. These credit callings, however, may not reflect the potential corpect of risks related to structure, market or other factors related to the value of the notes.

Adverse changes in the custiffs of the noise may cause their truding price to fall and affect the marketability of the noise

Exiting agreements easy lower, suspend or withdraw rapings on the notes or our other debt to the future. Note holders will have no recours against us of pay cition parties in the event of a change in or suspension or withdrawn of evolvatings. Any lowering, suspension or withdrawn of such catings may have an cinor, parties in the reserve of a summer in a suspension of the moles.

Table of Contonio

We may not have the ubility to rulse the funds necessary to finance the change of control offer regulted by the indentitie appreciating the notes:

Upon the occurrence of a "Change of control," es defined in the intenture governing the notes, we must offer in buy back the mores of a price equal to 100% of the principal amount, together with any society and intensi and special laterest, if any, as the date of the requestacts for the fundamental price was a price of give holds of pinchase of pinchase of pinchase of pinchase of pinchase of the notes. Augmentuse at the Option of Holders—Change of Committee.

If a change of council occurs, it is possible that we may not have softicion assets with interof the change of control to make the required reportable of a salisfy all obligations under our after debt inscriments, including interpretable instruments. In order to activity our obligations, we could sook to refinance our independences of obtain a water from the other lenders of you as a holder of the costs. We cannot usually out that we would be able to obtain a water or refinance our independence on temps acceptable to us, if it all. Our follows to remark any notes submitted in a clauge of control offer could constitute an executif default under our other debt documents, even if the change of cours of far itself would not course a default under the information poverning the notes.

The change of control provision in the indenture may not protect you in the event we consummate a highly leveraged transaction, representing, merger or other similar transaction, unless such transaction constitutes a change of control under the indenture. Such a mansaction pay our involves a change of control under the indenture. Such a mansaction pay our involves a change of the magnitude required under the definition of a change of control triggering event in the indenture to trigger our abligation to repurchase the posts.

If an artical trading market does not continue to exist for the notes, you may only able to resell the notes gatchly, for the price that you paid or at all.

We do not intend to apply for the inter to be discert on any securities exchange or to arrange for any opposition on any automated dealer quantities existents.
The underwitters have advised as that they intend to make a market in the notes, but they are not obligated to do so. The underwitters may discourable any market making in the notes at any time, as their sole discretion. As a round, we commot assure you as to the highlity of any meding market for the rotes.

We also cannot assure you that you will be able to rell your notes of a particular time or at all; or that the priess that you receive when you sell them will be favorable. You may not be able to speall your motes at their fire market value. The hypothic you may not be able to speall your motes at their fire market value. The hypothic you may not be able to speall your motes at their fire market value. The hypothic your market fire the notes may also be adversely offered by, among other shings:

- r prevailing miercal rules.
- · our operating performance and linancial condition;
- " , the interest of accordies dealors in making a market and
- * the market for similar severities.

Historically, the market for non-investment grade debt has been subject to Usavenions that have consect volutity in the prices of securities similar to the market for the market for the notes will be endied an edge of securities. Any disruptions may have a negative effect on calcholists, rogginless of issue prospects and inconcial performance.

Conflicts of function may asses with respect to this underwellers in this offering.

Credit Suisse AC, an affilizie of Credit Suisse, the audiorative in this offering, is 4 holder in respect of variable funding issue issued by our 2013.

Malionalus Mortgege Advance Receivables Trust ("MMART") Financing Feedily. for which Credit Suisse AC is also the Administrative Agent Credit Suisse.

AC is also the

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The state of the control of the state of the

Anider unifor our \$123 million secured servicing advance the filts twitch was semporarily increased to \$250 million from July 2013 is languary 2013), which was entered and to fund cortain servicing eigent descrivelies was equival in vanues for will the acquisition under the mortgage servicing rights perchasolonal sale agreement between Nationski Medgage LLC and Bank of Arrecter, National Association, detects of January 6, 3013 ("the BANA Knichese Agreement"). Credit Suisse AG is the lender under our \$75 million. Warehouse Facility. Further, Credit Suisse AG is the lender under our \$75 million. Warehouse Facility. Credit Suisse AG is the lender under our \$75 million. Nationalists Service Advance Bearings in April 2013 CF framing Bacility. ("NSART-CS"). Credit Suisse, was also an input purebaset of underwriter, as applicable, in connection with the offerings in April 2012 and tale 2012 of our 0.6138K Senior Notes due 2019, the offerings in September 2012 of our 7.613% Senior Notes due 2019, the offerings in September 2012 of our 7.613% Senior Notes due 2020, the offering in May 2013 of our offering of Associating potes, and set of placement agent for our offering of Associating potes, and set of placement agent for our offering of Associating potes, and set of placement agent for our offering of Associating potes, and set of placement agent for our offering of Associating potes, and set of the Suisso and its affiliate executive gestimance in 2013.

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 strangements, including with our enderwriters 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 prospectual supplement.

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DEE OF PROCEEDS

We estimate the but proceeds from the issumer and cats of the reclificant noise offered hereby, offer deliquing underwiting discounts and extinuous offering expenses, will be approximately \$221,123,000. We haven't to use the rise proceeds from this offering for general corporate purposes, which may hichard folius acquisitions and transfers of servicing particles and/or related histograms from third parties. Including has not healted to. Common one or more affiliates of the underwriters. See "Underwriting."

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Strate (Vince 12) Min June (1), Minh Liguerrher), with Ina olar dudies assistanted broke, for agricul bolard, adaptatistic anticipies antica personal distribución personal accordings, verga, a travestim alché durages et brove enviel by Ballet et bestinged les epitics le 116. Eur desinad un accordings, verga, a travestim alché durages et brove enviel by Ballet et bestinged les epitics le 116. Eur desinad un

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CAPITALIZATION

The full moding table sets fouth the cash and rush equivalent and capitalization of WHMI as of mas 36, 2913:

- on an arrival hasis;

 on an arrival hasis;

 on arrival hasis;
- on an as further adjusted basicity give effect to the issuance of \$225,000,000 aggregate principal amound of additional nates offered bereby and the epplication of the pet proceeds described unity "Use of Processis."

This table is qualified in its entirety by reference in, wal should be read together with, the NMM QL 2013 1000, incorporated by reference in this ... prospecine anppiernent.

	Unimpatient machine and state of the state o	A STATE OF THE STA	· SENERGENERAL MARCHANIA CONTRACTOR
		Was also make	NA POST DAY
200 1 10 1000 10 1000 10	ATTAR	Description to the provided	Harris Committee of the
Cosh and each equivalents w	\$ 385,048	Countries to become as:	\$ 852.763
- Variation Commonwear	Andreaded and the second and the sec	COMPANIES CONTRACTOR C	Machine Andrews in Landson
District from the first plant and the property of the property	Tool Tools and Aut art	e mon and	118611 17952596136 Q 801 1
10.871% ususeurad tenica noies dur 2013	3 282.415	\$ 787.475	5 - 282,415
9.623% inservice senior notes tha 1019	379.763	379,763	379,763
7.875% unscented syntar holes due 2020	400,680	400,689	400,540
6. 500% unspecied remor nates due 2012 F	606,305	606,305	606,305
6.500% concoured tenior galos due 2022	300,600	300,000	700.000
6.100% imaceured senior cutes due 2018		250,000	475,000
Notes payable:	(5. 4144) *****		
			01/01/04/15
Set vicing to: MBS Advoice Financing Facility	425,930	425,930	423,930
Securities Repurchase Facility (2011)	11,620	425,930 F1,620	1 (620
Hallongial agency advance financing lacility	878,578	278,372	3.73, 3.73
MISR Mine	1.85)	1,831.7	1,851
Reverse persospations liauncing facility	84,966	84.966	84,966
Miss advance financing facility (2012)	33,163	55,163	55,163
Shiperson Advance Receivable Trust	1.424.469	1,424,469	1,428,469
Collingian Strange references Least	and the second s	*	
	751,893	751.893	751,893
1750 million wareflexist facility o	540,101	540,701	340,101
5600 million worthouse facilityes	972,733	972,733	540,101 972,733
Stobillion warehouse facility in	241.342	241,342	24),542
5100 million worthouse facility in	380,449		180,449
\$400 million werelieuse facility	399,847	399,842	399,842
ASAFA Short-Term Financing Facility	1.000	ů.	or in the same
575 goldton warshouse feetlity	6.168,937	7.168,937	6.168,937
Total notes psyable		The second second second	95,729
Mon-recourse debt-Legeof Assets	91,729	570.497	370,497
liances spring financing (at fair value)	570,497	D. F. L.	880,234
Participating interest financing	BBC 254	880,734	***************************************
Total debe	9,684,560	0.934,560	10,159,560
Total NMH itockhalders sqully	947.800	947,400	947,400
TOTAL School and the Control of the	4.990	4,900	4.990
Neaconfolling interest	020.563.003	\$10.886,950	\$11,111,950
Total capitalization	EMARK MARKET TO THE VALUE OF	Martin Halling Alexand.	Sent and State of the State of

⁽¹⁾ In September 2013, centern purchasers award by blew Residental Investment Corp. and/or after affiliates of Politics Investment Chair, including certain Fortress MSR. funds, purchased additional excess cash flow related to several of our non-neuron 143R, positions for approximately 312 million. \$-18

Taking the Monie Hood "The Local Hood over

Table of Coulons

- [23] In July 2013, Nationstor Manigage LLC created Mationstar Services Advance Receivables Trust 2012.—HofA Finedelog Facility, an advance receivables. ... dust with the copucity to horrow up to \$2.0 billion. In July 2013, Mattonator Montgage LLC created NSART CS, as advance receivables trust with the supposity to borrow up to SES billion, which expends was subsecutably becoused to SEP billion. In September 2013, Wednesday Marigage LLC created Nationalar Services Advance Receivables Trust 2014. BC Figureing Facility, an edvance receivables thus with the experity to borrow up to 11 Obillion
- (1) In August 2013, Nationalar Marigage LLE entered into a 370th million warehouse hadility, consisting of a committed brooms of \$350 million and an uncomplied surging of \$350 million that can be granted at the disertion of the bioneial institution. In September 2015, Home Community Mortgose.

 LEC a 50.1% award subsidiary of Parlonese Mortgage L.C. entered into a FPS million waveboses facility.
- (a) Hegitolog and July 10, 2014, the size of this facility was temperately increased to \$1.25 billion until October 7, 2013. From October 8, 2013 to Concher 29: 2011. the facility will be \$89% 3 million and thereafter the facility will be 3750 million:
- This facility densities of a committed amount of \$100 million and an accommitted manint of \$100 million that can be granted at the discretion of the Mancial institution
- The total capacity of the facility has incressed since force DL 2013. The size of the facility is now \$1.5 billiam.
- [1] The inial especity of the facility has increased since June 10, 2015. The size of the facility is now \$500 million, consisting of a committed smount of ing must supposely in the method and interposed states and so the control of the financial institution.

 \$100 million and an uncommitted amount of \$200 million thanks to granted at the discretion of the financial institution.

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Desgrip Responsible for Appear LIV of Fig. Each medicing for the analysis of the control of the

RATIO OF EARNINGS TO FIXED CHARGES...

The following table sets first information regarding our ratio of eaching to fixed charges for each of the periods shown. For purposes of calculating this mile (1) comings consist of income (loss) Transcontinging operations before provision fortiefly for income taxes and fixed charges and fill fixed charges good fixed charges and till fixed charges contain the provision of income taxes and provisions. The income component of contrast component of contrast determined based on an estimate of a reasonable interest factor of the leases.

Souther the latest of the provision of the contrast factor of the leases.

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				According to the particular of	www.massees.	Airtia December 2	Guyana	Nyes:		1997/0	
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	Ner lecome/dess) from		Maio :	STITE STREET	\$680 8271	\$. (B 9 (3)	\$ 20.887	\$205.287	\$86.461	\$186.076	
	Income tax expense:	eranismuit ribaias	14.14.	4444144	, 200 M T 9 T T T T T T T T T T T T T T T T T	hopey, II.	2300	71,296	15,925	114,045	
:.	Long freist county was in	eiri Javestrianitti		*** **********************************	· · · · · · · · · · · · · · · · · · ·		£07	14,571	354	Visite.	
	Fiveris humber	An hall an deliant		70.255	73,431	119.288	109,039	707,570	62.683	214,093	
	Earnings as adjusted:		*	(87.355)	(7.446)	109.174	130,013	493.624	165,663	514.215	
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:	Calculation of fixed c	.7			The state of the s	A KAR LAYAR	a symbolicy suggest	TANK MAKE	8A 15A4	44W 10E	
	interest expense	: .÷.,		.65.59B	(1978)	116.163	1113,273	. In Laure		419.20Z	
•	interest on least	phligations		4,707	3.548	3,125	3,664	3,102	1 (230)	3,300	
	Total fixed placers			70,235	75,431	119,288	109,039	202,470	62,683	214,093	
	Calculation of Europi	nos la Fixed Cha	SPACE.	11.241	10,101	0.02	1.19	2.44	2.64	2.40	i.
:	Z sverpos dollelenries	under and the same of the same	".est7"	157,610	20,877	9,914	Same Same			···emo · ·	•
٠,	The warming of the same of the same				2.4.3.		:::: ' '			:	

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description of the notes

We will issue \$225,000,000 of 6.500% Senior None due 2018 (the "additional notes") under the indentire dated as of hisy 22, 2013, among the Company, the Co-Issuer. The governous pony thereto and Wells Furgo Bank. Mallonal Association, as Trixice (the "Trusice") has reophemented from times of the "indenture"). There are \$220,000,000 in aggregate principal appropriet 6.500% Senior Fores are 2018 (the "oxising notes.") already outstanding ender the Indenture. As a ready, the term "Issue Bate" as a wed herein refuse to hilly 22, 2013, the date of wriginal issuance of the reading dotes and relief indenture. As used in this "Description of Mores," except as observites specified, the term reases means the existing rease foughts with an instance of the reading dotes and the indenture as a single class for all purposes under the hydronase. The additional value will have torns identical in the existing notes as single class for all purposes under the hydronase. The additional value will have torns identical in the existing notes as single class in more disciplined affering price, and will be foreigned with have the content as a single class.

The following is a summing of the moietal provisions of the hidestine. We propose to read the ladentum, including the form and terms of the notes because it definer your rights to include and admissed notes. The terms of the notes include these susced in the indenture and those made part of the ladenture by to termical distribution. True indenture act of 1939, as amended (the "The"). You may request a case of the Indenture at our address as shown under "Additional information" below. You can find definitions of certain against a case used in this section under "Actual Definitions." For purposes of this section, references to the "Company," "to" or "our" include only Nationstar Montgage LLC and Nationala Copical Conjoration and not any other substitutes of Nationala Atompage Holdings Inc. The lemi. Issuers "raters collectively to Nationala Montgage LLC and Nationalar Capital Corporation.

The Issuers will issue \$725.000,000 aggregate principal amount of the additional notes in fully registered form in donominations of \$2.000 and integral indifferent of \$1.000 in access of \$2.000. The Traces will initially act as the paying agent (the Paying Agent?) and the register (the Paying Agent?) for the notes. The Company may charge any Paying Agent and Register withten notice in holders of the motes (the Pholeus). The Company will pay principal fand promiting it may on the notes at the Traces we reproduct russ of the York, New York. At the Company's option, buress, if any, may be paid in the Traces in the Traces and the traces of the Company of the company will pay the paid in the Traces.

Bilef Description of the Noise and the Note Couranters

The Hotes are.

- actival unicarred obligations of the Issuers
- · part passu in right of payment with all existing and any litture senior likelyted loss of the fishers:
- effectively jurior in right of payment to gill existing and lustre render secured indebtedness of the Issuers to the extent of the assets securing such indebtedness:
- * replier in right of payment in all existing and fixing about linesed indebeduless of the fadors
- · fully and encooditionally guarantied an a senior unsecured basis by the Guarantesis and
- effectively juntario any existing and future liabilities of our con-Civaranor subsultation.

Without limitation on the generality of the fungering, the mins are effectively solved and to secured Indebtedness of the Company—including, Without Himbourga, all Indebtedness and the Existing Pacific Services, Advance Pacific Advances, Permitted Himbourga, Indebtedness, Permitted Himbourga, Permitted Residual Indebtedness and Securitization in the research file Company's assets that seeing such securitization in the research file Company's assets that seeing such secure Anderson 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.

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The notes are fully and descriptionally guaranteed by all of the Configure's existing and limite Domestic Scholdfarles other than our fulling Excloded Restricted Subsidiaries, our existing and litture Securitization Entitles, our litture Watchings Feetley Trusts, our findre MSR Facility Trusts, centing other. existing and Junic Restricted Subsidiaries and other than any Comestiv Subsidiaries destinated as United biplied Subsidiaries in the future, and by Noticemor. (Mortgage Holdings, Inc. ("MATE"), National Subj. L.C. ("Subj") and National Subj. LLC ("Subj" and nogether with MATH and Subj. The Parist Epolles A As of September 15, 2013, Home Community Montgage, LLC, Home South com Reply Socrices Inc., Home South Com Really Socrices AZ LLC. Home Stands, com Really Services CT LLC, Waltonstar Agency Advance Funding 2012, AW, LLC, Nationstar Advance Funding 2012 C, LLC, Nationalar Advance Funding 2012 R; LLC: Noticustar Advance Funding 2012 W. LLC; Noticustat Advance Funding (LLC; Noticustat Agency Advance Funding Trust 2012-AW; National of Advance Funding Trust 2012 W: Beninneur Advance Funding, LLC, Residueth Agency Advance Funding LLC; Nationstor Agency Advance Funding Trust; Nationstor Funding LLC; National Home Eguly Loan 2009 A Walt CLC: Hationals From Equity Upon Train 2009 A: Nationalar Microsope Advance Receivables True 2010 ALIVI, Malicasia: Montgage IV-LLC, Matimuses Montgage IV Managas LLC; Notionsta: Residual LLC; Mationatar Reverse Montgage Advance Funding LLC, Bellingter Advance Funding III LLC, Nationster Marigage Advance Receivables Trust, Ballonatur Services Advance Facility Transferor, LLC 2011-CS: Radionsiar Servicer, Advance Facility Transferor, LLC, 2013-HC: Nationality Servicer Advance Facility Transferor, LLC 2013-HOFA; Nationality Service, Advance Receivables, Trust 2013-CS; Mations of Services, Advance Receivables, Trust 2013-BC; Mathons of Services Advance Receivables Trust 2013/BOFA; Solutions for Apprecials LLC, Solutions for Residual Management Services LLC; Solutions for Residue Services LLC; Solutions for Residue Services LLC: Baltiflonsfar Hordings LLC: Solutionstar Services LLC; Solutionstar Stillement Services LLC and Solutionstar Settlement Services of Alabama LLC are ver non-generation subsidiaries. Non-generation subsidiaries held approximately 20.2% of our colol assets and had list diffice of \$2.4 billion as of June 30. 14.

Each Note Guyrantes lat."

- a general unservined obligation of the Communicate
- a pari parium right of payriese with all existing and future sprior lickbledness of that Committee
- and estively junior in right of payment read exiciting and humo semior secured indebtedoes of the Chesanor at the extenses the essess securing such Indebicaness; and
- section in right of payment to all existing and future subacilismed linkshipsees of that Guarantin

Without finitation on the generality of the Chegoing the Nove Countaineer incesses by subordinated to recured indebisions at the Countainer instading, without thattation, all Indebtedness under the fixiology facilities, Pennined Servicing Advance Esculity Indebtedness, Permined Werethouse Indebiedness, Pennified MSR, Indebiedness, Furnified Residual Indebiedness, Securitization Indebiedness and any sectived guaranter of the Indebiedness of the Company. In the event of a Givernity's bankrupics, liquidation, recognition or other windler up or similar proceeding, the Charmior's assets that excite such secured indeptedness of the Chamator will be available to pay obligations on its Nove Character only after all Indeptedness under such account Indebiodices has been repaid in full from such assets.

As of the time of this prospectus supplement, all of our Subuldiaries are "Restricted Subsidiaries." However, under the circumstances described below under the caption."—Certain Covenants—Designation of Ricoricic and Unrestricted Subalciaries," We are penalited to dissignate Subsidiaries as "Uncompeted Subsidiaries." Our Unrespiesed Subsidiaries will not be subject to many of the restrictive covenants in the Individue. Our Unrespicted :: Subsidiaries will not givery cree the nixton.

Transfer and Eschange.

A Flotider may transfer of exchange notes in servidence with the indenture. The topistral and the Trustee may require a Holder to family appropriate enthisorrents and transfer documents in connection with a transfer

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of noise. Molders will be required to may all races due no transfer. The Issuem will not be required to arransfer or unchangle any actes esterted for redamption or tendered (and not windrawn) for required to appropriate to control offer of a fixed private that are required to transfer or exchange any note for a period of 15 tiers before the malling of a poster of redemption of noise to be redeemed. The registered Holder of a noise will be treated by the owner of the may for all graphs to

Principal, Macurily and Interest

The noise we initially being affered up to the principal amount of \$223,000000. In addition to the additional union the fences may, without the exercity of the Holders, increase the principal appoint of the poten issued under the literature in the future or the same terms and conditions and with the same CUSIP, number as the noise. Any offening of additional noise is subject to the current described below useds the adjoint. Current Covenants—Limitation on incurrence of individual ease and issuance of Preferred Spock." The existing noise, the additional noise altered near the indentities only miditional notes subsequently issued under the indentities will be restored as a single class for all purposes under the Indentities of the second and any miditional notes where we have the indentities.

The notes will motors on August 1, 2018, Injurest on the notes account of the rise of 6.500% for anima and in payable continuoually in each on each february 1 and August 1, community on February 1, 2014, an the pursuas who are explaneted Finders in the close of business on the Innuary 15 and Infy 15 immediately preceding the applicable interest payment disk. Interest on the respectacions from the most never date to which interest has been paid or, if he interest has been paid. From and including July 22, 2015.

The notes are not be entitled to the benefit of any mandalory cirking find.

Note Cuarantees

The notes are fully and unconditionally quarentered by each of the Company's current and funne Counteric Subsidiaries, other dark our dense Excluded Reserved Subsidiaries, Securification Benties, Watchoose Facility Trusts, MSR Eaching Trusts, accepts other Restricted Subsidiaries and future Unrestrated Subsidiaries, and by the Farm Entities. These Note Guaranters will be just and several colligations of the Unavanters. The abligations of each Custamator under the Management of the Custamator and depending on the angula of Custamator and depending on the adversely affected if a court design of the custamator and custamator and depending on the adversely affected if a court design of the custamator and custamator and depending on the custamator and design design and the custamator and depending on the custamator and design design design design and design des

A Cummnor may unusual or echaralise dispose of all or substantially all of its assets to, or consulidate with or marge with or into (whether or nursuch). Champlor is the surviving forson another Person, other disposite Laurers of surviving flowering forson another Person, other disposite Laurers of surviving flowering for subject to the surviving flowering floweri

- (1) except in the case of a partiest entered into solely for the purpose of coincerporating a Guarginot to another Jurisdiction, immediately after giving effect to their range cities, no Default or External Default shall have occurred and be continuing; and
- (2) either

Maria, America arrainante artes, ambares de la compansión
- (a) the Person acquiring the property in any such sala or disposition or the Person tempes by or surviving any such consolidation or merger.

 If run the Thirmonics securings all the chilipations of their Committee under the Indontate and his Mode Charanase presents to a supplemental indepolar salas forterly in the Theoled. Or
- (b)—the tief Proceeds of man-sale or cities disposition are either (t) applied in accordance with the applicable provisions of the findentine of the findent

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Time of Contents

The Nois Charinude of a Cuarsman will be automatically and unconditionally released:

- (1) in coancelien with any sale, tensiter or other disposition of all or substitutibility of of the assets of that fragminar (including by way of merger of sometidation) to a Person illar is not clother before or offer paying effect to such transaction, the Company or a Restricted Subsidiary of the Company, if the sale or other disposition doby not growth the "Asset Sale" provisions of the Industries.
- (2) In conjugation with any sole, transfer or other disposition of all of the Capital Steek of that Conjugation (moluding by way at marger or consolidation) at a Person that is not feither before or other giving affect to such manacetion) the Campuny or a Restricted Subsidiary of the Cappany, if the tale or other disposition does not violate the "Asset Sale" provisions of the Industrie;
- (3) if the Company designates any Restricted Subsidiary that is a Constant to be an Unionitieted Subsidiary in accordance with the applicable provisions of the tracerouse or if any Reserviced Subsidiary is no larger required to be a Constant of the coverant destribed under "——Limitation on Constant as the Substituted Substitutes", or
- áj: upon logol defensoren er smisfigetjón and discharga af ilig Indentire as provided below under the espitosa "—Legal Defensance and Covenium "Defensancis" mid "—Satisfictión and Discharga"

Redemation

Optional Redescrition. At any than prior to August 1; 2013, the Issuers may on any one or more excessions redescribed and are part of the coses, upon not.
Issued than 10 not more than 60 days! ecology in a redemption prior equal to 110.00% of the principal amount of the notice redeemed plue the Applicable Translang,
plus accrued and unput directed. If any, on the notes redeemed, to the applicable day of redeemption (subject to the rights of laying of the relevant
regular production receive literast due on the selevalit inseries payment due that is one of philosophic days of redeemed and or expenses due of redeemed and the payment due that is one of philosophic days of redeemed and the payment due that is one of philosophic days of redeemed and the payment due that is one of philosophic days of redeemed and the payment due that is one of the payment due to
On or after August 1, 2013, the Issuers may on any one or more occasions redoem all or a part of the notes, upon not less than 30 nor more than 60 days, names, or the extemption prices texpressed as principal amount so forth below, plus overfiel and minoid internst. If any, on the notes redocted, to the extemption prices texpressed as principal during the many many beginning an August 1 of the years indicated below, subject to the rights of Holders of notes or the relevant regular record date in receive interest disc on the relevant interest before a policible date of polesiphion.

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"Applicable Premium" masse, with respect to any nam on any applicable redimption date, the greater of (i) 1.0% of the then ourstanding principal amount of such role and (ii) the excess of

- (1) the present fulue at such redemption date of the som of (A) the redemption price of such made at August 1, 2015 (such redemption price being serforb in the table appearing allows under "—Optional Redemption") plus (B) all required interest payments due on their note through August 1; 2015 (excluding accrack but unpaid tenests) such present value to be computed using a discount rate equal to the Traistry Rule of of such redemption date plus 50 basis points, aver.
- (2) the first cuestingling priested around of such wolk

Mario Apiniscia Medigago deli ACTA Deliberator del Territor

"Treasury Rate" means, as defermined by the Essers, as of the applicable redemption date, the yield to more my as of such redemption date afterward manney United States Treasury cerunites (as corrected and

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Fable of Contents.

published in the trest recent Foderal Reserve Statistical Release 14. 15 (349) that have become publicly available at least two least are days prior to such redemption date (or, if such sumistical release is no longer published, any publicly available source of smaller quarter) must accurate equal to the period from such redemption date to August 1, 2013; provided hoursely that if no published motority exactly corresponds with such date, then the Treasury Rate, shall be interpolated or generalized on a straight line basis from the artifactor is approvated further, however, that if the period from such redemption date to August 1, 2015, is test than one year, the vietally average yield an actually proced. United States Treasury secondless adjusted to a constant maturity of one year.

Optional Redecaption Lipon Equity Offerings. At any ituse, or from time, on or prior to August 1, 2015, the issuers may, at their option, use the new state proceeds of one or more Equity Offerings as defined be indented to the private of the priv

- (11) we least as 1% of the phinoipal amount of all more stand and extended the company of the figure appropriate that the company of the phinoipal and the company of the phinoipal and the company of the phinoipal amount of
- (2) The Isquest makes such redemption not more than 124 days after the consummation of now such Equity Officing.

Equity Offering means a sale dither 135 of Equity Interests of the Company (other than Disputified Capital Stock and other than to a Subsidiary of the Company of the Company or (2) of Equity Interests of a direct of indirect parent unity of the Company father than to the Company or a Subsidiary of the Company of the axiom that the new proceeds thereiven are common equity capital of the Company.

Heise of my redemption upon my tiquity titlering may be given prof to the completion thereof, and my such redemption or notice may at the Tisoers' discretion, be subject to one in more conditions presedent.

in addition to the Issuers' rights to redeem more as but forth above, the Issuers may at any line and from time in time purchest notes in open-market.
Thousactions, tender offers of otherwish.

Selection and Nolice of Redeniption

fullie exact that the Issuers choose to redicon less than all of the notes usued underthe industrial religition of the news, for redemption will be made by the Trustee silver:

- (1) in compliance with the requirements of the principal national accurities exchange, if any con which the notes are listed for
- (2) on a promite bests, by log or by such copilied as the Trustee shall deem fair and oppropriate.

No notes of a principal amount at \$2,000 or less shall be redomed in part. If a partial redomenton is made with the proceede of an Equity Offering the Transe will select the roles only only pro may basis or on as dearly of provide the proceede of the proceede of an Equity Offering the mailed by their close to be redomenton with be mailed by their close to be redoment on the redomenton of the redomenton of the redomenton of the redomenton date to each Holder of notes to be redoment at the redomenton date, integer will come to person on none to particular the redomenton date, integer will come to person on none to particular the redomenton of the specific with the particular with the particular of the opplicable redomption price.

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Table of Composes

Regarchese at the Option of Holders

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Change of Control

Upon the excurrence of a Change of Course, used Holder witthow the right to require that the leagues pare base all or a portion of auch Holder's nares pursuant to the offer executed before the course of the principal amount of the notes reduced thus actived and united interest if any, to the date of purchase tables to the rights of Flatders of notes on the relevant regular record date to receive interest date on the relevant interest payment date that it is not to reduce the receive interest date on the relevant interest payment date that it is not to be relevant interest payment date that it is not a fine to be really believed.

Within 10 days following the date upon which a Change of Control occurs, this latuers must send, by first chars grait, a nutice to each Holden, with a copy to the Tractice or otherwise in accordance with the procedures of D'C, which notice shall govern the farms of the Change of Control Offer. Such notice shall must be made at many attentions, 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 30 days nor later than 60 days from the date such notice is mailed, other than many the required by two the "Change of Control Offer will be constituted by two this fact, with the form entitled "Option of Holder to Elect Purchase" by the reverse of the notice completed, to the Paying Ageina the address specified in the autic prior in the close of husiness on the third business day prior to the Change of Control Payment that Holders will be entitled to within the jendered notes and their election to continue the issuers to purchase such notes. In Paying Agent acceives, not later than the close of business on the lext day of the offer period, a facsimila transmission or letter senting light the name of the Holder of the notes. The principal amount of the notes temperature and the statement that such if older is withdrawing his tendered note; and the relative such sales purchased.

The lasters will not be required at caske a Chango of Control Offer upon a Chango of Control if (1) a third party makes the Change of Control Offer in the found of the first and the first and otherwise is compliance with the assumential set light in the Indontrie applicable in a Change of Control Offer useds by the lasters and purchases all notes properly juntered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuent to the indicative as described above under the caption. "Oppined Redemption," unless and until there is a described above under the caption."

If a Change of Commol Offer is made, we comnot assure you that the Issuers will have excitable funds sufficient to pay the Change of Commol purchase for all the overy the Issuers are required to purchase for all the overy the Issuers are required to purchase for a purchase to a Change of Control Offer, is the every the Issuers are required to purchase for a Change of Control Offer, the Usine and Issuers expect that they would seek third-purly Insancing to the extent they do not have available funds to meet their purchase obligations. Moreover, we cannot assure you that the Issuers would be able to obtain such impanying. See "Rick Partors—We have the ability to reas the funds acceptly to history the change of control offer exquired by the indentury governing the notes."

The Company's other existing and future evider hidden dress may probable events that would constinute a Change of Compal, the Company were to experience a change of coural dear niggers a default mades such educe contact haden white contact such attention of coural dear niggers a default in seek to extensive such attensive such attended attende

Neither die Based of Litecties is the Company nor the Tensies may waite the saverant relating to a Hulder's right to redemission upon a Change of Connels such provisions may only be waited or cualified with the westen cossent of the holders of a majority in principal amount of the nates.

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Tehn of Konning

Restrictions in the Individure described horein coulde ability of the Company and its Kestricted Substitiories to leave adultional hodebredgess, to grant. Hous on its property and to make Restricted Payments (as defined below) may also make more difficult or allicovings a takescent of the Company, whether invoiced or appeared by the upapagement of the Company. Consummation of any such transaction in certain circumstances was require redestiplion or repurchase at the restrictions and the experiences on transactions with Affiliate any, in certain circumstances, make more difficult or discounting with Affiliate any, in certain circumstances, make more difficult or discounting angular districtions of the Company or any of its Substitutions, the managements of the Company or any of the Substitutions of the Company or any of the field to the first highly leveraged transactions, the further way not afford the Holders protection in all circumstances from the sources appears in a lighty leveraged transaction, morganization, restriction, may not afford the Holders protection in all circumstances from the

The definition of Change of Control includes a physic relating to the direct or indirect sale, least, unusing conveyance of other thingshippin of "all or substantially all," of the properties or essets of the Company and his Substitutes raken as a whole. Although there is a limited body of case have interpreting the physics of substantially all, "there is no precise established definition of the physics and a upplicable law. Accordingly, the ability of a Molder of autre to require the Company to repurchase its notes as a result of a vale, Issue, Traisfer, conveyance or other disposition of less than all of the issues of the Company and its Substitution is taken as a whole to another Person or group may be uncertain.

The Issuers will comply with the requirements of Ruse Me-1 under the Exchange Met any other securities laws and regulations the recorder to the extent with the reput with laws and regulations are applicable in compression with the reput finance of context up and regulations are applicable in the laws or regulations conflict with the reput of Control Provisions of the Indenture, the Lisbers will comply with the applicable securities have and regulations and will not be decread to have breasted its addigations and or Control Provisions of the Indenture by Vittal thereof.

Asset Sales

The Campany will not and will not permit any of his heariffed Subsidiaries to consuminate in Asset Sale, taker than a hequited Asset Sale in any... Lagaby Loan Portfolio Sole unless:

- (1) the Company for the Restricted Substituting, as the case any begreeines consideration at the time of the Asset Sale at least egoet to the Pair Market. Value of the users or Equity Interests issued for sold in otherwise dispayed of said.
- (2) at least 75.0% of the consideration received withe Asset Sale by the Company or and Restricted Scientifiery is in the form of each of Cash-Egylystenia. For jumposes of this provision, each of the following will be deemed to be been:
 - (a) may flabilities, as shown an the Company's or such Reprinted Subsidiary's most accommodificated balance sheet, of the Company or any Restricted Subsidiary fother than confingent liabilities and finbilities that see by their terms subsending the notes or any Note.

 Consumed that are examined by the transferre of any such useds (or a third party on behalf of such transferre) pursuant to a customary paration or other agreement that returns a containing such terms and the first such transferre).
 - (5) my semulies, mais as office obligations or assors received by the Company or only such Realifold Substitles from such hansfered that one conversed by the Company or such Residued Substitley into each within 180 days of the receipt thereof, to the exists of the each received in that conversion; and
 - (2) hay Designated Noncasti Consideration received by the Company of any of his Restricted Subsidiaries in such Asser Sule having an aggregate Pale Market Valve, taken nogodiar with all

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transatur espera etrocam of bodie. In soci asuanta di uderte confinence a suan getat. A succest frança de la La descripción de resigna etrocam of bodie. Un soci asuanta di uderte confinence a presenta di por use est used La descripción de resigna en espera en espera de la confinencia de la descripción de la confinencia de la conf

Table of Contests:

other Designated Noncesh Consideration recovered parament to this clause (c) that is at that three continuous, not to exceed the greater of:
(b) \$1250 million and (y) 25% of Tolal Assets, at this time of the recoipt of such Designated Noncesh Consideration (with the Frit Markov Value of each light of Dostlymash Noncesh Considerationsking designed by the time received and without giving affect to subsequent changes in value).

Within 165 days after the receipt of any Net Proceeds from an Asset Sale, including a frequined Assar Sale or a Legacy Loan Postfolio Sala, the beness a lost copies of the received Subsidiary, as the customay but may upply such Met Proceeds at their or in application of one following:

- (1) to prepay or repay Secured Bels or Indebtedness of any Restricted Subsidiary of the Company that is not a filternator, and, If the Indebtedness regard is necessar thereta: generated, however, that, except in the case of the innecessar from a Legacy Loan Particle Sale. Net Proceeds, may not be applied in the prepayment or repayment or Non-Recourse Indebtedness indicated in the prepayment or repayment or Non-Recourse Indebtedness indicated in the prepayment or repayment or Non-Recourse Indebtedness under Existing Facilities or Permitted Funding Indebtedness course in the last of permitted Funding Indebtedness accurred by a Lien on the asset or pasets that were subject to such Asset Sale;
- (2) to propay or repay bere Passo Debt permated to be incorred prirounness the Indepture to the executive pasted by the terms thereof, and, in the case of Part Passo Debt hanks revolving credit licilities or other nightly induces, in consupondingly reduce commissionals, with respect therefor.
- (3). In make and or more offere to the holders of the rests (and, at the reption of the Company, the holders of Peri Passa Dobi) to purchase hades (and such other Peri Passa Dobi) purchase hades to the conductors applicable to Asser Sate Lifters described below.
- (a) to acquire all experiminally all of the assets of or any Copiest Stock of mother Promitted Dusiners, if after giving effect to any such acquisition of Capital Such, the Primited Business is of Secondary Restricted Subsidiary of the Company, or
- (5) to anguire other assets finehaling, without limitation, his Ro wat Security adon Assets) that are used or useful in a Kontailed Business.

Pending the final application of any Mer Process, the Company may temporally reduce revolving and a borrowing, and to borrowing under Pendined.

Funding looking and a pull-cruise invest the Met Proceeds in any manner that is not prolitical by the Indentee.

Any Net Proceeds him Assat Sales that are not applied or invested as provided in the sound paragraph of this extreman will consider "Excess Proceeds." When the aggregate enhanced Excess Proceeds Stold million, within thirty days thereof, the Issuers will make an Assat Sale Office to all standars of Pari Passa Debr consisting provisions similar to those set forth in the hidentage with respect to office in peopless or reddom, with the proceeds of Sales of sares to purchase the maximum principal antoin of notes and such Pari Passa Dahr that may be purchased and of the Excess with the offer price in any Assat Sale Offer will be equal to 100.0% of the principal amount for, in the case of any other Pari Passa Debr offered at a significant original issue disciplint, 100.0% of the proceeds while thereof, if permitted by the relevant indentifice or other agreement governing such Pari Passa Debr offered and import interest, if say, to the date of purchase, and will be payable to easts. If any Excess Proceeds remain after commitment of an Assat Sale Offer, the Company may use those Excess Proceeds the another part Passa Debr of Pari Passa Debr to proceed and proceed into such Pari Passa.

The locates will comply with the requisiments of Rule (dd-1 invites the Exchange ACC and any vilver securities laws and regulations the causelor to the exist those laws and regulations are applicable in connection.

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Table of Comesta

Will each reportation of notes pursuant to an Asset Side Offer. To the extens had the provisions of any accurate laws of regulations conflict with the Asset Side provisions of the industrial for desired in tasks breached he abilitations and will not be desired in tasks breached he abilitations under the Asset Sale provisions of the indentity by virgue of such compliance.

Certain Covenants...

Covenous Suspension

Dering any period of time starthe notes are raidd investment Clade and no Default or Event of Default has recounst and is then continuing, the Company and in Restricted Subsidiaries will may be subject to the leftquing coverages:

.....

- * Repurchase at the Option of Molders-Assot Sales!"
 - "- Certain Lovenous- Limitation on incurrence of indebtedness and Isosance of Freining Stock."
 - Canain Covenants—Limbation on Restricted Payments:
 - " -- Contin Coverant Limitation on Dividend and Other Program Respirations of Northing Restricted Subalduries."
 - ... viante (2) of the coverion descriped index "- Certain Coverinte Maryer, Contollidation and Sale of Assets"
 - " Ceruin Covenans Limission on Transactions with Affiliates."
 - enain Covenants—Limitation on Gostontees by Restricted Subsidiaries, and
 - "-Certain Covenients Conduct of Business"

: (collectively, the "Suspinated Covenants"), in the event the Company and he Restricted Substatution and not subject in the Suspended Covenants for any period of time as a result of the posseding somenes and, subsequently one or both of the Retting Agencies, as a publicable, withdraws its tutings of downloades: the ratings assigned to the notes such that the interester again the subject to the Suspinated Covenants. It being understood that no solious taken by for omissions of the Company or any of he Restricted Subsidiaries during the auspension period shall constitute a Default of the Suspinate Covenants. Furthernor it, after the first of the Suspinate Covenants of the first of the first of the Suspinate Covenants upon such without of downgrade, calculations with respect to Restricted Payments with he made in accordance with the terms of the covenant described below under "Covenants. Limination on Restricted Payments." It shough such coverant had been in effect during the covenant period of time from the large flow in a effect during the continual period of time from the large flow in effect during the continual period of time from the large flow in effect during the continual period of time from the large flow in effect during the continual period of time from the large flow in the la

There can be no assurance that the notes will ever achieve of maintain lavestment Grede Ratings

Limitation on incurrence of independent and issuance of Preferred Suck. The Company will not and will not penal any of its Resnicred Subsidiaries to directly or indirectly, create; incur; assume, gramates, become indirectly or otherwise; with respect to, or otherwise become responsible for payment of (collectively, "lacur") any incubations, including, without humation. Acquired indebendents and the Company will not penalt any of the Resnicred Subsidiaries to issue any shares of Preferred Stock, in each case other than Permitted Indebushiess.

Norwishstanding the Porgains. If no Default or Event of Default shall have origined and he confining at the time of or as a consequence of the incurrence of any such indebtedness, the Company is may of its Restricted Subsidiaries may from tudelsedness fractuling, without limitation, required indebtedness, and the Company's Restricted Subsidiaries may besite Professed Stock, in each case if on the difference of such foldered subsidiaries may be professed stock, in each case if on the difference of such foldered subsidiaries are professed, the fixed Charge Coverage Ratio of the Company is at least 2.0 in 1.0.

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Takin of Controls

Limitation on Restricted Payments The Campany will am unit will not couse or pennit any of the Restricted Subsidiaries to, directly or industry,

- (f) declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of the Company) of the Company's Capital Stock as helders of such Capital Stock;
- (2) juichase, redsom or salarwise acquire or reine for value any Capital Stock of the Company or may warrants, rights in aptions to peachuse or expires shares of any class of such Capital Stock (other than in exchange for Qualified Capital Stock (of the Company);
- (2) make any principal payment on, purchase, delease, redown, prepay, decrease as otherwise, acquire or retire for value, prior to any scheduled final passurity, scheduled topayment or scheduled sinking fand payment, any indebtedness (other than indebtedness owed by the Company or any Restricted Subsidiary of the Company of the Company to make the subsidiary of the Company of the Company or any Restricted Subsidiary of the Company of the Company or any Restricted Subsidiary of the Company of the Company or the Company or any Restricted Subsidiary that is subsorbinate or juntor in right of payment to the notes; of
- (A) | make the Rest level Investment

If wille this of their extences with physician with other actions for four in those clauses (1) through (4) above being tellectively released loos, a "Restricted Payment") or immediately after giving effect thereto.

... "(I) ... n Default or on Event of Default shall have occurred and be commung or

::... :: ...

- (2) immediately affer giving effect thereto on a pro forma boxis, the Company is not able to unuse at least \$1.00 of additional indebtedness consume to the Fraud Charge Coverage Rollo test set thath in the assembly paragraph of the coverant described above order the samiler. Limberish on the incurrence of indebtedness and issuance of Professed Stucks or the coverant described above order the samiler.
- (V) the aggregate amount of Restricted Payments (including such projected Restricted Payment) made subsequent in the line is the amount empreyed for such proposes. If either than in cash, being the Pair Market Value of such proposes, if either than in cash, being the Pair Market Value of such proposes, if either than in cash, being the Pair Market Value of such proposes, if either than in cash, being the Pair Market Value of such proposes.
 - (e) 30.0% of the Constituted blee focuses of the Company for the period (taken of one occumulate period) from the beginning of the facet quarter in which the 2010 have the occurred to the cod of the Company's must recently ended the all quarter for which integral financial quarter for which integral for a quite for the code of the Company's must recently ended fined for which integral financial quarter for which integral for a quite for the code of the co
 - (b) 100.0% of the apprepare not each proceeds and the Pair Marker Value of madicinols securities or other proporty received by the Company.

 Kings day Person species her 2010 scare Dide including:
 - 3. any contribution to its common equity capital or from the lighter or sale of Equily interests of the Company (other than Disqualified Contributions):
 - II. the issuance or note of convertible or exchangeable Disjuhl flot Capital Stock of convertible or exchangeable debt actually of the Company that have been converted into an exchangeal for such Equity interests (other than Equity Interests for Disqualified Capital Stock or debt enginities) sold to a Subsidiary of the Company), plus
 - (c) to the option that any Restricted Investment that was made after the listic Date in sold for each or eitherwise liquidated or repoid for each.

 the lesses of (i) the each recognise control with respect to each Restricted Investment (besence cost of disposition of any) and (ii) the initial comband of such Restricted Investment, plus
 - (d) In the extent that any Universities Subsidiary of the Company is designated as a Rasinizeral Subsidiary of the Company after the Islam.

 Date, the Fair Market Value of the Company's lavestorent in such Subsidiary as of the date on which such Subsidiary was originally designated at an Universited Subsidiary after the Issue Date.

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Libia of Cantantic

The foregoing provisions do not prohibit:

- (1) the payment of any dividend or the consummation of any invivenble redeription within to days after the dute of declaration of such redemption if the dividend or payment of the redemption price, as the case may be, whild there is an permitted on the day of declaration or portion under the laderhand;
- (A) the college of any Restricted Payment, either (1) collely in explanate for thanse of Qualified Explial Stock of the Company, (ii) through the application of not proceeds of a substantially concurrent sale for each (other than to a Substitute of the Company) of there is the Company of the application of a substantially concurrent each papillal contribution reserved by the Company from its shareholders (which capital contribution (to the extent so used) shall be excluded from the calculation of amounts under clause (1985) of the formediately preceding perforable.
- (3) The purchase; reperchase; redemption, defeasorse or other acquisition or sentencing for value of Indebtedness of the Company of any Reservedd
 Symplety (including the requisition of any shares of Obsqualified Capital Stock of the Company) that is unsecured by contractabilly
 authordicated to the actes of to any Note Character by exchange for, or out of the net each proceeds from a substantially concurrent insuration of
 Refinancing indebtedness; provided, huwever, that such purchase, repaircuse, redemption, defeasance of other acquisition of relicement for value
 shall be excluded in the calculation of the amount of Resulticed Payments;
- so long as no Default or Event of Clefault shall have occurred and be community, the repurchase, redeement or other ecquisition or redeement 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 director fredirect reactive company of the Company to private thirthunders to report have charge equity (or options, warrante or other rights to acquire comman equity), thereof) of authorited of indirect parent company). Bent may future, numerit of furnar afficer, director, manager of complayer (or any speakes, successes, executous, administrators, helds an legators of any of the foregoing) of the Company, any threat or insilient. percal company of the Company, or say of he Subsidiaries or their sutherized representatives, in an appreciate amount sot to exceed \$10.0 million in any calendar proc. pdps (1) this aggregate net cools proceeds received by the Company witer the fesce Date from the iscuance of such Equaty Ingrisis to, or the authlice of exploit to purchase such Agulty Ingress by, any attrent or former Alberton, offices or employee of the Company or any Rustricted Substitutivi if the Company (provided that the amount of such not read proceeds received by the Company and difficient processors. to like clause (4)(4) for any such reprochess, redemption, sequivition or retirement will be excluded from clause (1)(0) of the preceding paragrouph) and (ii) the proceeds of "key-man" life insurance policies that are used to make such referendions or repurelizates, provided that anymost available pagarance this cloud (4) to be infliged for Resnipted Payment during any receive month period may be carried forward and infliger in the nort saicceding twelve-need the priced and provided, fill ther; that the cancellation of Indebtedness owing to the Company from soy finance current in former officer, director, manager or discriptores (or any spaceos, species on, exocutors, administration, heirs or highest of any of this large diagram. the Company of any of its Restricted Subsidiaries in connection with way repunding of Capital Mack of such califles for warrants or options of rights to acquire such Capital Steek) will not be deemed to constitute a Restricted Payment under the Indenture;
- (5) (a) the repurchase of liquity interests decided to occur upon the exercise of vivets represents position of the exercise price of those stock options or warrants and (b) repurchases of Egalty Interests or perions to purchase Equity Interests decimed to occur in consection with the exercise of social options in the exercise of social options in the exercise price with the exercise of social options in the exercise price of social options in the exercise price of social options.

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- (b) the declaration and payment of dividents or making of distributions by the Company on or the making of leans to the divident parent eximany in appearance of the Company's divers or indicent parent entires (including a corporation organized to hold interests in the Company in contention with the public distance of shares to pay without duplication as to amount of.
 - franchise taxes and other tees, taxes and expenses required to manuals the corporate existence of the Company and the direct and incircle pages, entities plus \$500,000 per year.
 - (6) federal, wate, and local income taxes of the direct or indirect prepart entity or of circum a consolicated as combined has properly directly in indirect parent is the current parent, in each case to the extent such income taxes are untilisable 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 parents actually received from any of the Company's Unrestricted Subsidiaries, in amount required to pay such taxes to the extent of the parents are unably received. However, its discount is the amount of the Company in payable that (i) in determining such taxes to the effect discretion of any test operating has sarry forwards or other carry forwards and things such as alternates minimum tax carry forwards, shall be taken into executing it if there is an adjustment in the amount of distributions or locals pursuant to this Section (b); and if the adjustment is negative, then the material distribution are local for any committed pursuant to this Section (b); and if the adjustment is negative, then the material distribution are local for any committed pursuant to this Section (b); and if the adjustment is negative, then the material distribution of relations of the company in respect of such negative adjustment to Toxobbe frecome) to take into ecount such negative amount until such negative amount is negative amount to tax other than amounts relating to advant and any contributions of the contributions of local into expect of such taxes other than amounts relating to edificated payments that the Company in the Restricted and on the estimated Subsidiaries (in applicable) would have their a should alone group;
 - (k) canomary salary, bonus and other benefits payable to officers and employees of any director indirect parent of the Company to the axions such salaries, bonuses and other benefits are attributable to the axionability or operations of the Company and its Restricted Subsidiaries;
 and
 - (d) general corporate overhead expenses and utter expenses incidental to being a public conyany (including, without limitation, unds. listing: with 1833) axpenses, of any direct or indirect parameterism of the Company to the extent such expenses and antiburable to the oversestip of operation of the Company and its Restricted Subsidiaries.
- 17) so Jong is no Default in Event of Default shall have accounted anothe continuing, the declaration and payment of regularly rehealifed or scenario dividends in hottens of sury class or series of Engalallied Capital Stock of the Company of any Registred Subsidiary of the Company issued on at the listue Dide in recondance with the Fixed Change Covering Roberts to the second paragraph of the coverint described above under the capital Change Change and Issued Stock.
- (\$1) the presenced of any dividence form in the case of any participally in limited liability company, any similar distribution by a Restricted Substitute of the Company to the holders of its Equity laterates on a partial basis.
- (9) any repricing or issuance of employee most epitons or the stoppion of bonus arrangements, in each wast in connection with the issuance of the policy and payments purguents purguent to such arrangements;
- (10) Respicied Paymonis that we made with Excluded Contributions;
- (11) Restricted Paymons made with Nor Cash proceeds from Asset Sales remaining after application the collective counter by the "Asset Sale" providing after the model of the collection and the collection of t

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factors of any Asser Sale Offer required to be made by the bours pursuan to such covernment and the purchase of all noist rendered therein);

- (12) upon occurrence of a Change of Connol and within 50 days after the completion of the Change of Control Offer prespent to the "Change of Control" provisions of the Isabetture (including the prichase of all notes textered), any purchase or redemption of Obligations of the Company that are nabordinate 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 prize due to exceed 101.0% of the outstanding principal amount thereof, plus accrued and imposed interest thereof), if styrentisted, however, that (A) at the time of such purchase or redemption, no Default or Eventual Default shall have recovered and be continuing for would result interfrom ord (B) such purchase ar redemption is not made, directly or indirectly. Non the processe of (or made in anticipation of) any issuance of lindebtedness by the Company or any Restricted Subsidiary of the Company.
- (13) Restricted Payments in an amount not to exceed \$190.0 million;
- (14) the payment of dividends on the Company's Corneron Stock for the payment of dividends to any direct or indirex passent of the Company to fund the payment of dividends on the Company's flow has been been of the net proceeds received by to conditated to the Company for any direct or indirect parent of the Company and contributed to the Company's lines the 2010 issue Osse in any public equity of the Company and contributed to the Company's lines the 2010 issue Osse in any public equity of the first state of the Company's lines the contribution of the contribution of the contribution of any such act proceeds that is ufficient for any such Resulted Payment shalf be expluded from the calculation of anyones under claims 3(b) of the immediately precising paragraphs and
- (15) any transfer, divided or other distribution of Parent Stock or any proceeds frem a transfer thereof to a direct or indirect parent entity of the Company.

to determining the eigenment is necessarily of the second paragraph of the land Date in incorpance with clause (1) of the second paragraph of this second; annulus paperded in each tension to clouds the second paragraph of

Limitation on Divident and Other Phymeut Restrictions Affecting Restricted Subsidiaries. The Company will not, and will not cause or permit and of he Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exter or become effective any consensual encycobrance of consensual respectively. Create or otherwise causes or permit to exter or become effective any consensual encycobrance of consensual respective and the Company to:

- (11) pay dividends of make any other distributions on or in respon of the 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 Resultited Subsidiary of the Company; or
- (3) Countles the of the property of assists to the Complety of any other Restricted Substidiary of the Company, except, with respect to plauses (1), (2) and (2), for each exemption as or respictions usually under or by mixing off.
 - (a) applicable law, noise regulation of order.
 - (b) the indenture and the notes; ...
 - (c) customery two assignment providings of any contract of any looks of any Restricted Subsidiary of the Company:
 - (d) any inaminany gavereine disquired indebiganess, which encumbrance or assisting is not applicable to any Person, of the properties of more unique of any Person, of the Person or the properties of the Person or acquired:
 - (a) the Existing Facilities as each exists on the base Daje and any amendments, modifications, requirements, represents, represents, represents represents or refusionings than of

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provided that they restrictions imposed jumpant to any such amendment, modification, restricting the Existing Facilities (under the relevant refunding; replacement or refundacing are arthress and customers with respect to facilities similar to the Existing Facilities (under the relevant chooles) and will not installed affect the Company's ability to fluke anticipated principal and interest payments on the notes (as determined in good faith by the literal of Directors of the Company);

- (1) agreements existing on the Issue Date to the extent and in the manner such agreements are in effect on the Issue Date ...
- (ii) itrainentous on the transfer of ussets (other their each) held in a Restricted Subsidiary of the Company imposed under ady apperhent governing indebiedness incurred in accordance with the fieldminns:
- (h) provisions in agreements avidencing Remined Funding Indebridhest that jurgoth reductions on the collaboral eccuring such indebtedness.
- (i) sestilicitions on the transfer of assets subject to any Lieu permitted to the Indeanere imposed by the holder of such Lieu;
- (i) instrictions imposed by any egreenment to sell assets or Capital Stock permitted thater the Independent any Person pending the closing of which sale:
 - (k) any apportuent or instrument governing Copical Stock of any Person that is acquired:
 - (1) The requirements of any Securitization, Waterooner facility as 115H. Facility that are explusively applicable to any Securitization Antity.

 Waterooner Facility Trust, 115H Facility Trust or special purpose Substitute Company formed in Committies these with:
 - (or) evisionary proxisions in joint venture and other similar agreenments relating aduly to such joint verture,
 - (a) missionary provisions in bases, licenses and other appromishs unwestima in the ordinary comes of business;
 - (a) Jesulations on appli or other deposits or not worth imposed by constructs under contracts unlered into in the ordinary course of business;
 - (b) after Indeblodress. Disquidited Capital Stock or Preferred Stock of Foreign Subsidiaries of the Company permitted in by incurred softeness and insurance of Preferred Stock" that impose restrictions solely on the Foreign Subsidiaries party digretor. Provided that the restrictions solely on the Foreign Subsidiaries party digretor. Provided that the restrictions will not moterially affect the ability of the fessers to pay the principal, intross and pronounce if my, on the Moles, as deformined in good failb by the Company; and
 - (q) any ensultances or restrictions imposed by any uncoditionions, restationed as requests, increases, supplements, refluidings, replacements or refluidings of the controls, instruments of obligations reflected or in clauses (b) through (ci), (f) through (n) above; provided that such amonitations, modifications, restaurness, renewals, increases, supplements, refluidings, replacements or refinancings str. in the good faith judgment of the Company's Handler Directors whose judgment shall be conclusively binding, not materially more restrictions with respect to such dividend and other phyment restrictions, taken us a whole; then those contract in the dividend or other payment restrictions prior to such amondment, modification, maintenion, renewal, increase, directoment refunding, replacement or refinancing.

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Limitation on Lieux. The Company will sell sell mai will not make at permit any of its Restricted Subsidiaries to, directly or indirectly, exectly jacon, assume or permit or eafter to exist any tiles of any kind on the assume of the Company or its Restricted Subsidiaries becaring Indebtelouse of the Company or its Restricted Subsidiaries unless.

- (f) in the enterof Lieux securing tadebipdaess of the Company of its Kestriated Substitution that is expressly subordinate or funtar to right of payment or the notice the nates are secured by a Lleu pression property. Essets or proceeds that is senior in principly to such Lieux, and
- (2) in all other cases, the neses are equally and suitably scenest except for ...
 - (a) Lieus in strong as of the lixur. Dust to the extent and in the manner such there are in effect on the large Date:
 - Tay : Liver securing the poles and the Note Covernment.
 - 16) Liens securing Non-Recourse Indebtedness.
 - (d) Usins securing Pennilited Funding Indebtedness so long as only such thien shall ancumber only (i) this established or originated with the proceeds of such hidebtedness, assets that equality of Servicing Advances, MSRs, leans, corrupge related featibility and other moreging related featibility and other moreging related featibility and filed Assets and (ii) any infangible contact rights and proceeds of, and other related documents, records and assets directly related to the instable of the instable
 - (i) Liens recurring Refresheing indeintations that in incorred to Refreshe on Indebtedges that has been recured by a Lian paralleled under the indepture and that has been incorred in accordance with the provisions of the indepture; provided, however, that such Liens (i) are not less throughts to the Holes hand in the Liens in respect of the indebtedness being Refreshein and (ii) do not extend to at over any property or the Company or he Restricted Substitutions not securing the hidebtedness to Refreshed (in property of the same type and entirely and
 - (f) Permitted Liens

Limitation on Sule and Leaveback Transactions. The Company will not and will not permit any of its Restricted Subsidiates up open more any talk and leaveback transactions provided that the Company and any Restricted Subsidiary of the Company may cour into a safe and leaveback transaction if

- (1) the Company of that Restricted Subsidiary, as applicable, could have (a) neutred hadehedness in an amount equal to the Attributable Debt felaling to such sale and leaseback transaction pursuant to the accordance distributed above under the caption."—Limitation on insurance of independence and issuance of Preferred Successful and (b) incurred a Lieu apacture such independence pursuant to the covenant described above under the caption."—Limitation on 1-force.
- (i) the consideration of that sale and remediach transaction is sufcast equal to the Fale Method Value of the property that is the subject of that sale and teaceback transaction, and
- (1) the standily of essets in distrible and leaseback densaction is remained by, and the Company applies the provides of such interaction in complex or with the coverent described above under the capitan Repuishase at the Option of Holders—Asiat Sales."

Merger. Consolidation and Sula of Acsets. (At Norther Issuer, in a single transaction or verses of related ministerious, may consolidate or merge will no into any Person, in sell, assign, may consolidate or merge will not into any lesson, to any Person and (B) the Company will not, in a single manuscrim or series of related manuscrims, cannot be interested in inte

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thus fee, least, convey or otherwise alsopose of all or substantially all of the Company's assets (determined on a consolitoused basis for the Company and the Company's Resulting Subsidiaries; whether as an arthrey or substantially as an entirety to any Person onless:

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- (a) the Company, or such Issuer, as the cose may be, shall be the sorrying or continuing witth; or
- (b) the Person (if other than the Company or such issuer, as the was may be) formed by such consolidation or into which he Company or such issuer, as the case may be, it needed in the Person which acquires by sule, assignment transfer, leave, conveyance or other disposition the properties and assets of the Company in such issuer, as the case may be, and of the Company is Subgidientes substantially as in entirely (the "Surviving Emity"):
 - i. stull he a Person grashized and ustinty existing under the less of the United Sums of any Sum thereof or the Utstribt of Cobumbia, provided that in the sub-scheme the Surviving Builty is not a corporation, a co-orbitate of the motes less corporation and
 - ii. shall expressly assumed by supplemental intenture (in form and substance remonably suffactory to the Trustee), executed and delivered in the Trustee. The due and purely a property of the principal of and parallim, if any, and interest on all of the noise, and the performance of every coverant of the outer and the federates on the performance of every coverant of the outer and the federates on the performed of observed.
- (2) immediately after giving effect to such francestion and the assumption contemplated to clause (1)(high) above (including giving effect to any indebtedness and Acquired indebtedness incurred in extension with or in aspect of such transaction), the Company, such issues, in such Spryining Lantay, as the case may be shall either (x for oblatio incur at least \$1.00 of additional indebtedness persuant at the First Charlet Charlet Counge Ratio (x) set forth in the second piragraph of the Savaran described above under the capillant in Limitation on the incurrence of indebtedness and issuance of ireform Stock for (y) the Company shall have a proform Fixed Charge Counting Ratio of the Company immediately pict to such assection.
- (1) immediately before and immediately after giving effect to such transaction and the assumption concemptated by clones (M(b)(ii) above (molecting) exchanged in mission, giving effect to any indicateness and Acquired indebtedness incurred to unicipated to be incurred and any like a graphed in expension with it in respect of the industriant, he Default at Event of Default at Event will be a presented by the contemings and
- (4) the Company, such issued of the Surviving Smily shall have delivered to the Truster in officers' certificate and an opinion of counsel, each staining their such consolidation, merger, such supplemental indenture in required in compactate with a supplemental indenture comply with the applicable provisions of the Indenture and that all conditions preceded in the lindenture and that all conditions preceded in the lindenture relating to such transaction have been satisfied.

For purposes of the horegoing, the transfer for lease, assignment, relieve otherwise, in a single transaction or saids of innessentials if all in unbrandally all of the properties or usule of one or main destricted Substdiaries of the Company the Equital Stock of which constitutes all or substantially all of the properties and assets of the Company, whill be desired to be the unwifer of all or substantially all of the properties and assets of the Company.

The Indicature provides that upon any consolidation, combination or assign de any transfer of all or substantially all of the assess of the Company or such faster, as the case may be, in an the combining entiry, the successor