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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K/A**  
(Amendment No. 1)

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

**Date of Report (Date of earliest event reported): April 1, 2021**

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**FINANCE OF AMERICA COMPANIES INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-40308**  
(Commission  
File Number)

**85-3474065**  
(IRS Employer  
Identification No.)

**909 Lake Carolyn Parkway, Suite 1550**  
**Irving, Texas 75039**  
(Address of principal executive offices, including zip code)

**Registrant's telephone number, including area code: (972) 865-8114**

**N/A**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	FOA	New York Stock Exchange
Warrants to purchase shares of Class A Common Stock	FOA.WS	New York Stock Exchange

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## EXPLANATORY NOTE

This Amendment No. 1 on Form 8-K/A (this “Amendment”) amends the Current Report on Form 8-K of Finance of America Companies Inc.’s (the “Company”), filed on April 1, 2021 (the “Original Report”), in which the Company reported, among other events, the completion of the Business Combination (as defined in the Original Report). Capitalized terms used but not defined herein have the meanings assigned to them in the Original Report.

As previously reported in the Company’s Current Report on Form 8-K filed on May 6, 2021, on May 5, 2021, the Company’s management and Audit Committee concluded that certain previously filed historical financial information of Replay, which is now a direct wholly-owned subsidiary of the Company following the Business Combination should no longer be relied upon. The purpose of this Amendment is to: (1) replace the unaudited pro forma combined consolidated financial information for the year ended December 31, 2020 included in the Original Report with the unaudited pro forma combined consolidated financial information as of and for the three months ended March 31, 2021 and the year ended December 31, 2020 filed as Exhibit 99.1 to this Amendment (the “Updated Pro Forma Financial Information”); (2) include the unaudited condensed consolidated financial statements of the Company as of March 31, 2021 and for the three months ended March 31, 2021 and 2020, filed as Exhibit 99.2 to this Amendment; (3) include Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Company as of and for the three months ended March 31, 2021 and 2020, which is filed as Exhibit 99.3 to this Amendment; and (4) to include Exhibits 10.20.4, 10.20.5 and 10.21.4 to this Amendment, which replace Exhibits 10.20.4, 10.20.5 and 10.21.4, respectively, to the Original Report. The Updated Pro Forma Financial Information should be read in conjunction with (i) the historical restated audited consolidated financial statements of Replay as of and for the year ended December 31, 2020 and the accompanying notes, which are included in Amendment No. 1 to Replay’s Annual Report on Form 10-K filed May 17, 2021, which are incorporated by reference herein; and (ii) the historical audited consolidated financial statements of the Company as of and for the year ended December 31, 2020 and the accompanying notes, which are included as Exhibit 99.1 to the Original Report and incorporated by reference herein.

### ***Forward-Looking Statements***

Certain statements in this Amendment may constitute “forward-looking statements” for purposes of the federal securities laws. The Company’s forward-looking statements include, but are not limited to, statements regarding its or its management team’s expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “appear,” “approximate,” “believe,” “continue,” “could,” “estimate,” “expect,” “foresee,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “would” and similar expressions (or the negative version of such words or expressions) may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Amendment may include, for example, statements about:

- the expected benefits of the Business Combination;
- the Company’s financial performance following the Business Combination;
- changes in the Company’s strategy, future operations, financial position, estimated revenues and losses, projected costs, margins, cash flows, prospects and plans;
- the impact of health epidemics, including the COVID-19 pandemic, on the Company’s business and the actions the Company may take in response thereto;
- expansion plans and opportunities; and
- the outcome of any known and unknown litigation and regulatory proceedings.

These forward-looking statements are based on information available as of the date of this Amendment, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date, and the Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, the Company's actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- the risk that the recently consummated Business Combination disrupts current plans and operations of the Company;
- the ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition and the ability of the combined business to grow and manage growth profitably;
- costs related to the Business Combination;
- changes in applicable laws or regulations;
- the effect of the COVID-19 pandemic on the Company's business;
- the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors;
- the inability to maintain the listing of the Company's shares of Class A Common Stock on the NYSE; and
- other risks and uncertainties set forth in the section entitled "Risk Factors" included elsewhere in the Original Report.

#### **Item 9.01 Financial Statements and Exhibits.**

##### **(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.20.4	<a href="#"><u>Fourth Amendment to the Master Repurchase Agreement among Nomura Corporate Funding Americas, LLC, as buyer, and Finance of America Commercial LLC, as seller, dated February 19, 2021.</u></a>
10.20.5	<a href="#"><u>Fifth Amendment to the Master Repurchase Agreement among Nomura Corporate Funding Americas, LLC, as buyer, and Finance of America Commercial LLC, as seller, dated February 26, 2021.</u></a>
10.21.4	<a href="#"><u>Fourth Amendment to the Master Repurchase Agreement among Nomura Corporate Funding Americas, LLC, as buyer, and Finance of America Mortgage LLC, as seller, dated December 11, 2020.</u></a>
99.1	<a href="#"><u>Unaudited pro forma condensed combined consolidated financial information as of and for the three months ended March 31, 2021 and for the year ended December 31, 2020.</u></a>
99.2	<a href="#"><u>Unaudited condensed consolidated financial statements of the Company as of March 31, 2021 and for the three months ended March 31, 2021 and 2020.</u></a>
99.3	<a href="#"><u>Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company for the three months ended March 31, 2021.</u></a>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 17, 2021

**Finance of America Companies Inc.**

By: /s/ Johan Gericke

Johan Gericke

Executive Vice President, Chief Financial Officer

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed

#### AMENDMENT NO. 4 TO MASTER REPURCHASE AGREEMENT

This Amendment No. 4 to Master Repurchase Agreement, dated as of February 19, 2021 (this "Amendment"), by and among Nomura Corporate Funding Americas, LLC ("Buyer") and Finance of America Commercial LLC (the "Seller").

#### RECITALS

Buyer and Seller are parties to that certain Master Repurchase Agreement, dated as of August 18, 2017 (as amended by Amendment No. 1 to Master Repurchase Agreement, dated as of September 29, 2017, Amendment No. 2 to Master Repurchase Agreement, dated as of September 28, 2018 and Amendment No. 3 to Master Repurchase Agreement, dated as of November 21, 2018, the "Existing Repurchase Agreement"; as amended by this Amendment, the "Repurchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Existing Repurchase Agreement.

Buyer and Seller have agreed, subject to the terms and conditions of this Amendment, that the Existing Repurchase Agreement be amended to reflect certain agreed upon revisions to the terms of the Existing Repurchase Agreement.

Accordingly, Buyer and Seller hereby agree, in consideration of the mutual promises and mutual obligations set forth herein, that the Existing Repurchase Agreement is hereby amended as follows:

SECTION 1. Amendments to Existing Repurchase Agreement. Effective as of the date hereof, the Existing Repurchase Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in Exhibit A hereto. The parties hereto further acknowledge and agree that Exhibit A constitutes the conformed agreement as amended and modified by the terms set forth herein.

SECTION 2. Conditions Precedent. This Amendment shall become effective as of the date hereof, subject to Buyer's receipt of the following documents, each of which shall be satisfactory to Buyer in form and substance:

- (a) this Amendment, executed and delivered by Seller and Buyer; and
- (b) Amendment No. 11 to Pricing Side Letter, executed and delivered by Seller and Buyer.

SECTION 3. Limited Effect. Except as expressly amended and modified by this Amendment, the Existing Repurchase Agreement shall continue to be, and shall remain, in full force and effect in accordance with its terms and the execution of this Amendment.

SECTION 4. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Counterparts may be delivered electronically. Facsimile, documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Amendment and all matters related thereto, with such facsimile, scanned and electronic signatures having the same legal effect as original signatures. The parties agree that this Amendment, any addendum or amendment hereto or any other document necessary for the consummation of the transaction contemplated by this Amendment may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures In Global and National Commerce Act, Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service providers, as long as such service providers use system logs and audit trails that establish a temporal and process link between the presentation of identity documents and the electronic signing, together with identifying information that can be used to verify the electronic signature and its attribution to the signer's identity and evidence of the signer's agreement to conduct the transaction electronically and of the signer's execution of each electronic signature.

SECTION 5. Severability. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

**SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.**

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

**NOMURA CORPORATE FUNDING AMERICAS, LLC,**  
as Buyer

By: /s/ David Ritchie  
Name: David Ritchie  
Title: Managing Director

Signature Page to Amendment No. 4 to Master Repurchase Agreement (Nomura/FACo)

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**FINANCE OF AMERICA COMMERCIAL LLC, as  
Seller**

By: /s/ Robert Conway

Name: Robert Conway

Title: Treasurer

Signature Page to Amendment No. 4 to Master Repurchase Agreement (Nomura/FACo)



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Exhibit A

CONFORMED AGREEMENT

(See attached)

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MASTER REPURCHASE AGREEMENT

between

NOMURA CORPORATE FUNDING AMERICAS, LLC,  
as Buyer

and

FINANCE OF AMERICA COMMERCIAL LLC,  
as Seller

Dated as of August 18, 2017

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MASTER REPURCHASE AGREEMENT

This is a MASTER REPURCHASE AGREEMENT, dated as of August 18, 2017, between FINANCE OF AMERICA COMMERCIAL LLC, a Delaware limited liability company (the “Seller”) and NOMURA CORPORATE FUNDING AMERICAS, LLC, a Delaware limited liability company (the “Buyer”).

Section 1. Applicability; Transaction Overview. Subject to the terms and conditions set forth herein, from time to time and at the request of Seller, the parties may enter into transactions in which Seller agrees to sell, transfer and assign to Buyer certain Purchased Assets, against the transfer of funds by Buyer representing the Purchase Price for such Purchased Assets, with a simultaneous agreement by Buyer to transfer to Seller and Seller to repurchase such Purchased Assets in a repurchase transaction at a date not later than the Termination Date, against the transfer of funds by Seller representing the Repurchase Price for such Purchased Assets. Each such transaction involving the purchase and sale of additional Mortgage Loans (and, for the avoidance of doubt, any Advanced Holdback Amount) shall be referred to herein as a “Transaction” and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in any annexes identified herein, as applicable hereunder.

Section 2. Definitions. As used herein, the following terms shall have the following meanings.

“Accelerated Repurchase Date” shall have the meaning set forth in Section 15(a)(i) hereof.

“Accepted Servicing Practices” shall mean, with respect to any Mortgage Loan, those mortgage servicing practices of prudent mortgage lending institutions which service mortgage loans (a) of the same type as such Mortgage Loan in the jurisdiction where the related Mortgaged Property is located, and (b) consistent with the degree of skill and care that such servicers customarily require with respect to similar Mortgage Loans owned or managed by such servicers, and that are in accordance with all applicable Federal, State and local laws and regulations.

“Adjusted Principal Balance” shall mean the unpaid principal balance as of the Purchase Date inclusive of any Advanced Holdback Amount but not including, for the avoidance of doubt, any Holdback Amount that has not been disbursed to the related Mortgagor.

“Adjusted Tangible Net Worth” shall have the meaning set forth in the Pricing Side Letter.

“Advanced Holdback Amount” shall mean, with respect to any Purchased Asset that is an RTL Loan, any Holdback Amount disbursed by or on behalf of Seller to the related Mortgagor in accordance with the applicable Mortgage Loan Documents.

“Affiliate” shall mean with respect to any Person, any “affiliate” of such Person, as such term is defined in the Bankruptcy Code, but excluding Blackstone Tactical Opportunities Funds and BTO Urban Holdings LLC.

“Affiliated Servicer” shall mean a Servicer that is an Affiliate of Seller.

“Aggregate Asset Value” shall mean, as of any date of determination, the sum of the Asset Value of all Purchased Assets.

“Aggregate Facility Repurchase Price” shall mean, as of any date of determination, the sum of the Repurchase Prices (excluding from the definition of Repurchase Price any amounts calculated pursuant to clause (B) of such definition) of all Purchased Assets.

~~“Aggregate Utilized Purchase Price” shall have the meaning set forth in the Pricing Side Letter.~~

“Agreement” shall mean this Master Repurchase Agreement between Buyer and Seller, dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Anti-Money Laundering Laws” shall have the meaning set forth in Section 12(bb) hereof.

“Appraisal” shall mean a FIRREA-compliant appraisal report provided by an appropriately state licensed or certified appraiser indicating the market value of the related Mortgaged Property, incorporating, other than a ground-up construction, an interior inspection of the residence on such Mortgaged Property and obtained in conformity with customary and usual business practices, relative state and federal laws, and regulatory guidelines. Such appraisal report will generally include a minimum of [\*\*\*] comparable sales that support the value. In the event the related MortgageRTL Loan includes any undisbursed Holdback Amounts, such report will include both the “as is” and “as repaired” values within the appraisal report.

“Appraisal Appraised Value” shall mean, with respect to any Mortgage Loan, the appraised value of the related Mortgaged Property as set forth in the Appraisal.

“Asset Detail and Exception Report” shall have the meaning set forth in the Custodial Agreement.

“Asset File” shall have the meaning set forth in the Custodial Agreement.

“Asset Schedule” shall mean with respect to any Transaction as of any date, an asset schedule in the form of a computer tape or other electronic medium (including an Excel spreadsheet) generated by Seller and delivered to Buyer and the Custodian, which provides information (including, without limitation, the information set forth on Exhibit G-1 or Exhibit G-2, as applicable, attached hereto) relating to the Purchased Assets and Eligible Mortgage Loans in a format reasonably acceptable to Buyer.

“Asset Value” shall mean, as of any date of determination, with respect to each Eligible Mortgage Loan, an amount equal to

(a) ~~(A)~~ with respect to all RTL Loans, the product of (i) the related Purchase Price Percentage with respect to such ~~Eligible~~ Mortgage Loan and (ii) the Market Value of such ~~Purchased Asset~~ Mortgage Loan and (iii) the Adjusted Principal Balance of such ~~Purchased Asset~~ Mortgage Loan (subject to modification pursuant to the terms below), minus (B) the product of (i) the undisbursed Holdback Amount for such ~~Eligible~~ Mortgage Loan as of such date, if any, and (ii) the applicable Haircut Percentage for such ~~Eligible~~ Mortgage Loan;

(b) with respect to all other Eligible Mortgage Loans, the product of (i) the related Purchase Price Percentage with respect to such Mortgage Loan and (ii) the Market Value of such Mortgage Loan and (iii) the unpaid principal balance of such Mortgage Loan (subject to modification pursuant to the terms below).

Without limiting the generality of the foregoing, Seller acknowledges that the Asset Value of a Purchased Asset may be reduced to zero by Buyer, or such other valuation as determined by Buyer in its sole discretion, with respect to any Purchased Asset as to which a Purchased Asset Issue has occurred and such Purchased Asset has not been repurchased or caused to be repurchased by Seller.

“Assignment and Acceptance” shall have the meaning set forth in Section 20 hereof.

“Attorney Bailee Letter” shall mean a bailee letter substantially in the form prescribed by the Custodial Agreement or otherwise approved in writing by Buyer.

“Authorized Representative” shall mean, for the purposes of this Agreement only, an agent or Responsible Officer of Seller listed on Schedule 2 hereto, as such Schedule 2 may be amended from time to time.

~~“Available Committed Purchase Price” shall mean, as of any date of determination, the difference between (x) the Committed Purchase Price as of such date, minus (y) the Aggregate Utilized Purchase Price as of such date.~~

“Bailee Letter” shall mean a bailee letter substantially in the form prescribed by the Custodial Agreement or otherwise approved in writing by Buyer.

“Bank” shall mean Wells Fargo Bank, N.A., in its capacity as bank, or a successor bank approved in writing by Buyer, with respect to the Collection Account Control Agreement.

“Bankruptcy Code” shall mean the United States Bankruptcy Code of 1978, as amended from time to time.

“BPO” shall mean a broker price opinion of the estimated sale price of a Mortgaged Property provided by an appropriately state licensed real estate agent reasonably acceptable to Buyer in conformity with customary and usual business practices, state and federal laws and regulatory guidelines. Such BPO will include a minimum of [\*\*\*] comparable sales.



“BPO Value” shall mean, with respect to any Mortgage Loan, the ~~estimated sales price~~ value of the related Mortgaged Property as set forth in the BPO obtained by or on behalf of Seller; provided, however, that if such determined value is not acceptable to Buyer, then Buyer may require Seller to obtain an additional BPO from a BPO provider, such provider to be selected by Buyer in its sole discretion.

“Business Day” shall mean a day other than (i) a Saturday or Sunday, (ii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the State of New York, or (iii) any day on which the New York Stock Exchange is closed.

“Buyer” shall mean Nomura Corporate Funding Americas, LLC, its successors in interest and assigns, and with respect to Section 7, its participants.

“Calculation Agent” shall mean Wells Fargo Bank, N.A. or any other calculation agent approved by Buyer in its sole discretion.

“Calculation Agent Side Agreement” shall mean that certain Calculation Agent and Payment Agent Side Agreement dated as of August 18, 2017 among Seller, Buyer, Payment Agent and Calculation Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Capital Lease Obligations” shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

“Capital Stock” shall mean, as to any Person, any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent equity ownership interests in a Person which is not a corporation, including, without limitation, any and all member or other equivalent interests in any limited liability company, limited partnership, trust, and any and all warrants or options to purchase any of the foregoing, in each case, designated as “securities” (as defined in Section 8-102 of the Uniform Commercial Code) in such Person, including, without limitation, all rights to participate in the operation or management of such Person and all rights to such Person’s properties, assets, interests and distributions under the related organizational documents in respect of such Person. “Capital Stock” also includes (i) all accounts receivable arising out of the related organizational documents of such Person; (ii) all general intangibles arising out of the related organizational documents of such Person; and (iii) to the extent not otherwise included, all proceeds of any and all of the foregoing (including within proceeds, whether or not otherwise included therein, any and all contractual rights under any revenue sharing or similar agreement to receive all or any portion of the revenues or profits of such Person).

“Change in Control” shall mean:

(a) any transaction or event as a result of which UFG Holdings LLC does not own, directly or indirectly, at least [\*\*\*] of the Capital Stock of Seller; or

(b) any transaction or event as a result of which UFG Holdings LLC and Buy to Rent Holdings L.P. fail to own, directly or indirectly, on a combined basis, [\*\*\*] of the Capital Stock of Seller;

(c) the sale, transfer, or other disposition of all or an amount equivalent to [\*\*\*] or more of Seller's assets (excluding any such action taken in connection with any securitization or whole loan transaction); or

(d) Seller elects to be taxed as a real estate investment trust, as defined under Section 856 of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collection Account" shall mean the "Collection Account" as defined in the Collection Account Control Agreement.

"Collection Account Control Agreement" shall mean the agreement regarding the Collection Account among Seller, Buyer and Bank and acknowledged by Seller, which shall provide for Buyer control as of the date of execution and shall be in form and substance acceptable to Buyer, as the same may be amended from time to time.

"Collection Period" shall mean the period commencing on the [\*\*\*] day of the month up to but not including the [\*\*\*] of the following month.

~~"Committed Purchase Price" shall have the meaning set forth in the Pricing Side Letter.~~

"Concentration Limit" shall have the meaning set forth in the Pricing Side Letter.

~~"Concentration Limit Issue" shall have the meaning set forth in the definition of "Purchased Asset Issue" hereof.~~

~~"Concentration Limit Threshold" shall have the meaning set forth in the Pricing Side Letter.~~

"Confidential Information" shall have the meaning set forth in Section 31(b) hereof.

"Confidential Terms" shall have the meaning set forth in Section 31(a) hereof.

"Confirmation" shall mean a written confirmation from Buyer to Seller in the form of Exhibit A attached hereto.

"Costs" shall have the meaning set forth in Section 16(a) hereof.

"Custodial Agreement" shall mean that certain Custodial Agreement dated as of the date hereof, among Seller, Buyer and Custodian, as the same may be amended from time to time.

“Custodian” shall mean Wells Fargo Bank, N.A. and any successor thereto under the Custodial Agreement.

“Default” shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

“Defaulting Party” shall have the meaning set forth in Section 30(b) hereof.

“Delaware LLC Act” shall mean Chapter 18 of the Delaware Limited Liability Company Act, 6 Del. C. §§ 18-101 et seq., as amended.

“Disbursement Account” shall mean the account established at the Disbursement Account Bank pursuant to the terms and conditions of the Disbursement Account Control Agreement.

“Disbursement Account Control Agreement” shall mean a disbursement account control agreement to be entered into among Seller, Buyer and Disbursement Account Bank, in form and substance acceptable to Buyer, as each may be amended, restated, supplemented or otherwise modified from time to time.

“Disbursement Account Bank” shall mean Wells Fargo Bank, N.A. in its capacity as account bank with respect to the Disbursement Account, and any successor thereto under the Disbursement Account Control Agreement.

“Disbursement Agent” shall mean Wells Fargo Bank, N.A. in its capacity as disbursement agent, and any successor thereto under the Disbursement Agent Agreement.

“Disbursement Agent Agreement” shall mean that certain Disbursement Agent Agreement to be entered into among Seller, Buyer and the Disbursement Agent, as it may be amended, supplemented or otherwise modified from time to time.

“Disposition Proceeds” shall have the meaning set forth in Section 5(f) hereof.

“Division/Series Transaction” shall mean, with respect to any Person that is a limited liability company organized under the laws of the State of Delaware, that any such Person (a) divides into two or more Persons (whether or not the original Person or Subsidiary thereof survives such division) or (b) creates, or reorganizes into, one or more series, in each case, as contemplated under the laws of the State of Delaware, including without limitation Section 18-217 of the Delaware LLC Act.

“Dollars” and “\$” shall mean lawful money of the United States of America.

“Due Diligence Documents” shall have the meaning set forth in Section 19 hereof.

“DSCR” shall mean, with respect to any Purchased Asset that is a Rental Loan, the debt service coverage ratio as set forth in the applicable Underwriting Guidelines.

“Effective Date” shall mean the date upon which the conditions precedent set forth in Section 3(a) shall have been satisfied.

“Electronic Tracking Agreement” shall mean an Electronic Tracking Agreement that is entered into among Buyer, Seller, MERS and MERSCORP Holdings, Inc., to the extent applicable as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Eligible Mortgage Loan” shall mean a Mortgage Loan that meets the following criteria (unless otherwise agreed to by Buyer in writing in its sole and absolute discretion) at all times (unless otherwise set forth below):

(a) was originated by the Seller in accordance with the related Underwriting Guidelines and without any noted exceptions;

(b) in respect of which each related Servicer has entered into a Servicing Agreement and Servicer Notice satisfying the requirements of Sections 3(b) hereof;

(c) “Eligible such Mortgage Loan” shall mean a Mortgage Loan which complies with the Underwriting Guidelines and with the representations and warranties set forth on Schedule 1 ~~with respect thereto;~~

(d) the related Mortgagor is not subject to an Insolvency Event, and the related Mortgaged Property is not involved in a proceeding under an Insolvency Event;

(e) such Mortgage Loan is not subject to foreclosure proceedings and has not been converted into an REO property;

(f) such Mortgage Loan and the related Mortgaged Property does not, after giving effect to the related Purchase Price with respect to such Mortgaged Property or Mortgage Loan, cause any of the applicable Concentration Limits set forth in the Pricing Side Letter to be exceeded;

(g) such Mortgage Loan is not secured by a Mortgaged Property that, in Buyer’s good faith discretion, is subject to ground-up construction, substantial or complete demolition or a repurposing project or other substantial construction or rehabilitation;

(h) such Mortgage Loan is secured by a Mortgaged Property located in a State of the United States of America or the District of Columbia;

(i) such Mortgage Loan is secured by one Mortgaged Property (or in the case of a Multi-Property Rental Loan, [\*\*\*] or more Mortgaged Properties) that in each case have no Lien subordinate to the Lien of the Mortgage;

(j) the related Mortgagor is a U.S. Person;

(k) such Mortgage Loan is secured by a Mortgaged Property with an “as-is” Property Value of at least [\*\*\*];

(l) if such Mortgage Loan is an RTL Loan, satisfies each of the following criteria:

(i) has an initial term of at least [\*\*\*] and not more than [\*\*\*] [\*\*\*];

(ii) the related Holdback Amount (if any) does not exceed an amount equal to [\*\*\*] of the “as is” Property Value of the related Mortgaged Property that secures such Mortgage Loan;

(iii) the Loan-to-After-Repair-Value Ratio does not exceed [\*\*\*];

(iv) the Loan-to-Cost Ratio does not exceed [\*\*\*];

(v) such Mortgage Loan has an unpaid principal balance that is not greater than [\*\*\*];

(m) if such Mortgage Loan is a Rental Loan, satisfies each of the following criteria: [\*\*\*];

(i) has an initial term of at least [\*\*\*] and not more than [\*\*\*]

(ii) such Mortgage Loan has an unpaid principal balance that is not greater than (x) [\*\*\*] if such Mortgage Loan is a Multi-Property Mortgage Loan or (y) [\*\*\*] if such Mortgage Loan is not a Multi-Property Mortgage Loan;

(iii) is subject to an unconditional full recourse payment guaranty made by the related Sponsor of such Mortgagor;

(iv) the FICO score of each related guarantor is greater than or equal to [\*\*\*];

(v) has a DSCR equal to or greater than [\*\*\*];

(vi) has an LTV that is less than or equal to [\*\*\*];

(vii) the related Mortgaged Property is solely for use as a rental property, such Mortgaged Property is not occupied by the related Mortgagor or any Affiliate of such Mortgagor or family member of such Mortgagor (in the case of a Mortgagor that is a natural person), such Mortgaged Property is not used for any other commercial or noncommercial use and Seller has provided Buyer or its designee with a statement certifying such purposes as well as other checks as agreed to between Seller and Buyer as determined through due diligence; and

(viii) as of the related Purchase Date, has been approved by Buyer in its sole and absolute discretion.

“Environmental Issue” shall mean any material environmental issue with respect to any Mortgaged Property, as determined by the Buyer in its good faith discretion, including without limitation, the violation of any federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, employee health and safety or hazardous substances, materials or other pollutants, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 3803 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Hazardous Material Transportation Act, 49 U.S.C. § 1801 et seq. and the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; and any state and local or foreign analogues, counterparts or equivalents, in each case as amended from time to time.

“EO13224” shall have the meaning set forth in Section 12(cc) hereof.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor thereto, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” shall mean any Person which, together with Seller is treated, as a single employer under Section 414(b) or (c) of the Code or solely for purposes of Section 302 of ERISA and Section 412 of the Code is treated as a single employer described in Section 414 of the Code.

“Escrow Instruction Letter” shall mean the Escrow Instruction Letter from Buyer and Seller to the Settlement Agent, in the form of Exhibit H hereto, as the same may be modified, supplemented and in effect from time to time.

“Event of Default” shall have the meaning set forth in Section 14 hereof.

“Event of ERISA Termination” shall mean (i) with respect to any Plan, a Reportable Event, as to which the PBGC has not by regulation waived the reporting of the occurrence of such event, or (ii) the withdrawal of Seller or any ERISA Affiliate thereof from a Plan during a plan year in which it is a substantial employer, as defined in Section 4001(a)(2) of ERISA, or (iii) the failure by Seller or any ERISA Affiliate thereof to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA with respect to any Plan, including, without limitation, the failure to make on or before its due date a required installment under Section 430 (j) of the Code or Section 303(j) of ERISA, or (iv) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or any action taken by Seller or any ERISA Affiliate

thereof to terminate any Plan, or (v) the failure to meet the requirements of Section 436 of the Code resulting in the loss of qualified status under Section 401(a)(29) of the Code, or (vi) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (vii) the receipt by Seller or any ERISA Affiliate thereof of a notice from a Multiemployer Plan that action of the type described in the previous clause (vi) has been taken by the PBGC with respect to such Multiemployer Plan, or (viii) any event or circumstance exists which may reasonably be expected to constitute grounds for Seller or any ERISA Affiliate thereof to incur liability under Title IV of ERISA or under Sections 412(b) or 430 (k) of the Code with respect to any Plan.

“Excluded Taxes” shall have the meaning set forth in Section 7(e) hereof.

“Exit Fee” shall have the meaning set forth in the Pricing Side Letter.

“Facility Documents” shall mean this Agreement, the Pricing Side Letter, the Custodial Agreement, the Tri-Party Agreement, if any, a Servicer Notice, if any, the Powers of Attorney, the Electronic Tracking Agreement, if any, the Collection Account Control Agreement, each Servicing Agreement, each Servicer Notice, Calculation Agent Side Agreement, the Disbursement Agent Agreement, the Disbursement Account Control Agreement, each Escrow Instruction Letter (if any) and any and all other documents and agreements executed and delivered by Seller, Junior Lender or their respective Affiliates in connection with this Agreement or any Transactions hereunder, as the same may be amended, restated or otherwise modified from time to time.

“FDIA” shall have the meaning set forth in Section 32(c) hereof.

“FDICIA” shall have the meaning set forth in Section 32(d) hereof.

“FICO” shall mean Fair Isaac & Co., or any successor thereto.

“Fidelity Insurance” shall mean insurance coverage with respect to employee errors, omissions, dishonesty, forgery, theft, disappearance and destruction, robbery and safe burglary, property (other than money and securities) and computer fraud acceptable to Buyer.

“Financial Statements” shall mean the consolidated and consolidating financial statements of Seller prepared in accordance with GAAP for the year or other period then ended. Such financial statements will be audited, in the case of annual statements, by BDO USA, LLP or such other nationally recognized independent certified public accountants approved by Buyer (which approval shall not be unreasonably withheld).

“GAAP” shall mean generally accepted accounting principles in the United States of America, applied on a consistent basis and applied to both classification of items and amounts, and shall include, without limitation, the official interpretations thereof by the Financial Accounting Standards Board, its predecessors and successors.

“GLB Act” shall have the meaning set forth in Section 31(b) hereof.

“Governmental Authority” shall mean any nation or government, any state, county, municipality or other political subdivision thereof or any governmental body, agency, authority, department or commission (including, without limitation, any taxing authority) or any instrumentality or officer of any of the foregoing (including, without limitation, any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation, partnership or other entity directly or indirectly owned by or controlled by the foregoing.

“Guarantee” shall mean, as to any Person, any obligation of such Person directly or indirectly guaranteeing any Indebtedness of any other Person or in any manner providing for the payment of any Indebtedness of any other Person or otherwise protecting the holder of such Indebtedness against loss (whether by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, or to take-or-pay or otherwise); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee of a Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The terms “Guarantee” and “Guaranteed” used as verbs shall have correlative meanings.

“Haircut Percentage” shall mean, for each Purchased Asset, as of any date of determination, a percentage equal to (x) [\*\*\*] less (y) the product of (A) Market Value and (B) the related Purchase Price Percentage for such Purchased Asset.

“High LTC Mortgage Loan” shall have the meaning set forth in the Pricing Side Letter.

“Holdback Amount” shall mean, with respect to any Purchased Asset that is an RTL Loan, the future funding amount for the related Mortgagor to improve and rehabilitate the related Mortgaged Property in accordance with the applicable Mortgage Loan Documents.

“Holdback Servicer” shall mean Finance of America Commercial LLC or any other servicer approved by Buyer in its sole discretion to service the aggregate Holdback Amount.

“Income” shall mean, with respect to any Purchased Asset, all principal and income or dividends or distributions received with respect to such Purchased Asset, including any Liquidation Proceeds, insurance proceeds, interest or other distributions payable thereon or any fees or payments of any kind received.

“Indebtedness” shall mean, with respect to any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of Property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such Property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of Property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within [\*\*\*] of the date the respective goods are delivered or the respective services are rendered; (c) Indebtedness of others secured by a Lien on the Property of such Person, whether or not the respective Indebtedness so secured has been assumed by such Person; (d) obligations (contingent or otherwise) of such Person in respect of letters of credit or similar instruments issued or



accepted by banks and other financial institutions for the account of such Person; (e) Capital Lease Obligations of such Person; (f) obligations of such Person under repurchase agreements, sale/buy-back agreements or like arrangements; (g) Indebtedness of others Guaranteed by such Person; (h) all obligations of such Person incurred in connection with the acquisition or carrying of fixed assets by such Person; and (i) Indebtedness of general partnerships of which such Person is a general partner.

“Indemnified Party” shall have the meaning set forth in Section 16(a) hereof.

“Insolvency Event” shall mean, for any Person:

- (a) that such Person or any Affiliate shall discontinue or abandon operation of its business; or
- (b) that such Person or any Affiliate shall fail generally to, or admit in writing its inability to, pay its debts as they become due; or
- (c) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of such Person or any Affiliate in an involuntary case under any applicable bankruptcy, insolvency, liquidation, reorganization or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or any Affiliate, or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and has not been dismissed within [\*\*\*]; or
- (d) the commencement by such Person or any Affiliate of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such Person’s or any Affiliate’s consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person, or for any substantial part of its property, or any general assignment for the benefit of creditors; or
- (e) that such Person or any Affiliate shall become insolvent; or
- (f) if such Person or any Affiliate is a corporation, such Person or any Affiliate, or any of their Subsidiaries, shall take any corporate action in furtherance of, or the action of which would result in any of the actions set forth in the preceding clauses (a), (b), (c), (d) or (e).

“Investment Company Act” shall mean the Investment Company Act of 1940, as amended from time to time.

“Junior Lender” shall mean that certain subordinated lender approved by Buyer in its sole discretion, and such lender’s successors in interest and assigns.

~~“Legal Expense Cap” shall have the meaning set forth in the Pricing Side Letter.~~

“LIBOR Rate” shall mean, ~~with respect to each Pricing Rate Period~~for any day of determination, the rate of interest (calculated on a per annum basis) [\*\*\*] ICE Benchmark Administration (or any successor institution or replacement institution used to administer LIBOR) as reported on the display designated as “BBAM” “Page DG8 4a” on Bloomberg (or such other display as may replace “BBAM” “Page DG8 4a” on Bloomberg) on ~~related Pricing Rate Determination Date~~such date, and if such rate is not available at such time for any reason, then the LIBOR Rate for ~~the relevant Pricing Rate Period~~such date shall be the rate at which [\*\*\*] U.S. dollar deposits are offered in immediately available funds by the principal London office of a major bank in the London interbank market, selected by Buyer in its sole discretion, at approximately [\*\*\*] London time on that day.

“Lien” shall mean any lien, claim, charge, restriction, pledge, security interest, mortgage, deed of trust or other encumbrance.

“Liquidation Proceeds” shall mean, with respect to a Purchased Asset, all cash amounts received by the Servicer or Seller in connection with: (i) the liquidation of the related Mortgaged Property or other collateral constituting security for such Purchased Asset, through trustee’s sale, foreclosure sale, disposition or otherwise, exclusive of any portion thereof required to be released to the related Mortgagor, (ii) the realization upon any deficiency judgment obtained against a Mortgagor or (iii) any other amounts collected on account of subsequent recoveries.

“Loan Amount” shall mean, the maximum amount advanced by Seller to a Mortgagor under the terms of the related Mortgage Loan Documents.

“Loan-to-After-Repair-Value Ratio” shall mean the ratio of (A) the original principal balance of such Mortgage Loan to (B) after repaired value of such Mortgage Loan.

“Loan-to-Cost Ratio” shall mean, as of the origination date of any Mortgage Loan, (A) with respect to Mortgage Loans for purchase of a Mortgaged Property or refinancing less than [\*\*\*] after the original purchase date of a Mortgaged Property, a ratio of (x) the unpaid principal balance of such Mortgage Loan (including, for the avoidance of doubt, any Holdback Amount that has not been disbursed to the related Mortgagor) to (y) the sum of (i) the purchase price of the related Mortgaged Property and (ii) the underwritten and documented construction budget, and (B) with respect to Mortgage Loans originated in connection with refinancing more than [\*\*\*] after the original purchase date of the Mortgaged Property, a ratio of (x) the unpaid principal balance of such Mortgage Loan (including, for the avoidance of doubt, any Holdback Amount that has not been disbursed to the related Mortgagor) to (y) the sum of (x) the as-is Appraised Value or as-is BPO Value, as applicable, of the related Mortgaged Property and (y) the underwritten and documented construction budget, if any.

“LTV” shall mean with respect to any Mortgage Loan, the ratio of the original principal balance of such Mortgage Loan to the “as is” Appraised Value of such Mortgage Loan.

“Margin Call” shall have the meaning provided in Section 4(a) hereof.

“Margin Deficit” shall mean, as of any date of determination, if the Aggregate Asset Value is less than the Aggregate Facility Repurchase Price for all such Transactions, excluding accrued Price Differential not yet due, for such Purchased Asset.

“Margin Payment” shall have the meaning provided in Section 4(a) hereof.

“Market Value” shall mean, as of any date of determination, for each Purchased Asset, the market value of such Purchased Asset as determined by Buyer in its good faith discretion (which may be performed on a daily basis, at the Buyer’s discretion), expressed as a percentage of the Adjusted Principal Balance (with respect to RTL Loans) or unpaid principal balance (with respect to any other Purchased Asset) not to exceed [\*\*\*], which determination may take into account such factors as Buyer deems appropriate.

“Material Adverse Effect” shall mean a material adverse effect on (a) the Property, business, operations, or financial condition of Seller or any Affiliate, (b) the ability of Seller or any Affiliate to perform its obligations under any of the Facility Documents to which it is a party, (c) the validity or enforceability of any of the Facility Documents, (d) the rights and remedies of Buyer or any Affiliate under any of the Facility Documents, or (e) the timely payment of any amounts payable under the Facility Documents; in each case as determined by Buyer in its sole discretion.

“Maximum Aggregate Purchase Price” shall have the meaning set forth in the Pricing Side Letter.

“MBA Method of Delinquency” shall mean, with respect to Mortgage Loans, the methodology used by the Mortgage Bankers Association for assessing delinquency. For the avoidance of doubt, under the MBA Method of Delinquency, a Mortgage Loan is considered “[\*\*\*] delinquent” if the Mortgagor fails to make a monthly payment prior to the close of business on the day that immediately precedes the due date on which the next monthly payment is due. For example, a Mortgage Loan will be considered [\*\*\*] delinquent if the Mortgagor fails to make a monthly payment originally due on September 1 by the close of business on September 30.

“MERS” shall mean Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto.

“MERS Mortgage Loan” shall mean any Mortgage Loan registered with MERS on the MERS System.

“MERS System” shall mean the system of recording transfers of mortgages electronically maintained by MERS.

“Minimum Margin Threshold” shall have the meaning assigned to such term in the Pricing Side Letter.

“Monthly Servicing Report” shall have the meaning set forth in Section 13(d)(vi) hereof.

“Mortgage” shall mean each mortgage, or deed of trust, security agreement and fixture filing, deed to secure debt, or similar instrument creating and evidencing a first Lien on real property and other property and rights incidental thereto.

“Mortgage Loan” shall mean any first lien, ~~fixed rate mortgage loan which is made solely for investment and business purposes and evidenced by and including a Mortgage Note and a Mortgage on a non-owner occupied one to four family residential property, condominium, townhouse or a Small Multi-Family Property or mixed use residential property.~~ RTL Loan or Rental Loan.

“Mortgage Loan Documents” shall mean, with respect to a Mortgage Loan, each of the documents comprising the Asset File for such Mortgage Loan, as more fully set forth in the Custodial Agreement.

“Mortgage Note” shall mean the promissory note or other evidence of the indebtedness of a Mortgagor secured by a Mortgage.

“Mortgaged Property” shall mean the real property securing repayment of the debt evidenced by a Mortgage Note.

“Mortgagor” shall mean the obligor or obligors on a Mortgage Note, including any Person who has assumed or guaranteed the obligations of the obligor thereunder.

“Multiemployer Plan” shall mean, with respect to any Person, a “multiemployer plan” as defined in Section 3(37) of ERISA which is or was at any time during the current year or the immediately preceding [\*\*\*] contributed to (or required to be contributed to) by such Person or any ERISA Affiliate thereof on behalf of its employees and which is covered by Title IV of ERISA.

“Multi-Property Mortgage Loan” shall mean a Rental Loan secured by more than one Mortgaged Property, approved by Buyer in its sole discretion.

“Nondefaulting Party” shall have the meaning set forth in Section 30(b) hereof.

“Non-Excluded Taxes” shall have the meaning set forth in Section 7(a) hereof.

“Non-Exempt Buyer” shall have the meaning set forth in Section 7(c) hereof.

“Obligations” shall mean (a) any amounts owed by Seller to Buyer in connection with any or all Transactions hereunder, together with interest thereon (including interest which would be payable as post-petition interest in connection with any bankruptcy or similar proceeding) and all other fees or expenses which are payable hereunder or under any of the Facility Documents; (b) all other obligations or amounts owed by Seller to Buyer or an Affiliate of Buyer under any other contract or agreement, in each case, whether such amounts or obligations owed are direct or indirect, absolute or contingent, matured or unmatured; and (c) following the occurrence of an Event of Default, any Holdback Amount that has not been disbursed to the Mortgagor related to any Purchased Asset.

“OFAC” shall have the meaning set forth in Section 12(cc) hereof.

“Optional Repurchase” shall have the meaning set forth in Section 3(d) hereof.

“Other Taxes” shall have the meaning set forth in Section 7(b) hereof.

“Payment Agent” shall mean Wells Fargo Bank, N.A., in its capacity as payment agent with respect to the Collection Account.

“Payment Date” shall mean with respect to each Collection Period (i) the [\*\*\*] following the commencement of such Collection Period, or the next succeeding Business Day, if such calendar day shall not be a Business Day and (ii) the Repurchase Date.

“PBGC” shall mean the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Person” shall mean any individual, corporation, company, voluntary association, partnership, joint venture, limited liability company, trust, unincorporated association or government (or any agency, instrumentality or political subdivision thereof) including, but not limited to, Seller.

“Plan” shall mean, with respect to Seller, any employee benefit or similar plan that is or was at any time during the current year or immediately preceding [\*\*\*] established, maintained or contributed to by Seller or any ERISA Affiliate thereof and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“Post-Default Rate” shall have the meaning set forth in the Pricing Side Letter.

“Power of Attorney” shall mean the power of attorney in the form of Exhibit J delivered by Seller.

“Price Differential” shall mean, with respect to any Purchased Asset, as of any date, the aggregate amount obtained by daily application of the Pricing Rate (or, during the continuation of an Event of Default, by daily application of the Post-Default Rate) for the related Purchased Asset to the Repurchase Price for such Purchased Asset, on a 360 day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Purchased Asset and ending on (but excluding) the Repurchase Date (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Purchased Asset). For the avoidance of doubt, Seller’s obligation to pay any Price Differential to Buyer with respect to any Purchased Asset shall continue until the Repurchase Price for such Asset is remitted to the account of Buyer that is referenced in Section 9(a) of this Agreement (and not the servicer account, Collection Account or any other account).

“Pricing Rate” shall have the meaning set forth in the Pricing Side Letter.

~~“Pricing Rate Determination Date” shall mean with respect to any Pricing Rate Period with respect to any Transaction, the [\*\*\*] preceding the [\*\*\*] day of such Pricing Rate Period.~~

~~“Pricing Rate Period” shall mean, (i) in the case of the first Pricing Rate Period with respect to any Transaction, the period commencing on and including the Purchase Date for such Transaction and ending on and excluding the following Remittance Date, and (ii) in the case of any subsequent Pricing Rate Period, the period commencing on and including each Remittance Date and ending on and excluding the following Remittance Date; provided, however, that in no event shall any Pricing Rate Period end subsequent to the Repurchase Date.~~

“Pricing Side Letter” shall mean that certain letter agreement between Buyer and Seller, dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Principal Income” shall mean, with respect to any Mortgage Loan that is a Purchased Asset, Income which constitutes payment of the principal balance of such Mortgage Loan.

“Prohibited Person” shall have the meaning set forth in Section 12(cc) hereof.

“Property” shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“Property Value” shall mean, with respect to any Mortgage Loan, on any date of determination, the most recent “as is” BPO Value or “as is” Appraised Value for the related Mortgaged Property as of such date in accordance with the terms of this Agreement.

“Purchase Date” shall mean, each date on which Purchased Assets are transferred by Seller to Buyer or its designee.

“Purchase Price” shall mean, with respect to a Purchased Asset, the amount paid by the Buyer to the Seller on the Purchase Date for such Purchased Asset which shall be an amount equal to the Asset Value of such Purchased Asset as of the related Purchase Date.

“Purchase Price Percentage” shall have the meaning set forth in the Pricing Side Letter.

“Purchased Asset Issue” shall mean, with respect to any Purchased Asset, the occurrence of any of the following:

- (i) such Purchased Asset ceases to be an Eligible Mortgage Loan;
- (ii) the Asset File has been released from the possession of the Custodian under the Custodial Agreement for a period in excess of the time permitted under the Custodial Agreement;
- (iii) if such Purchased Asset is a Wet-Ink Mortgage Loan, (a) the Custodian shall have failed to issue a Trust Receipt showing no exceptions with respect to such Purchased Asset to Buyer in accordance with the Custodial Agreement on or prior to the Wet-Ink Delivery Date; or (b) due diligence satisfactory to Buyer with respect to such Wet-Ink Mortgage Loan has not been delivered to Buyer within [\*\*\*] following the related Purchase Date;

(iv) ~~(iii)~~ the related Mortgage Note, Mortgage or related guarantee, if any, are determined to be unenforceable;

(v) ~~(iv)~~ the related Mortgaged Property has been foreclosed upon or converted to REO Property;

(vi) ~~(v)~~ if the Purchase Price of such Purchased Asset, when added to the Purchase Price of all Purchased Assets of the same type (as set forth on Schedule 1 of the Pricing Side Letter) exceeds the applicable Concentration Limit ~~(as set forth on Schedule 1 of the Pricing Side Letter)~~ for such Purchased Asset type ~~(a "Concentration Limit Issue"); provided that a Concentration Limit Issue can only exist if, as of such date of determination, the total aggregate Repurchase Price exceeds the Concentration Limit Threshold;~~

(vii) ~~(vi)~~ if a BPO is not obtained by the Seller for the related Mortgaged Property in accordance with Section 13(y) hereof;

(viii) ~~(vii)~~ an Environmental Issue shall have occurred with respect to the related Mortgaged Property for which Seller or the related Mortgagor does not promptly establish an escrow of funds in an amount sufficient for such Environmental Issue, as determined by Buyer; ~~or~~

(ix) if such Purchased Asset is a Nomura Take-Out Loan and is a Delinquent Loan; and

(x) (viii) a Governmental Authority shall have seized the related Mortgaged Property.

"Purchased Assets" shall mean the collective reference to the Mortgage Loans transferred by the Seller to Buyer in a Transaction hereunder, listed on the related Asset Schedule attached to the related Confirmation (as Appendix I or otherwise), which Asset Files the Custodian has been instructed to hold pursuant to the Custodial Agreement.

"Records" shall mean all instruments, agreements and other books, records, and reports and data generated by other media for the storage of information maintained by Seller or any other Person or entity with respect to a Mortgage Loan. Records shall include the Mortgage Notes, any Mortgages, the Asset Files, the credit files related to the Mortgage Loan and any other instruments necessary to document or service a Mortgage Loan.

"Register" shall have the meaning set forth in Section 21(b) hereof.

“Regulations T, U and X” shall mean Regulations T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

“Remittance Date” shall mean with respect to each Collection Period (i) the [\*\*\*] following the commencement of such Collection Period, or the next succeeding Business Day, if such calendar day shall not be a Business Day and (ii) the Repurchase Date.

“Rental Loan” means any first lien, fully amortizing fixed-rate or adjustable rate Mortgage Loan with an original term to maturity of [\*\*\*] which is (i) made solely for the purpose acquiring or refinancing an income producing residential property to be leased to a tenant that is not an Affiliate of the related Mortgagor or its Sponsor and (ii) evidenced by and including a Mortgage Note which is secured by a Mortgage on a non-owner occupied one-to-four family residential property, condominium, planned unit development, townhouse, two-to four-family dwelling, in each case as described in the related Underwriting Guidelines and made to real estate investors for the purpose of (i) acquiring or refinancing residential property for rental, (ii) cashing out equity from a residential rental property owned by such investor or (iii) a combination of (i) and (ii).

“Reportable Event” shall mean any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the [\*\*\*] is waived under subsections .21, .22, .24, .26, .27 or .28 of PBGC Reg. § 4043.

“Repurchase Assets” shall have the meaning provided in Section 8(a) hereof.

“Repurchase Date” shall mean, with respect to any Purchased Asset, the earlier of (i) the Termination Date, (ii) the stated maturity date of the related Purchased Asset under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document or the extended maturity date, as applicable, (iii) the date which the related Purchased Asset is paid in full, (iv) the date of the successful foreclosure of the related Mortgaged Property or (v) the date on which Seller is to repurchase the Purchased Assets subject to a Transaction from Buyer as specified in the related Confirmation or if not so specified on a date requested pursuant to Section 3(e) or 4 hereof or on the Termination Date, including any date determined by application of the provisions of Sections 3 or 4 or 14 hereof.

“Repurchase Price” shall mean, with respect to any Purchased Asset as of any date of determination, an amount equal to the applicable Purchase Price minus (A) the sum of (i) any Income which has been applied to the Repurchase Price of such Purchased Asset by Buyer pursuant to this Agreement and (ii) any payments made by or on behalf of Seller in reduction of the outstanding Repurchase Price in each case before or as of such determination date with respect to such Purchased Asset, plus (B) the sum of (i) any accrued and unpaid Price Differential and (ii) any increased costs, indemnification amounts, and taxes allocable to the repurchase of such Purchased Asset or release of Mortgage Loan.

“Requirement of Law” shall mean as to any Person, any law, treaty, rule, regulation, procedure or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.



“Responsible Officer” shall mean, (a) as to any Person, the chief executive officer or, with respect to financial matters, the chief financial officer of such Person and (b) as to Seller, President, Chief Administrative Officer, Treasurer, any manager, director or managing member.

“Reverse Facility Documents” shall mean the “Facility Documents” as such term is defined in the Reverse Repurchase Agreement.

“Reverse Repurchase Agreement” shall mean that certain Master Repurchase Agreement dated as of April 2, 2015 by and between Buyer and Urban Financial of America, LLC (n/k/a Finance of America Reverse, LLC), as the same may be amended, restated, supplemented or otherwise modified from time to time.

“RTL Loan” shall mean a fixed-rate Mortgage Loan which is made solely for investment and business purposes and evidenced by and including a Mortgage Note and a Mortgage on a non-owner occupied one-to-four family residential property, condominium, townhouse or a Small Multi-Family Property or mixed use residential property.

“SEC” shall mean the Securities Exchange Commission.

“Section 4402” shall have the meaning set forth in Section 30 hereof.

“Section 7 Certificate” shall have the meaning set forth in Section 7(e)(ii) hereof.

“Seller” shall mean Finance of America Commercial LLC.

“Servicer” shall mean either BSI Financial Services, Specialized Loan Servicing LLC or any other servicer approved by Buyer in its sole discretion to service Mortgage Loans.

“Servicer Notice” shall mean (i) the notice acknowledged by each Unaffiliated Servicer substantially in the form of Exhibit I-1 hereto, and (ii) the notice and pledge among each Affiliated Servicer, Seller and Buyer in the form of Exhibit I-2 hereto.

“Servicer Termination Event” shall mean, (i) an Event of Default hereunder, or (ii) with respect to any Servicer, (a) an event of default under the related Servicing Agreement, (b) such Servicer shall become the subject of an Insolvency Event, or (c) such Servicer shall admit its inability to, or its intention not to, perform any of its obligations under the Facility Documents, (d) the failure of such Servicer to perform its obligations under any of the Facility Documents to which it is a party or the Servicing Agreement, including, without limitation, the failure of Servicer to (x) remit funds in accordance with Section 5(b) hereof, or (y) deliver reports when required, or (e) Servicer shall provide to Seller a notice of resignation or termination under the applicable Servicing Agreement.

“Servicing Agreement” shall mean (i) that certain Sub-Servicing Agreement, dated as of February 16, 2017, among BSI Financial Services and Seller, (ii) that certain Flow Servicing Agreement, dated as of July 31, 2015, between Specialized Loan Servicing, LLC and Seller, and (iii) any servicing agreement entered into among Seller and a Servicer, as approved by Buyer, as each may be amended from time to time of which Buyer shall be an intended third party beneficiary.

“Servicing Fee” shall mean, with respect to any Mortgage Loan, an amount as set forth in the applicable Servicing Agreement, which amount has been approved by Buyer (such approval not to be unreasonably withheld).

“Servicing Rights” shall mean rights of any Person to administer, manage, service or subservice, the Purchased Assets or to possess related Records.

“Settlement Agent” shall mean, with respect to any Transaction the subject of which is a Wet-Ink Mortgage Loan, an entity approved by Buyer, in its sole good faith discretion, which may be a title company, escrow company or attorney in accordance with local law and practice in the jurisdiction where the related Wet-Ink Mortgage Loan is being originated, to which the proceeds of such Transaction are to be wired and with respect to such proceeds the Settlement Agent has agreed to comply with the instructions set forth in the Escrow Instruction Letter.

“Single-Employer Plan” shall mean a single-employer plan as defined in Section 4001(a)(15) of ERISA which is subject to the provisions of Title IV of ERISA.

“Small Multi-Family Property” shall mean a single property used for residential purposes consisting of no more than [\*\*\*] units.

“Sponsor” shall mean, with respect to any Mortgage Loan, any Person with more than a [\*\*\*] ownership interest in the related Mortgagor, or the related monied Person, including any direct co-obligor on the Mortgage Note, guarantor of the Mortgagor or any Person other than Mortgagor providing a financial backstop.

“Subordinated Loan Agreement” shall mean that certain loan and security agreement, to be entered into between Seller and Junior Lender, with respect to the subordinated loan to be made by Junior Lender to Seller, in form and substance acceptable to Buyer, as the same may be amended, restated supplemented or otherwise modified from time to time in accordance with the Tri-Party Agreement.

“Subsidiary” shall mean, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

“Successor Rate” shall mean a rate determined by Buyer in accordance with Section 3(h) hereof.

“Successor Rate Conforming Changes” shall mean, with respect to any proposed Successor Rate, any spread adjustments or other conforming changes to the timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of Buyer, to reflect the adoption of such Successor Rate and to permit the administration thereof by Buyer in a manner substantially consistent with market practice.

“Take-out Commitment” shall mean a commitment of Seller to sell one or more Purchased Assets in an arms-length, all-cash transaction and the corresponding Take-out Investor’s commitment back to Seller to effectuate any of the foregoing, as applicable, or as otherwise approved by Buyer in its sole discretion.

“Take-out Investor” shall mean any Person (other than an Affiliate of Seller) that has entered into a Take-out Commitment provided that to the extent Purchased Assets are sent pursuant to a Bailee Letter with a third party bailee that is not a nationally known bank prior to purchase, such third-party bailee must be approved by Buyer in its sole reasonable discretion.

“Taxes” shall have the meaning set forth in Section 7(a) hereof.

“Termination Date” shall have the meaning set forth in the Pricing Side Letter.

“Transaction” shall have the meaning set forth in Section 1 hereof.

“Transaction Notice” shall mean a request from Seller to Buyer, which may be by electronic means (including e-mail), to enter into a Transaction.

“Tri-Party Agreement” shall mean that certain agreement to be entered into by and among Buyer, Seller, and Junior Lender, in form and substance acceptable to Buyer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Trust Receipt” shall have the meaning set forth in the Custodial Agreement.

“Unaffiliated Servicer” shall mean a Servicer that is not an Affiliated Servicer.

“Underwriting Guidelines” shall mean the underwriting guidelines of Seller delivered to Buyer and attached hereto as Exhibit B1, with respect to Mortgage Loans other than Rental Loans, and Exhibit B-2, with respect to Rental Loans, in each case, as amended from time to time as permitted herein.

“Underwriting Package” shall mean with respect to any proposed Purchased Asset, the Asset Schedule listing such proposed Purchased Asset and such other information that is in the possession or control of the Seller requested by the Buyer during the course of its due diligence and delivered prior to the date of a Transaction for such proposed Purchased Asset containing, with respect to the related proposed Purchased Asset, information in form and substance acceptable to the Buyer in its good faith discretion.

“Uniform Commercial Code” or “UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York, provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Repurchase Assets or the continuation, renewal or enforcement thereof is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “Uniform Commercial Code” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

“Upfront Fee” shall have the meaning set forth in the Pricing Side Letter.

“Weekly Payment Date” shall mean, with respect to each Collection Period for Principal Income, (i) [\*\*\*] and (ii) the Repurchase Date.

“Wet-Aged Report” shall have the meaning set forth in Section 3(c)(vi).

“Wet-Ink Delivery Date” shall have the meaning assigned to such term in the Pricing Side Letter.

“Wet-Ink Documents” shall mean, with respect to any Wet-Ink Mortgage Loan, the (a) Transaction Notice, (b) the Confirmation and (c) the Asset Schedule.

“Wet-Ink Mortgage Loan” shall mean a Mortgage Loan originated by Seller the beneficial interest in which Seller is selling to Buyer simultaneously with the origination thereof and for which the related Asset File has not been received by the Custodian as of related Purchase Date. A Mortgage Loan shall cease to be a Wet-Ink Mortgage Loan on the date on which Buyer has received (i) an Asset Detail and Exception Report from the Custodian with respect to such Mortgage Loan confirming that the Custodian has physical possession of the related Asset File and (ii) a Trust Receipt issued by the Custodian showing no exceptions with respect to such Mortgage Loan in accordance with the Custodial Agreement.

Section 3. ~~No Commitment above the Committed Purchase Price. Initiation; Termination.~~ Subject to the terms and conditions set forth herein, Buyer agrees that so long as no Event of Default shall have occurred and be continuing or result therefrom ~~(i) it shall enter into Transactions with Seller from time to time in an aggregate principal amount of up to the Available Committed Purchase Price for the related Purchase Date, and (ii) it may, in its sole discretion, enter into further Transactions with Seller from time to time in an aggregate principal amount that will exceed the Available Committed not cause the aggregate Purchase Price for the related Purchase Date to the extent they will not result in the Aggregate Utilized Purchase Price for~~ all Purchased Assets subject to then outstanding Transactions under this Agreement to exceed the Maximum Aggregate Purchase Price. Within the foregoing limits and subject to the terms and conditions set forth herein, Buyer and Seller may enter into Transactions. This Agreement is ~~a commitment by Buyer to enter into Transactions with Seller up to an aggregate amount equal to the Committed Purchase Price. This Agreement is~~ not a commitment by Buyer to enter into Transactions with Seller ~~for amounts exceeding the Committed Purchase Price,~~ but rather, sets forth the procedures to be used in connection with periodic requests for Buyer to enter into Transactions with Seller. Seller hereby acknowledges that, ~~beyond the Committed Purchase Price,~~ Buyer is under no obligation to agree to enter into, or to enter into, any Transaction pursuant to this Agreement. ~~All funds made available by Buyer to Seller under this~~

~~Agreement will be attributed to and counted against the Available Committed Purchase Price. For purposes of this Agreement, a Purchase Price will be allocated first to the Available Committed Purchase Price based on the date on which the related Mortgage Loan becomes subject to this Agreement, commencing from the earliest date to the most recent date. To the extent the Purchase Price for any Mortgage Loans proposed by Seller for purchase by Buyer would exceed the Available Committed Purchase Price but shall not exceed the Maximum Aggregate Purchase Price, then to the extent that such Available Committed Purchase Price would be exceeded, such Mortgage Loans may be purchased by Buyer, in Buyer's sole discretion.~~

(a) Conditions Precedent to Initial Transaction. Buyer's commitment to enter into the initial Transaction hereunder is subject to the satisfaction, immediately prior to or concurrently with the making of such Transaction, of the condition precedent that Buyer shall have received from Seller any fees and expenses payable hereunder, and all of the following documents, each of which shall be satisfactory to Buyer and its counsel in form and substance:

(i) Facility Documents. The Facility Documents duly executed by the parties thereto;

(ii) Opinions of Counsel. (A) A security interest, general corporate and enforceability opinion or opinions of outside counsel to Seller (provided that the general corporate opinion may be given by in-house counsel to Seller), including an Investment Company Act opinion; and (B) a Bankruptcy Code opinion of outside counsel to Seller with respect to the matters outlined in Section 32, each of which shall be in a form acceptable to Buyer in its sole discretion;

(iii) Seller Organizational Documents. A certificate of existence of Seller delivered to Buyer prior to the Effective Date and certified copies of the organizational documents of Seller and of all corporate or other authority for Seller with respect to the execution, delivery and performance of the Facility Documents and each other document to be delivered by Seller from time to time in connection herewith;

(iv) Good Standing Certificate. A certified copy of a good standing certificate from the jurisdiction of organization of Seller, dated as of no earlier than the date that is [\*\*\*] prior to the Effective Date with respect to the initial Transaction hereunder;

(v) Incumbency Certificate. An incumbency certificate of the secretary of Seller certifying the names, true signatures and titles of the representatives duly authorized to request transactions hereunder and to execute the Facility Documents;

(vi) Security Interest. Evidence that all other actions necessary to perfect and protect the sale, transfer, conveyance and assignment by Seller to Buyer or its designee, subject to the terms of this Agreement, of all of Seller's right, title and interest in and to the Purchased Assets together with all right, title and interest in and to the proceeds of any related Repurchase Assets. Seller shall take all steps as may be necessary in connection with the indorsement, transfer of power, delivery and pledge of all Purchased Assets to Buyer, and performing UCC searches and duly authorized and filing Uniform Commercial Code financing statements on Form UCC-1;

(vii) Insurance. Evidence that Seller has added Buyer as an additional loss payee under Seller's Fidelity Insurance; and

(viii) Other Documents. Such other documents as Buyer may reasonably request, in form and substance reasonably acceptable to Buyer.

(b) Conditions Precedent to all Transactions. Upon satisfaction of the conditions set forth in this Section 3(b), Buyer ~~shall enter into a Transaction with Seller up to an aggregate amount equal to the Committed Purchase Price; provided that beyond the Committed Purchase Price, Buyer is under no obligation to~~ may agree to enter into, ~~or to enter into~~, any Transaction pursuant to this Agreement. Buyer's entering into each Transaction (including the initial Transaction) is subject to the satisfaction of the following further conditions precedent, both immediately prior to entering into such Transaction and also after giving effect thereto to the intended use thereof:

(i) Confirmation. Seller shall have executed and delivered to Buyer a Confirmation in accordance with the procedures set forth in Section 3(c):

(ii) Due Diligence Review. Without limiting the generality of Section 19 hereof, Buyer shall have received the Underwriting Package at least [\*\*\*] prior to the related Purchase Date, and (A) shall have completed, to its satisfaction, its due diligence review of the related proposed Purchased Assets and (B) upon reasonable notice to Seller and each Servicer, may have completed, to Buyer's satisfaction, its due diligence review of the Seller and each Servicer; provided that in the case of a Wet-Ink Mortgage Loan, Buyer may conduct such due diligence review of such Mortgage Loan within [\*\*\*] following the related Purchase Date;

(iii) No Default. No Default or Event of Default shall have occurred and be continuing under the Facility Documents;

(iv) Representations and Warranties; Eligible Mortgage Loans. Both immediately prior to the Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller in Section 12 hereof shall be true, correct and complete on and as of such Purchase Date in all material respects with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date). Each Mortgage Loan offered for purchase to Buyer pursuant to a Transaction is an Eligible Mortgage Loan;

(v) Maximum Aggregate Purchase Price. After giving effect to the requested Transaction, ~~(i) the Aggregate Utilized~~ aggregate Purchase Price for all Purchased Assets subject to then outstanding Transactions under this Agreement shall not exceed the Maximum Aggregate Purchase Price and (ii) the ~~Aggregate Utilized~~ aggregate Purchase Price of any category of Purchased Asset shall not in whole or in part exceed the related Concentration Limit;

(vi) Mortgage Loan Documents: Holdback Amount. Buyer shall have reviewed and approved the form Mortgage Loan Documents, Holdback Amount arrangements and documentation therefor;

(vii) Transaction Notice. On or prior to [\*\*\*] (New York Time) [\*\*\*] prior to the related Purchase Date (other than a Purchase Date on account of Wet-Ink Mortgage Loans), the Seller shall have delivered to Buyer (a) a Transaction Notice, (b) an Asset Schedule and (c) an initial Confirmation; Seller shall have delivered to Buyer on or prior to (A) [\*\*\*] (New York City time) [\*\*\*] prior to the related Purchase Date for Wet-Ink Mortgage Loans, a preliminary Asset Schedule (the "Preliminary Asset Schedule") and (B) [\*\*\*] (New York City time) on the proposed Purchase Date for Wet-Ink Mortgage Loans, (1) a Transaction Notice, (2) a final Asset Schedule and (3) an initial related Confirmation; provided that with respect to each Wet-Ink Mortgage Loan, by no later than the Wet-Ink Delivery Date, Seller shall cause the related Settlement Agent to deliver to the Custodian all documents in the Asset File, as more particularly set forth in the Custodial Agreement. Any Wet-Ink Mortgage Loans that are not listed on the Preliminary Asset Schedule may be purchased by Buyer in its sole discretion;

(viii) Delivery of Asset File. (A) With respect to each Purchased Asset which is not a Wet-Ink Mortgage Loan, Seller shall have delivered to the Custodian the Asset File with respect to each Mortgage Loan that is subject to the proposed Transaction, with an electronic copy of such Asset File to Buyer via email to [\*\*\*], in a format reasonably acceptable to Buyer, and the Custodian shall have issued a Trust Receipt showing no exceptions with respect to each such Mortgage Loan to Buyer all subject to and in accordance with the Custodial Agreement; and (B) with respect to each Wet-Ink Mortgage Loan, the Wet-Ink Documents have been delivered to Custodian, as the case may be, in accordance with the Custodial Agreement and delivered to Buyer electronic copies of the documents comprising the related Asset File by posting such documents to an electronic data site mutually acceptable to Buyer and Seller prior to the Wet-Ink Delivery Date;

(ix) No Purchased Asset Issue; No Margin Deficit. As of the related Purchase Date, (a) Seller shall not have failed to repurchase any Purchased Asset pursuant to a repurchase request by Buyer pursuant to Section 4 hereof following the occurrence of a Purchased Asset Issue with respect to such Purchased Asset, and (b) no Margin Deficit shall have occurred and be continuing with respect to any Purchased Assets. Additionally, after giving effect to the requested Transaction, no Purchased Asset Issue or Margin Deficit shall have occurred or be continuing with respect to the related Purchased Assets;

(x) Electronic Tracking Agreement. If any of the proposed Purchased Assets are MERS Mortgage Loans, an Electronic Tracking Agreement covering such proposed Purchased Assets (and any existing Purchased Assets that are MERS Mortgage Loans) shall have been entered into, duly executed and delivered by the parties thereto and shall be in full force and effect, free of any modification, breach or waiver;

(xi) Reserved.

(xii) Approval of Servicing Agreement. To the extent not previously delivered and approved, Buyer shall have, in its good faith discretion, approved each Servicing Agreement (including any amendments or modifications thereof) pursuant to which any Mortgage Loan that is subject to the proposed Transaction is serviced;

(xiii) Servicer Notices. To the extent not previously delivered, and (A) with respect to an Unaffiliated Servicer, Seller shall have provided to Buyer a Servicer Notice in the form of Exhibit I-1 hereto addressed to, agreed to and executed by Servicer, Seller and Buyer, and (B) with respect to an Affiliated Servicer, Seller shall have provided to Buyer a Servicer Notice in the form of Exhibit I-2 hereto addressed to, agreed to and executed by Affiliated Servicer, Seller and Buyer;

(xiv) Purchase Price Floor. ~~The~~ Other than with respect to any proposed Transaction involving a Wet-Ink Mortgage Loan, the aggregate Purchase Price for any Transaction shall not be less than [\*\*\*] (unless approved by Buyer in its sole discretion);

(xv) Funding Frequency. In any [\*\*\*] period there will be no more than [\*\*\*] Transactions other than with respect to Transactions involving Wet-Ink Mortgage Loans, which may occur on a daily basis;

(xvi) Fees and Expenses. Buyer shall have received all fees and expenses due and payable, including all fees and expenses of counsel to Buyer and due diligence vendors as contemplated by Sections 11 and 16(b), which amounts, at Buyer's option, may be withheld from the proceeds remitted by Buyer to Seller pursuant to any Transaction hereunder;

(xvii) Requirements of Law. Buyer shall not have determined that the introduction of or a change in any Requirement of Law or in the interpretation or administration of any Requirement of Law applicable to Buyer has made it unlawful, and no Governmental Authority shall have asserted that it is unlawful, for Buyer to enter into Transactions hereunder;

(xviii) No Material Adverse Change. None of the following shall have occurred and/or be continuing:

(A) an event or events shall have occurred in the good faith determination of Buyer resulting in the effective absence of a "repo market" or comparable "lending market" for financing debt obligations secured by securities or an event or events shall have occurred resulting in Buyer not being able to finance Mortgage Loans through the "repo market" or "lending market" with traditional counterparties at rates which would have been reasonable prior to the occurrence of such event or events; or



(B) an event or events shall have occurred resulting in the effective absence of a “securities market” for securities backed by Mortgage Loans (relative to the market as of the Effective Date) or an event or events shall have occurred resulting in Buyer not being able to sell securities backed by Mortgage Loans at prices which would have been reasonable prior to such event or events; or

(C) there shall have occurred a material adverse change in the financial condition of Buyer which affects (or can reasonably be expected to affect) materially and adversely the ability of Buyer to fund its obligations under this Agreement.

(xix) Delivery of Appraisal or BPO. With respect to each Mortgaged Property related to a Mortgage Loan that is subject to a proposed Transaction, Seller shall have delivered to Buyer (i) if the Appraisal of such Mortgage Loan is dated less than [\*\*\*] prior to the requested Purchase Date, a true and complete copy of an Appraisal, or (ii) if the Appraisal of such Mortgage Loan is dated earlier than [\*\*\*] prior to the requested Purchase Date, a true and complete copy of a BPO dated no more than [\*\*\*] prior to the requested Purchase Date.

(xx) Certification. Each Confirmation delivered by Seller hereunder shall constitute a certification by Seller that all the conditions set forth in this Section 3(b) have been satisfied (both as of the date of such notice or request and as of Purchase Date);

(xxi) Security Interest. Evidence that all other actions necessary to perfect and protect Buyer’s interest in the Purchased Assets and other Repurchase Assets have been taken. Seller shall take all steps as may be necessary in connection with performing UCC searches and duly authorized and filing Uniform Commercial Code financing statements on Form UCC-1;

(xxii) Subordinated Loan Agreement. To the extent previously executed, (a) Buyer shall have (i) approved the Subordinated Loan Agreement in its sole and absolute discretion and (ii) received a fully executed copy of such Subordinated Loan Agreement, (b) there has been no breach of the Subordinated Loan Agreement, if any, (including without limitation a failure of Junior Lender to make a loan under the Subordinated Loan Agreement for any reason when requested) that, in Buyer’s sole discretion, could have an adverse impact on the Repurchase Assets or the rights or remedies of Buyer under any Facility Document or of Seller under the Subordination Agreement, and (c) the Subordinated Loan Agreement has not been modified, amended or altered without the prior written consent of Buyer as required pursuant to Section 13(w) hereof;

(xxiii) Reverse Facility Documents. The Reverse Facility Documents have been amended to add a cross-default provision with this Agreement and the other Facility Documents by no later than (a) the date when the Reverse Facility Documents are next amended and (b) [\*\*\*] following the Effective Date;

(xxiv) Wet-Ink Mortgage Loans. With respect to any proposed Transaction involving a Wet-Ink Mortgage Loan:

(A) Seller shall have provided evidence satisfactory to Buyer that Seller has transferred funds to the Disbursement Agent on the related Purchase Date to be applied to the origination of such Wet-Ink Mortgage Loan, in an amount equal to the portion of the funding for the origination of such Wet-Ink Mortgage Loan that will not be funded by Buyer pursuant to such Transaction; and

(B) the Settlement Agent has been instructed in writing by Seller to hold the related Loan Documents as agent and bailee for Buyer and to promptly forward such Loan Documents in accordance with the provisions of the Custodial Agreement and the Escrow Instruction Letter and Seller has confirmed receipt of a closing protection letter;

(xxv) With respect to the first proposed Transaction in respect of proposed Purchased Assets that are Wet-Ink Mortgage Loans, Seller shall have delivered to Buyer (i) an account control agreement with respect to the Disbursement Account for Seller, (ii) a disbursement agent agreement by and among Seller, Disbursement Agent and Buyer, and (iii) an amendment to the Custodial Agreement in respect of Wet-Ink Mortgage Loans, in each case, duly executed by the parties thereto and in form and substance satisfactory to Buyer;

(xxvi) Rental Mortgage Loans. With respect to the first proposed Transaction in respect of proposed Purchased Assets that are Rental Mortgage Loans, Seller shall have delivered to Buyer: (i) an amended and restated servicer notice, by and among BSI Financial Services, Buyer and Seller, (ii) a servicer notice, by and among Specialized Loan Servicing LLC, Buyer and Seller, (iii) an amendment to the Custodial Agreement with respect to Rental Mortgage Loans, in each case, duly executed by the parties thereto and in form and substance satisfactory to Buyer, and (iv) the Asset Schedule fields for Rental Mortgage Loans to populate Exhibit G-2 hereto, in form and substance satisfactory to Buyer; and

(xxvii) ~~(xxiv)~~ Other Documents. Such other documents as Buyer may reasonably request, consistent with market practices, in form and substance reasonably acceptable to Buyer.

(c) Initiation.

(i) Prior to the occurrence of an Event of Default, with respect to any proposed Transaction for Eligible Mortgage Loans (including any Advanced Holdback Amount related thereto), as soon as available, but in no event later than [\*\*\*] prior to a proposed Purchase Date (or in the case of Eligible Mortgage Loans that are Wet-Ink Mortgage Loans, [\*\*\*]), Seller shall deliver to Buyer (i) a Transaction Request, (ii) an Asset Schedule, and (iii) the Underwriting Package and any other related information available to Seller at that time which, collectively, shall identify the proposed Mortgage Loan(s) for purchase, the material characteristics of such Mortgage Loan(s) and the characteristics of the Purchased Assets. Seller shall also deliver to Buyer such other information as may be reasonably requested by the Buyer to assess such Mortgage Loan(s). Seller shall involve Buyer in all aspects of due diligence as Buyer shall deem necessary in its sole discretion. Buyer shall have the right to review the information set forth on the Asset Schedule and the Eligible Mortgage Loans proposed to be subject to a Transaction as Buyer determines during normal business hours. Seller shall deliver to Buyer a Confirmation no later than [\*\*\*] prior to a proposed Purchase Date ~~and~~(or in the case of Eligible Mortgage Loans that are Wet-Ink Mortgage Loans, [\*\*\*]) and in each case such Confirmation shall set forth for such Transaction (A) the Purchase Date, (B) the aggregate Purchase Price, (C) the Repurchase Date, (D) the Pricing Rate applicable to the Purchase Price, (E) the Purchase Price Percentage, (F) to the extent such requested Transaction relates to any Advanced Holdback Amount, the amount of such Advanced Holdback Amount together with such other information as requested by Buyer and (G) additional terms or conditions not inconsistent with this Agreement, confirming the terms agreed upon between Buyer and Seller for such Transaction and attaching the final Asset Schedule, and, if each of the conditions precedent in this Section 3 hereof have been met, as determined by Buyer, Buyer ~~shall, up to the Committed Purchase Price and, in excess thereof,~~ may in its sole discretion, fund the related Purchase Price on the Purchase Date and such funding shall be deemed to be Buyer's acceptance of the terms of the proposed Transaction set forth in the Confirmation. Seller shall execute and return the final Confirmation to Buyer via e-mail on or prior to [\*\*\*] (New York time) on the related Purchase Date.

(ii) The Repurchase Date for each Transaction shall not be later than the then current Termination Date.

(iii) Each Confirmation, together with this Repurchase Agreement, shall be conclusive evidence of the terms of the Transaction(s) covered thereby.

(iv) No later than the date and time set forth in the Custodial Agreement, Seller shall deliver to the Custodian the Asset File pertaining to each Eligible Mortgage Loan made subject to a Transaction.

(v) ~~Upon~~Subject to the provisions of this Section 3, to the extent that Buyer agrees in its sole discretion to fund the related Purchase Price on the Purchase Date in accordance with Sections 3(c)(ii) and (iii) above, the aggregate Purchase Price for the related Transaction shall then be made available to Seller (x) with respect to each Purchased Asset which is not a Wet-Ink Mortgage Loan, and upon Buyer's receipt of the Trust Receipt in accordance with the Custodial Agreement (in any event on or prior to the related Purchase Date) ~~and subject to the provisions of this Section 3, the aggregate Purchase Price will then be made available to Seller,~~ by Buyer transferring, via wire transfer, in the aggregate amount of such Purchase Prices in funds immediately available.

and (y) with respect to each Wet-Ink Mortgage Loan, by Buyer transferring to the Disbursement Agent via wire transfer, the aggregate amount of such Purchase Price in funds immediately available; provided that to the extent funds are disbursed to the Disbursement Agent and a Wet-Ink Mortgage Loan is not funded, such funds shall be refunded to Buyer on the same Business Day.

(vi) With respect to any Wet-Ink Mortgage Loan subject to a Transaction, on the related Purchase Date and on each Business Day following the related Purchase Date, no later than [\*\*\*] (New York time), pursuant to the Custodial Agreement, the Custodian shall deliver to Buyer a schedule listing each Wet-Ink Mortgage Loan with respect to which the complete Asset File has not been received by the Custodian (the "Wet-Aged Report").

(d) Optional Repurchase. Subject to the conditions herein, and so long as no Default or Event of Default has occurred or is continuing, Seller may cause the sale of Purchased Assets and effect an Optional Repurchase (as defined below) ~~subject to the payment by the Seller to the Buyer of an Exit Fee (if any)~~, on any date in connection with such Optional Repurchase which is not made in connection with an ordinary course liquidation of a Mortgage Loan. When the Mortgage Loans are desired to be sold or otherwise transferred or liquidated by Seller to a Take-Out Investor (an "Optional Repurchase"), for net sale proceeds that are equal or greater to the Repurchase Price of such Mortgage Loans, Seller shall give Buyer at least [\*\*\*] prior written notice thereof designating the applicable Mortgage Loans and specifying the net sale proceeds expected from such sale. If such notice is given, Seller shall, or shall cause the Take-Out Investor to, make payment directly to the Buyer or the Collection Account (at Buyer's determination) in an amount not less than the Repurchase Price.

(e) Repurchase. On the Repurchase Date, termination of the Transaction will be effected by reassignment to the Seller or their designee of the Purchased Assets (and any Income in respect thereof received by Buyer not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Section 5 hereof) against the simultaneous transfer of the Repurchase Price to an account of Buyer. Such obligation to repurchase exists without regard to any prior or intervening liquidation or foreclosure with respect to any Mortgage Loan (but Liquidation Proceeds received by Buyer shall be applied to reduce the Repurchase Price for the Purchased Assets on each Remittance Date except as otherwise provided herein). Seller is obligated to obtain the Asset Files from Buyer or its designee at Seller's expense on the Repurchase Date.

(f) Mandatory Repurchase.

(i) If at any time there has occurred a Purchased Asset Issue with respect to any Purchased Asset, then the Asset Value thereof shall automatically be reduced to zero and Buyer may, in its sole discretion, with notice to the Seller (as such notice is more particularly set forth below, a "Repurchase Notice"), require Seller to repurchase such asset. In the case of a repurchase, such Seller, shall, at Buyer's direction, be required to repurchase the affected Mortgage Loan as soon as is practicable but, in any case, not more than

[\*\*\*] after Buyer has delivered such Repurchase Notice to Seller. Seller shall be required to notify Buyer as soon as is practicable after obtaining knowledge of any fact that could be the basis for any Purchased Asset Issue, but, in any case, not more than [\*\*\*] after obtaining knowledge thereof. For the sake of clarity, Seller shall ensure that such Repurchase Price (including without limitation any related expenses of Buyer incurred in connection therewith) is remitted directly to Buyer and not pursuant to Section 5 hereof. Any cash remitted to Buyer pursuant to this Section 3(f) shall be credited and applied to the Repurchase Price of the related Purchased Asset and any other amounts then due and payable by Seller with respect to such Purchased Asset.

(ii) Buyer's election, in its sole and absolute discretion, not to send a Repurchase Notice at any time a Purchased Asset is no longer an Eligible Mortgage Loan shall not in any way limit or impair its right to send a Repurchase Notice at a later time.

(iii) Notwithstanding the foregoing, in the event ~~of that~~ a Concentration Limit ~~Issue is exceeded~~ with respect to any Purchased Asset, then the Asset Value thereof shall automatically be reduced to zero and Buyer may, in its sole discretion, (i) provide Seller with a Repurchase Notice in which case Section 3(f)(i) above shall apply, (ii) reduce the Purchase Price of such Purchased Asset to a lower percentage, which may be zero, in which case Section 4 hereof shall apply, or (iii) require Seller to contribute additional Eligible Mortgage Loans to ensure they are in compliance with the Concentration Limit.

(g) LIBOR Rate Breakage Costs. Without limiting, and in addition to, the provisions of Section 16 hereof, the Seller agrees that if any Repurchase Price is paid other than in connection with an ordinary course liquidation of a Mortgage Loan and such Repurchase Price is paid on a date other than on a Remittance Date, the Seller shall, upon demand by the Buyer, pay to the Buyer any such amounts as are reasonable to compensate the Buyer for any additional losses (not including lost profits), costs or expenses which the Buyer may incur as a result of such payments, including, without limitation, any hedge breakage costs.

(h) Alternative Rate. If prior to any Remittance Date, Buyer determines in its sole discretion that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate, the LIBOR Rate is no longer in existence, or the administrator of the LIBOR Rate or a Governmental Authority having jurisdiction over Buyer has made a public statement identifying a specific date after which the LIBOR Rate shall no longer be made available or used for determining the interest rate of loans, Buyer may give prompt notice thereof to Seller, whereupon the Pricing Rate for such period, and for all subsequent periods until such notice has been withdrawn by Buyer, shall be an alternative benchmark rate (including any mathematical or other adjustments to the benchmark rate (if any) incorporated therein) (any such rate, a "Successor Rate"), together with any proposed Successor Rate Conforming Changes, as determined by Buyer in its sole discretion.

#### Section 4. Margin Amount Maintenance.

(a) At any time a Margin Deficit in excess of the Minimum Margin Threshold exists, then Buyer may, by notice to Seller (as such notice is more particularly set forth below, a "Margin Call"), require Seller to transfer to Buyer or its designee, cash or, in Buyer's sole discretion, additional Eligible Mortgage Loans (the "Additional Purchased Assets") in an amount (or Asset Value, in the case of Additional Purchased Assets) sufficient to eliminate the Margin Deficit (a "Margin Payment").

(b) Notice delivered pursuant to Section 4(a) may be given by any written or electronic means. Any Margin Deficit notice given before [\*\*\*] (New York City time) on a Business Day shall be met, and the related Margin Payment received, no later than [\*\*\*] (New York City time) on the following Business Day. If notice is made after [\*\*\*] (New York City time) on a Business Day, the Margin Payment shall be received by Buyer at [\*\*\*] (New York City time) on the [\*\*\*].

(c) The failure of Buyer, on any one or more occasions, to exercise its rights hereunder, including, without limitation, its failure to send a Margin Call notice at any time a Purchased Asset is no longer an Eligible Mortgage Loan, or at any time there exists a Margin Deficit, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Buyer to do so at a later date, or in any way create additional rights for Seller.

(d) Any cash transferred to Buyer pursuant to Section 4(a) above shall be credited to the Repurchase Price of the related Transactions.

Section 5. Income Payments.

(b) Notwithstanding that Buyer and Seller intend that the Transactions hereunder be sales to Buyer of the Purchased Assets for all purposes except accounting and tax purposes, Seller shall pay to Buyer the accrued and unpaid Price Differential (less any amount of such Price Differential previously paid by Seller to Buyer) on the Payment Date. If Seller fails to pay all or part of the Price Differential then due by [\*\*\*] (New York time) on any Payment Date, the Pricing Rate shall be equal to the Post-Default Rate until the Price Differential then due is received in full by Buyer.

(c) Seller shall, and shall cause Servicer to, hold for the benefit of, and in trust for, Buyer all Income, including, without limitation, all Income received by or on behalf of Seller with respect to the Purchased Assets. Seller shall cause the Servicer to deposit all such Income received on account of the Purchased Assets serviced or managed by Servicer in the related servicer account, in accordance with the applicable Servicer Notice. To the extent that Seller is holding any Income, Seller shall deposit such Income on receipt into the Collection Account. To the extent such deposits are insufficient to cover the full Price Differential due on the next Payment Date, Seller shall deposit funds into the Collection Account sufficient to cover such shortfall.

(d) Seller shall cause Servicer to remit to the Collection Account all Income held in the related servicer account (such instruction shall be set forth in the Servicer Notice and shall be irrevocable without the prior written consent of Buyer) no later than, [\*\*\*] following receipt in the servicer account. All Income shall be held in trust for Buyer, shall constitute the property of Buyer except for tax purposes which shall be treated as income and property of Seller and when deposited into the servicer account and Collection Account, respectively, shall not be commingled with other property of Seller or any Affiliate of Seller.

(e) Funds on deposit in the Collection Account shall be applied (x) with respect to Principal Income only, each Weekly Payment Date, pursuant to clauses (D), (E) and (F) below and (y) with respect to all other Income, each Payment Date prior to the occurrence of an Event of Default as follows:

(A) first, to Custodian on account of any accrued and unpaid custodial fees and to Payment Agent and Calculation Agent on account of any accrued and unpaid fees, unless Seller is paying such fees directly;

(B) second, to Buyer an amount equal to the Price Differential which has accrued and is outstanding as of the Payment Date;

(C) third, to Buyer on account of unpaid fees, expenses, LIBOR Rate breakage costs, indemnity amounts and any other amounts due to the Buyer from Seller under the Agreement;

(D) fourth, to Buyer, with respect to each Purchased Asset, the amount of such Income representing Principal Income deposited into the Collection Account during such Collection Period with respect to such Purchased Asset to reduce the Repurchase Price of such Purchased Asset to zero;

(E) fifth, to pay to Buyer an amount sufficient to eliminate any outstanding Margin Deficit (after taking into account the application of funds pursuant to clause (D) above, and without limiting Seller's obligation to satisfy a Margin Deficit in a timely manner as required by Section 4);

(F) sixth, all remaining amounts (if any), to the Seller.

(f) Reserved.

(g) To the extent that Buyer receives any funds from a Take-out Investor with respect to the purchase by such Take-out Investor of a Mortgage Loan ("Disposition Proceeds"), the Buyer shall promptly apply such funds to the Repurchase Price of the Mortgage Loans purchased by such Take-out Investor, any Margin Deficit, and shall promptly remit any excess to Seller.

(h) Notwithstanding the preceding provisions, if an Event of Default has occurred, all funds in the Collection Account shall be withdrawn and applied as determined by Buyer.

#### Section 6. Requirements of Law.

(a) If any Requirement of Law or any change in the interpretation or application thereof or compliance by Buyer with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject Buyer to any Tax or increased Tax of any kind whatsoever with respect to this Agreement or any Transaction or change the basis of taxation of payments to Buyer in respect thereof;

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, or other extensions of credit by, or any other acquisition of funds by, any office of Buyer which is not otherwise included in the determination of the LIBOR Rate hereunder; or

(iii) shall impose on Buyer any other condition;

and the result of any of the foregoing is to increase the cost to Buyer, by an amount which Buyer deems to be material, of entering, continuing or maintaining any Transaction or to reduce any amount due or owing hereunder in respect thereof, then, in any such case, Seller shall promptly pay Buyer such additional amount or amounts as calculated by Buyer in good faith as will compensate Buyer for such increased cost or reduced amount receivable.

(b) If Buyer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by Buyer or any corporation controlling Buyer with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on Buyer's or such corporation's capital as a consequence of its obligations hereunder to a level below that which Buyer or such corporation could have achieved but for such adoption, change or compliance (taking into consideration Buyer's or such corporation's policies with respect to capital adequacy) by an amount deemed by Buyer to be material, then from time to time, Seller shall promptly pay to Buyer such additional amount or amounts as will compensate Buyer for such reduction.

(c) If Buyer becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify Seller of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section submitted by Buyer to Seller shall be conclusive in the absence of manifest error.

#### Section 7. Taxes.

(a) Any and all payments by Seller under or in respect of this Agreement or any other Facility Documents to which Seller is a party shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities (including penalties, interest and additions to tax) with respect thereto, whether now or hereafter imposed, levied, collected, withheld or assessed by any taxation authority or other Governmental Authority (collectively, "Taxes"), unless required by law. If Seller shall be required under any applicable Requirement of Law to deduct or withhold any Taxes from or in respect of any sum payable under or in respect of this Agreement or any of the other Facility Documents to Buyer, (i) Seller shall make all such deductions and withholdings in respect of Taxes, (ii) Seller shall pay the full amount



deducted or withheld in respect of Taxes to the relevant taxation authority or other Governmental Authority in accordance with any applicable Requirement of Law, and (iii) the sum payable by Seller shall be increased as may be necessary so that after Seller has made all required deductions and withholdings (including deductions and withholdings applicable to additional amounts payable under this Section 7) Buyer receives an amount equal to the sum it would have received had no such deductions or withholdings been made in respect of Non-Excluded Taxes. For purposes of this Agreement the term “Non-Excluded Taxes” are Taxes other than, in the case of Buyer, Taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the jurisdiction under the laws of which Buyer is organized or of its applicable lending office, or any political subdivision thereof, unless such Taxes are imposed as a result of Buyer having executed, delivered or performed its obligations or received payments under, or enforced, this Agreement or any of the other Facility Documents (in which case such Taxes will be treated as Non-Excluded Taxes).

(b) In addition, Seller hereby agrees to pay any present or future stamp, recording, documentary, excise, property or value-added taxes, or similar taxes, charges or levies that arise from any payment made under or in respect of this Agreement or any other Facility Document or from the execution, delivery or registration of, any performance under, or otherwise with respect to, this Agreement or any other Facility Document (collectively, “Other Taxes”).

(c) Seller hereby agrees to indemnify Buyer for, and to hold it harmless against, the full amount of Non-Excluded Taxes and Other Taxes, and the full amount of Non-Excluded Taxes or Other Taxes imposed on amounts payable by Seller under this Section 7 imposed on or paid by Buyer and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. The indemnity by Seller provided for in this Section 7(c) shall apply and be made whether or not the Non-Excluded Taxes or Other Taxes for which indemnification hereunder is sought have been correctly or legally imposed or asserted. Amounts payable by Seller under the indemnity set forth in this Section 7(c) shall be paid within [\*\*\*] from the date on which Buyer makes written demand therefor.

(d) Within [\*\*\*] after the date of any payment of Taxes, Seller (or any Person making such payment on behalf of Seller) shall furnish to Buyer for its own account a certified copy of the original official receipt evidencing payment thereof.

(e) For purposes of subsection (e) of this Section 7, the terms “United States” and “United States person” shall have the meanings specified in Section 7701 of the Code. Each Buyer (including for avoidance of doubt any assignee, successor or participant) that either (i) is not incorporated under the laws of the United States, any State thereof, or the District of Columbia or (ii) whose name does not include “Incorporated,” “Inc.,” “Corporation,” “Corp.,” “P.C.,” “N.A.,” “National Association,” “insurance company,” or “assurance company” (a “Non-Exempt Buyer”) shall deliver or cause to be delivered to Seller the following properly completed and duly executed documents:

(i) in the case of a Non-Exempt Buyer that is not a United States person or is a foreign disregarded entity for U.S. federal income tax purposes that is entitled to provide such form, a complete and executed (x) U.S. Internal Revenue Form W-8BEN with Part II completed in which Buyer claims the benefits of a tax treaty with the United States providing for a zero or reduced rate of withholding (or any successor forms thereto), including all appropriate attachments or (y) a U.S. Internal Revenue Service Form W-8ECI (or any successor forms thereto); or

(ii) in the case of an individual, (x) a complete and executed U.S. Internal Revenue Service Form W-8BEN (or any successor forms thereto) and a certificate substantially in the form of Exhibit F (a “Section 7 Certificate”) or (y) a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto); or

(iii) in the case of a Non-Exempt Buyer that is organized under the laws of the United States, any State thereof, or the District of Columbia, a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto), including all appropriate attachments; or

(iv) in the case of a Non-Exempt Buyer that (x) is not organized under the laws of the United States, any State thereof, or the District of Columbia and (y) is treated as a corporation for U.S. federal income tax purposes, a complete and executed U.S. Internal Revenue Service Form W-8BEN (or any successor forms thereto) and a Section 7 Certificate; or

(v) in the case of a Non-Exempt Buyer that (A) is treated as a partnership or other non-corporate entity, and (B) is not organized under the laws of the United States, any State thereof, or the District of Columbia, (x)(i) a complete and executed U.S. Internal Revenue Service Form W-8IMY (or any successor forms thereto) (including all required documents and attachments) and (ii) a Section 7 Certificate, and (y) without duplication, with respect to each of its beneficial owners and the beneficial owners of such beneficial owners looking through chains of owners to individuals or entities that are treated as corporations for U.S. federal income tax purposes (all such owners, “beneficial owners”), the documents that would be provided by each such beneficial owner pursuant to this Section if such beneficial owner were Buyer; provided, however, that no such documents will be required with respect to a beneficial owner to the extent the actual Buyer is determined to be in compliance with the requirements for certification on behalf of its beneficial owner as may be provided in applicable U.S. Treasury regulations, or the requirements of this clause (v) are otherwise determined to be unnecessary, all such determinations under this clause (v) to be made in the sole discretion of Seller; provided, however, that Buyer shall be provided an opportunity to establish such compliance as reasonable; or

(vi) in the case of a Non-Exempt Buyer that is disregarded for U.S. federal income tax purposes, the document that would be provided by its beneficial owner pursuant to this Section if such beneficial owner were Buyer; or

(vii) in the case of a Non-Exempt Buyer that (A) is not a United States person and (B) is acting in the capacity as an “intermediary” (as defined in U.S. Treasury Regulations), (x)(i) a U.S. Internal Revenue Service Form W-8IMY (or any successor form thereto) (including all required documents and attachments) and (ii) a Section 7 Certificate, and (y) if the intermediary is a “non-qualified intermediary” (as defined in U.S. Treasury Regulations), from each person upon whose behalf the “non-qualified intermediary” is acting the documents that would be provided by each such person pursuant to this Section if each such person were Buyer.

If Buyer has provided a form pursuant to clause (e)(i)(x) above and the form provided by Buyer either at the time Buyer first becomes a party to this Agreement or, with respect to a grant of a participation, at the effective date of such participation, indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be treated as Taxes other than "Non-Excluded Taxes" ("Excluded Taxes") and shall not qualify as Non-Excluded Taxes unless and until Buyer provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate shall be considered Excluded Taxes solely for the periods governed by such form. If, however, on the date (after the Effective Date) a Person becomes an assignee, successor or participant to this Agreement, Buyer transferor was entitled to indemnification or additional amounts under this Section 7, then Buyer assignee, successor or participant shall be entitled to indemnification or additional amounts to the extent (and only to the extent), that Buyer transferor was entitled to such indemnification or additional amounts for Non-Excluded Taxes, and Buyer assignee, successor or participant shall be entitled to additional indemnification or additional amounts for any other or additional Non-Excluded Taxes.

(f) For any period with respect to which Buyer has failed to provide Seller with the appropriate form, certificate or other document described in subsection (e) of this Section 7 (other than (i) if such failure is due to a change in any applicable Requirement of Law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided by Buyer, or (ii) if it is legally inadvisable or otherwise commercially disadvantageous for Buyer to deliver such form, certificate or other document), Buyer shall not be entitled to indemnification or additional amounts under subsection (a) or (c) of this Section 7 with respect to Non-Excluded Taxes imposed by the United States by reason of such failure; provided, however, that should a Buyer become subject to Non-Excluded Taxes because of its failure to deliver a form, certificate or other document required hereunder, Seller shall take such steps as Buyer shall reasonably request, to assist Buyer in recovering such Non-Excluded Taxes.

(g) Without prejudice to the survival of any other agreement of Seller hereunder, the agreements and obligations of Seller contained in this Section 7 shall survive the termination of this Agreement. Nothing contained in this Section 7 shall require Buyer to make available any of its tax returns or any other information that it deems to be confidential or proprietary.

(h) Each party to this Agreement acknowledges that it is its intent for purposes of U.S. federal, and relevant state and local income and franchise taxes, to treat the Transaction as indebtedness of Seller that is secured by the Purchased Assets and the Purchased Assets as owned by Seller for federal income tax purposes in the absence of a Default by Seller. All parties to this Agreement agree to such treatment and agree to take no action inconsistent with this treatment, unless required by law.

Section 8. Security Interest; Buyer's Appointment as Attorney-in-Fact

(a) Security Interest. On the Purchase Date, Seller hereby sells, assigns and conveys to Buyer all right, title and interest in the Purchased Assets to the extent of its rights therein. Although the parties intend that all Transactions hereunder be sales and purchases (other than for accounting and tax purposes) and not loans, in the event any such Transactions are deemed to be loans, and in any event, Seller, to the extent of its rights therein, hereby pledges on the date hereof to Buyer as security for the performance of the Obligations and hereby grants, assigns and pledges to Buyer a first priority security interest in Seller's rights, title and interest in the Purchased Assets, the Records, all Servicing Rights related to the Purchased Assets (to the extent of Seller's rights therein), all Take-out Commitments, the Facility Documents (to the extent such Facility Documents and Seller's rights thereunder relate to the Purchased Assets), any Property relating to any Purchased Asset or the related Mortgaged Property, all insurance policies and insurance proceeds relating to any Mortgage Loan or any related Mortgaged Property, including but not limited to any payments or proceeds under any related primary insurance or hazard insurance, any Income relating to any Purchased Asset, the aggregate Holdback Amount, the Collection Account, the Disbursement Account, the the Servicing Agreements, and any other contract rights, accounts (including any interest of Seller in escrow accounts) and any other payments, rights to payment (including payments of interest or finance charges) and general intangibles to the extent that the foregoing relates to any Purchased Assets or any interest in the Purchased Assets and the Mortgage Loans, as are specified on a Confirmation and/or Trust Receipt and Asset Detail and Exception Report, and any proceeds and distributions and any other property, rights, title or interests with respect to any of the foregoing, in all instances, whether now owned or hereafter acquired, now existing or hereafter created (collectively, the "Repurchase Assets").

Without limiting the generality of the foregoing and in the event that Seller is deemed to retain any residual Servicing Rights, and for the avoidance of doubt, Seller grants, assigns and pledges to Buyer a security interest in the Servicing Rights and proceeds related thereto and in all instances, whether now owned or hereafter acquired, now existing or hereafter created, on or prior to the related Repurchase Date. The foregoing provision is intended to constitute a security agreement or other arrangement or other credit enhancement related to this Agreement and Transactions hereunder as defined under Sections 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code.

Seller hereby authorizes Buyer to file such financing statement or statements relating to the Repurchase Assets as Buyer, at its option, may deem reasonable and appropriate. Seller shall pay the filing costs for any financing statement or statements prepared pursuant to this Section 8.

The grants of security interest set forth in this Section are intended to constitute a security agreement or other arrangement or other credit enhancement related to the Agreement and Transactions hereunder as defined under Section 101(47)(v) and 741(7)(xi) of the Bankruptcy Code.

(b) Buyer's Appointment as Attorney in Fact. Seller hereby irrevocably constitutes and appoints Buyer and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Seller, and in the name of Seller or in its own name, from time to time in Buyer's discretion, for the purpose of carrying out the terms of this Agreement and to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Agreement, in each case, subject to the terms of this Agreement. Without limiting the generality of the foregoing, Seller hereby give Buyer the power and right, on behalf of Seller without assent by, but with notice to, Seller if an Event of Default shall have occurred and be continuing, to do the following:

(i) in the name of Seller or in its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any other Repurchase Assets and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Buyer for the purpose of collecting any and all such moneys due with respect to any other Repurchase Assets whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Repurchase Assets; and

(iii) (A) to direct any party liable for any payment under any Repurchase Assets to make payment of any and all moneys due or to become due thereunder directly to Buyer or as Buyer shall direct, including, without limitation, any payment agent with respect to any Repurchase Asset; (B) to send "goodbye" letters on behalf of Seller and Servicer; (C) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Repurchase Assets; (D) to sign and endorse any invoices, assignments, verifications, notices and other documents in connection with any Repurchase Assets; (E) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Repurchase Assets or any proceeds thereof and to enforce any other right in respect of any Repurchase Assets; (F) to defend any suit, action or proceeding brought against Seller with respect to any Repurchase Assets; (G) to settle, compromise or adjust any suit, action or proceeding described in clause (F) above and, in connection therewith, to give such discharges or releases as Buyer may deem appropriate; and (H) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Repurchase Assets as fully and completely as though Buyer were the absolute owner thereof for all purposes, and to do, at Buyer's option and Seller's expense, at any time, and from time to time, all acts and things which Buyer deems necessary to protect, preserve or realize upon the Repurchase Assets and Buyer's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as Seller might do.

Seller hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. In addition the foregoing, Seller agrees to execute a Power of Attorney, the form of Exhibit J hereto, to be delivered on the date hereof. Seller and Buyer acknowledges that the Powers of Attorney shall terminate on the later of (a) the Termination Date and (b) the satisfaction in full of the Obligations.

Seller also authorizes Buyer, if an Event of Default shall have occurred, from time to time, to execute, in connection with any sale provided for in Section 15 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Repurchase Assets.

The powers conferred on Buyer hereunder are solely to protect Buyer's interests in the Repurchase Assets and shall not impose any duty upon it to exercise any such powers. Buyer shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Seller for any act or failure to act hereunder, except for its or their own gross negligence or willful misconduct.

Section 9. Payment, Transfer And Custody.

(a) Payments and Transfers of Funds. Unless otherwise mutually agreed in writing, all transfers of funds to be made by Seller hereunder shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to Buyer at the following account maintained by Buyer: [\*\*\*], [\*\*\*], Account No. [\*\*\*], for the account of Nomura Corporate Funding Americas LLC, ABA No. [\*\*\*], ref: Funds for FACO, not later than [\*\*\*] New York City time, on the date on which such payment shall become due (and each such payment made after such time shall be deemed to have been made on the next succeeding Business Day). Seller acknowledges that it has no rights of withdrawal from the foregoing account.

(b) Remittance of Purchase Price. On the Purchase Date for each Transaction, ownership of the Purchased Assets shall be transferred to Buyer or its designee (i) with respect to Purchased Assets which are not Wet-Ink Mortgage Loans, against the simultaneous transfer of the Purchase Price to such account as agreed to by Buyer and Seller, simultaneously with the delivery to Buyer of the Purchased Assets relating to each Transaction, and (ii) with respect to Wet-Ink Mortgage Loans, upon the disbursement of funds by the Disbursement Agent pursuant to the terms and conditions of the Disbursement Agent Agreement. Upon notice from the Settlement Agent to Seller and/or Buyer that any Wet-Ink Mortgage Loan subject to a Transaction was not originated, the Wet-Ink Mortgage Loan shall be removed from the list of Eligible Mortgage Loans and the Settlement Agent shall immediately return the funds via wire transfer to the account of Buyer specified in Section 9(a) in accordance with the Escrow Instruction Letter. Seller shall immediately notify Buyer if a Wet-Ink Mortgage Loan was not originated and has been removed from the list of Eligible Mortgage Loans.

Section 10, Hypothecation or Pledge of Purchased Assets. Title to all Purchased Assets and Repurchase Assets shall pass to Buyer and Buyer shall have free and unrestricted use of all Purchased Assets. Nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Assets or otherwise pledging, repledging, transferring, hypothecating, or rehypothecating the Purchased Assets. In furtherance, and not by limitation of, the foregoing, it is acknowledged that each counterparty with which any

Buyer may engage in a transaction as contemplated hereunder is a repledgee as contemplated by Sections 9-207 and 9-623 of the UCC (and the relevant Official Comments thereunder). Nothing contained in this Agreement shall obligate Buyer to segregate any Purchased Assets delivered to Buyer by Seller; provided, however, that Buyer is obligated to return the specific Purchased Assets upon repurchase by Seller.

Section 11. Fees. Seller shall pay to Buyer in immediately available funds, all fees due and owing as and when set forth in the Pricing Side Letter. The fees are non-refundable, and such payment shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to Buyer at such account designated by Buyer.

Section 12. Representations. Seller represents and warrants to Buyer that as of the Purchase Date of any Purchased Assets by Buyer from Seller and as of the date of this Agreement and any Transaction hereunder and at all times while the Facility Documents and any Transaction hereunder is in full force and effect:

(a) Acting as Principal. Seller will engage in such Transactions as principal (or, if agreed in writing in advance of any Transaction by the other party hereto, as agent for a disclosed principal).

(b) Servicer Approval. To the best of Seller's knowledge, Servicer has adequate financial standing, servicing facilities, procedures and experienced personnel necessary for the sound servicing of mortgage loans of the same types as may from time to time constitute Mortgage Loans and in accordance with Accepted Servicing Practices.

(c) Solvency. Neither the Facility Documents nor any Transaction thereunder are entered into in contemplation of insolvency or with intent to hinder, delay or defraud any of Seller's creditors. The transfer of the Purchased Assets subject hereto is not undertaken with the intent to hinder, delay or defraud any of Seller's creditors. Seller is not insolvent within the meaning of 11 U.S.C. Section 101(32) and the transfer and sale of the Purchased Assets pursuant hereto (i) will not cause Seller to become insolvent, (ii) will not result in any property remaining with Seller to be unreasonably small capital, and (iii) will not result in debts that would be beyond Seller's ability to pay as same mature. Seller received reasonably equivalent value in exchange for the transfer and sale of the Purchased Assets.

(d) No Broker. Seller has not dealt with any broker, investment banker, agent, or other person, except for Buyer, who may be entitled to any commission or compensation in connection with the sale of Purchased Assets pursuant to this Agreement.

(e) Ability to Perform. Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in the Facility Documents to which it is a party on its part to be performed.

(f) Existence. Seller (a) is a limited liability company duly organized, validly existing under the laws of Delaware, (b) is in good standing under the laws of Delaware, (c) has all requisite corporate or other power, and has all governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, except where the lack of such licenses, authorizations, consents and approvals

would not be reasonably likely to have a Material Adverse Effect; and (d) is qualified to do business and is in good standing in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary, except where failure so to qualify would not be reasonably likely (either individually or in the aggregate) to have a Material Adverse Effect.

(g) Financial Statements. Seller has heretofore furnished to Buyer a copy of (a) the Financial Statements of B2R Finance L.P. for the fiscal year ended December 31, 2016 with the opinion thereon of Deloitte & Touche LLP and (b) consolidated balance sheet and the consolidated balance sheets for Seller and its consolidated Subsidiaries for such monthly periods up until April 31, 2017 and the related consolidated statements of income and retained earnings and of cash flows for Seller and its consolidated Subsidiaries for such monthly periods. All such financial statements are complete and correct and fairly present, in all material respects, the consolidated financial condition of B2R Finance L.P., Seller and its Subsidiaries, as applicable, and the consolidated results of their operations as at such dates and for such monthly periods, all in accordance with GAAP applied on a consistent basis. Since April 31, 2017, there has been no material adverse change in the consolidated business, operations or financial condition of Seller or its consolidated Subsidiaries taken as a whole from that set forth in said financial statements nor is Seller aware of any state of facts which (without notice or the lapse of time) would or could result in any such material adverse change or could have a Material Adverse Effect. Seller has, on April 31, 2017, no liabilities, direct or indirect, fixed or contingent, matured or unmatured, known or unknown, or liabilities for taxes, long-term leases or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheet and related statements, and at the present time there are no material unrealized or anticipated losses from any loans, advances or other commitments of Seller except as heretofore disclosed to Buyer in writing.

(h) No Breach. Neither (a) the execution and delivery of the Facility Documents nor (b) the consummation of the transactions therein contemplated to be entered into by Seller in compliance with the terms and provisions thereof will conflict with or result in (i) a breach of the organizational documents of Seller, or (ii) a breach of any applicable law, rule or regulation, or (iii) a breach of any order, writ, injunction or decree of any Governmental Authority, or (iv) a breach of other material agreement or instrument to which Seller or any of its Subsidiaries is a party or by which any of them or any of their Property is bound or to which any of them is subject, or (v) a default under any such material agreement or instrument, or (vi) the creation or imposition of any Lien (except for the Liens created pursuant to the Facility Documents) upon any Property of Seller or any of its Subsidiaries pursuant to the terms of any such agreement or instrument.

(i) Action. Seller has all necessary corporate or other power, authority and legal right to execute, deliver and perform its obligations under each of the Facility Documents, as applicable; the execution, delivery and performance by Seller of each of the Facility Documents have been duly authorized by all necessary corporate or other action on its part; and each Facility Document has been duly and validly executed and delivered by Seller.

(j) Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority or any securities exchange are necessary for the execution, delivery or performance by Seller of the Facility Documents or for the legality, validity or enforceability thereof, except for filings and recordings in respect of the Liens created pursuant to the Facility Documents.



(k) Enforceability. This Agreement and all of the other Facility Documents executed and delivered by Seller in connection herewith are legal, valid and binding obligations of Seller and are enforceable against Seller in accordance with their terms except as such enforceability may be limited by (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity.

(l) Reserved.

(m) Material Adverse Effect. Since April 31, 2017, there has been no development or event nor, to Seller's knowledge, any prospective development or event, which has had or could have a Material Adverse Effect.

(n) No Default. No Default or Event of Default has occurred and is continuing.

(o) No Adverse Selection. Seller has not selected the Purchased Assets in a manner so as to adversely affect Buyer's interests.

(p) Litigation. There are no actions, suits, arbitrations, investigations (including, without limitation, any of the foregoing which are pending or threatened) or other legal or arbitrable proceedings affecting Seller or any of its Subsidiaries or affecting any of the Property of any of them before any Governmental Authority that (i) questions or challenges the validity or enforceability of any of the Facility Documents or any action to be taken in connection with the transactions contemplated hereby, (ii) makes a claim in an aggregate amount greater than [\*\*\*] or (iii) which, individually or in the aggregate, if adversely determined, could be reasonably likely to have a Material Adverse Effect.

(q) Margin Regulations. The use of all funds acquired by Seller under this Agreement will not conflict with or contravene any of Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System as the same may from time to time be amended, supplemented or otherwise modified.

(r) Taxes. Seller and its respective Subsidiaries has timely filed all tax returns that are required to be filed by it and has timely paid all Taxes, except for any such Taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided. There are no Liens for Taxes, except for statutory Liens for Taxes not yet due and payable.

(s) Investment Company Act. Seller is not, nor any of its Subsidiaries, is an "investment company", or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

(t) Purchased Assets.

(i) Seller has not assigned, pledged, or otherwise conveyed or encumbered any Purchased Asset, Mortgage Loan to any other Person.

(ii) Immediately prior to the sale of a Purchased Asset to Buyer, Seller was the sole owner of such Purchased Asset and had good and marketable title thereto, free and clear of all Liens, in each case except for Liens to be released simultaneously with the sale to Buyer hereunder.

(iii) The provisions of this Agreement are effective to either constitute a sale of the Purchased Assets to Buyer or to create in favor of Buyer a valid security interest in all right, title and interest of Seller in, to and under the Purchased Assets. The provisions of this Agreement are effective to either constitute a sale of the Repurchase Assets to Buyer or to create in favor of Buyer a valid security interest in all right, title and interest of Seller in, to and under the Repurchase Assets.

(u) Chief Executive Office/Jurisdiction of Organization. On the Effective Date, Seller's chief executive office, is, and has been located at ~~4201 Congress St.~~ 6230 Fairview Road, Suite ~~475~~ 300, Charlotte, NC ~~28209~~ 28210. On the Effective Date, Seller's jurisdiction of organization is Delaware.

(v) Location of Books and Records. The location where the Seller keeps its books and records, including all computer tapes and records related to the Repurchase Assets, is its chief executive office.

(w) True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of Seller to Buyer in connection with the negotiation, preparation or delivery of this Agreement and the other Facility Documents or included herein or therein or delivered pursuant hereto or thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of Seller to Buyer in connection with this Agreement and the other Facility Documents and the transactions contemplated hereby and thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified. There is no fact known to a Responsible Officer of Seller, after due inquiry, that could reasonably be expected to have a Material Adverse Effect that has not been disclosed herein, in the other Facility Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to Buyer for use in connection with the transactions contemplated hereby or thereby.

(x) ERISA.

(i) No liability under Section 4062, 4063, 4064 or 4069 of ERISA has been or is expected by Seller to be incurred by Seller or any ERISA Affiliate thereof with respect to any Plan which is a Single-Employer Plan in an amount that could reasonably be expected to have a Material Adverse Effect.

(ii) No Plan which is a Single-Employer Plan had an accumulated funding deficiency, whether or not waived, [\*\*\*] of such Plan ended prior to the date hereof, and no such plan which is subject to Section 412 of the Code failed to meet the requirements of Section 436 of the Code as of such [\*\*\*]. Seller is not nor any ERISA Affiliate thereof is subject to a Lien in favor of such a Plan as described in Section 430(k) of the Code or Section 303(k) of ERISA.

(iii) Each Plan of Seller and each of its respective Subsidiaries and each of their ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code, except where the failure to comply would not result in any Material Adverse Effect.

(iv) Seller has not nor any of its Subsidiaries nor any ERISA Affiliate has incurred a tax liability under Chapter 43 of the Code or a penalty under Section 502(i) of ERISA which has not been paid in full, except where the incurrence of such tax or penalty would not result in a Material Adverse Effect.

(v) Seller has not nor any of its Subsidiaries nor any ERISA Affiliate thereof has incurred or reasonably expects to incur any withdrawal liability under Section 4201 of ERISA as a result of a complete or partial withdrawal from a Multiemployer Plan in an amount that could reasonably be expected to have a Material Adverse Effect.

(y) Reserved.

(z) No Reliance. Seller has made its own independent decisions to enter into the Facility Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary. Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(aa) Plan Assets. Seller is not an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code, and the Purchased Assets are not “plan assets” within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA, and transactions by or with Seller are not subject to any state or local statute regulating investments of, or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

(bb) Anti-Money Laundering Laws. Seller has complied with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the “Anti-Money Laundering Laws”); Seller has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws, has conducted the requisite due diligence in connection with the acquisition of each Mortgage Loan for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the applicable Mortgagor and the origin of the assets used by the said Mortgagor to purchase the property in question, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws.

(cc) No Prohibited Persons. Seller is not nor any of its respective Affiliates, officers, directors, partners or members or the Mortgagor related to any Purchased Asset is an entity or person (or to Seller's knowledge, owned or controlled by an entity or person): (i) that is listed in the Annex to, or is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001 ("EO13224"); (ii) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("OFAC") most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/t11sdn.pdf>); (iii) who commits, threatens to commit or supports "terrorism", as that term is defined in EO13224; or (iv) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in clauses (i) through (iv) above are herein referred to as a "Prohibited Person").

Section 13. Covenants Of Seller. On and as of the date of this Agreement and each Purchase Date and on each day until this Agreement is no longer in force, Seller covenants as follows:

(a) Preservation of Existence; Compliance with Law. Seller shall:

- (i) Preserve and maintain its legal existence;
- (ii) Comply with the requirements of all applicable laws, rules, regulations and orders, whether now in effect or hereafter enacted or promulgated by any applicable Governmental Authority (including, without limitation, all environmental laws); and
- (iii) Preserve and maintain all material rights, privileges, licenses, franchises, permits or other approvals necessary for Seller to conduct its business and to perform its obligations under the Facility Documents, and shall conduct its business strictly in accordance with applicable law.

(b) Taxes. Seller and its Subsidiaries shall timely file all tax returns that are required to be filed by it and shall timely pay all Taxes due, except for any such Taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided.

(c) Notice of Proceedings or Adverse Change. Seller shall give notice to Buyer immediately after a responsible officer of Seller has any knowledge of:

- (i) the occurrence of any Default or Event of Default;
- (ii) any default or event of default under any Indebtedness of Seller;

(iii) any litigation or proceeding that is pending or threatened against (a) Seller in which the amount involved exceeds [\*\*\*], and is not covered by insurance, in which injunctive or similar relief is sought, or which, if adversely determined, would reasonably be expected to have a Material Adverse Effect and (b) any litigation or proceeding that is pending or threatened in connection with any of the Repurchase Assets, which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(iv) as soon as reasonably possible, notice of any of the following events:

(A) a material change in the insurance coverage of Seller, with a copy of evidence of same attached;

(B) any material change in accounting policies or financial reporting practices of Seller;

(C) (i) any breach of the Subordinated Loan Agreement, (ii) any Margin Call (as such term is defined in the Subordinated Loan Agreement) notices, together with a copy thereof or (iii) if the Subordinated Loan Agreement has been modified, amended, terminated, altered or renewed, together with a fully-executed copy of the related amendment (if applicable);

(D) promptly upon receipt of notice or knowledge of any Lien or security interest (other than security interests created hereby or under any other Facility Document) on, or claim asserted against, any of the Repurchase Assets;

(E) as soon as practicable, but, in any case, no more than [\*\*\*], after Seller has obtained knowledge of any fact that could be the basis of any reduction of Asset Value with respect to a Purchased Asset, notice identifying the Purchased Asset with respect to which such reduction of Asset Value exists and detailing the cause of such reduction of Asset Value; or

(F) any other event, circumstance or condition that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(v) Promptly, but no later than [\*\*\*] after Seller receives any of the same, deliver to Buyer a true, complete, and correct copy of any schedule, report, notice, or any other document delivered to Seller by any Person which could have an adverse effect on the Asset Value of any of the Repurchase Assets; and

(vi) Promptly, but no later than [\*\*\*] after Seller receives notice of the same, any Mortgage Loan submitted to a Take-out Investor (whole loan or securitization) and rejected for purchase by such Take-out Investor.

(d) Reporting. Seller shall maintain a system of accounting established and administered in accordance with GAAP, and Seller shall furnish to Buyer:

(i) Within [\*\*\*] after the [\*\*\*] day of each of the [\*\*\*] of Seller, Seller's unaudited balance sheet, income statement and cash flow statement, each as of the end of such fiscal quarter and in each case presented fairly in accordance with GAAP at the following e-mail: [\*\*\*];

(ii) Within [\*\*\*] after the [\*\*\*] of its fiscal year, commencing with the 2017 fiscal year, Seller's unaudited balance sheet, presented fairly in accordance with GAAP at the following e-mail: [\*\*\*];

(iii) Within [\*\*\*] after the [\*\*\*] of its fiscal year, commencing with the 2017 fiscal year, Seller's Financial Statements for such fiscal year, presented fairly in accordance with GAAP, and accompanied, in all cases, by an unqualified report of nationally recognized independent certified public accountants approved by Buyer (which approval shall not be unreasonably withheld) at the following e-mail: [\*\*\*];

(iv) (A) Simultaneously with the furnishing of each of the financial statements to be delivered pursuant to subsection (i)-(ii) above, or monthly upon Buyer's request, a certificate in form and substance acceptable to Buyer in its sole discretion, and certified by an executive officer of Seller, and (B) quarterly, or simultaneously with the financial statements to be delivered pursuant to subsection (i) above, an officer's certificate of covenant compliance in the form of Exhibit A to the Pricing Side Letter to the attention of Buyer at: [\*\*\*] certifying that (x) the related unaudited balance sheets are true and correct and (y) setting forth any Indebtedness of the Seller other than Indebtedness under this Agreement;

(v) Within [\*\*\*] after the end of each Collection Period, a monthly report of Seller setting forth any litigation, investigation, regulatory action or proceeding that is pending or threatened by or against Seller in any federal or state court or before any Governmental Authority which, if not cured or if adversely determined, would reasonably be expected to have a Material Adverse Effect or constitute a Default or Event of Default, in form and substance acceptable to Buyer;

(vi) Reserved;

(vii) Within [\*\*\*] after the end of each Collection Period, a monthly servicing report of Servicer, which form will be agreed upon by Buyer and Seller prior to the delivery of the first such report (the "Monthly Servicing Report");

(viii) [\*\*\*] after the end of each Collection Period, (a) a monthly remittance report of Servicer and (b) and on any other date requested by Buyer, a monthly Advanced Holdback Amount report of the Holdback Servicer, in each case, in form and substance acceptable to the Buyer;

(ix) Within [\*\*\*] after any material amendment, modification or supplement has been entered into with respect to the Servicing Agreement, a fully executed copy thereof, certified by Seller to be true, correct and complete;

(x) Any other material agreements, correspondence, documents or other information which have not previously been disclosed to Buyer, which is related to Seller, the Purchased Assets or the Mortgage Loans, as soon as possible after the discovery thereof by Seller; and

(xi) Promptly, from time to time, such other information regarding the business affairs, operations and financial condition of Seller and its Subsidiaries as Buyer may reasonably request.

(e) Visitation and Inspection Rights. Seller shall permit Buyer to inspect, and to discuss with Seller's officers, agents and auditors, the affairs, finances, and accounts of Seller, the Repurchase Assets, and Seller's books and records, and to make abstracts or reproductions thereof and to duplicate, reduce to hard copy or otherwise use any and all computer or electronically stored information or data, in each case, (i) during normal business hours, (ii) upon reasonable notice (provided, that upon the occurrence of an Event of Default, no notice shall be required), and (iii) at the expense of Seller to discuss with its officers, its affairs, finances, and accounts; provided, however, that the Seller is only obligated to pay such expenses in (iii) hereof once per calendar year, unless an Event of Default has occurred and is continuing.

(f) Reimbursement of Expenses. On the date of execution of this Agreement, Seller shall reimburse Buyer for all expenses (including legal fees, subject to the Legal Fee Cap) incurred by Buyer on or prior to such date. From and after such date, Seller shall promptly reimburse Buyer for all expenses as the same are incurred by Buyer and within [\*\*\*] of the receipt of invoices therefor.

(g) Further Assurances. Seller shall execute and deliver to Buyer all further documents, financing statements, agreements and instruments, and take all further action that may be required under applicable law, or that Buyer may reasonably request, in order to effectuate the transactions contemplated by this Agreement and the Facility Documents or, without limiting any of the foregoing, to grant, preserve, protect and perfect the validity and first-priority of the security interests created or intended to be created hereby. Seller shall do all things necessary to preserve the Repurchase Assets so that they remain subject to a first priority perfected security interest hereunder. Without limiting the foregoing, Seller will comply with all rules, regulations, and other laws of any Governmental Authority and cause the Repurchase Assets to comply with all applicable rules, regulations and other laws. Seller will not allow any default for which Seller is responsible to occur under any Repurchase Assets or any Facility Document and Seller shall fully perform or cause to be performed when due all of its obligations under any Repurchase Assets or the Facility Documents.

(h) True and Correct Information. All information, reports, exhibits, schedules, financial statements or certificates of Seller or any of its Affiliates thereof or any of their officers furnished to Buyer hereunder and during Buyer's diligence of Seller are and will be true and complete and will not omit to disclose any material facts necessary to make the statements therein or therein, in light of the circumstances in which they are made, not misleading. All required financial statements, information and reports delivered by Seller to Buyer pursuant to this Agreement shall be prepared in accordance with GAAP, or in connection with SEC filings, if any, the appropriate SEC accounting requirements.

(i) ERISA Events.

(i) Promptly upon becoming aware of the occurrence of any Event of ERISA Termination which together with all other Events of ERISA Termination occurring within the prior [\*\*\*] involve a payment of money by or a potential aggregate liability of Seller or any ERISA Affiliate thereof or any combination of such entities in excess of [\*\*\*] Seller shall give Buyer a written notice specifying the nature thereof, what action Seller or any ERISA Affiliate thereof has taken and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto.

(ii) Promptly upon receipt thereof, Seller shall furnish to Buyer copies of (i) all notices received by Seller or any ERISA Affiliate thereof of the PBGC's intent to terminate any Plan or to have a trustee appointed to administer any Plan; (ii) all notices received by Seller or any ERISA Affiliate thereof from the sponsor of a Multiemployer Plan pursuant to Section 4202 of ERISA involving a withdrawal liability in excess of [\*\*\*]; and (iii) all funding waiver requests filed by Seller or any ERISA Affiliate thereof with the Internal Revenue Service with respect to any Plan, the accrued benefits of which exceed the present value of the plan assets as of the date the waiver request is filed by more than [\*\*\*], and all communications received by Seller or any ERISA Affiliate thereof from the Internal Revenue Service with respect to any such funding waiver request.

(j) Financial Condition Covenants. Seller shall comply with the Financial Covenants set forth in Section 3 of the Pricing Side Letter.

(k) No Adverse Selection. Seller shall not select Eligible Mortgage Loans to be sold to Buyer as Purchased Assets using any type of adverse selection or other selection criteria which would adversely affect Buyer.

(l) Insurance. Seller shall continue to maintain Fidelity Insurance in an aggregate amount at least equal to [\*\*\*]. Seller shall maintain Fidelity Insurance in respect of its officers, employees and agents, with respect to any claims made in connection with all or any portion of the Repurchase Assets. Seller shall notify Buyer of any material change in the terms of any such Fidelity Insurance.

(m) Books and Records. Seller shall, to the extent practicable, maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Repurchase Assets in the event of the destruction of the originals thereof), and keep and maintain or obtain, as and when required, all documents, books, records and other information reasonably necessary or advisable for the collection of all Repurchase Assets and Eligible Mortgage Loans.



(n) Illegal Activities. Seller shall not engage in any conduct or activity that could subject its assets to forfeiture or seizure.

(o) Material Change in Business. Seller shall not make any material change in the nature of its business as carried on at the date hereof.

(p) Limitation on Dividends and Distributions. Following the occurrence and during the continuation of an Event of Default or if an Event of Default would result therefrom, Seller shall not make any payment on account of, or set apart assets for, a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of any equity interest of Seller, whether now or hereafter outstanding, or make any other distribution or dividend in respect of any of the foregoing or to any shareholder or equity owner of Seller, either directly or indirectly, whether in cash or property or in obligations of Seller or any of Seller's consolidated Subsidiaries.

(q) Disposition of Assets; Liens. Seller shall not cause any of the Repurchase Assets to be sold, pledged, assigned or transferred, other than in accordance with this Agreement; nor shall Seller create, incur, assume or suffer to exist any mortgage, pledge, Lien, charge or other encumbrance of any nature whatsoever on any of the Repurchase Assets, whether real, personal or mixed, now or hereafter owned, other than Liens in favor of Buyer.

(r) Transactions with Affiliates. Seller shall not enter into any transaction, including, without limitation, the purchase, sale, lease or exchange of property or assets or the rendering or accepting of any service with Seller or any Affiliate, unless such transaction is (a) not otherwise prohibited in this Agreement, (b) in the ordinary course of Seller's business and (c) upon fair and reasonable terms no less favorable to Seller, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

(s) ERISA Matters.

(i) Seller shall not permit any event or condition which is described in any of clauses (i) through (viii) of the definition of "Event of ERISA Termination" to occur or exist with respect to any Plan or Multiemployer Plan if such event or condition, together with all other events or conditions described in the definition of Event of ERISA Termination occurring within the prior [\*\*\*], involves the payment of money by or an incurrence of liability of Seller or any ERISA Affiliate thereof, or any combination of such entities in an amount in excess of [\*\*\*].

(ii) Seller shall not be an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(c)(1) of the Code and Seller shall not use "plan assets" within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA, to engage in this Agreement or the Transactions hereunder and transactions by or with Seller are not subject to any state or local statute regulating investments of, or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

(t) Consolidations, Mergers and Sales of Assets. Seller shall not (i) consolidate or merge with or into any other Person or (ii) sell, lease or otherwise transfer all or substantially all of its assets to any other Person.

(u) Facility Documents. Seller shall not permit the amendment or modification of, the waiver of any event of default under, or the termination of any Facility Document without Buyer's prior written consent. Seller shall not waive (or direct the waiver of) the performance by any party to any Facility Document of any action, if the failure to perform such action would adversely affect Seller, any Purchased Assets or any Repurchase Assets in any material respect, nor has any such Person waived (or has directed the waiver of) any default resulting from any action or inaction by any party.

(v) Reserved.

(w) Facility Documents and Subordinated Loan Agreement. Seller shall not permit the amendment or modification of, or the termination of, any Facility Document without Buyer's prior written consent. Seller shall not waive (or direct the waiver of) the performance by any party to any Facility Document of any action, if the failure to perform such action would adversely affect Seller or any Purchased Assets in any material respect, or waive (or direct the waiver of) any default resulting from any action or inaction by any party thereto. Seller shall not permit the amendment or modification of, waiver of any event of default, or the termination of the Subordinated Loan Agreement without Buyer's prior written consent, such consent not to be unreasonably withheld. For the avoidance of doubt, with respect to the Subordinated Loan Agreement, such consent shall be deemed reasonably withheld if Buyer determines in its good faith discretion that such amendment, modification, waiver of an event of default could have an adverse effect on the Seller, the Repurchase Assets or the rights or remedies of Buyer under any Facility Document.

(x) Underwriting Guidelines. The Underwriting Guidelines shall not be materially amended without the prior written notice to Buyer; provided, however, notwithstanding anything herein to the contrary, Seller shall promptly provide Buyer with a copy of such modified Underwriting Guidelines and, if Buyer does not approve such modified Underwriting Guidelines, Buyer shall not be required to enter into any Transaction with respect to Mortgage Loans originated in accordance with such modified Underwriting Guidelines.

(y) Delivery of BPO or Appraisal. Seller shall deliver, or caused to be delivered, to Buyer an updated "as-is" BPO or Appraisal for any Purchased Asset as follows: (a) no later than [\*\*\*] following the date of the last BPO or Appraisal, unless the related Mortgaged Property is listed for sale for less than [\*\*\*]; and (b) but no later than [\*\*\*] following the date on which such Purchased Asset becomes more than [\*\*\*] delinquent in payment, and thereafter, every [\*\*\*] during which such Purchased Asset remains delinquent; (c) but no later than [\*\*\*], if any extension is requested with regard to the stated maturity date of any Purchased Asset under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document, (d) within [\*\*\*], if any default exists at the stated maturity date of any Purchased Asset under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document and (e) at Buyer's cost, promptly upon Buyer's request.

(z) Reserved.

(aa) Investment Company Act. Neither the Seller nor any of its Subsidiaries shall be an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

(bb) No Division/Series Transactions. Notwithstanding anything to the contrary contained in this Agreement or any other Facility Document, (i) if Seller is a limited liability company organized under the laws of the State of Delaware Seller shall not enter into (or agree to enter into) any Division/Series Transaction, or permit any of its Subsidiaries to enter into (or agree to enter into), any Division/Series Transaction and (ii) none of the provisions in this Agreement nor any other Facility Document, shall be deemed to permit Seller or any of its Subsidiaries to enter into (or agree to enter into) any Division/Series Transaction.

Section 14. Events Of Default. If any of the following events (each an “Event of Default”) occurs, Buyer shall have the rights set forth in Section 15, as applicable:

(a) Payment Default. (i) Seller fails to make any payment of Margin Deficit or Repurchase Price (other than Price Differential), when due, whether by acceleration, mandatory repurchase (including following the occurrence of a Purchased Asset Issue) or otherwise, and such failure continues for more than [\*\*\*] after knowledge by or notice to Seller, (ii) Seller fails to make any payment of Price Differential, when due, whether by acceleration, mandatory repurchase or otherwise, or (iii) Seller fails to make any payment (other than Repurchase Price, Price Differential or Margin Deficit), when due, whether by acceleration, mandatory repurchase or otherwise, and such failure continues for more than [\*\*\*] after knowledge by or notice to Seller; or

(b) Immediate Representation and Warranty Default. The failure of Seller to perform, comply with or observe any representation, warranty or certification applicable to Seller contained in any of Sections 12(c) (Solvency); (f)(a) (Existence); (h) (No Breach); (i) (Action); (k) (Enforceability); (l) (Indebtedness); (q) (Margin Regulations); (s) (Investment Company Act); (t) (Purchased Assets); (w) (True and Complete Disclosure); (x) (ERISA); (z) (No Reliance); (aa) (Plan Assets); or (cc) (No Prohibited Persons), in each case, of this Agreement; or

(c) Additional Representation and Warranty Defaults. Except for Section 12(b) (which is addressed in clause (n) below), any representation, warranty or certification made or deemed made herein or in any other Facility Document (and not identified by clause (b) of this Section 14) by Seller or any certificate furnished to Buyer pursuant to the provisions hereof or thereof or any information with respect to the Purchased Assets furnished in writing by or on behalf of Seller shall be determined by Buyer to have been untrue or misleading in any material respect as of the time made or furnished (other than the representations and warranties set forth in Schedule 1); unless (A) Seller shall have made any such representations and warranties with actual knowledge that they were materially false or misleading at the time made or (B) any such representations and warranties have been determined in good faith by Buyer in its sole discretion to be materially false or misleading on a regular basis) and, if such default shall be capable of being remedied as determined by Buyer, such failure shall continue unremedied for more than [\*\*\*]; or

(d) Immediate Covenant Default. The failure of Seller to perform, comply with or observe any term, covenant or agreement applicable to Seller contained in any of Sections 13(a)(i) or (ii) (Preservation of Existence; Compliance with Law) (h) (True and Correct Information); (j) (Financial Condition Covenants); (k) (No Adverse Selection); (n) (Illegal Activities); (o) (Material Change in Business); (p) (Limitation on Dividends and Distributions); (q) (Disposition of Assets; Liens); (r) (Transactions with Affiliates); (s) (ERISA Matters); or (t) (Consolidations, Mergers and Sales of Assets); or

(e) Additional Covenant Defaults. Seller shall fail to observe or perform any other covenant or agreement contained in the Facility Documents (and not identified in clause (d) of Section 14), and if such default shall be capable of being remedied, such failure to observe or perform shall continue unremedied beyond [\*\*\*]; or

(f) Judgments. A judgment or judgments for the payment of money in excess of [\*\*\*] in the aggregate shall be rendered against Seller, by one or more courts, administrative tribunals or other bodies having jurisdiction and the same shall not be satisfied, discharged (or provision shall not be made for such discharge) or bonded, or a stay of execution thereof shall not be procured, within [\*\*\*] from the date of entry thereof, and such party shall not, within said period of [\*\*\*], or such longer period during which execution of the same shall have been stayed or bonded, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(g) Cross-Default. (A) Seller shall be in default beyond any applicable grace period under (i) any Indebtedness of Seller with a counterparty other than Buyer or an Affiliate of Buyer, in excess of [\*\*\*] which default involves the failure to pay a material matured obligation or permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such Indebtedness, which, in each case, has not been waived in writing by Buyer, or (ii) any other financing, hedging, security or other agreement or contract between Seller on the one hand, and Buyer or any of its Affiliates on the other, which in each case, has not been waived in writing by Buyer, or (B) Urban Financial of America, LLC (n/k/a Finance of America Reverse LLC) shall be in default beyond any applicable grace period under the Reverse Facility Documents; or

(h) Insolvency Event. An Insolvency Event shall have occurred with respect to Seller; or

(i) Enforceability. For any reason any Facility Document at any time shall not to be in full force and effect in all material respects or shall not be enforceable in all material respects in accordance with its terms, or any Person (other than Buyer) shall contest the validity, enforceability, perfection or priority of any Lien granted pursuant thereto, or any party thereto (other than Buyer) shall seek to disaffirm, terminate, limit or reduce its obligations under any Facility Document; or

(j) Liens. Seller shall grant, or suffer to exist, any Lien on any Repurchase Asset (except any Lien in favor of Buyer) or Buyer for any reason ceases to have a valid, first priority security interest in any of the Repurchase Assets; or

(k) Material Adverse Effect. A Material Adverse Effect shall have occurred as determined by Buyer in its reasonable discretion, and shall remain uncured for [\*\*\*] after written notice by Buyer to Seller of the existence of such Material Adverse Effect; or

(l) Change in Control. A Change in Control shall have occurred without the Buyer's prior written consent; or

(m) Inability to Perform. Seller shall admit its inability to, or its intention not to, perform any of their obligations under the Facility Documents; or

(n) Servicer Termination. A Servicer Termination Event shall have occurred, and Seller fails to appoint and transfer the servicing of the related Purchased Assets to a successor Servicer that is satisfactory to Buyer in Buyer's good faith discretion within [\*\*\*]; or

(o) Failure to Transfer. Seller fails to transfer the Purchased Assets to Buyer on or prior to the applicable Purchase Date; or

(p) Government Action. Any Governmental Authority or any person, agency or entity acting or purporting to act under Governmental Authority shall have received any judicial or administrative order permitting such Governmental Authority to take any action that is reasonably likely to result in a condemnation, seizure or appropriation, or assumption of custody or control of, all or any substantial part of the Property of Seller, or shall have taken any action to displace the management of Seller or to materially curtail its authority in the conduct of the business of Seller, or takes any action in the nature of enforcement to remove, limit or restrict the approval of Seller as an issuer, buyer or a seller of Mortgage Loans or securities backed thereby, and such action shall not have been discontinued or stayed within [\*\*\*]; or

(q) Assignment. Assignment or attempted assignment by Seller of this Agreement or any other Facility Document or any rights hereunder or thereunder without first obtaining the specific written consent of Buyer; or

(r) Reserved; or

(s) Information. Buyer shall reasonably request, specifying the reasons for such request, reasonably information, and/or written responses to such requests, regarding the financial well-being of Seller (including, but not limited to, any information regarding any repurchase and indemnity requests or demands made upon Seller or any of its Subsidiaries by any third-party investors) and such reasonable information and/or responses shall not have been provided within [\*\*\*] of such request; or

(t) Reserved.

(u) Reserved.

(v) Disbursement of Holdback Amount. Holdback Servicer shall fail to disburse any Holdback Amount in accordance with the related Mortgage Loan Documents and such failure continues for [\*\*\*] or such shorter period as required under the Mortgage Loan Documents. Notwithstanding anything herein to the contrary, in no event shall Buyer have any obligation to fund any Holdback Amount made to a Mortgagor with respect to any Mortgage RLL Loan, which obligations shall be retained by Seller and Holdback Servicer.

Section 15. Remedies.

(a) If an Event of Default occurs, the following rights and remedies are available to Buyer: provided, that an Event of Default shall be deemed to be continuing unless expressly waived by Buyer in writing:

(i) At the option of Buyer, exercised by written notice to Seller (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an Insolvency Event of Seller), the Repurchase Date for each Transaction hereunder, if it has not already occurred, shall be deemed immediately to occur (the date on which such option is exercised or deemed to have been exercised being referred to hereinafter as the "Accelerated Repurchase Date").

(ii) If Buyer exercises or is deemed to have exercised the option referred to in subsection (a)(i) of this Section,

(A) Seller's obligations in such Transactions to repurchase all Purchased Assets, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subsection (a)(i) of this Section, (1) shall thereupon become immediately due and payable, (2) all Income paid after such exercise or deemed exercise shall be retained by Buyer and applied to the Aggregate Repurchase Price and any other amounts owed by Seller hereunder, and (3) Seller shall immediately deliver to Buyer any Purchased Assets subject to such Transactions then in Seller's possession or control; and

(B) to the extent permitted by applicable law, the Repurchase Price with respect to each such Transaction (determined as of the Accelerated Repurchase Date) shall be increased by the aggregate amount obtained by daily application of, on a 360 day per year basis for the actual number of days during the period from and including the date of the exercise or deemed exercise of such option to but excluding the date of payment of the Repurchase Price as so increased, (x) the Post-Default Rate in effect following an Event of Default to (y) the Repurchase Price for such Transaction as of the Repurchase Date as determined pursuant to subsection (a)(i) of this Section.

(iii) Upon the occurrence of one or more Events of Default, Buyer shall have the right to obtain physical possession of all files of Seller relating to the Purchased Assets and all documents relating to the Purchased Assets related thereto which are then or may thereafter come in to the possession of Seller or any third party acting for Seller and Seller shall deliver to Buyer such assignments as Buyer shall request. Buyer shall be entitled to specific performance of all agreements of Seller contained in Facility Documents.

(iv) Upon the occurrence of an Event of Default, Buyer, or Buyer through its Affiliates or designees, may (A) immediately sell, at a public or private sale at such price or prices as Buyer may reasonably deem satisfactory any or all of the Purchased Assets or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Assets, to retain such Purchased Assets and give Seller credit for such Purchased Assets in an amount equal to the Market Value of such Purchased Assets (as determined and adjusted by the Buyer in its sole discretion, giving such weight to the BPO Value or Appraised Value, as applicable, or outstanding principal balance of such Purchased Asset as Buyer deems appropriate) against the Aggregate Repurchase Price for such Purchased Assets and any other amounts owing by Seller under the Facility Documents. The proceeds of any disposition of Purchased Assets effected pursuant to the foregoing shall be applied as determined by Buyer.

(v) Seller shall be liable to Buyer for (A) the amount of all actual expenses, including reasonable documented legal fees and expenses, actually incurred by Buyer in connection with or as a consequence of an Event of Default, (B) all actual costs incurred in connection with covering transactions or hedging transactions, and (C) any other actual loss, damage, cost or expense arising or resulting from the occurrence of an Event of Default.

(vi) Promptly upon Buyer's request, Seller shall provide, at Seller's cost, an updated BPO for each Purchased Asset.

(b) The Seller acknowledges and agrees that (A) in the absence of a generally recognized source for prices or bid or offer quotations for any Purchased Assets and Repurchase Assets, the Buyer may establish the source therefor in its sole discretion and (B) all prices, bids and offers shall be determined together with accrued Income. The Seller recognizes that it may not be possible to purchase or sell all of the Purchased Assets and Repurchase Assets on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market for such Purchased Assets and Repurchase Assets may not be liquid at such time. In view of the nature of the Purchased Assets and Repurchase Assets, the Seller agrees that liquidation of a Transaction or the Purchased Assets and Repurchase Assets does not require a public purchase or sale and that a good faith private purchase or sale shall be deemed to have been made in a commercially reasonable manner. Accordingly, Buyer may elect, in its sole good faith discretion, the time and manner of liquidating any Purchased Assets and Repurchase Assets, and nothing contained herein shall (A) obligate Buyer to liquidate any Purchased Assets and Repurchase Assets on the occurrence and during the continuance of an Event of Default or to liquidate all of the Purchased Assets and Repurchase Assets in the same manner or on the same Business Day or (B) constitute a waiver of any right or remedy of Buyer. Buyer may exercise one or more of the remedies available hereunder immediately upon the occurrence of an Event of Default and at any time thereafter without notice to Seller. All rights and remedies arising under this Agreement as amended from time to time hereunder are cumulative and not exclusive of any other rights or remedies which Buyer may have.

(c) Buyer may enforce its rights and remedies hereunder without prior judicial process or hearing, and Seller hereby expressly waives any defenses Seller might otherwise have to require Buyer to enforce its rights by judicial process. Seller also waives any defense (other than a defense of payment or performance) Seller might otherwise have arising from the use of nonjudicial process, enforcement and sale of all or any portion of the Repurchase Assets, or from any other election of remedies. Seller recognizes that nonjudicial remedies are consistent with the usages of the trade, are responsive to commercial necessity and are the result of a bargain at arm's length.

(d) Without limiting the rights of Buyer hereto to pursue all other legal and equitable rights available to Buyer for Seller's failure to perform its obligations under this Agreement, Seller acknowledges and agrees that the remedy at law for any failure to perform obligations hereunder would be inadequate and Buyer shall be entitled to specific performance, injunctive relief, or other equitable remedies in the event of any such failure. The availability of these remedies shall not prohibit Buyer from pursuing any other remedies for such breach, including the recovery of monetary damages.

(e) Buyer shall have, in addition to its rights and remedies under the Facility Documents, all of the rights and remedies provided by applicable federal, state, foreign, and local laws (including, without limitation, if the Transactions are recharacterized as secured financings, the rights and remedies of a secured party under the UCC of the State of New York, to the extent that the UCC is applicable, and the right to offset any mutual debt and claim), in equity, and under any other agreement between Buyer and Seller. Without limiting the generality of the foregoing, Buyer shall be entitled to set off the proceeds of the liquidation of the Purchased Assets and Repurchase Assets against all of Seller's obligations to Buyer, whether or not such obligations are then due, without prejudice to Buyer's right to recover any deficiency.

#### Section 16. Indemnification and Expenses.

(a) Seller agrees to hold Buyer, and its Affiliates and their officers, directors, employees, agents and advisors (each an Indemnified Party) harmless from and indemnify any Indemnified Party against all liabilities, losses, damages, judgments, costs and expenses of any kind (including reasonable fees of counsel, and Taxes relating to or arising in connection with the ownership of the Purchased Assets, but excluding any Taxes otherwise addressed in Section 7 of this Agreement) which may be imposed on, incurred by or asserted against such Indemnified Party (collectively, "Costs"), relating to or arising out of this Agreement, any other Facility Document or any transaction contemplated hereby or thereby, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, any other Facility Document or any transaction contemplated hereby or thereby or any wire fraud or data or systems intrusions which causes Buyer to suffer any such liability, loss, damage, judgment, cost and/or expense, that, in each case, results from anything other than the Indemnified Party's gross negligence or willful misconduct. For the avoidance of doubt "Costs" shall include Taxes that represent losses, damages, claims, costs and expenses arising from any non-Tax claim. Without limiting the generality of the foregoing, Seller agrees to hold any Indemnified Party harmless



from and indemnify such Indemnified Party against all Costs with respect to all Purchased Assets, that, in each case, results from anything other than the Indemnified Party's gross negligence or willful misconduct. In any suit, proceeding or action brought by an Indemnified Party in connection with any Purchased Assets for any sum owing thereunder, or to enforce any provisions of any Purchased Assets, Seller will save, indemnify and hold such Indemnified Party harmless from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Seller of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Seller. Seller also agrees to reimburse an Indemnified Party as and when billed by such Indemnified Party for all the Indemnified Party's costs and expenses incurred in connection with the enforcement or the preservation of Buyer's rights under this Agreement, any other Facility Document or any transaction contemplated hereby or thereby, including without limitation the reasonable fees and disbursements of its counsel.

(b) Seller agrees to pay as and when billed by Buyer all of the out-of-pocket costs and expenses incurred by Buyer (including legal fees) in connection with the development, preparation and execution of this Agreement, any other Facility Document or any other documents prepared in connection herewith or therewith ~~in an amount not to exceed the Legal Expense Cap; provided that the Legal Expense Cap shall not apply if any extensive delays, unreasonable negotiations, unanticipated issues or structural changes occur during such development, preparation or execution.~~ Seller agrees to pay as and when billed by Buyer all of the costs and expenses incurred in connection with the consummation and administration of the transactions contemplated hereby and thereby including without limitation filing fees and all the fees, disbursements and expenses of counsel to Buyer which amount shall be deducted from the Purchase Price paid for the first Transaction hereunder. Seller agrees to pay as and when billed by Buyer all of the out-of-pocket costs and expenses incurred by Buyer (including legal fees) in connection with the development, preparation and execution of any amendment, supplement or modification to this Agreement, any other Facility Document or any other document prepared in connection thereto. Subject to the limitations set forth in Section 30 hereof, Seller agrees to pay Buyer all the due diligence, inspection, testing and review costs and expenses incurred by Buyer with respect to Mortgage Loans submitted by Seller for purchase under this Agreement, including, but not limited to, those out-of-pocket costs and expenses incurred by Buyer pursuant to Sections 16(b) and 19 hereof and the reasonable fees and expenses of the Payment Agent and Calculation Agent.

(c) The obligations of Seller from time to time to pay the Repurchase Price, the Price Differential, and all other amounts due under this Agreement shall be full recourse obligations of Seller.

#### Section 17. Servicing.

(a) Seller, on Buyer's behalf, shall contract with one or more Servicers to service the Mortgage Loans consistent with the degree of skill and care that such Servicers customarily require with respect to similar Mortgage Loans owned or managed by such Servicers and in accordance with Accepted Servicing Practices. The Servicer shall (i) comply with all applicable Federal, State and local laws and regulations, (ii) maintain all state and federal

licenses necessary for it to perform its servicing responsibilities hereunder and (iii) not impair the rights of Buyer in any Mortgage Loans or any payment thereunder. Buyer may terminate the servicing of any Mortgage Loan with the then existing servicer in accordance with Section 17(e) hereof. The Servicing Agreement shall not be materially amended without the written consent of Buyer, which may be granted or withheld in its sole discretion; provided that the Seller shall provide the Buyer with written notice of any amendment of the Servicing Agreement, including a copy of such amendment.

(b) The Holdback Servicer shall hold the aggregate Holdback Amount for all Purchased Assets for the benefit of Buyer. The Holdback Servicer shall (i) comply with all applicable Federal, State and local laws and regulations, (ii) maintain all state and federal licenses necessary for it to perform its servicing responsibilities with respect to any Holdback Amount and (iii) not impair the rights of Buyer in any Holdback Amount or any payment thereunder.

(c) Seller shall cause the Servicer and any interim servicer to deposit all collections received by Seller on account of the Purchased Assets in the Collection Account in accordance with the provisions of Section 5(b).

(d) As compensation for its services under the Servicing Agreement the Servicer shall be entitled to the Servicing Fee pursuant to the Servicing Agreement. The Seller shall be responsible to pay all the fees and expenses of the Servicer out of the Servicing Fee or its own funds.

(e) The Seller shall provide promptly to the Buyer a Servicer Notice addressed to and agreed to by the Servicer of the related Purchased Assets

(f) Upon the occurrence and during the continuance of a Servicer Termination Event, the Buyer shall have the right to immediately terminate the Servicer's rights to service the Purchased Assets under the Servicing Agreement in accordance with the related Servicer Notice. Seller and Servicer shall cooperate in transferring the servicing of the Purchased Assets to a successor servicer selected by Seller and approved by Buyer in its sole discretion exercised in good faith. To the extent (i) Seller fails to select a successor servicer within [\*\*\*] or (ii) an Event of Default has occurred and is continuing hereunder, Buyer shall select a successor servicer in its sole discretion.

(g) If Seller should discover that, for any reason whatsoever, any entity responsible to Seller by contract for managing or servicing any such Mortgage Loan has failed to perform fully such Seller's obligations under the Facility Documents or any of the obligations of such entities with respect to the Mortgage Loans, Seller shall promptly notify Buyer.

(h) Seller shall provide, or shall cause Servicer to provide Buyer with the values included in any updated BPO or Appraisal with its then-current monthly servicing reports, and copies of the updated BPOs or Appraisals, if requested by Buyer.

Section 18. Recording of Communications. Buyer and Seller shall have the right (but not the obligation) from time to time to make or cause to be made tape recordings of communications between its employees and those of the other party with respect to Transactions upon notice to the other party of such recording.

Section 19. Due Diligence. Seller acknowledges that Buyer has the right to perform continuing due diligence reviews with respect to the Mortgage Loans, Seller and Servicer, including, without limitation, financial information, organization documents, business plans, purchase agreements and underwriting purchase models for each pool of Mortgage Loans, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Seller agrees that (a) upon reasonable prior notice to Seller, unless an Event of Default shall have occurred, in which case no notice is required, Buyer or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of the Asset Files and any and all documents, records, agreements, instruments or information relating to such Mortgage Loans (the "Due Diligence Documents") in the possession or under the control of Seller and/or the Custodian, or (b) upon request, Seller shall create and deliver to Buyer within [\*\*\*] of such request, an electronic copy via email to [\*\*\*], in a format acceptable to Buyer, of such Due Diligence Documents as Buyer may request. Seller also shall make available to Buyer a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Asset Files and the Mortgage Loans. Without limiting the generality of the foregoing, Seller acknowledges that Buyer may purchase Purchased Assets from Seller and enter into additional Transactions with respect to the Mortgage Loans based solely upon the information provided by Seller to Buyer in the Asset Schedule and the representations, warranties and covenants contained herein, and that Buyer, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Mortgage Loans purchased in a Transaction, including, without limitation, ordering broker's price opinions, new credit reports and new appraisals on the related Mortgaged Properties with respect to the Mortgage Loans and otherwise re-generating the information used to originate such Mortgage Loan. Buyer may underwrite such Mortgage Loans itself or engage a mutually agreed upon third party underwriter to perform such underwriting. Seller agrees to cooperate with Buyer and any third party underwriter in connection with such underwriting, including, but not limited to, providing Buyer and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Mortgage Loans in the possession, or under the control, of Seller. Seller further agrees that Seller shall pay all out-of-pocket costs and expenses incurred by Buyer in connection with Buyer's activities pursuant to this Section 19. Buyer may, based on such due diligence, require to change contractual terms and add protections it deems, in its absolute discretion, necessary to protect its rights in the Mortgage Loans.

Section 20. Assignability.

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by Seller without the prior written consent of Buyer. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Nothing in this Agreement express or implied, shall give to any Person, other than the parties to this Agreement and their successors hereunder, any benefit of any legal or equitable right, power, remedy or claim under this Agreement. Buyer may, upon at least [\*\*\*] notice to Seller, from time to time assign all or a portion of its rights and obligations under this Agreement and

the Facility Documents to any Person pursuant to an executed assignment and acceptance by Buyer and assignee ("Assignment and Acceptance"), specifying the percentage or portion of such rights and obligations assigned. Upon such assignment, (a) such assignee shall be a party hereto and to each Facility Document to the extent of the percentage or portion set forth in the Assignment and Acceptance, and shall succeed to the applicable rights and obligations of Buyer hereunder, and (b) Buyer shall, to the extent that such rights and obligations have been so assigned by it be released from its obligations hereunder and under the Facility Documents. Unless otherwise stated in the Assignment and Acceptance, Seller shall continue to take directions solely from Buyer unless otherwise notified by Buyer in writing. Buyer may distribute to any prospective assignee any document or other information delivered to Buyer by Seller.

(b) Buyer, upon at least [\*\*\*] notice to Seller, may sell participations to one or more Persons in or to all or a portion of its rights and obligations under this Agreement to any Person; provided, however, that (i) Buyer's obligations under this Agreement shall remain unchanged, (ii) Buyer shall remain solely responsible to the other parties hereto for the performance of such obligations; and (iii) Seller shall continue to deal solely and directly with Buyer in connection with Buyer's rights and obligations under this Agreement and the other Facility Documents except as provided in Section 7; provided that no such restrictions shall apply with respect to any sale to any Affiliate of Buyer or if an Event of Default has occurred and is continuing; and provided further that Buyer shall act as agent for all purchasers, assignees and point of contact for Seller pursuant to agency provisions to be agreed upon by Buyer, its intended purchasers and/or assignees and Seller.

(c) Notwithstanding anything contained in Section 31 hereof to the contrary, Buyer may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 20, disclose to the assignee or participant or proposed assignee or participant (each, an "NDA Counterparty"), as the case may be, any information relating to Seller or any of its Subsidiaries or to any aspect of the Transactions that has been furnished to Buyer by or on behalf of Seller or any of its Subsidiaries; provided that such ~~assignee or participant~~ NDA Counterparty agrees to hold such information subject to the confidentiality provisions of this Agreement.

(d) In the event Buyer assigns all or a portion of its rights and obligations under this Agreement, the parties hereto agree to negotiate in good faith an amendment to this Agreement to add agency provisions similar to those included in repurchase agreements for similar syndicated repurchase facilities.

#### Section 21. Transfer and Maintenance of Register.

(a) Subject to acceptance and recording thereof pursuant to paragraph (b) of this Section 21, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of Buyer under this Agreement. Any assignment or transfer by Buyer of rights or obligations under this Agreement that does not comply with this Section 21 shall be treated for purposes of this Agreement as a sale by such Buyer of a participation in such rights and obligations in accordance with Section 21(b) hereof.

(b) Buyer, as agent for Seller, shall maintain a register (the "Register") on which it will record Buyer's rights hereunder, and each Assignment and Acceptance and participation. The Register shall include the names and addresses of Buyer (including all assignees, successors and participants) and the percentage or portion of such rights and obligations assigned or participated. Failure to make any such recordation, or any error in such recordation shall not affect Seller's obligations in respect of such rights. If Buyer sells a participation in its rights hereunder, it shall provide Seller, or maintain as agent of Seller, the information described in this paragraph and permit Seller to review such information as reasonably needed for Seller to comply with its obligations under this Agreement or under any applicable Requirement of Law.

Section 22. Tax Treatment. Each party to this Agreement acknowledges that it is its intent for purposes of U.S. federal, state and local income and franchise taxes, to treat each Transaction as indebtedness of Seller that is secured by the Purchased Assets and that the Purchased Assets are owned by Seller in the absence of a Default by Seller. All parties to this Agreement agree to such treatment and agree to take no action inconsistent with this treatment, unless required by law.

Section 23. Set-Off.

(a) In addition to any rights and remedies of Buyer hereunder and by law, Buyer shall have the right, without prior notice to Seller, any such notice being expressly waived by Seller to the extent permitted by applicable law to set-off and appropriate and apply against any obligation from Seller to Buyer or any of its Affiliates any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other obligation (including to return excess margin), credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by or due from Buyer or any Affiliate thereof to or for the credit or the account of Seller. Buyer agrees promptly to notify Seller after any such set-off and application made by Buyer; provided that the failure to give such notice shall not affect the validity of such set-off and application.

(b) Buyer shall at any time have the right, in each case until such time as Buyer determines otherwise, to retain, to suspend payment or performance of, or to decline to remit, any amount or property that Buyer would otherwise be obligated to pay, remit or deliver to Seller hereunder if an Event of Default has occurred.

Section 24. Terminability. Each representation and warranty made or deemed to be made by entering into a Transaction, herein or pursuant hereto shall survive the making of such representation and warranty, and Buyer shall not be deemed to have waived any Default that may arise because any such representation or warranty shall have proved to be false or misleading, notwithstanding that Buyer may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time the Transaction was made. The obligations of Seller under Section 16 hereof shall survive the termination of this Agreement.

Section 25. Notices And Other Communications. Except as otherwise expressly permitted by this Agreement, all notices, requests and other communications provided for herein (including without limitation any modifications of, or waivers, requests or consents under, this Agreement) shall be given or made in writing (including without limitation by telecopy) delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof or thereof; or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. Except as otherwise provided in this Agreement and except for notices given under Section 3 (which shall be effective only on receipt), all such communications shall be deemed to have been duly given when transmitted by telecopy or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid. In all cases, to the extent that the related individual set forth in the respective "Attention" line is no longer employed by the respective Person, such notice may be given to the attention of a Responsible Officer of the respective Person or to the attention of such individual or individuals as subsequently notified in writing by a Responsible Officer of the respective Person.

Section 26. Entire Agreement; Severability; Single Agreement.

(a) This Agreement, together with the Facility Documents, constitute the entire understanding between Buyer and Seller with respect to the subject matter they cover and shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions involving Purchased Assets. By acceptance of this Agreement, Buyer and Seller acknowledge that they have not made, and are not relying upon, any statements, representations, promises or undertakings not contained in this Agreement. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

(b) Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and that each has been entered into in consideration of the other Transactions. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transaction hereunder; (iii) that payments, deliveries, and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries, and other transfers may be applied against each other and netted and (iv) to promptly provide notice to the other after any such set off or application.

Section 27. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.

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Section 28. SUBMISSION TO JURISDICTION; WAIVERS. BUYER AND EACH OF THE SELLER EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(a) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND THE OTHER FACILITY DOCUMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(b) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(c) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH UNDER ITS SIGNATURE BELOW OR AT SUCH OTHER ADDRESS OF WHICH BUYER SHALL HAVE BEEN NOTIFIED;

(d) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(e) BUYER AND SELLER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 29. No Waivers, etc. No failure on the part of Buyer to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under any Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any Facility Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. An Event of Default shall be deemed to be continuing unless expressly waived by Buyer in writing.

Section 30. Netting. If Buyer and Seller are “financial institutions” as now or hereinafter defined in Section 4402 of Title 12 of the United States Code (“Section 4402”) and any rules or regulations promulgated thereunder,

(a) All amounts to be paid or advanced by one party to or on behalf of the other under this Agreement or any Transaction hereunder shall be deemed to be “payment obligations” and all amounts to be received by or on behalf of one party from the other under this Agreement or any Transaction hereunder shall be deemed to be “payment entitlements” within the meaning of Section 4402, and this Agreement shall be deemed to be a “netting contract” as defined in Section 4402.

(b) The payment obligations and the payment entitlements of the parties hereto pursuant to this Agreement and any Transaction hereunder shall be netted as follows. In the event that either party (the “Defaulting Party”) shall fail to honor any payment obligation under this Agreement or any Transaction hereunder, the other party (the “Nondefaulting Party”) shall be entitled to reduce the amount of any payment to be made by the Nondefaulting Party to the Defaulting Party by the amount of the payment obligation that the Defaulting Party failed to honor.

Section 31. Confidentiality.

(a) Buyer and the Seller hereby acknowledge and agree that all written or computer-readable information provided by one party to any other regarding the terms set forth in any of the Facility Documents or the Transactions contemplated thereby or pursuant to the terms thereof, including, but not limited to, the name of, or identifying information with respect to Buyer, any pricing terms, or other nonpublic business or financial information (including, without limitation, any sub-limits and financial covenants), the existence of this Agreement and the Transactions with the Buyer (the “Confidential Information”) shall be kept confidential and shall not be divulged to any party without the prior written consent of such other party except to the extent that (i) it is necessary to disclose to its Affiliates, the Seller and its employees, directors, officers, advisors (including legal counsel, accountants, and auditors), representatives and servicers, (ii) it is requested or required by governmental agencies, regulatory bodies or other legal, governmental or regulatory process, in which case Seller shall provide prior written notice to Buyer to the extent not prohibited by the applicable law or regulation, (iii) any of the Confidential Information is in the public domain other than due to a breach of this covenant, ~~or~~ (iv) an Event of a Default has occurred and Buyer determines such information to be necessary or desirable to disclose in connection with the marketing and sales of the Purchased Assets or otherwise to enforce or exercise Buyer’s rights hereunder, or (v) notwithstanding anything contained in this Agreement to the contrary, Buyer determines such information is necessary or desirable to disclose in connection with any transaction or potential transaction described in Section 10 hereof or any NDA Counterparty described in Section 20 hereof, or any other financing source or provider to Buyer, provided that each such third party agrees to maintain the confidentiality of such information on terms at least as restrictive as the standard set forth in this Section 31(a). Seller and the Buyer shall be responsible for any breach of the terms of this Section 31(a) by any Person that it discloses Confidential Information to pursuant to clause (i) above. The Parties shall not, without the written consent of the other Party, make any communication, press release, public announcement or statement in any way connected to the



existence or terms of this Agreement or the other Facility Documents or the Transactions contemplated hereby or thereby, except where such communication or announcement is required by law or regulation, in which event the Parties will consult and cooperate with respect to the wording of any such announcement. Notwithstanding the foregoing or anything to the contrary contained herein or in any other Facility Document, the parties hereto may disclose to any and all Persons, without limitation of any kind, the federal, state and local tax treatment or tax structure of the Transactions, any fact relevant to understanding the federal, state and local tax treatment or tax structure of the Transactions, and all materials of any kind (including opinions or other tax analyses) relating to such federal, state and local tax treatment and that may be relevant to understanding such tax treatment or tax structure; provided that the “tax treatment or “tax structure” shall be limited to any facts relevant to the U.S. federal, state or local tax treatment of any Transaction contemplated hereunder and specifically does not include any information relating to the identity of the Buyer or any pricing terms hereunder. The provisions set forth in this Section 31(a) shall survive the termination of this Agreement for [\*\*\*].

(b) Notwithstanding anything in this Agreement to the contrary, Seller understands that Confidential Information disclosed hereunder may contain “nonpublic personal information”, as that term is defined in Section 509(4) of the Gramm-Leach-Bliley Act (the “GLB Act”), and Seller agrees to maintain such nonpublic personal information that it receives hereunder in accordance with the GLB Act and other applicable local, state and federal laws relating to privacy and data protection (“Privacy Laws”). The Seller shall implement administrative, technical and physical safeguards and other security measures to (a) ensure the security and confidentiality of the “nonpublic personal information” of the “customers” (as defined in the GLB Act) of Buyer or any Affiliate of Buyer which Buyer holds, (b) protect against any threats or hazards to the security and integrity of such nonpublic personal information, and (c) protect against any unauthorized access to or use of such nonpublic personal information. Upon request, the Seller will provide evidence reasonably satisfactory to allow Buyer to confirm that the Seller has satisfied its obligations as required under this Section. Without limitation, this may include Buyer’s review of audits, summaries of test results, and other equivalent evaluations of the Seller. The Seller shall notify the Buyer immediately following discovery of any breach or compromise of the security, confidentiality, or integrity of nonpublic personal information of the customers and consumers of Buyer or any Affiliate of Buyer provided directly to the Seller. The Seller shall provide such notice to Buyer by personal delivery, by facsimile with confirmation of receipt, or by overnight courier with confirmation of receipt to the applicable requesting individual. The provisions set forth in this Section 32(b) shall survive the termination of this Agreement for as long as Seller retains any “nonpublic personal information” disclosed hereunder.

#### Section 32. Intent.

(a) The parties recognize that each Transaction is a “repurchase agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended, a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code, as amended, and a “master netting agreement” as that term is defined in Section 101(38A)(A) of the Bankruptcy Code, that all payments hereunder are deemed “margin payments” or “settlement payments” as defined in Title 11 of the United States Code, and that the pledge of the Repurchase Assets constitutes “a security agreement or other arrangement or other credit

enhancement” that is “related to” the Agreement and Transactions hereunder within the meaning of Sections 101(38A)(A), 101(47)(A)(v) and 741(7)(A) (xi) of the Bankruptcy Code. Seller and Buyer further recognize and intend that this Agreement is an agreement to provide financial accommodations and is not subject to assumption pursuant to Bankruptcy Code Section 365(a).

(b) Buyer’s right to liquidate the Repurchase Assets delivered to it in connection with the Transactions hereunder or to accelerate or terminate this Agreement or otherwise exercise any other remedies pursuant to Section 15 hereof is a contractual right to liquidate, accelerate or terminate such Transaction as described in Bankruptcy Code Sections 555, 559 and 561; any payments or transfers of property made with respect to this Agreement or any Transaction shall be considered a “margin payment” and “settlement payment” as such terms are defined in Bankruptcy Code Section 741(5).

(c) The parties agree and acknowledge that if a party hereto is an “insured depository institution,” as such term is defined in the Federal Deposit Insurance Act, as amended (“FDIA”), then each Transaction hereunder is a “qualified financial contract,” as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a “netting contract” as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a “covered contractual payment entitlement” or “covered contractual payment obligation”, respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a “financial institution” as that term is defined in FDICIA).

(e) This Agreement is intended to be a “repurchase agreement” and a “securities contract,” within the meaning of Section 555 and Section 559 under the Bankruptcy Code.

(f) Each party agrees that this Agreement is intended to create mutuality of obligations among the parties, and as such, the Agreement constitutes a contract which (i) is between all of the parties and (ii) places each party in the same right and capacity.

(g) Each party agrees that it shall not challenge the characterization of this Agreement or any Transaction as a repurchase agreement, securities contract and master netting agreement under the Bankruptcy Code.

(h) Each party agrees that this Agreement and the Transactions entered into hereunder are part of an integrated, simultaneously-closing suite of financial contracts.

Section 33. Reserved.

Section 34. Conflicts. In the event of any conflict between the terms of this Agreement, any other Facility Document and any Confirmation, the documents shall control in the following order of priority: first, the terms of the Confirmation shall prevail, second, then the terms of this Agreement shall prevail, and then the terms of the Facility Documents shall prevail.

Section 35. Authorizations. Any of the persons whose signatures and titles appear on Schedule 2 are authorized, acting singly, to act for Seller or Buyer under this Agreement.

Section 36. Reserved.

Section 37. Miscellaneous.

(a) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. Counterparts may be delivered electronically.

(b) Captions. The captions and headings appearing herein are for included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

(c) Acknowledgment. Seller hereby acknowledges that:

(i) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Facility Documents;

(ii) Buyer has no fiduciary relationship to Seller;

(iii) no joint venture exists between Buyer and Seller; and

(iv) it has made its own independent decisions to enter into the Facility Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary and Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(d) Documents Mutually Drafted. Seller and Buyer agree that this Agreement and each other Facility Document prepared in connection with the Transactions set forth herein have been mutually drafted and negotiated by each party, and consequently such documents shall not be construed against either party as the drafter thereof.

Section 38. General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

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

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(b) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

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

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

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

(f) the term “include” or “including” shall mean without limitation by reason of enumeration;

(g) all times specified herein or in any other Facility Document (unless expressly specified otherwise) are local times in New York, New York unless otherwise stated; and

(h) all references herein or in any Facility Document to “good faith” means good faith as defined in Section 1-201(19) of the UCC as in effect in the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date set forth above.

BUYER:

NOMURA CORPORATE FUNDING AMERICAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: Operations  
Email: [\*\*\*]

With copies to:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: [\*\*\*]  
Email: [\*\*\*]

Alston & Bird LLP  
90 Park Avenue  
New York, New York 10016  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: [\*\*\*]  
Email: [\*\*\*]

Signature Page to Master Repurchase Agreement

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SELLER:

FINANCE OF AMERICA COMMERCIAL LLC

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:  
30 East 7th Street Suite 2350  
St. Paul, MN 55101  
Attn: [\*\*\*]

With a copy to:

Finance of America Holdings LLC  
909 Lake Carolyn Parkway, Suite 1550  
Irving, TX 75039  
Attn: [\*\*\*]

Signature Page to Master Repurchase Agreement

SCHEDULE 1

REPRESENTATIONS AND WARRANTIES RE: MORTGAGE LOANS

Seller makes the following representations and warranties to Buyer with respect to each Mortgage Loan as of the Purchase Date for the purchase of any such Mortgage Loan by Buyer from Seller and at all times while the Mortgage Loan is subject to a Transaction hereunder. With respect to those representations and warranties which are made to the best of Seller's knowledge, if it is discovered by Seller or Buyer that the substance of such representation and warranty is inaccurate, notwithstanding Seller's lack of knowledge with respect to the substance of such representation and warranty, such inaccuracy shall be deemed a breach of the applicable representation and warranty.

(a) Data. The information on the Asset Schedule is complete, true and correct in all material respects as of the date of such information. All information contained in the related Asset File in respect of the Mortgage Loans is accurate and complete in all material respects.

(b) Regulatory Compliance. Any and all requirements of applicable federal, state, and local laws, including, without limitation, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws, disclosure or unfair and deceptive practice laws have been complied with. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including, but not limited to, certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

(c) Origination and Servicing Practices; No Escrow Deposits. The origination and collection practices used by the ~~originator~~ Seller, each servicer of the Mortgage Loan and Seller with respect to each Mortgage Loan have been in all respects in accordance with Accepted Servicing Practices, applicable laws and regulations, and have been in all respects legal and proper and the servicing practices used with respect to the Mortgage Loan have been in accordance with Accepted Servicing Practices, whether such servicing was done by the Seller, its affiliates, or any third-party servicer or servicing agent of any of the foregoing. With respect to escrow deposits and escrow payments (including, without limitation, with respect to RTL Loans, any Holdback Amount), all such payments are in the possession of, or under the control of Seller. All escrow payments have been collected in full compliance with state and federal law. No escrow deposits or escrow payments or other charges or payments due Seller have been capitalized under the Mortgage, the Mortgage Note or any related Mortgage Loan Document. Any interest required to be paid pursuant to state, federal and local law has been properly paid and credited.

(d) Ownership. The Seller is the sole owner of record and holder of the Mortgage Loan, and the related Mortgage Note and the Mortgage are not assigned or pledged, and the Seller has good and marketable title thereto and has full right and authority to transfer and sell the Mortgage Loan to the Buyer. The Seller is transferring the Mortgage Loan free and clear of any and all encumbrances, liens, pledges, equities, participation interests, claims, agreements with other parties to sell or otherwise transfer the Mortgage Loan, charges or security interests of any nature encumbering such Mortgage Loan.

(e) Enforceability and Priority of Lien. The Mortgage is a valid, subsisting, and enforceable perfected first lien on the property therein described, the Mortgaged Property is free and clear of all adverse claims, encumbrances and liens having priority over the first lien of the Mortgage except for, (i) the lien of current real property taxes and assessments not yet due and payable, (ii) covenants, conditions, and restrictions, rights of way, easements, and other matters of public record as of the date of recording of such mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located, and (iii) such other matters to which like properties are commonly subject that do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage.

(f) No Prior Modifications. Unless otherwise indicated in the related Asset Schedule and reflected in an agreement included in the Asset File, neither Seller nor any prior holder of the Mortgage or the related Mortgage Note has: (i) modified the mortgage or the related Mortgage Note in any material respect; (ii) satisfied, canceled, or subordinated the mortgage in whole or in part; (iii) released the Mortgaged Property in whole or in part from the lien of the Mortgage; or (iv) executed any instrument of release, cancellation, modification, or satisfaction. If a Mortgage Loan has been modified, the modified terms are reflected on the Asset Schedule. The related Mortgage, Mortgage Note and each other related Mortgage Loan Document contain the entire agreement of the parties and all of the obligations of Seller under the related Mortgage Loan.

(g) Business Purpose Mortgage Loan. The related Mortgaged Property is solely for use as an investment property and Seller has provided Buyer or its designee with a statement from the Mortgagor certifying such purposes as well as other checks as agreed to between Seller and Buyer as determined through due diligence. Such Mortgage Loan was not originated primarily for a personal, family or household purpose, as defined in the Truth in Lending Act and its implementing Regulation Z, and such Mortgage Loans was originated for business purposes. The Mortgaged Property securing the related Mortgage is non-owner occupied. The related Mortgagor furnished to the Seller a certification that it and the related Sponsor(s) do not intend to, and will not, occupy the Mortgaged Property for more than [\*\*\*] during any [\*\*\*].

(h) Mortgage Recorded; Assignments of Mortgage. Except as provided in paragraph (i) below, each original Mortgage was recorded or submitted for recordation in the jurisdiction in which the Mortgaged Property is located and all subsequent assignments of the original Mortgage have been delivered in the appropriate form for recording in all jurisdictions in which such recordation is necessary to perfect the ownership of the Mortgage by the owner thereof. With respect to each Mortgage that constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in such Mortgage and no fees or expenses are or will become payable by the mortgagee to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor. With respect to each Mortgage Loan that is not a MERS Mortgage



Loan, the Assignment of Mortgage, upon the insertion of the name of the assignee and recording information, is in recordable form (other than the name of the assignee if in blank) and is acceptable for recording under the laws of the jurisdiction in which the related Mortgaged Property is located. With respect to each MERS Mortgage Loan, (i) the related Mortgage and Assignment of Mortgage have been duly and properly recorded in the name of MERS or its designee or have been delivered for recording to the applicable recording office and (ii) a mortgage identification number has been assigned by MERS and such mortgage identification number is accurately provided on the Asset Schedule (or is otherwise provided to Buyer).

(i) Litigation. There is no action, suit, proceeding or investigation pending, or to the best of Seller's knowledge threatened, that is related to the Mortgage Loan and likely to affect materially and adversely such Mortgage Loan.

(j) Complete Asset Files. ~~For~~ Except as approved by the Buyer in its sole discretion and except with respect to Wet-Ink Mortgage Loans solely prior to the Wet-Ink Delivery Date, for each Mortgage Loan, all of the Mortgage Loan documents required to be delivered to the Custodian have been delivered to the Custodian and all Mortgage Loan documents necessary to foreclose on the Mortgaged Property are included in the related Asset File delivered to the Custodian. Each of the documents and instruments specified to be included in the Asset File is executed and in due and proper form. With respect to each such Mortgage Loan, upon the consummation of the related Transaction, Custodian shall have received the related Asset File and such Asset File shall not have been released from the possession of the Custodian for longer than the time periods permitted under the Custodial Agreement.

(k) Taxes, Assessments. All taxes, governmental assessments, water, sewer, and municipal charges which previously became due and owing have been paid, or, where applicable law allows, an escrow of funds has been established in an amount sufficient to pay for such item that remains unpaid; except for any such charges for which Seller and/or Servicer have, after due consideration, made a determination not to pay for, in accordance with their current practice and have been disclosed in writing to Buyer.

(l) No Rescission. (A) No Mortgage Note or Mortgage is subject to any right of rescission, set-off, counterclaim, or defense, including the defense of usury, nor will the operation of any of the terms of the Mortgage Note or Mortgage, or the exercise of any right thereunder, render the Mortgage Note or Mortgage unenforceable, in whole or in part, or subject it to any right of rescission, set-off, counterclaim, or defense, including the defense of usury; and (B) to the best of Seller's knowledge, no such right of rescission, set-off, counterclaim, or defense has been asserted with respect thereto.

(m) No Consents. Other than consents and approvals obtained as of the related Purchase Date or those already granted in the documents governing such Mortgage Loan, no consent or approval by any Person is required in connection with Seller's sale and/or Buyer's acquisition of such Mortgage Loan, for Buyer's exercise of any rights or remedies in respect of such Mortgage Loan or for Buyer's sale, pledge or other disposition of such Mortgage Loan. No third party holds any "right of first refusal", "right of first negotiation", "right of first offer", purchase option, or other similar rights of any kind, and no other impediment exists to any such

transfer or exercise of rights or remedies with respect to such Mortgage Loan. No consent, approval, authorization or order of, or registration or filing with, or notice to, any court or governmental agency or body having jurisdiction or regulatory authority over Seller is required for any transfer or assignment by the holder of such Mortgage Loan.

(n) Legal, Valid and Binding Obligation. The Mortgage Note and the related Mortgage are genuine, and each constitutes the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms.

(o) Environmental Matters. The Mortgaged Property is free from any and all toxic or hazardous substances and there exists no violation of any local, state or federal environmental law, rule or regulation. There is no pending action or proceeding directly involving the Mortgaged Property in which compliance with any environmental law, rule or regulation is an issue or is secured by a secured lender's environmental insurance policy

(p) Location and Type of Mortgaged Property. The Mortgaged Property is located in ~~the U.S. or a territory of the U.S.~~ a State of the United States of America or the District of Columbia and consists of a one- to four-unit residential property, which may include, but is not limited to, a single-family dwelling, a Small Multi-Family Property, condominium unit, or mixed use property. No Mortgaged Property is a mobile home or a manufactured home. ~~The~~ Other than with respect to a Mortgage Loan that is a Multi-Property Rental Loan, such Mortgage Loan is secured by a Mortgage on only one Mortgaged Property.

~~(q) Unpaid Principal Balance. The unpaid principal balance of such Mortgage Loan does not exceed [\*\*\*] unless otherwise agreed to by Buyer in its discretion.~~

(q) (±) Appraisal. Except as otherwise agreed to by Buyer in its sole discretion, Seller has furnished to Buyer an Appraisal that reflects an Appraised Value of at least [\*\*\*] of the related Mortgaged Property.

(r) (±) Mortgaged Property Undamaged. ~~Unless~~ With respect to each RTL Loan, unless such required repairs were identified at the time of origination and appropriate set-asides have been made for such repairs; to the best of the best of Seller's knowledge, the related Mortgaged Property is in good repair and undamaged by waste, fire, earthquake or earth movement, windstorm, flood, hurricane, tornado, mold or other casualty so as to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises were intended. With respect to each Rental Loan, each related Mortgaged Property is undamaged by waste, vandalism, fire, hurricane, earthquake or earth movement, windstorm, flood, tornado or other casualty adversely affecting the value of a Mortgaged Property or the use for which the premises were intended, and each such Mortgaged Property is in substantially the same condition it was at the time the most recent Property Value was obtained.

(s) (±) No Condemnation. There is no proceeding pending or to the best of the Seller's knowledge threatened for the total or partial condemnation of the related Mortgaged Property.

(t) (++) Mortgageor. The related Mortgageor is not insolvent and is not a foreign

(u) (++) Consolidation of Principal Advances. Any principal advances made have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate reflected on the Asset Schedule. The lien of the Mortgage securing the principal amount (as expressed on the related Mortgage Note which shall include, with respect to RTL Loans, the undisbursed Holdback Amount) is insured as having first lien priority by a title insurance policy, an endorsement to the policy insuring the mortgagee's consolidated interest or by other title evidence acceptable to Buyer.

(v) (++) No Fraud. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of the Seller, the Mortgageor, the appraiser, any servicer or any other party involved in the origination or servicing of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan or in connection with the sale of such Mortgage Loan to the Buyer.

~~(x) Reserved.~~

(w) Approval. Seller and each other originator is licensed or qualified, as required pursuant to any Requirement of Law, as a mortgage lender in each state in which any related Mortgaged Property is located.

(x) (++) Documents Genuine. Such Mortgage Loan and all accompanying Mortgage Loan Documents (including without limitation the related Mortgage Loan Documents) are complete and authentic and all signatures thereon are genuine.

(y) (++) Disbursements of Holdback Amounts. ~~To~~ With respect to RTL Loans, to the extent the related Mortgageor requests disbursement of any Holdback Amounts, all such Holdback Amounts required to be disbursed have been disbursed by Holdback Servicer to the Mortgageor in accordance with the related Mortgage Loan Documents.

(z) (++) Hazard Insurance. The related Mortgaged Property is insured by a fire and extended perils insurance policy, issued by an insurer acceptable to Buyer, and such other hazards as are customary in the area where the Mortgaged Property is located, in an amount not less than the least of (1) the outstanding principal balance of the Mortgage Loan and (2) the full insurable value of the Mortgaged Property. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the project. If any portion of the Mortgaged Property is in an area identified by any federal Governmental Authority as having special flood hazards, and flood insurance is available, a flood insurance policy meeting the current guidelines of the Federal Emergency Management Agency is in effect with a generally acceptable insurance carrier, in an amount representing coverage not less than the least of (1) the outstanding principal balance of the Mortgage Loan, (2) the full insurable value of the Mortgaged Property, and (3) the maximum amount of insurance available under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973. All such insurance policies (collectively, the "hazard insurance policy") contain a standard

mortgagee clause naming Seller, its successors and assigns (including, without limitation, subsequent owners of the Mortgage Loan), as mortgagee, and, to the extent such agreement is commercially available from the related insurer, may not be reduced, terminated or canceled without [\*\*\*] prior written notice to the mortgagee arising because of nonpayment of a premium and at least [\*\*\*] prior written notice to the mortgagee arising for any reason other than nonpayment of a premium. No such notice has been received by Seller. All currently due premiums on such insurance policy have been paid. The related Mortgage obligates the Mortgagor to maintain all such insurance and, at such Mortgagor's failure to do so, authorizes the mortgagee to maintain such insurance at the Mortgagor's cost and expense and to seek reimbursement therefor from such Mortgagor. Where required by state law or regulation, the Mortgagor has been given an opportunity to choose the carrier of the required hazard insurance, provided the policy is not a "master" or "blanket" hazard insurance policy covering a condominium, or any hazard insurance policy covering the common facilities of a planned unit development. To Seller's knowledge, the hazard insurance policy is the valid and binding obligation of the insurer and is in full force and effect. No Seller has engaged in, and has no knowledge of the Mortgagor's having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either including, without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by Seller.

(aa) ~~(bb)~~ Disbursement of Proceeds. Any and all requirements as to disbursements of any escrow funds therefor have been complied with. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note, Mortgage or any other related Mortgage Loan Document. All escrow deposits and payments required to be escrowed with Seller pursuant to each Mortgage Loan are in the possession, or under the control, of Seller or its servicer, and there are no deficiencies (subject to any applicable grace or cure periods) in connection therewith.

(bb) ~~(ee)~~ Title Insurance. The Mortgage Loan is covered by either (i) an attorney's opinion of title and abstract of title, the form and substance of which is acceptable to prudent mortgage lending institutions making mortgage loans in the area wherein the Mortgaged Property is located or (ii) an ALTA lender's title insurance policy or other generally acceptable form of policy or insurance acceptable to Buyer and each such title insurance policy is issued by a title insurer acceptable to Buyer and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring Seller, its successors and assigns, as to the first priority lien of the Mortgage, as applicable, in the original principal amount of the Mortgage Loan. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required mortgage title insurance. Additionally, such lender's title insurance policy affirmatively insures ingress and egress and against encroachments by or upon the Mortgaged Property or any interest therein. The title policy does not contain any special exceptions (other than the standard exclusions) for zoning and uses and has been marked to delete the standard survey exception or to replace the standard survey exception with a specific survey reading. Seller, its successors and assigns, are the sole insureds of such lender's title insurance policy, and such lender's title insurance policy is valid and

remains in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by this Agreement. No claims have been made under such lender's title insurance policy, and no prior holder or servicer of the related Mortgage, including Seller, has done, by act or omission, anything which would impair the coverage of such lender's title insurance policy, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by Seller.

(cc) ~~(dd)~~ No Defaults. As of the Purchase Date, (i) there is no default, breach, violation or event of acceleration existing under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document (including without limitation a failure by Seller to make an advance in accordance with the terms thereof to the related Mortgagor thereunder), and (ii) no event has occurred which would constitute a default, breach, violation or event of acceleration. No Seller has waived any default, breach, violation or event of acceleration under the Mortgage Note or any other related Mortgage Loan Document.

(dd) ~~(ee)~~ No Mechanics' Liens. There are no mechanics' or similar liens or claims which have been filed for work, labor or material affecting the Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the lien of the Mortgage.

(ee) ~~(ff)~~ Location of Improvements; No Encroachments. All improvements which were considered in determining the Appraised Value or BPO Value, as applicable, of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such Mortgaged Property, and no improvements on adjoining properties encroach upon such Mortgaged Property. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning and building law, ordinance or regulation.

(ff) ~~(gg)~~ Underwriting Standards. Each Mortgage Loan was underwritten in accordance with the applicable Underwriting Guidelines, unless otherwise approved by Buyer.

(gg) ~~(hh)~~ Customary Provisions. The Mortgage Note has a stated maturity. The Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure. There is no homestead or other exemption available to a Mortgagor which would interfere with the right to sell the Mortgaged Property at a trustee's sale or the right to foreclose the Mortgage. There is only one originally executed Mortgage Note not stamped as a duplicate with respect to such Mortgage Loan.

(hh) ~~(ii)~~ No Additional Collateral. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement and chattel mortgage referred to in clause (i) above or other collateral specified in the related Mortgage Loan documents. There are, as of origination date and as of the Purchase Date, no subordinate mortgages or junior liens securing the payment of money encumbering the related Mortgaged Property, and equipment and other personal property financing). No mezzanine debt is secured directly by interests in the related Mortgagor.

(ii) ~~(jj)~~ Due-On-Sale. The Mortgage contains a provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee thereunder.

(ii) ~~(kk)~~ Proceeds of Mortgage Loan. The proceeds of the Mortgage Loan have not been and shall not be used to satisfy, in whole or in part, any debt owed or owing by the Mortgagor to Seller or any Affiliate or correspondent of Seller, except in connection with a refinanced Mortgage Loan.

(kk) ~~(h)~~ No Equity Participation. No document relating to the Mortgage Loan provides for any contingent or additional interest in the form of participation in the cash flow of the Mortgaged Property or a sharing in the appreciation of the value of the Mortgaged Property. The indebtedness evidenced by the Mortgage Note is not convertible to an ownership interest in the Mortgaged Property or the Mortgagor and no Seller has financed nor does it own directly or indirectly, any equity of any form in the Mortgaged Property or the Mortgagor.

(ll) ~~(mm)~~ Recourse Obligations. The Mortgage Loan Documents for each Mortgage Loan provide that such Mortgage Loan is either (x) full recourse against the related Mortgagor and/or natural person or (y) non-recourse to the related parties thereto except that (a) the related Mortgagor and at least one individual or entity shall be fully liable for actual losses, liabilities, costs and damages arising from certain acts of the related Mortgagor and/or its principals specified in the related Mortgage Loan Documents, which acts generally include the following: (i) acts of fraud or intentional material misrepresentation, (ii) misapplication or misappropriation of rents, insurance proceeds or condemnation awards, (iii) intentional material physical waste of any related Mortgaged Property, and (iv) any breach of the environmental covenants contained in the related Mortgage Loan Documents, and (b) the Mortgage Loan shall become full recourse to the related Mortgagor and at least one individual or entity, if the related Mortgagor files a voluntary petition under federal or state bankruptcy or insolvency law.

(mm) ~~(nn)~~ Single-Purpose Entity. With respect to each Mortgagor that is a Person other than an individual, each related non-recourse Mortgage Loan requires such Mortgagor to be a Single-Purpose Entity for at least as long as the Mortgage Loan is outstanding. For this purpose, a “Single-Purpose Entity” shall mean an entity, other than an individual, whose organizational documents provide substantially to the effect that it was formed or organized solely for the purpose of owning and operating one or more of the Mortgaged Properties securing the Mortgage Loans and prohibit it from engaging in any business unrelated to such Mortgaged Property or Properties, and whose organizational documents further provide, or which entity represented in the related Mortgage Loan Documents, substantially to the effect that it does not have any material assets other than those related to its interest in and operation of such Mortgaged Property or Properties, or any material indebtedness other than as permitted by the related Mortgage(s) or the other related Mortgage Loan Documents, that it has its own books and records and accounts separate and apart from those of any other person, and that it holds itself out as a legal entity, separate and apart from any other person or entity.

(nn) ~~(oo)~~ Mortgage Releases. The terms of the related Mortgage or related Mortgage Loan Documents do not provide for the release of any related Mortgaged Property from the lien of the Mortgage except (a) upon payment in full of such Mortgage Loan, (b) as required pursuant to an order of condemnation or a material casualty, or (c) in connection with a substitution of collateral within the parameters specified in the related Mortgage Loan Documents.

(oo) ~~(pp)~~ Payments Current. All payments required to be made up to the Purchase Date for the Mortgage Loan under the terms of the Mortgage Note have been made and credited.

(pp) ~~(qq)~~ Advance of Funds by Seller. After origination, no advance of funds has been made by Seller to the related Mortgagor other than in accordance with the Mortgage Loan Documents, and, to each Seller's knowledge, no funds have been received from any person other than the related Mortgagor or an affiliate for, or on account of, payments due on the Mortgage Loan (other than as contemplated by the Mortgage Loan Documents, such as, by way of example and not in limitation of the foregoing, amounts paid by the tenant(s) into a lender-controlled lockbox if required or contemplated under the related lease or Mortgage Loan Documents). Neither Seller nor any affiliate thereof has any obligation to make any capital contribution to any Mortgagor under a Mortgage Loan, other than contributions made on or prior to the date hereof.

~~(rr)~~ Reserved.

(qq) Wet-Ink Mortgage Loans. With respect to each Mortgage Loan that is a Wet-Ink Mortgage Loan, the Settlement Agent has been instructed in writing by Seller to hold the related Mortgage Loan Documents as agent and bailee for Buyer and to promptly forward such Mortgage Loan Documents in accordance with the provisions of the Custodial Agreement and the Escrow Instruction Letter and Seller has confirmed receipt of a closing protection letter.

(rr) ~~(ss)~~ Compliance with Anti-Money Laundering Laws. Each Seller has complied in all material respects with all applicable anti-money laundering laws and regulations, including without limitation the PATRIOT Act of 2001 with respect to the origination or purchase of each Mortgage Loan. No Mortgage Loan is subject to nullification pursuant to the orders or the regulations promulgated by OFAC or in violation of the orders or OFAC regulations, and no Mortgagor is subject to the provisions of such orders or OFAC regulations nor listed as a "blocked person" for purposes of the OFAC regulations.

(ss) ~~(tt)~~ Access; Utilities; Separate Tax Lots Each Mortgaged Property (a) is located on or adjacent to a public road and has direct legal access to such road, or has access via an irrevocable easement or irrevocable right of way permitting ingress and egress to/from a public road, (b) is served by or has uninhibited access rights to public or private water and sewer (or well and septic) and electricity all of which are appropriate for the current use of such Mortgaged Property, and (c) constitutes one or more separate tax parcels which do not include

any property which is not part of such Mortgaged Property or is subject to an endorsement under the related title insurance policy insuring such Mortgaged Property, or in certain cases, an application has been, or will be, made to the applicable governing authority for creation of separate tax lots, in which case the related Mortgage Loan requires the related Mortgagor to escrow an amount sufficient to pay taxes for the existing tax parcel of which such Mortgaged Property is a part until the separate tax lots are created.

(tt) ~~(ttt)~~ Licenses and Permits. Each Mortgagor covenants in the Mortgage Loan Documents that it shall keep all material licenses, permits and applicable governmental authorizations necessary for its operation of the related Mortgaged Property in full force and effect, and all such material licenses, permits and applicable governmental authorizations are in effect. Each Mortgage Loan requires the related Mortgagor to be qualified to do business in the jurisdiction in which the related Mortgaged Property is located. No Seller is aware of any Mortgagor, guarantor or other obligor on the Mortgage Loan having received notice of any noncompliance with any use or occupancy law, ordinance, regulation, standard, license or certificate with respect to any Mortgaged Property.

(uu) ~~(uuu)~~ Mortgage Provisions. The Mortgage Loan Documents for each Mortgage Loan contain provisions that render the rights and remedies of the holder thereof adequate for the practical realization against each related Mortgaged Property of the principal benefits of the security intended to be provided thereby, including realization by judicial or, if applicable, non-judicial foreclosure.

(vv) UCC Filings; ~~Mortgage Recorded~~. Each Seller has recorded or caused to be recorded (or, if not recorded, have been submitted in proper form for recording), UCC financing statements in the appropriate public recording offices necessary at the time of the origination of the Mortgage Loan to perfect a valid security interest in any collateral for such Mortgage Loan to the extent perfection may be effected pursuant to applicable law by recording, as the case may be.

(ww) Mortgage Recorded. The related Mortgage (or equivalent document) or other related collateral document creates a valid and enforceable lien and security interest on the items of personalty described above that may be perfected by recording. No representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the recording of UCC financing statements are required in order to effect such perfection. The Mortgage either has been or will promptly be submitted for recordation in the appropriate recording office of the jurisdiction where the Mortgaged Property is located. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement and chattel mortgage referred to above or other collateral specified in the related Mortgage Loan Documents.

(xx) Compliance with Usury Laws. The mortgage interest rate (exclusive of any default interest, late charges, yield maintenance charge, or prepayment premiums) of each Mortgage Loan complied as of the date of origination with, or was exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury. No Mortgage Loan is subject to forfeiture or any material penalties as a result of non-compliance with any applicable state or federal laws, regulations and other requirements pertaining to usury.



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(yy) Costs. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the related Mortgage, which if unpaid would have a material adverse effect on the value, use or operation of the Mortgaged Property or the value of the related Mortgage Loan, were paid as of the related Purchase Date. The Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note, Mortgage or any other related Mortgage Loan Document.

~~(zz) Rehabilitation. The related Mortgaged Property is not a ground-up construction, a tear-down, a partial tear-down or a gut rehabilitation, unless the related Holdback Amount is more than [\*\*\*] drawn and the projected construction or rehabilitation is materially completed, as determined by Buyer in its sole discretion.~~

~~(aaa) Loan to After Repair Value Ratio. The Loan to After Repair Value Ratio of the Mortgage Loan does not exceed [\*\*\*].~~

~~(bbb) Loan to Cost Ratio. The Loan to Cost Ratio (x) for each Mortgage Loan other than a High LTC Mortgage Loan, does not exceed [\*\*\*] and (y) for each High LTC Mortgage Loan, does not exceed [\*\*\*].~~

(ccc) Multi-Property Mortgage Loans. Each Mortgage Loan that is a Multi-Property Mortgage Loan is cross-collateralized with all Mortgaged Properties securing such Multi-Property Mortgage Loan. All Indebtedness evidenced by a Multi-Property Mortgage Loan is subject to a Transaction under this Agreement.

AUTHORIZED REPRESENTATIVES

SELLER NOTICES

Attention:  
Telephone:  
Facsimile:

Address:

SELLER AUTHORIZATIONS

Any of the persons whose signatures and titles appear below are authorized, acting singly, to act for Seller under this Agreement:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
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BUYER NOTICES

Name: Operations  
Telephone: [\*\*\*]  
Facsimile: [\*\*\*]  
Email: [\*\*\*]

Address: Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316

With a copy to:

Name: [\*\*\*]  
Telephone: [\*\*\*]  
Facsimile: [\*\*\*]  
Email: [\*\*\*]

Address: Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316

BUYER AUTHORIZATIONS

Any of the persons whose signatures and titles appear below, including any other authorized officers, are authorized, acting singly, to act for Buyer under this Agreement:

Name	Title	Signature
[***]	[***]	
[***]	[***]	
[***]	[***]	
[***]	[***]	
<u>[***]</u>	<u>[***]</u>	
<u>[***]</u>	<u>[***]</u>	

FORM OF CONFIRMATION LETTER

[FINANCE OF AMERICA COMMERCIAL LLC LETTERHEAD]

Nomura Corporate Funding Americas, LLC  
 Worldwide Plaza  
 309 West 49th Street  
 New York, New York 10019-7316  
 Attention: Operations  
 CC: [\*\*\*]

[date]

Confirmation No.: \_\_\_\_\_

Ladies/Gentlemen:

This letter requests the confirmation of your agreement to purchase from us the Purchased Assets listed in Appendix I hereto, pursuant to the Master Repurchase Agreement governing purchases and sales of Purchased Assets between us, dated as of August 17, 2017 (the "Agreement"), as follows (capitalized terms used herein but not herein defined shall have the meanings ascribed thereto in the Agreement):

Purchase Date: , \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

Purchased Assets to be Purchased: See Appendix I hereto.

[Appendix I to Confirmation Letter will list Purchased Assets]

Aggregate Principal Amount of ~~Mortgage~~ RTL Loans:

Aggregate Principal Amount of Rental Loans:

Purchase Price:

Purchase Price Percentage:

Aggregate Advanced Holdback Amount (if any):

Concentration Limits (following consummation of this Transaction):

<u>Qualifier</u>	Maximum Concentration Limit	Concentration Limit	Compliance
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Names and addresses for communications:

Buyer:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Attention: Operations  
Email: [\*\*\*]

With a copy to:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Attention: [\*\*\*]  
Email: [\*\*\*]

Seller:

Finance of America Commercial LLC  
30 East 7th Street Suite 2350  
St. Paul, MN 55101  
Attn: [\*\*\*]

With a copy to:

Finance of America Holdings LLC  
909 Lake Carolyn Parkway, Suite 1550  
Irving, TX 75039  
Attn: [\*\*\*]

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[By delivery of this letter, undersigned [RESPONSIBLE OFFICER] of Seller hereby certifies that in connection with the Underwriting Package delivered to Buyer on the date hereof with respect to the Purchased Assets set forth on the attached Appendix I, [he][she] has no actual knowledge of any material information concerning such Purchased Assets that is not reflected in the materials that comprise such Underwriting Package or otherwise disclosed to Buyer in writing.]

Seller:

FINANCE OF AMERICA COMMERCIAL LLC

By: \_\_\_\_\_  
Name:  
Title:

Exhibit A-3

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Appendix I

[Purchased Assets to be Purchased]

Exhibit A-4

RTL UNDERWRITING GUIDELINES

SEE ATTACHED.

~~[UNDERWRITING GUIDELINES ARE IN A SEPARATE PDF WHICH WILL BE AFFIXED AS EXHIBIT B TO THE FINAL MRA]~~

Exh. B-1



RENTAL UNDERWRITING GUIDELINES

SEE ATTACHED.

Exh. B-1

SELLER'S TAX IDENTIFICATION NUMBER

Entity Name

EIN

Finance of America Commercial, LLC

35-2486440

Exh. C-1

RESERVED.

Exh. D-1

MONTHLY SERVICING REPORT

To be agreed-upon by Buyer and Seller.

Exh. E-1

## FORM OF SECTION 7 CERTIFICATE

Reference is hereby made to the Master Repurchase Agreement dated as of [\_\_\_\_], 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), among Finance of America Commercial LLC (the "Seller") and Nomura Corporate Funding Americas, LLC (the "Buyer"). Pursuant to the provisions of Section 7 of the Agreement, the undersigned hereby certifies that:

1. It is a natural individual person, treated as a corporation for U.S. federal income tax purposes, disregarded for federal income tax purposes (in which case a copy of this Section 7 Certificate is attached in respect of its sole beneficial owner), or treated as a partnership for U.S. federal income tax purposes (one must be checked).

2. It is the beneficial owner of amounts received pursuant to the Agreement.

3. It is not a bank, as such term is used in section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), or the Agreement is not, with respect to the undersigned, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of such section.

4. It is not a [\*\*\*] shareholder of Seller within the meaning of section 871(h)(3) or 881(c)(3)(B) of the Code.

5. It is not a controlled foreign corporation that is related to Seller within the meaning of section 881(c)(3)(C) of the Code.

6. Amounts paid to it under the Facility Documents are not effectively connected with its conduct of a trade or business in the United States.

[NAME OF UNDERSIGNED]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_, \_\_\_\_\_

ASSET SCHEDULE FIELDS (MORTGAGE LOANS OTHER THAN RENTAL LOANS)

<u>1</u>	<u>LOS Loan ID</u>
<u>2</u>	<u>Date Closed</u>
<u>3</u>	<u>Loan Number</u>
<u>4</u>	<u>Loan Amount</u>
<u>5</u>	<u>Entity Name</u>
<u>6</u>	<u>Borrower First name</u>
<u>7</u>	<u>Borrower Last name</u>
<u>8</u>	<u>Property Street</u>
<u>9</u>	<u>Property State</u>
<u>10</u>	<u>Property City</u>
<u>11</u>	<u>Property Zip</u>
<u>12</u>	<u>Property Type</u>
<u>13</u>	<u>Appraised Value As-Is</u>
<u>14</u>	<u>Date of Appraisal As-Is</u>
<u>15</u>	<u>Appraised Value ARV</u>
<u>16</u>	<u>Date of Appraisal ARV</u>
<u>17</u>	<u>Loan Officer</u>
<u>18</u>	<u>Underwriter</u>
<u>19</u>	<u>Loan Original Maturity Date</u>
<u>20</u>	<u>Original Rehab Holdback Amount</u>
<u>21</u>	<u>FICO</u>
<u>22</u>	<u>Interest Rate</u>
<u>23</u>	<u>Total Loan Fees</u>
<u>24</u>	<u>Closing Wire Amount</u>
<u>26</u>	<u>Loan Purpose</u>
<u>28</u>	<u>Qualifying Construction Budget</u>
<u>29</u>	<u>Qualifying ARV—LTV Verified</u>
<u>30</u>	<u>Liquidity</u>
<u>31</u>	<u>Required Liquidity (express only)</u>
<u>32</u>	<u>Qualifying FICO</u>
<u>33</u>	<u>Line Size</u>
<u>34</u>	<u>Qualifying # of Flips/Rentals</u>
<u>35</u>	<u>Product Type</u>
<u>36</u>	<u>Ground Up New Construction?</u>
<u>37</u>	<u>GPM Exception?</u>
<u>38</u>	<u>Initial Advance Use</u>
<u>39</u>	<u>Initial Advance %</u>
<u>40</u>	<u>Initial Advance</u>
<u>41</u>	<u>Rehab Advance</u>
<u>42</u>	<u>Initial Holdback Amount</u>
<u>43</u>	<u>Remaining Holdback Amount</u>

Exh. G-1

44 Advanced Holdback Amount  
45 Adjusted Principal Balance  
46 LTC  
47 LTV  
48 Days Past Due  
49 Foreign National Flag (Y/N)  
50 Servicer Name  
51 First Lien (Y/N)  
52 Loan Modification Flag (Y/N)  
53 Modification Date  
54 Modification Purpose  
55 # of Modifications  
56 Post Modification Balance  
57 Purchase Price Date  
58 First Payment Date  
59 Next Payment Date  
60 Paid Through Date  
61 Monthly Payment Date  
62 Bankruptcy Flag (Y/N)  
63 Foreclosure Flag (Y/N)  
64 Rehab Budget to Cost %  
65 Advanced Holdback Amount %  
66 Rehab Budget AIV %  
67 Nomura Take-Out Loan (Y/N)  
68 Wei Ink Mortgage Loan (Y/N)

Exh. G-2

ASSET SCHEDULE FIELDS (RENTAL LOANS)

1. Loan ID
2. Date Closed
3. Original Loan Amount 4. Property State
5. Property City
6. Property Zip
7. Property Type
8. Appraised Value As Is
9. Date of Appraisal As Is
10. Appraised Value ARV
11. Date of Appraisal ARV
12. LTV
13. LTVARV
14. Loan Original Maturity Date
15. Original Rehab Holdback Amount
16. FICO
17. Broker Fee Paid on HUD
18. Broker Fee to be Paid by JCF
19. Broker Fee Amount Paid on HUD
20. Broker Fee Amount to be Paid by JCF
21. Interest Rate
22. Closing Per Diem Interest
23. Closing Per Diem Interest Total Amount
24. Origination Fee
25. Origination Fee Amount
26. JCF Fee Amount
27. Inspection Fee Amount
28. Document Preparation Fee Amount
29. Other Fees Amount
30. Other Closing Adjustments Amount
31. Total Loan Fees
32. Closing Wire Amount
33. Purchase Price
34. Loan Purpose 35. As is Value
36. After Repair Value
37. Qualifying ARV
38. Construction Budget
39. Qualifying Construction Budget
40. Qualifying ARV LTV
41. "Verified Liquidity"
42. Required Liquidity express only
43. Over Short
44. Qualifying FICO
45. Qualifying High Mid FICO

Exh. G-1



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46. Line Size  
47. Qualifying number of Flips Rentals 48. Product Type  
49. Ground Up New Construction 50. GPM Exception  
51. Initial Advance Use  
52. Initial Advance %  
53. Initial Advance \$  
54. Rehab Advance %  
55. Rehab Advance \$  
56. Current Rehab Holdback  
57. Other Value LTC  
58. Overall LTC  
59. lien position 60. days past due  
61. Additional eligible for borrowing base—rehab drawn  
62. Total UPB  
63. Foreign National Flag (Y/N)  
64. Loan Modification Flag (Y/N)  
65. Modification Date  
66. Modification Purpose  
67. # of Modifications  
68. Post Modification Balance  
69. Purchase Price Date  
70. Property—Year Built  
71. First Payment Date  
72. Next Payment Date  
73. Paid Through Date  
74. Monthly Payment Date  
75. Rehab Budget to Cost %  
76. Bankruptcy Flag (Y/N)  
77. Foreclosure Flag (Y/N)  
78. Draw #  
79. Draw Date

Exh. G-2

~~RESERVED~~  
FORM OF ESCROW INSTRUCTION LETTER

The escrow instruction letter (the "Escrow Instruction Letter") shall also include the following instruction to the Settlement Agent (the "Escrow Agent"):

Nomura Corporate Funding Americas, LLC (the "Buyer"), has agreed to provide funds ("Escrow Funds") to Finance of America Commercial LLC to finance certain mortgage loans (the "Mortgage Loans") for which you are acting as Escrow Agent.

You hereby agree that (a) you shall receive such Escrow Funds from Buyer to be disbursed in connection with this Escrow Instruction Letter, (b) you will hold such Escrow Funds in trust, without deduction, set-off or counterclaim for the sole and exclusive benefit of Buyer until such Escrow Funds are fully disbursed on behalf of Buyer in accordance with the instructions set forth herein, and (c) you will disburse such Escrow Funds on the date specified for closing (the "Closing Date") only after you have followed the Escrow Instruction Letter's requirements with respect to the Mortgage Loans. In the event that the Escrow Funds cannot be disbursed on the Closing Date in accordance with the Escrow Instruction Letter, you agree to promptly remit the Escrow Funds to the Buyer by re-routing via wire transfer the Escrow Funds in immediately available funds, without deduction, set-off or counterclaim, back to the account specified in Buyer's incoming wire transfer.

You further agree that, upon disbursement of the Escrow Funds, you will hold all Mortgage Loan documents specified in the Escrow Instruction Letter in escrow as agent and bailee for Buyer, and will forward the Mortgage Loan documents and original Escrow Instruction Letter in connection with such Mortgage Loans by overnight courier to the Custodian within [\*\*\*] following the date of origination.

You agree that all fees, charges and expenses regarding your services to be performed pursuant to the Escrow Instruction Letter are to be paid by Seller or its borrowers, and Buyer shall have no liability with respect thereto.

You represent, warrant and covenant that you are not an affiliate of or otherwise controlled by Seller, and that you are acting as an independent contractor and not as an agent of Seller.

The provisions of this Escrow Instruction Letter may not be modified, amended or altered, except by written instrument, executed by the parties hereto and Buyer. You understand that Buyer shall act in reliance upon the provisions set forth in this Escrow Instruction Letter, and that Buyer is an intended third party beneficiary hereof.

Exh. H-1

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Whether or not an Escrow Instruction Letter executed by you is received by the Custodian, your acceptance of the Escrow Funds shall be deemed to constitute your acceptance of the Escrow Instruction Letter.

Exh. G-2

## FORM OF SERVICER NOTICE

Servis One, Inc. d/b/a BSI Financial Services, as Servicer  
 1425 Greenway Drive, Suite 400  
 Irving, Texas 75038  
 Attention:[\*\*\*][\*\*\*]

[\_\_\_\_\_] .as Servicer  
 [ADDRESS]  
 Attention: [ ]

Re: Master Repurchase Agreement dated as of August 18, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), between Finance of America Commercial LLC (the "Seller") and Nomura Corporate Funding Americas, LLC (the "Buyer").

Ladies and Gentlemen:

1. ~~Servis One, Inc. d/b/a BSI Financial Services~~ [\_\_\_\_\_] (the "Servicer") is servicing certain mortgage loans ("Mortgage Loans") for Seller pursuant to that certain Sub-Servicing Agreement between the Servicer and Seller dated as of ~~February 16, 2017~~ [DATE] (the "Servicing Agreement"). Pursuant to the Repurchase Agreement among Buyer and Seller, the Servicer is hereby notified that Seller has pledged to Buyer certain mortgage loans, which are serviced by Servicer which are subject to a security interest in favor of Buyer. Capitalized terms used herein that are not defined shall have their respective meanings as set forth in the Servicing Agreement.
  2. The Servicer shall segregate any amounts collected on account of such Mortgage Loans, hold them in trust for the sole and exclusive benefit of Buyer, and remit such collections in accordance with the below instructions. Concurrently with the delivery of any remittance report to Seller, the Servicer shall also deliver a copy of such remittance report to the Buyer.
- Effective immediately, Seller instructs Servicer to follow the written instructions (including via email) of Buyer with respect to the Mortgage Loans, and to deliver to Buyer information with respect to the Mortgage Loans reasonably requested by Buyer that is consistent with the information Servicer agreed to provide to Seller under the Servicing Agreement. Seller hereby notifies and instructs the Servicer and the Servicer is hereby authorized and instructed as of the date hereof to remit no later than [\*\*\*] following receipt in the applicable account, any and all amounts which would be otherwise payable to Seller with respect to the Mortgage Loans into the account described on Schedule A attached hereto.

Exh. I-1

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3. Upon receipt of a written notice (including via email) from Buyer of an Event of Default (as defined in the Repurchase Agreement), Buyer shall have the right to (a) redirect the Servicer to remit funds in accordance with Buyer's instructions and (b) notwithstanding anything in the Servicing Agreement to the contrary, immediately terminate the Servicing Agreement, remove the Servicer and transfer servicing of the Mortgage Loans in accordance with Buyer's instructions; provided, that, Seller (and not Buyer) shall be responsible for the payment of any and all fees, indemnities, costs, reimbursements, expenses, penalties and termination fees (including, without limitation, any Deboarding Fees, as such term is defined in the Servicing Agreement), regardless of when accrued, under the Servicing Agreement. Upon receipt of such notice, Seller and the Servicer shall cooperate in transferring the applicable servicing of the Mortgage Loans to a successor servicer appointed by Buyer in its sole discretion.
  4. Notwithstanding any contrary information which may be delivered to the Servicer by Seller, the Servicer may conclusively rely on any information or notice of Event of Default delivered by Buyer, and Seller shall indemnify and hold the Servicer harmless for any and all claims asserted against it for any actions taken in good faith by the Servicer in connection with the delivery of such information or notice of Event of Default.
  5. Buyer shall be an intended third-party beneficiary of the Servicing Agreement, and the parties thereto shall not amend such Servicing Agreement without the consent of Buyer, which may be granted or withheld in its sole discretion.
  6. This Servicer Notice may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Servicer Notice by signing any such counterpart.
  7. This Servicer Notice embodies the entire agreement and understanding of the parties hereto and thereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein and therein. No alteration, waiver, amendments, or change or supplement hereto shall be binding or effective unless the same is set forth in writing by a duly authorized representative of each party hereto.
  8. THIS SERVICER NOTICE AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS SERVICER NOTICE, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.
  9. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY:

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(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS SERVICER NOTICE AND/OR ANY OTHER FACILITY DOCUMENT, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH IN THE REPURCHASE AGREEMENT OR AT SUCH OTHER ADDRESS OF WHICH BUYER SHALL HAVE BEEN NOTIFIED; AND

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

10. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SERVICER NOTICE, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.
11. UNDER NO CIRCUMSTANCES, HOWEVER, SHALL ANY PARTY BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES WHETHER IN CONTRACT, TORT, STATUTE OR UNDER ANY OTHER LEGAL OR EQUITABLE PRINCIPLE.

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Please acknowledge receipt of this instruction letter by signing in the signature block below and forwarding an executed copy to Buyer promptly upon receipt. Any notices to Buyer should be delivered to the following address: Nomura Corporate Funding Americas, LLC, Worldwide Plaza, 309 West 49th Street, New York, New York 10019-7316, Attention: Operations, Telephone: [\*\*\*], Facsimile: [\*\*\*], Email: [\*\*\*], with a copy to Attention: [\*\*\*], Email: [\*\*\*].

Very truly yours,

NOMURA CORPORATE FUNDING AMERICAS, LLC

By: \_\_\_\_\_

Name:

Title:

Exh. I-4

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-5



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ACKNOWLEDGED:

~~SERVIS ONE, INC. D/B/A BSI FINANCIAL~~  
~~SERVICES~~                     ,  
as Servicer

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-6

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Schedule A

Account Information

[Insert Collection Acct Info]

Exh. I-7

## FORM OF SERVICER NOTICE AND PLEDGE

[Date]

[\_\_\_\_\_] , as Servicer  
[ADDRESS]  
Attention:

Re: Master Repurchase Agreement dated as of August 18, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), among Finance of America Commercial, LLC ("Seller") and Nomura Corporate Funding Americas, LLC (the "Buyer").

Ladies and Gentlemen:

Pursuant to the Repurchase Agreement, Servicer is hereby notified that Seller has conveyed and pledged to Buyer certain Mortgage Loans the beneficial ownership of which are then pledged to Buyer under the Repurchase Agreement (the "Mortgage Loans"), which are serviced by [ ] (the "Servicer") pursuant to that certain Servicing Agreement dated as of [ , 20 ], by and among the Servicer and the Seller (as amended, modified or otherwise supplemented from time to time, the "Servicing Agreement"). Capitalized terms used herein but not herein defined shall have the meanings ascribed thereto in the Repurchase Agreement.

Section 1. Servicing Rights and Grant of Security Interest. (a) Servicer acknowledges that the Mortgage Loans are being serviced on a servicing released basis. In the event that Servicer is deemed to retain any rights to servicing, Buyer and Servicer hereby agree that in order to further secure the Seller's Obligations under the Repurchase Agreement, Servicer hereby grants, assigns and pledges to Buyer a fully perfected first priority security interest in all its rights to service (if any) related to the Mortgage Loans and all proceeds related thereto and in all instances, whether now owned or hereafter acquired, now existing or hereafter created (the "Servicing Assets").

(b) The foregoing provision is intended to constitute a security agreement or other arrangement or other credit enhancement related to the Repurchase Agreement and Transactions thereunder as defined under Section 741(7)(A)(xi) and 101(47)(A)(v) of the Bankruptcy Code.

(c) Servicer agrees to execute, deliver and/or file such documents and perform such acts as may be reasonably necessary to fully perfect Buyer's security interest created hereby. Furthermore, Servicer hereby authorizes Buyer to file financing statements relating to the security interest set forth herein, as Buyer, at its option, may deem appropriate.

Exh. I-2

(d) Servicer waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations under the Repurchase Agreement and notice or proof of reliance by Buyer upon this side letter (the “Servicer Notice and Pledge”). Servicer hereby waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Seller with respect the Obligations.

(e) Buyer shall have all rights and remedies against Servicer and the Servicing Assets as set forth herein, and the Servicing Assets shall be considered for all purposes Repurchase Assets under the Repurchase Agreement and Buyer shall have all rights and remedies under the Repurchase Agreement with respect to the Servicing Assets, which are incorporated by reference herein.

Section 2. Notice of Default. (a) The Servicer shall segregate all amounts collected on account of such Mortgage Loans, hold them in trust for the sole and exclusive benefit of Buyer, and remit such collections in accordance with the below instructions. Servicer shall follow the instructions of Buyer with respect to the Mortgage Loans, and shall deliver to Buyer any information with respect to the Mortgage Loans reasonably requested by Buyer. Seller hereby notifies and instructs the Servicer and the Servicer is hereby authorized and instructed to remit any and all amounts which would be otherwise payable to Seller with respect to the Mortgage Loans to the following account no later than [\*\*\*] following receipt thereof which instructions are irrevocable without the prior written consent of Buyer:

[BANK]  
[ADDRESS]  
Account No. [ \_\_\_\_\_ ]  
ABA No. [ \_\_\_\_\_ ]  
Beneficiary: Nomura Corporate Funding Americas, LLC  
RE: [ \_\_\_\_\_ ]

(b) Upon written notice following the occurrence and during the continuance of an Event of Default, Buyer shall have the right to (i) redirect the Servicer to remit funds in accordance with Buyer’s instructions and (ii) immediately terminate Servicer’s right to service the Mortgage Loans without payment of any penalty or termination fee under the Servicing Agreement. Upon receipt of such notice, Seller and the Servicer shall cooperate in transferring the applicable servicing of the Mortgage Loans (including, for the avoidance of doubt, the related Holdback Amount) to a successor servicer appointed by Buyer in its sole discretion.

(c) Notwithstanding any contrary information which may be delivered to the Servicer by Seller, the Servicer may conclusively rely on any information or notice of Event of Default delivered by Buyer, and Seller shall indemnify and hold the Servicer harmless for any and all claims asserted against it for any actions taken in good faith by the Servicer in connection with the delivery of such information or notice of Event of Default.

(d) Buyer shall be an intended third-party beneficiary of the Servicing Agreement, and the parties thereto shall not amend such Servicing Agreement without the consent of Buyer, which may be granted or withheld in its sole discretion.

(e) Concurrently with the delivery of any remittance report to the Seller, the Servicer shall also deliver a copy of such remittance report to the Buyer.

Section 3. Counterparts. This Servicer Notice and Pledge may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Servicer Notice and Pledge by signing any such counterpart.

Section 4. Entire Agreement. This Servicer Notice and Pledge and the other Facility Documents embody the entire agreement and understanding of the parties hereto and thereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein and therein. No alteration, waiver, amendments, or change or supplement hereto shall be binding or effective unless the same is set forth in writing by a duly authorized representative of each party hereto.

Section 5. Governing Law; Jurisdiction; Waiver of Trial by Jury. (a) THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS SERVICER NOTICE AND PLEDGE AND/OR ANY OTHER FACILITY DOCUMENT, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH IN THE REPURCHASE AGREEMENT OR AT SUCH OTHER ADDRESS OF WHICH BUYER SHALL HAVE BEEN NOTIFIED; AND

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(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SERVICE NOTICE AND PLEDGE, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

(d) UNDER NO CIRCUMSTANCES, HOWEVER, SHALL ANY PARTY BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES WHETHER IN CONTRACT, TORT, STATUTE OR UNDER ANY OTHER LEGAL OR EQUITABLE PRINCIPLE.

[remainder of page intentionally left blank]

Exh. I-2

Please acknowledge receipt of this instruction letter by signing in the signature block below and forwarding an executed copy to Buyer promptly upon receipt. Any notices to Buyer should be delivered to the following address: Nomura Corporate Funding Americas, LLC, Worldwide Plaza, 309 West 49th Street, New York, New York 10019-7316, Attention: Operations, Telephone: [\*\*\*], Facsimile: [\*\*\*], Email: [\*\*\*], with a copy to Attention: [\*\*\*], Email: [\*\*\*].

Very truly yours,

NOMURA CORPORATE FUNDING AMERICAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

FINANCE OF AMERICA COMMERCIAL LLC

By: \_\_\_\_\_  
Name:  
Title:

[AFFILIATED SERVICER]

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-2

EXHIBIT J

FORM OF SELLER POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that FINANCE OF AMERICA COMMERCIAL, LLC ("Seller") hereby irrevocably constitutes and appoints Nomura Corporate Funding Americas, LLC ("Buyer") and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Seller and in the name of Seller or in its own name, from time to time in Buyer's discretion:

(a) in the name of Seller, or in its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any assets purchased by Buyer under the Master Repurchase Agreement (as amended, restated or modified) dated August 18, 2017 (the "Assets") and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Buyer for the purpose of collecting any and all such moneys due with respect to any other assets whenever payable;

(b) to pay or discharge taxes and liens levied or placed on or threatened against the Assets; and

(c) (i) to direct any party liable for any payment under any Assets to make payment of any and all moneys due or to become due thereunder directly to Buyer or as Buyer shall direct, including, without limitation, any payment agent with respect to any Asset; (ii) to send "goodbye" letters on behalf of Seller and Servicer; (iii) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Assets; (iv) to sign and endorse any invoices, assignments, verifications, notices and other documents in connection with any Assets;

(v) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Assets or any proceeds thereof and to enforce any other right in respect of any Assets; (vi) to defend any suit, action or proceeding brought against Seller with respect to any Assets; (vii) to settle, compromise or adjust any suit, action or proceeding described in clause (vi) above and, in connection therewith, to give such discharges or releases as Buyer may deem appropriate; and (viii) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Assets as fully and completely as though Buyer were the absolute owner thereof for all purposes, and to do, at Buyer's option and Seller's expense, at any time, and from time to time, all acts and things which Buyer deems necessary to protect, preserve or realize upon the Assets and Buyer's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as Seller might do;

(d) for the purpose of carrying out the transfer of servicing with respect to the Assets from Seller to a successor servicer appointed by Buyer in its sole discretion and to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish such transfer of servicing, and, without limiting the generality of the foregoing, Seller hereby gives Buyer the power and right, on behalf of Seller, without assent by Seller, to, in the name of Seller or its own name, or otherwise, prepare and send or cause to be sent "good-bye" letters to all mortgagors under the Assets, transferring the servicing of the Assets to a successor servicer appointed by Buyer in its sole discretion;



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(e) for the purpose of delivering any notices of sale to mortgagors or other third parties, including without limitation, those required by law.

Seller hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

Seller also authorizes Buyer, from time to time, to execute, in connection with any sale, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Assets.

The powers conferred on Buyer hereunder are solely to protect Buyer's interests in the Assets and shall not impose any duty upon it to exercise any such powers.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OF SUCH REVOCATION OR TERMINATION SHALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY, AND BUYER ON ITS OWN BEHALF AND ON BEHALF OF BUYER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT.

[REMAINDER OF PAGE INTENTIONALLY BLANK. SIGNATURES FOLLOW.]

Exh. I-2

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IN WITNESS WHEREOF Seller has caused this power of attorney to be executed and Seller's seal to be affixed this    day of    , 2017.

FINANCE OF AMERICA COMMERCIAL LLC  
(Seller)

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-2

Acknowledgment of Execution by Seller  
(Principal):

)

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.:

On the \_\_day of \_\_\_\_, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as \_\_\_\_\_ for FINANCE OF AMERICA COMMERCIAL LLC and that by his signature on the instrument, the person upon behalf of which the individual acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand affixed my office seal the day and year in this certificate first above written.

\_\_\_\_\_  
Notary Public

My Commission expires \_\_\_\_\_

Exh. I-2

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed

#### AMENDMENT NO. 5 TO MASTER REPURCHASE AGREEMENT

This Amendment No. 5 to Master Repurchase Agreement, dated as of February 26, 2021 (this "Amendment"), by and among Nomura Corporate Funding Americas, LLC ("Buyer") and Finance of America Commercial LLC (the "Seller").

#### RECITALS

Buyer and Seller are parties to that certain Master Repurchase Agreement, dated as of August 18, 2017 (as amended by Amendment No. 1 to Master Repurchase Agreement, dated as of September 29, 2017, Amendment No. 2 to Master Repurchase Agreement, dated as of September 28, 2018, Amendment No. 3 to Master Repurchase Agreement, dated as of November 21, 2018 and Amendment No. 4 to Master Repurchase Agreement, dated as of February 19, 2021, the "Existing Repurchase Agreement"; as amended by this Amendment, the "Repurchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Existing Repurchase Agreement.

Buyer and Seller have agreed, subject to the terms and conditions of this Amendment, that the Existing Repurchase Agreement be amended to reflect certain agreed upon revisions to the terms of the Existing Repurchase Agreement.

Accordingly, Buyer and Seller hereby agree, in consideration of the mutual promises and mutual obligations set forth herein, that the Existing Repurchase Agreement is hereby amended as follows:

SECTION 1. Amendments to Existing Repurchase Agreement. Effective as of the date hereof, the Existing Repurchase Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double- underlined text (indicated textually in the same manner as the following example: double- underlined text) as set forth in Exhibit A hereto. The parties hereto further acknowledge and agree that Exhibit A constitutes the conformed agreement as amended and modified by the terms set forth herein.

SECTION 2. Conditions Precedent. This Amendment shall become effective as of the date hereof, subject to Buyer's receipt of the following documents, each of which shall be satisfactory to Buyer in form and substance:

- (a) this Amendment, executed and delivered by Seller and Buyer; and
- (b) Amendment No. 12 to Pricing Side Letter, executed and delivered by Seller and Buyer.

SECTION 3. Limited Effect. Except as expressly amended and modified by this Amendment, the Existing Repurchase Agreement shall continue to be, and shall remain, in full force and effect in accordance with its terms and the execution of this Amendment.

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SECTION 4. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Counterparts may be delivered electronically. Facsimile, documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Amendment and all matters related thereto, with such facsimile, scanned and electronic signatures having the same legal effect as original signatures. The parties agree that this Amendment, any addendum or amendment hereto or any other document necessary for the consummation of the transaction contemplated by this Amendment may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures In Global and National Commerce Act, Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service providers, as long as such service providers use system logs and audit trails that establish a temporal and process link between the presentation of identity documents and the electronic signing, together with identifying information that can be used to verify the electronic signature and its attribution to the signer's identity and evidence of the signer's agreement to conduct the transaction electronically and of the signer's execution of each electronic signature.

SECTION 5. Severability. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

**SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.**

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

NOMURA CORPORATE FUNDING AMERICAS, LLC, as  
Buyer

By: /s/ David Ritchie  
Name: David Ritchie  
Title: Managing Director

Signature Page to Amendment No. 5 to Master Repurchase Agreement (Nomura/FACo)

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FINANCE OF AMERICA COMMERCIAL LLC,  
as Seller

By: /s/ Robert Conway

Name: Robert Conway

Title: Treasurer

Signature Page to Amendment No. 5 to Master Repurchase Agreement (Nomura/FACo)

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**MASTER REPURCHASE AGREEMENT**

between

**NOMURA CORPORATE FUNDING AMERICAS, LLC,**  
as Buyer and

**FINANCE OF AMERICA COMMERCIAL LLC,**  
as Seller

Dated as of August 18, 2017

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## MASTER REPURCHASE AGREEMENT

This is a MASTER REPURCHASE AGREEMENT, dated as of August 18, 2017, between FINANCE OF AMERICA COMMERCIAL LLC, a Delaware limited liability company (the “Seller”) and NOMURA CORPORATE FUNDING AMERICAS, LLC, a Delaware limited liability company (the “Buyer”).

Section 1. Applicability; Transaction Overview. Subject to the terms and conditions set forth herein, from time to time and at the request of Seller, the parties may enter into transactions in which Seller agrees to sell, transfer and assign to Buyer certain Purchased Assets, against the transfer of funds by Buyer representing the Purchase Price for such Purchased Assets, with a simultaneous agreement by Buyer to transfer to Seller and Seller to repurchase such Purchased Assets in a repurchase transaction at a date not later than the Termination Date, against the transfer of funds by Seller representing the Repurchase Price for such Purchased Assets. Each such transaction involving the purchase and sale of additional Mortgage Loans (and, for the avoidance of doubt, any Advanced Holdback Amount) shall be referred to herein as a “Transaction” and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in any annexes identified herein, as applicable hereunder.

Section 2. Definitions. As used herein, the following terms shall have the following meanings.

“Accelerated Repurchase Date” shall have the meaning set forth in Section 15(a)(i) hereof.

“Accepted Servicing Practices” shall mean, with respect to any Mortgage Loan, those mortgage servicing practices of prudent mortgage lending institutions which service mortgage loans (a) of the same type as such Mortgage Loan in the jurisdiction where the related Mortgaged Property is located, and (b) consistent with the degree of skill and care that such servicers customarily require with respect to similar Mortgage Loans owned or managed by such servicers, and that are in accordance with all applicable Federal, State and local laws and regulations.

“Adjusted Principal Balance” shall mean the unpaid principal balance as of the Purchase Date inclusive of any Advanced Holdback Amount but not including, for the avoidance of doubt, any Holdback Amount that has not been disbursed to the related Mortgagor.

“Adjusted Tangible Net Worth” shall have the meaning set forth in the Pricing Side Letter. “Advanced Holdback Amount” shall mean, with respect to any Purchased Asset that is an

RTL Loan, any Holdback Amount disbursed by or on behalf of Seller to the related Mortgagor in accordance with the applicable Mortgage Loan Documents.

“Affiliate” shall mean with respect to any Person, any “affiliate” of such Person, as such term is defined in the Bankruptcy Code, but excluding Blackstone Tactical Opportunities Funds and BTO Urban Holdings LLC.

“Affiliated Servicer” shall mean a Servicer that is an Affiliate of Seller.

“Aggregate Asset Value” shall mean, as of any date of determination, the sum of the Asset Value of all Purchased Assets.

“Aggregate Facility Repurchase Price” shall mean, as of any date of determination, the sum of the Repurchase Prices (excluding from the definition of Repurchase Price any amounts calculated pursuant to clause (B) of such definition) of all Purchased Assets.

“Agreement” shall mean this Master Repurchase Agreement between Buyer and Seller, dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Anti-Money Laundering Laws” shall have the meaning set forth in Section 12(bb) hereof.

“Appraisal” shall mean a FIRREA-compliant appraisal report provided by an appropriately state licensed or certified appraiser indicating the market value of the related Mortgaged Property, incorporating, other than a ground-up construction, an interior inspection of the residence on such Mortgaged Property and obtained in conformity with customary and usual business practices, relative state and federal laws, and regulatory guidelines. Such appraisal report will generally include a minimum of [\*\*\*] comparable sales that support the value. In the event the related RTL Loan includes any undisbursed Holdback Amounts, such report will include both the “as is” and “as repaired” values within the appraisal report.

“Appraised Value” shall mean, with respect to any Mortgage Loan, the appraised value of the related Mortgaged Property as set forth in the Appraisal.

“Asset Detail and Exception Report” shall have the meaning set forth in the Custodial Agreement.

“Asset File” shall have the meaning set forth in the Custodial Agreement.

“Asset Schedule” shall mean with respect to any Transaction as of any date, an asset schedule in the form of a computer tape or other electronic medium (including an Excel spreadsheet) generated by Seller and delivered to Buyer and the Custodian, which provides information (including, without limitation, the information set forth on Exhibit G-1 or Exhibit G-2, as applicable, attached hereto) relating to the Purchased Assets and Eligible Mortgage Loans in a format reasonably acceptable to Buyer.

“Asset Value” shall mean, as of any date of determination, with respect to each Eligible Mortgage Loan, an amount equal to:

(a) with respect to all RTL Loans, the product of (i) the related Purchase Price Percentage with respect to such Mortgage Loan and (ii) the Market Value of such Mortgage Loan and (iii) the Adjusted Principal Balance of such Mortgage Loan (subject to modification pursuant to the terms below), minus (B) the product of (i) the undisbursed Holdback Amount for such Mortgage Loan as of such date, if any, and (ii) the applicable Haircut Percentage for such Mortgage Loan;

(b) with respect to all other Eligible Mortgage Loans, the product of (i) the related Purchase Price Percentage with respect to such Mortgage Loan and (ii) the Market Value of such Mortgage Loan and (iii) the unpaid principal balance of such Mortgage Loan (subject to modification pursuant to the terms below).

Without limiting the generality of the foregoing, Seller acknowledges that the Asset Value of a Purchased Asset may be reduced to zero by Buyer, or such other valuation as determined by Buyer in its sole discretion, with respect to any Purchased Asset as to which a Purchased Asset Issue has occurred and such Purchased Asset has not been repurchased or caused to be repurchased by Seller.

“Assignment and Acceptance” shall have the meaning set forth in Section 20 hereof.

“Attorney Bailee Letter” shall mean a bailee letter substantially in the form prescribed by the Custodial Agreement or otherwise approved in writing by Buyer.

“Authorized Representative” shall mean, for the purposes of this Agreement only, an agent or Responsible Officer of Seller listed on Schedule 2 hereto, as such Schedule 2 may be amended from time to time.

“Bailee Letter” shall mean a bailee letter substantially in the form prescribed by the Custodial Agreement or otherwise approved in writing by Buyer.

“Bank” shall mean Wells Fargo Bank, N.A., in its capacity as bank, or a successor bank approved in writing by Buyer, with respect to the Collection Account Control Agreement.

“Bankruptcy Code” shall mean the United States Bankruptcy Code of 1978, as amended from time to time.

“BPO” shall mean a broker price opinion of the estimated sale price of a Mortgaged Property provided by an appropriately state licensed real estate agent reasonably acceptable to Buyer in conformity with customary and usual business practices, state and federal laws and regulatory guidelines. Such BPO will include a minimum of [\*\*\*] comparable sales.

“BPO Value” shall mean, with respect to any Mortgage Loan, the value of the related Mortgaged Property as set forth in the BPO obtained by or on behalf of Seller; provided, however, that if such determined value is not acceptable to Buyer, then Buyer may require Seller to obtain an additional BPO from a BPO provider, such provider to be selected by Buyer in its sole discretion.

“Business Day” shall mean a day other than (i) a Saturday or Sunday, (ii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the State of New York, or (iii) any day on which the New York Stock Exchange is closed.

“Buyer” shall mean Nomura Corporate Funding Americas, LLC, its successors in interest and assigns, and with respect to Section 7, its participants.

“Calculation Agent” shall mean Wells Fargo Bank, N.A. or any other calculation agent approved by Buyer in its sole discretion.

“Calculation Agent Side Agreement” shall mean that certain Calculation Agent and Payment Agent Side Agreement dated as of August 18, 2017 among Seller, Buyer, Payment Agent and Calculation Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Capital Lease Obligations” shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

“Capital Stock” shall mean, as to any Person, any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent equity ownership interests in a Person which is not a corporation, including, without limitation, any and all member or other equivalent interests in any limited liability company, limited partnership, trust, and any and all warrants or options to purchase any of the foregoing, in each case, designated as “securities” (as defined in Section 8-102 of the Uniform Commercial Code) in such Person, including, without limitation, all rights to participate in the operation or management of such Person and all rights to such Person’s properties, assets, interests and distributions under the related organizational documents in respect of such Person. “Capital Stock” also includes (i) all accounts receivable arising out of the related organizational documents of such Person; (ii) all general intangibles arising out of the related organizational documents of such Person; and (iii) to the extent not otherwise included, all proceeds of any and all of the foregoing (including within proceeds, whether or not otherwise included therein, any and all contractual rights under any revenue sharing or similar agreement to receive all or any portion of the revenues or profits of such Person).

“Change in Control” shall mean:

(a) any transaction or event as a result of which UFG Holdings LLC does not own, directly or indirectly, at least [\*\*\*] of the Capital Stock of Seller; or

(b) any transaction or event as a result of which UFG Holdings LLC and Buy to Rent Holdings L.P. fail to own, directly or indirectly, on a combined basis, [\*\*\*] of the Capital Stock of Seller;

(c) the sale, transfer, or other disposition of all or an amount equivalent to [\*\*\*] or more of Seller’s assets (excluding any such action taken in connection with any securitization or whole loan transaction); or

(d) Seller elects to be taxed as a real estate investment trust, as defined under Section 856 of the Code.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“Collection Account” shall mean the “Collection Account” as defined in the Collection Account Control Agreement.

“Collection Account Control Agreement” shall mean the agreement regarding the Collection Account among Seller, Buyer and Bank and acknowledged by Seller, which shall provide for Buyer control as of the date of execution and shall be in form and substance acceptable to Buyer, as the same may be amended from time to time.

“Collection Period” shall mean the period commencing on the [\*\*\*] day of the month up to but not including the [\*\*\*] of the following month.

“Concentration Limit” shall have the meaning set forth in the Pricing Side Letter.

“Confidential Information” shall have the meaning set forth in Section 31(b) hereof.

“Confidential Terms” shall have the meaning set forth in Section 31(a) hereof.

“Confirmation” shall mean a written confirmation from Buyer to Seller in the form of Exhibit A attached hereto.

“Costs” shall have the meaning set forth in Section 16(a) hereof.

“Custodial Agreement” shall mean that certain Custodial Agreement dated as of the date hereof, among Seller, Buyer and Custodian, as the same may be amended from time to time.

“Custodian” shall mean Wells Fargo Bank, N.A. and any successor thereto under the Custodial Agreement.

“Default” shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

“Defaulting Party” shall have the meaning set forth in Section 30(b) hereof.

“Delaware LLC Act” shall mean Chapter 18 of the Delaware Limited Liability Company Act, 6 Del. C. §§ 18-101 et seq., as amended.

“Disbursement Account” shall mean the account established at the Disbursement Account Bank pursuant to the terms and conditions of the Disbursement Account Control Agreement.

“Disbursement Account Control Agreement” shall mean a disbursement account control agreement to be entered into among Seller, Buyer and Disbursement Account Bank, in form and substance acceptable to Buyer, as each may be amended, restated, supplemented or otherwise modified from time to time.

“Disbursement Account Bank” shall mean Wells Fargo Bank, N.A. in its capacity as account bank with respect to the Disbursement Account, and any successor thereto under the Disbursement Account Control Agreement.



“Disbursement Agent” shall mean Wells Fargo Bank, N.A. in its capacity as disbursement agent, and any successor thereto under the Disbursement Agent Agreement.

“Disbursement Agent Agreement” shall mean that certain Disbursement Agent Agreement to be entered into among Seller, Buyer and the Disbursement Agent, as it may be amended, supplemented or otherwise modified from time to time.

“Disposition Proceeds” shall have the meaning set forth in Section 5(f) hereof.

“Division/Series Transaction” shall mean, with respect to any Person that is a limited liability company organized under the laws of the State of Delaware, that any such Person (a) divides into two or more Persons (whether or not the original Person or Subsidiary thereof survives such division) or (b) creates, or reorganizes into, one or more series, in each case, as contemplated under the laws of the State of Delaware, including without limitation Section 18-217 of the Delaware LLC Act.

“Dollars” and “\$” shall mean lawful money of the United States of America.

“Due Diligence Documents” shall have the meaning set forth in Section 19 hereof. “DSCR” shall mean, with respect to any Purchased Asset that is a Rental Loan, the debt service coverage ratio as set forth in the applicable Underwriting Guidelines.

“Effective Date” shall mean the date upon which the conditions precedent set forth in Section 3(a) shall have been satisfied.

“Electronic Tracking Agreement” shall mean an Electronic Tracking Agreement that is entered into among Buyer, Seller, MERS and MERSCORP Holdings, Inc., to the extent applicable as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Eligible Mortgage Loan” shall mean a Mortgage Loan that meets the following criteria (unless otherwise agreed to by Buyer in writing in its sole and absolute discretion) at all times (unless otherwise set forth below):

- (a) was originated by the Seller in accordance with the related Underwriting Guidelines and without any noted exceptions;
- (b) other than Permitted Bulk Purchase Loans, in respect of which each related Servicer has entered into a Servicing Agreement and Servicer Notice satisfying the requirements of Sections 3(b) hereof;
- (c) such Mortgage Loan complies with the representations and warranties set forth on Schedule 1;
- (d) the related Mortgagor is not subject to an Insolvency Event, and the related Mortgaged Property is not involved in a proceeding under an Insolvency Event;

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(e) such Mortgage Loan is not subject to foreclosure proceedings and has not been converted into an REO property;

(f) such Mortgage Loan and the related Mortgaged Property does not, after giving effect to the related Purchase Price with respect to such Mortgaged Property or Mortgage Loan, cause any of the applicable Concentration Limits set forth in the Pricing Side Letter to be exceeded;

(g) such Mortgage Loan is not secured by a Mortgaged Property that, in Buyer's good faith discretion, is subject to ground-up construction, substantial or complete demolition or a repurposing project or other substantial construction or rehabilitation;

(h) such Mortgage Loan is secured by a Mortgaged Property located in a State of the United States of America or the District of Columbia;

(i) such Mortgage Loan is secured by one Mortgaged Property (or in the case of a Multi-Property Rental Loan, [\*\*\*] or more Mortgaged Properties) that in each case have no Lien subordinate to the Lien of the Mortgage;

(j) the related Mortgagor is a U.S. Person;

(k) such Mortgage Loan is secured by a Mortgaged Property with an "as-is" Property Value of at least [\*\*\*];

(l) if such Mortgage Loan is an RTL Loan ([excluding Permitted Bulk Purchase Loans](#)), satisfies each of the following criteria:

(i) has an initial term of at least [\*\*\*] and not more than [\*\*\*];

(ii) the related Holdback Amount (if any) does not exceed an amount equal to [\*\*\*] of the "as is" Property Value of the related Mortgaged Property that secures such Mortgage Loan;

(iii) the Loan-to-After-Repair-Value Ratio does not exceed [\*\*\*];

(iv) the Loan-to-Cost Ratio does not exceed [\*\*\*];

(v) such Mortgage Loan has an unpaid principal balance that is not greater than [\*\*\*];

(m) if such Mortgage Loan is a Rental Loan, satisfies each of the following criteria:

(i) has an initial term of at least four [\*\*\*] and not more than [\*\*\*] [\*\*\*];

(ii) such Mortgage Loan has an unpaid principal balance that is not greater than (x) [\*\*\*] if such Mortgage Loan is a Multi-Property Mortgage Loan or (y) [\*\*\*] if such Mortgage Loan is not a Multi-Property Mortgage Loan;

(iii) is subject to an unconditional full recourse payment guaranty made by the related Sponsor of such Mortgagor;

(iv) the FICO score of each related guarantor is greater than or equal to [\*\*\*];

(v) has a DSCR equal to or greater than [\*\*\*];

(vi) has an LTV that is less than or equal to [\*\*\*];

(vii) the related Mortgaged Property is solely for use as a rental property, such Mortgaged Property is not occupied by the related Mortgagor or any Affiliate of such Mortgagor or family member of such Mortgagor (in the case of a Mortgagor that is a natural person), such Mortgaged Property is not used for any other commercial or noncommercial use and Seller has provided Buyer or its designee with a statement certifying such purposes as well as other checks as agreed to between Seller and Buyer as determined through due diligence; and

(viii) as of the related Purchase Date, has been approved by Buyer in its sole and absolute discretion.

“Environmental Issue” shall mean any material environmental issue with respect to any Mortgaged Property, as determined by the Buyer in its good faith discretion, including without limitation, the violation of any federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, employee health and safety or hazardous substances, materials or other pollutants, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 3803 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Hazardous Material Transportation Act, 49 U.S.C. § 1801 et seq. and the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; and any state and local or foreign analogues, counterparts or equivalents, in each case as amended from time to time.

“EO13224” shall have the meaning set forth in Section 12(cc) hereof.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor thereto, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” shall mean any Person which, together with Seller is treated, as a single employer under Section 414(b) or (c) of the Code or solely for purposes of Section 302 of ERISA and Section 412 of the Code is treated as a single employer described in Section 414 of the Code.

“Escrow Instruction Letter” shall mean the Escrow Instruction Letter from Buyer and Seller to the Settlement Agent, in the form of Exhibit H hereto, as the same may be modified, supplemented and in effect from time to time.

“Event of Default” shall have the meaning set forth in Section 14 hereof.

“Event of ERISA Termination” shall mean (i) with respect to any Plan, a Reportable Event, as to which the PBGC has not by regulation waived the reporting of the occurrence of such event, or (ii) the withdrawal of Seller or any ERISA Affiliate thereof from a Plan during a plan year in which it is a substantial employer, as defined in Section 4001(a)(2) of ERISA, or (iii) the failure by Seller or any ERISA Affiliate thereof to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA with respect to any Plan, including, without limitation, the failure to make on or before its due date a required installment under Section 430 (j) of the Code or Section 303(j) of ERISA, or (iv) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or any action taken by Seller or any ERISA Affiliate thereof to terminate any Plan, or (v) the failure to meet the requirements of Section 436 of the Code resulting in the loss of qualified status under Section 401(a)(29) of the Code, or (vi) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (vii) the receipt by Seller or any ERISA Affiliate thereof of a notice from a Multiemployer Plan that action of the type described in the previous clause (vi) has been taken by the PBGC with respect to such Multiemployer Plan, or (viii) any event or circumstance exists which may reasonably be expected to constitute grounds for Seller or any ERISA Affiliate thereof to incur liability under Title IV of ERISA or under Sections 412(b) or 430 (k) of the Code with respect to any Plan.

“Excluded Taxes” shall have the meaning set forth in Section 7(e) hereof.

“Facility Documents” shall mean this Agreement, the Pricing Side Letter, the Custodial Agreement, the Tri-Party Agreement, if any, a Servicer Notice, if any, the Powers of Attorney, the Electronic Tracking Agreement, if any, the Collection Account Control Agreement, each Servicing Agreement, each Servicer Notice, Calculation Agent Side Agreement, the Disbursement Agent Agreement, the Disbursement Account Control Agreement, each Escrow Instruction Letter (if any) and any and all other documents and agreements executed and delivered by Seller, Junior Lender or their respective Affiliates in connection with this Agreement or any Transactions hereunder, as the same may be amended, restated or otherwise modified from time to time.

“FDIA” shall have the meaning set forth in Section 32(e) hereof.

“FDICIA” shall have the meaning set forth in Section 32(d) hereof.

“FICO” shall mean Fair Isaac & Co., or any successor thereto.

“Fidelity Insurance” shall mean insurance coverage with respect to employee errors, omissions, dishonesty, forgery, theft, disappearance and destruction, robbery and safe burglary, property (other than money and securities) and computer fraud acceptable to Buyer.

“Financial Statements” shall mean the consolidated and consolidating financial statements of Seller prepared in accordance with GAAP for the year or other period then ended. Such financial statements will be audited, in the case of annual statements, by BDO USA, LLP or such other nationally recognized independent certified public accountants approved by Buyer (which approval shall not be unreasonably withheld).

“GAAP” shall mean generally accepted accounting principles in the United States of America, applied on a consistent basis and applied to both classification of items and amounts, and shall include, without limitation, the official interpretations thereof by the Financial Accounting Standards Board, its predecessors and successors.

“GLB Act” shall have the meaning set forth in Section 31(b) hereof.

“Governmental Authority” shall mean any nation or government, any state, county, municipality or other political subdivision thereof or any governmental body, agency, authority, department or commission (including, without limitation, any taxing authority) or any instrumentality or officer of any of the foregoing (including, without limitation, any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation, partnership or other entity directly or indirectly owned by or controlled by the foregoing.

“Guarantee” shall mean, as to any Person, any obligation of such Person directly or indirectly guaranteeing any Indebtedness of any other Person or in any manner providing for the payment of any Indebtedness of any other Person or otherwise protecting the holder of such Indebtedness against loss (whether by virtue of partnership arrangements, by agreement to keep- well, to purchase assets, goods, securities or services, or to take-or-pay or otherwise); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee of a Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The terms “Guarantee” and “Guaranteed” used as verbs shall have correlative meanings.

“Haircut Percentage” shall mean, for each Purchased Asset, as of any date of determination, a percentage equal to (x) [\*\*\*] less (y) the product of (A) Market Value and (B) the related Purchase Price Percentage for such Purchased Asset.

“Holdback Amount” shall mean, with respect to any Purchased Asset that is an RTL Loan, the future funding amount for the related Mortgagor to improve and rehabilitate the related Mortgaged Property in accordance with the applicable Mortgage Loan Documents.

“Holdback Servicer” shall mean Finance of America Commercial LLC or any other servicer approved by Buyer in its sole discretion to service the aggregate Holdback Amount.

“Income” shall mean, with respect to any Purchased Asset, all principal and income or dividends or distributions received with respect to such Purchased Asset, including any Liquidation Proceeds, insurance proceeds, interest or other distributions payable thereon or any fees or payments of any kind received.

“Indebtedness” shall mean, with respect to any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of Property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such Property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of Property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within [\*\*\*] of the date the respective goods are delivered or the respective services are rendered; (c) Indebtedness of others secured by a Lien on the Property of such Person, whether or not the respective Indebtedness so secured has been assumed by such Person; (d) obligations (contingent or otherwise) of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (e) Capital Lease Obligations of such Person; (f) obligations of such Person under repurchase agreements, sale/buy- back agreements or like arrangements; (g) Indebtedness of others Guaranteed by such Person; (h) all obligations of such Person incurred in connection with the acquisition or carrying of fixed assets by such Person; and (i) Indebtedness of general partnerships of which such Person is a general partner.

“Indemnified Party” shall have the meaning set forth in Section 16(a) hereof.

“Insolvency Event” shall mean, for any Person:

- (a) that such Person or any Affiliate shall discontinue or abandon operation of its business; or
- (b) that such Person or any Affiliate shall fail generally to, or admit in writing its inability to, pay its debts as they become due; or
- (c) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of such Person or any Affiliate in an involuntary case under any applicable bankruptcy, insolvency, liquidation, reorganization or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or any Affiliate, or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and has not been dismissed within [\*\*\*]; or
- (d) the commencement by such Person or any Affiliate of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such Person’s or any Affiliate’s consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person, or for any substantial part of its property, or any general assignment for the benefit of creditors; or

(e) that such Person or any Affiliate shall become insolvent; or

(f) if such Person or any Affiliate is a corporation, such Person or any Affiliate, or any of their Subsidiaries, shall take any corporate action in furtherance of, or the action of which would result in any of the actions set forth in the preceding clauses (a), (b), (c), (d) or (e).

“Investment Company Act” shall mean the Investment Company Act of 1940, as amended from time to time.

“Junior Lender” shall mean that certain subordinated lender approved by Buyer in its sole discretion, and such lender’s successors in interest and assigns.

“LIBOR Rate” shall mean, for any day of determination, the rate of interest (calculated on a per annum basis) equal to the [\*\*\*] ICE Benchmark Administration (or any successor institution or replacement institution used to administer LIBOR) as reported on the display designated as “BBAM” “Page DG8 4a” on Bloomberg (or such other display as may replace “BBAM” “Page DG8 4a” on Bloomberg) on such date, and if such rate is not available at such time for any reason, then the LIBOR Rate for such date shall be the rate at which [\*\*\*] U.S. dollar deposits are offered in immediately available funds by the principal London office of a major bank in the London interbank market, selected by Buyer in its sole discretion, at approximately [\*\*\*] London time on that day.

“Lien” shall mean any lien, claim, charge, restriction, pledge, security interest, mortgage, deed of trust or other encumbrance.

“Liquidation Proceeds” shall mean, with respect to a Purchased Asset, all cash amounts received by the Servicer or Seller in connection with: (i) the liquidation of the related Mortgaged Property or other collateral constituting security for such Purchased Asset, through trustee’s sale, foreclosure sale, disposition or otherwise, exclusive of any portion thereof required to be released to the related Mortgagor, (ii) the realization upon any deficiency judgment obtained against a Mortgagor or (iii) any other amounts collected on account of subsequent recoveries.

“Loan Amount” shall mean, the maximum amount advanced by Seller to a Mortgagor under the terms of the related Mortgage Loan Documents.

“Loan-to-After-Repair-Value Ratio” shall mean the ratio of (A) the original principal balance of such Mortgage Loan to (B) after repaired value of such Mortgage Loan.

“Loan-to-Cost Ratio” shall mean, as of the origination date of any Mortgage Loan, (A) with respect to Mortgage Loans for purchase of a Mortgaged Property or refinancing less than [\*\*\*] after the original purchase date of a Mortgaged Property, a ratio of (x) the unpaid principal balance of such Mortgage Loan (including, for the avoidance of doubt, any Holdback Amount that has not been disbursed to the related Mortgagor) to (y) the sum of (i) the purchase price of the related Mortgaged Property and (ii) the underwritten and documented construction budget, and (B) with respect to Mortgage Loans originated in connection with refinancing more than [\*\*\*] after the original purchase date of the Mortgaged Property, a ratio of (x) the unpaid principal balance of such Mortgage Loan (including, for the avoidance of doubt, any Holdback Amount that has not been disbursed to the related Mortgagor) to (y) the sum of (x) the as-is Appraised Value or as-is BPO Value, as applicable, of the related Mortgaged Property and (y) the underwritten and documented construction budget, if any.

“LTV” shall mean with respect to any Mortgage Loan, the ratio of the original principal balance of such Mortgage Loan to the “as is” Appraised Value of such Mortgage Loan.

“Margin Call” shall have the meaning provided in Section 4(a) hereof.

“Margin Deficit” shall mean, as of any date of determination, if the Aggregate Asset Value is less than the Aggregate Facility Repurchase Price for all such Transactions, excluding accrued Price Differential not yet due, for such Purchased Asset.

“Margin Payment” shall have the meaning provided in Section 4(a) hereof.

“Market Value” shall mean, as of any date of determination, for each Purchased Asset, the market value of such Purchased Asset as determined by Buyer in its good faith discretion (which may be performed on a daily basis, at the Buyer’s discretion), expressed as a percentage of the Adjusted Principal Balance (with respect to RTL Loans) or unpaid principal balance (with respect to any other Purchased Asset), not to exceed [\*\*\*], which determination may take into account such factors as Buyer deems appropriate.

“Material Adverse Effect” shall mean a material adverse effect on (a) the Property, business, operations, or financial condition of Seller or any Affiliate, (b) the ability of Seller or any Affiliate to perform its obligations under any of the Facility Documents to which it is a party, (c) the validity or enforceability of any of the Facility Documents, (d) the rights and remedies of Buyer or any Affiliate under any of the Facility Documents, or (e) the timely payment of any amounts payable under the Facility Documents; in each case as determined by Buyer in its sole discretion. Letter.

“Maximum Aggregate Purchase Price” shall have the meaning set forth in the Pricing Side

“MBA Method of Delinquency” shall mean, with respect to Mortgage Loans, the methodology used by the Mortgage Bankers Association for assessing delinquency. For the avoidance of doubt, under the MBA Method of Delinquency, a Mortgage Loan is considered “[\*\*\*] delinquent” if the Mortgagor fails to make a monthly payment prior to the close of business on the day that immediately precedes the due date on which the next monthly payment is due. For example, a Mortgage Loan will be considered [\*\*\*] delinquent if the Mortgagor fails to make a monthly payment originally due on September 1 by the close of business on September 30.

“MERS” shall mean Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto.



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“MERS Mortgage Loan” shall mean any Mortgage Loan registered with MERS on the MERS System.

“MERS System” shall mean the system of recording transfers of mortgages electronically maintained by MERS.

“Minimum Margin Threshold” shall have the meaning assigned to such term in the Pricing Side Letter.

“Monthly Servicing Report” shall have the meaning set forth in Section 13(d)(vi) hereof.

“Mortgage” shall mean each mortgage, or deed of trust, security agreement and fixture filing, deed to secure debt, or similar instrument creating and evidencing a first Lien on real property and other property and rights incidental thereto.

“Mortgage Loan” shall mean any first lien RTL Loan or Rental Loan.

“Mortgage Loan Documents” shall mean, with respect to a Mortgage Loan, each of the documents comprising the Asset File for such Mortgage Loan, as more fully set forth in the Custodial Agreement.

“Mortgage Note” shall mean the promissory note or other evidence of the indebtedness of a Mortgagor secured by a Mortgage.

“Mortgaged Property” shall mean the real property securing repayment of the debt evidenced by a Mortgage Note.

“Mortgagor” shall mean the obligor or obligors on a Mortgage Note, including any Person who has assumed or guaranteed the obligations of the obligor thereunder.

“Multiemployer Plan” shall mean, with respect to any Person, a “multiemployer plan” as defined in Section 3(37) of ERISA which is or was at any time during the current year or the immediately preceding [\*\*\*] contributed to (or required to be contributed to) by such Person or any ERISA Affiliate thereof on behalf of its employees and which is covered by Title IV of ERISA.

“Multi-Property Mortgage Loan” shall mean a Rental Loan secured by more than one Mortgaged Property, approved by Buyer in its sole discretion.

“Nondefaulting Party” shall have the meaning set forth in Section 30(b) hereof.

“Non-Excluded Taxes” shall have the meaning set forth in Section 7(a) hereof.

“Non-Exempt Buyer” shall have the meaning set forth in Section 7(c) hereof.

“**Obligations**” shall mean (a) any amounts owed by Seller to Buyer in connection with any or all Transactions hereunder, together with interest thereon (including interest which would be payable as post-petition interest in connection with any bankruptcy or similar proceeding) and all other fees or expenses which are payable hereunder or under any of the Facility Documents; (b) all other obligations or amounts owed by Seller to Buyer or an Affiliate of Buyer under any other contract or agreement, in each case, whether such amounts or obligations owed are direct or indirect, absolute or contingent, matured or unmatured; and (c) following the occurrence of an Event of Default, any Holdback Amount that has not been disbursed to the Mortgageor related to any Purchased Asset.

“**OFAC**” shall have the meaning set forth in [Section 12\(cc\)](#) hereof.

“**Optional Repurchase**” shall have the meaning set forth in [Section 3\(d\)](#) hereof. “**Other Taxes**” shall have the meaning set forth in [Section 7\(b\)](#) hereof.

“**Payment Agent**” shall mean Wells Fargo Bank, N.A., in its capacity as payment agent with respect to the Collection Account.

“**Payment Date**” shall mean with respect to each Collection Period (i) the [\*\*\*] following the commencement of such Collection Period, or the next succeeding Business Day, if such calendar day shall not be a Business Day and (ii) the Repurchase Date.

“**PBGC**” shall mean the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“**Permitted Bulk Purchase Loan**” shall mean an RTL Loan owned by Seller that (i) noted as a “Permitted Bulk Purchase Loan” on the related Confirmation, and (ii) is approved by Buyer in its sole discretion. For the avoidance of doubt, Permitted Bulk Purchase Loans are not Nomura Take-Out Loans.

“**Permitted Bulk Purchase Loan Repurchase Date**” shall mean [April 25, 2021 \(or such later date agreed to by Buyer in its sole discretion\)](#).

“**Person**” shall mean any individual, corporation, company, voluntary association, partnership, joint venture, limited liability company, trust, unincorporated association or government (or any agency, instrumentality or political subdivision thereof) including, but not limited to, Seller.

“**Plan**” shall mean, with respect to Seller, any employee benefit or similar plan that is or was at any time during the current year or immediately preceding [\*\*\*] established, maintained or contributed to by Seller or any ERISA Affiliate thereof and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“**Post-Default Rate**” shall have the meaning set forth in the Pricing Side Letter.

“**Power of Attorney**” shall mean the power of attorney in the form of [Exhibit J](#) delivered by Seller.

“Price Differential” shall mean, with respect to any Purchased Asset, as of any date, the aggregate amount obtained by daily application of the Pricing Rate (or, during the continuation of an Event of Default, by daily application of the Post-Default Rate) for the related Purchased Asset to the Repurchase Price for such Purchased Asset, on a 360 day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Purchased Asset and ending on (but excluding) the Repurchase Date (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Purchased Asset). For the avoidance of doubt, Seller’s obligation to pay any Price Differential to Buyer with respect to any Purchased Asset shall continue until the Repurchase Price for such Asset is remitted to the account of Buyer that is referenced in Section 9(a) of this Agreement (and not the servicer account, Collection Account or any other account).

“Pricing Rate” shall have the meaning set forth in the Pricing Side Letter.

“Pricing Side Letter” shall mean that certain letter agreement between Buyer and Seller, dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Principal Income” shall mean, with respect to any Mortgage Loan that is a Purchased Asset, Income which constitutes payment of the principal balance of such Mortgage Loan.

“Prohibited Person” shall have the meaning set forth in Section 12(cc) hereof.

“Property” shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“Property Value” shall mean, with respect to any Mortgage Loan, on any date of determination, the most recent “as is” BPO Value or “as is” Appraised Value for the related Mortgaged Property as of such date in accordance with the terms of this Agreement.

“Purchase Date” shall mean, each date on which Purchased Assets are transferred by Seller to Buyer or its designee.

“Purchase Price” shall mean, with respect to a Purchased Asset, the amount paid by the Buyer to the Seller on the Purchase Date for such Purchased Asset which shall be an amount equal to the Asset Value of such Purchased Asset as of the related Purchase Date.

“Purchase Price Percentage” shall have the meaning set forth in the Pricing Side Letter. “Purchased Asset Issue” shall mean, with respect to any Purchased Asset, the occurrence of any of the following:

- (i) such Purchased Asset ceases to be an Eligible Mortgage Loan;
- (ii) the Asset File has been released from the possession of the Custodian under the Custodial Agreement for a period in excess of the time permitted under the Custodial Agreement;

(iii) if such Purchased Asset is a Wet-Ink Mortgage Loan, (a) the Custodian shall have failed to issue a Trust Receipt showing no exceptions with respect to such Purchased Asset to Buyer in accordance with the Custodial Agreement on or prior to the Wet-Ink Delivery Date; or (b) due diligence satisfactory to Buyer with respect to such Wet-Ink Mortgage Loan has not been delivered to Buyer within [\*\*\*] days following the related Purchase Date;

(iv) the related Mortgage Note, Mortgage or related guarantee, if any, are determined to be unenforceable;

(v) the related Mortgaged Property has been foreclosed upon or converted to REO Property;

(vi) if the Purchase Price of such Purchased Asset, when added to the Purchase Price of all Purchased Assets of the same type (as set forth on Schedule 1 of the Pricing Side Letter) exceeds the applicable Concentration Limit for such Purchased Asset type;

(vii) if a BPO is not obtained by the Seller for the related Mortgaged Property in accordance with Section 13(y) hereof;

(viii) an Environmental Issue shall have occurred with respect to the related Mortgaged Property for which Seller or the related Mortgagor does not promptly establish an escrow of funds in an amount sufficient for such Environmental Issue, as determined by Buyer;

(ix) if such Purchased Asset is a Permitted Bulk Purchase Loan and is a subject to a Transaction on or after the Permitted Bulk Purchase Loan Repurchase Date;

(x) if such Purchased Asset is a Nomura Take-Out Loan and is a Delinquent Loan; and

(xi) a Governmental Authority shall have seized the related Mortgaged Property.

“Purchased Assets” shall mean the collective reference to the Mortgage Loans transferred by the Seller to Buyer in a Transaction hereunder, listed on the related Asset Schedule attached to the related Confirmation (as Appendix I or otherwise), which Asset Files the Custodian has been instructed to hold pursuant to the Custodial Agreement.

“Records” shall mean all instruments, agreements and other books, records, and reports and data generated by other media for the storage of information maintained by Seller or any other Person or entity with respect to a Mortgage Loan. Records shall include the Mortgage Notes, any Mortgages, the Asset Files, the credit files related to the Mortgage Loan and any other instruments necessary to document or service a Mortgage Loan.

“Register” shall have the meaning set forth in Section 21(b) hereof.

“Regulations T, U and X” shall mean Regulations T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

“Remittance Date” shall mean with respect to each Collection Period (i) the [\*\*\*] following the commencement of such Collection Period, or the next succeeding Business Day, if such calendar day shall not be a Business Day and (ii) the Repurchase Date.

“Rental Loan” means any first lien, fully amortizing fixed-rate or adjustable rate Mortgage Loan with an original term to maturity of [\*\*\*] which is (i) made solely for the purpose acquiring or refinancing an income producing residential property to be leased to a tenant that is not an Affiliate of the related Mortgagor or its Sponsor and (ii) evidenced by and including a Mortgage Note which is secured by a Mortgage on a non-owner occupied one-to-four family residential property, condominium, planned unit development, townhouse, two-to four-family dwelling, in each case as described in the related Underwriting Guidelines and made to real estate investors for the purpose of (i) acquiring or refinancing residential property for rental, (ii) cashing out equity from a residential rental property owned by such investor or (iii) a combination of (i) and (ii).

“Reportable Event” shall mean any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the [\*\*\*] is waived under subsections .21, .22, .24, .26, .27 or .28 of PBGC Reg. § 4043.

“Repurchase Assets” shall have the meaning provided in Section 8(a) hereof. “Repurchase

Date” shall mean, with respect to any Purchased Asset, the earlier of (i) the

Termination Date, (ii) the stated maturity date of the related Purchased Asset under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document or the extended maturity date, as applicable, (iii) the date which the related Purchased Asset is paid in full, (iv) the date of the successful foreclosure of the related Mortgaged Property or (v) the date on which Seller is to repurchase the Purchased Assets subject to a Transaction from Buyer as specified in the related Confirmation or if not so specified on a date requested pursuant to Section 3(e) or 4 hereof or on the Termination Date, including any date determined by application of the provisions of Sections 3 or 4 or 14 hereof.

“Repurchase Price” shall mean, with respect to any Purchased Asset as of any date of determination, an amount equal to the applicable Purchase Price minus (A) the sum of (i) any Income which has been applied to the Repurchase Price of such Purchased Asset by Buyer pursuant to this Agreement and (ii) any payments made by or on behalf of Seller in reduction of the outstanding Repurchase Price in each case before or as of such determination date with respect to such Purchased Asset, plus (B) the sum of (i) any accrued and unpaid Price Differential and (ii) any increased costs, indemnification amounts, and taxes allocable to the repurchase of such Purchased Asset or release of Mortgage Loan.

“Requirement of Law” shall mean as to any Person, any law, treaty, rule, regulation, procedure or determination of an arbitrator or a court or other Governmental Authority, in each

case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” shall mean, (a) as to any Person, the chief executive officer or, with respect to financial matters, the chief financial officer of such Person and (b) as to Seller, President, Chief Administrative Officer, Treasurer, any manager, director or managing member.

“Reverse Facility Documents” shall mean the “Facility Documents” as such term is defined in the Reverse Repurchase Agreement.

“Reverse Repurchase Agreement” shall mean that certain Master Repurchase Agreement dated as of April 2, 2015 by and between Buyer and Urban Financial of America, LLC (n/k/a Finance of America Reverse, LLC), as the same may be amended, restated, supplemented or otherwise modified from time to time.

“RTL Loan” shall mean a fixed-rate Mortgage Loan which is made solely for investment and business purposes and evidenced by and including a Mortgage Note and a Mortgage on a non- owner occupied one-to-four family residential property, condominium, townhouse or a Small Multi-Family Property or mixed use residential property.

“SEC” shall mean the Securities Exchange Commission.

“Section 4402” shall have the meaning set forth in Section 30 hereof.

“Section 7 Certificate” shall have the meaning set forth in Section 7(e)(ii) hereof. “Seller” shall mean Finance of America Commercial LLC.

“Servicer” shall mean either BSI Financial Services, Specialized Loan Servicing LLC or any other servicer approved by Buyer in its sole discretion to service Mortgage Loans. For the avoidance of doubt, the Permitted Bulk Purchase Loans shall be serviced by Fay Servicing, LLC or BSI Financial Services.

“Servicer Notice” shall mean (i) the notice acknowledged by each Unaffiliated Servicer substantially in the form of Exhibit I-1 hereto, and (ii) the notice and pledge among each Affiliated Servicer, Seller and Buyer in the form of Exhibit I-2 hereto.

“Servicer Termination Event” shall mean, (i) an Event of Default hereunder, or (ii) with respect to any Servicer, (a) an event of default under the related Servicing Agreement, (b) such Servicer shall become the subject of an Insolvency Event, or (c) such Servicer shall admit its inability to, or its intention not to, perform any of its obligations under the Facility Documents, (d) the failure of such Servicer to perform its obligations under any of the Facility Documents to which it is a party or the Servicing Agreement, including, without limitation, the failure of Servicer to (x) remit funds in accordance with Section 5(b) hereof, or (y) deliver reports when required, or (e) Servicer shall provide to Seller a notice of resignation or termination under the applicable Servicing Agreement.

“Servicing Agreement” shall mean (i) that certain Sub-Servicing Agreement, dated as of February 16, 2017, among BSI Financial Services and Seller, (ii) that certain Flow Servicing Agreement, dated as of July 31, 2015, between Specialized Loan Servicing, LLC and Seller, and (iii) any servicing agreement entered into among Seller and a Servicer, as approved by Buyer, as each may be amended from time to time of which Buyer shall be an intended third party beneficiary.

“Servicing Fee” shall mean, with respect to any Mortgage Loan, an amount as set forth in the applicable Servicing Agreement, which amount has been approved by Buyer (such approval not to be unreasonably withheld).

“Servicing Rights” shall mean rights of any Person to administer, manage, service or subservice, the Purchased Assets or to possess related Records.

“Settlement Agent” shall mean, with respect to any Transaction the subject of which is a Wet-Ink Mortgage Loan, an entity approved by Buyer, in its sole good faith discretion, which may be a title company, escrow company or attorney in accordance with local law and practice in the jurisdiction where the related Wet-Ink Mortgage Loan is being originated, to which the proceeds of such Transaction are to be wired and with respect to such proceeds the Settlement Agent has agreed to comply with the instructions set forth in the Escrow Instruction Letter.

“Single-Employer Plan” shall mean a single-employer plan as defined in Section 4001(a)(15) of ERISA which is subject to the provisions of Title IV of ERISA.

“Small Multi-Family Property” shall mean a single property used for residential purposes consisting of no more than [\*\*\*] units.

“Sponsor” shall mean, with respect to any Mortgage Loan, any Person with more than a [\*\*\*] ownership interest in the related Mortgagor, or the related monied Person, including any direct co-obligor on the Mortgage Note, guarantor of the Mortgagor or any Person other than Mortgagor providing a financial backstop.

“Subordinated Loan Agreement” shall mean that certain loan and security agreement, to be entered into between Seller and Junior Lender, with respect to the subordinated loan to be made by Junior Lender to Seller, in form and substance acceptable to Buyer, as the same may be amended, restated supplemented or otherwise modified from time to time in accordance with the Tri-Party Agreement.

“Subsidiary” shall mean, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

“Successor Rate” shall mean a rate determined by Buyer in accordance with Section 3(h) hereof.

“Successor Rate Conforming Changes” shall mean, with respect to any proposed Successor Rate, any spread adjustments or other conforming changes to the timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of Buyer, to reflect the adoption of such Successor Rate and to permit the administration thereof by Buyer in a manner substantially consistent with market practice.

“Take-out Commitment” shall mean a commitment of Seller to sell one or more Purchased Assets in an arms-length, all-cash transaction and the corresponding Take-out Investor’s commitment back to Seller to effectuate any of the foregoing, as applicable, or as otherwise approved by Buyer in its sole discretion.

“Take-out Investor” shall mean any Person (other than an Affiliate of Seller) that has entered into a Take-out Commitment provided that to the extent Purchased Assets are sent pursuant to a Bailee Letter with a third party bailee that is not a nationally known bank prior to purchase, such third-party bailee must be approved by Buyer in its sole reasonable discretion.

“Taxes” shall have the meaning set forth in Section 7(a) hereof.

“Termination Date” shall have the meaning set forth in the Pricing Side Letter. “Transaction” shall have the meaning set forth in Section 1 hereof.

“Transaction Notice” shall mean a request from Seller to Buyer, which may be by electronic means (including e-mail), to enter into a Transaction.

“Tri-Party Agreement” shall mean that certain agreement to be entered into by and among Buyer, Seller, and Junior Lender, in form and substance acceptable to Buyer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Trust Receipt” shall have the meaning set forth in the Custodial Agreement.

“Unaffiliated Servicer” shall mean a Servicer that is not an Affiliated Servicer. “Underwriting Guidelines” shall mean the underwriting guidelines of Seller delivered to Buyer and attached hereto as Exhibit B-1, with respect to Mortgage Loans other than Rental Loans, and Exhibit B-2, with respect to Rental Loans, in each case, as amended from time to time as permitted herein.

“Underwriting Package” shall mean with respect to any proposed Purchased Asset, the Asset Schedule listing such proposed Purchased Asset and such other information that is in the possession or control of the Seller requested by the Buyer during the course of its due diligence and delivered prior to the date of a Transaction for such proposed Purchased Asset containing, with respect to the related proposed Purchased Asset, information in form and substance acceptable to the Buyer in its good faith discretion.



“Uniform Commercial Code” or “UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York, provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Repurchase Assets or the continuation, renewal or enforcement thereof is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “Uniform Commercial Code” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

“Upfront Fee” shall have the meaning set forth in the Pricing Side Letter.

“Weekly Payment Date” shall mean, with respect to each Collection Period for Principal Income, (i) [\*\*\*] and (ii) the Repurchase Date.

“Wet-Aged Report” shall have the meaning set forth in Section 3(c)(vi).

“Wet-Ink Delivery Date” shall have the meaning assigned to such term in the Pricing Side Letter.

“Wet-Ink Documents” shall mean, with respect to any Wet-Ink Mortgage Loan, the (a) Transaction Notice, (b) the Confirmation and (c) the Asset Schedule.

“Wet-Ink Mortgage Loan” shall mean a Mortgage Loan originated by Seller the beneficial interest in which Seller is selling to Buyer simultaneously with the origination thereof and for which the related Asset File has not been received by the Custodian as of related Purchase Date. A Mortgage Loan shall cease to be a Wet-Ink Mortgage Loan on the date on which Buyer has received (i) an Asset Detail and Exception Report from the Custodian with respect to such Mortgage Loan confirming that the Custodian has physical possession of the related Asset File and (ii) a Trust Receipt issued by the Custodian showing no exceptions with respect to such Mortgage Loan in accordance with the Custodial Agreement.

Section 3. No Commitment; Initiation; Termination. Subject to the terms and conditions set forth herein, Buyer agrees that so long as no Event of Default shall have occurred and be continuing or result therefrom it may, in its sole discretion, enter into further Transactions with Seller from time to time in an aggregate principal amount that will not cause the aggregate Purchase Price of all Purchased Assets subject to then outstanding Transactions under this Agreement to exceed the Maximum Aggregate Purchase Price. Within the foregoing limits and subject to the terms and conditions set forth herein, Buyer and Seller may enter into Transactions. This Agreement is not a commitment by Buyer to enter into Transactions with Seller but rather, sets forth the procedures to be used in connection with periodic requests for Buyer to enter into Transactions with Seller. Seller hereby acknowledges that Buyer is under no obligation to agree to enter into, or to enter into, any Transaction pursuant to this Agreement.

(a) Conditions Precedent to Initial Transaction. Buyer's commitment to enter into the initial Transaction hereunder is subject to the satisfaction, immediately prior to or concurrently with the making of such Transaction, of the condition precedent that Buyer shall have received from Seller any fees and expenses payable hereunder, and all of the following documents, each of which shall be satisfactory to Buyer and its counsel in form and substance:

(i) Facility Documents. The Facility Documents duly executed by the parties thereto;

(ii) Opinions of Counsel. (A) A security interest, general corporate and enforceability opinion or opinions of outside counsel to Seller (provided that the general corporate opinion may be given by in-house counsel to Seller), including an Investment Company Act opinion; and (B) a Bankruptcy Code opinion of outside counsel to Seller with respect to the matters outlined in Section 32, each of which shall be in a form acceptable to Buyer in its sole discretion;

(iii) Seller Organizational Documents. A certificate of existence of Seller delivered to Buyer prior to the Effective Date and certified copies of the organizational documents of Seller and of all corporate or other authority for Seller with respect to the execution, delivery and performance of the Facility Documents and each other document to be delivered by Seller from time to time in connection herewith;

(iv) Good Standing Certificate. A certified copy of a good standing certificate from the jurisdiction of organization of Seller, dated as of no earlier than the date that is [\*\*\*] prior to the Effective Date with respect to the initial Transaction hereunder;

(v) Incumbency Certificate. An incumbency certificate of the secretary of Seller certifying the names, true signatures and titles of the representatives duly authorized to request transactions hereunder and to execute the Facility Documents;

(vi) Security Interest. Evidence that all other actions necessary to perfect and protect the sale, transfer, conveyance and assignment by Seller to Buyer or its designee, subject to the terms of this Agreement, of all of Seller's right, title and interest in and to the Purchased Assets together with all right, title and interest in and to the proceeds of any related Repurchase Assets. Seller shall take all steps as may be necessary in connection with the indorsement, transfer of power, delivery and pledge of all Purchased Assets to Buyer, and performing UCC searches and duly authorized and filing Uniform Commercial Code financing statements on Form UCC-1;

(vii) Insurance. Evidence that Seller has added Buyer as an additional loss payee under Seller's Fidelity Insurance; and

(viii) Other Documents. Such other documents as Buyer may reasonably request, in form and substance reasonably acceptable to Buyer.

(b) Conditions Precedent to all Transactions. Upon satisfaction of the conditions set forth in this Section 3(b), Buyer may agree to enter into any Transaction pursuant to this Agreement. Buyer's entering into each Transaction (including the initial Transaction) is subject to the satisfaction of the following further conditions precedent, both immediately prior to entering into such Transaction and also after giving effect thereto to the intended use thereof:

(i) Confirmation. Seller shall have executed and delivered to Buyer a Confirmation in accordance with the procedures set forth in Section 3(c);

(ii) Due Diligence Review. Without limiting the generality of Section 19 hereof, Buyer shall have received the Underwriting Package at least [\*\*\*] prior to the related Purchase Date, and (A) shall have completed, to its satisfaction, its due diligence review of the related proposed Purchased Assets and (B) upon reasonable notice to Seller and each Servicer, may have completed, to Buyer's satisfaction, its due diligence review of the Seller and each Servicer; provided that in the case of a Wet-Ink Mortgage Loan, Buyer may conduct such due diligence review of such Mortgage Loan within [\*\*\*] following the related Purchase Date;

(iii) No Default. No Default or Event of Default shall have occurred and be continuing under the Facility Documents;

(iv) Representations and Warranties: Eligible Mortgage Loans. Both immediately prior to the Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller in Section 12 hereof shall be true, correct and complete on and as of such Purchase Date in all material respects with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date). Each Mortgage Loan offered for purchase to Buyer pursuant to a Transaction is an Eligible Mortgage Loan;

(v) Maximum Aggregate Purchase Price. After giving effect to the requested Transaction, the aggregate Purchase Price for all Purchased Assets subject to then outstanding Transactions under this Agreement shall not exceed the Maximum Aggregate Purchase Price and (ii) the aggregate Purchase Price of any category of Purchased Asset shall not in whole or in part exceed the related Concentration Limit;

(vi) Mortgage Loan Documents: Holdback Amount. Buyer shall have reviewed and approved the form Mortgage Loan Documents, Holdback Amount arrangements and documentation therefor;

(vii) Transaction Notice. On or prior to [\*\*\*] (New York Time) [\*\*\*] prior to the related Purchase Date (other than a Purchase Date on account of Wet-Ink Mortgage Loans), the Seller shall have delivered to Buyer (a) a Transaction Notice, (b) an Asset Schedule and (c) an initial Confirmation. Seller shall have delivered to Buyer on or prior to (A) [\*\*\*] (New York City time) [\*\*\*] prior to the related Purchase Date for Wet-Ink Mortgage Loans, a preliminary Asset Schedule (the "Preliminary Asset Schedule") and (B) [\*\*\*] (New York City time) on the proposed Purchase Date for Wet-Ink Mortgage Loans, (1) a Transaction Notice, (2) a final Asset Schedule and (3) an initial related Confirmation; provided that with respect to each Wet-Ink Mortgage Loan, by no later than the Wet-Ink Delivery Date, Seller shall cause the related Settlement Agent to deliver to the Custodian all documents in the Asset File, as more particularly set forth in the Custodial Agreement. Any Wet-Ink Mortgage Loans that are not listed on the Preliminary Asset Schedule may be purchased by Buyer in its sole discretion;

(viii) Delivery of Asset File. (A) With respect to each Purchased Asset which is not a Wet-Ink Mortgage Loan, Seller shall have delivered to the Custodian the Asset File with respect to each Mortgage Loan that is subject to the proposed Transaction, with an electronic copy of such Asset File to Buyer via email to [\*\*\*], in a format reasonably acceptable to Buyer, and the Custodian shall have issued a Trust Receipt showing no exceptions with respect to each such Mortgage Loan to Buyer all subject to and in accordance with the Custodial Agreement, and (B) with respect to each Wet-Ink Mortgage Loan, the Wet-Ink Documents have been delivered to Custodian, as the case may be, in accordance with the Custodial Agreement and delivered to Buyer electronic copies of the documents comprising the related Asset File by posting such documents to an electronic data site mutually acceptable to Buyer and Seller prior to the Wet-Ink Delivery Date;

(ix) No Purchased Asset Issue; No Margin Deficit. As of the related Purchase Date, (a) Seller shall not have failed to repurchase any Purchased Asset pursuant to a repurchase request by Buyer pursuant to Section 4 hereof following the occurrence of a Purchased Asset Issue with respect to such Purchased Asset, and (b) no Margin Deficit shall have occurred and be continuing with respect to any Purchased Assets. Additionally, after giving effect to the requested Transaction, no Purchased Asset Issue or Margin Deficit shall have occurred or be continuing with respect to the related Purchased Assets;

(x) Electronic Tracking Agreement. If any of the proposed Purchased Assets are MERS Mortgage Loans, an Electronic Tracking Agreement covering such proposed Purchased Assets (and any existing Purchased Assets that are MERS Mortgage Loans) shall have been entered into, duly executed and delivered by the parties thereto and shall be in full force and effect, free of any modification, breach or waiver;

(xi) Reserved.

(xii) Approval of Servicing Agreement. To the extent not previously delivered and approved, Buyer shall have, in its good faith discretion, approved each Servicing Agreement (including any amendments or modifications thereof) pursuant to which any Mortgage Loan that is subject to the proposed Transaction is serviced;

(xiii) Servicer Notices. To the extent not previously delivered, and (A) with respect to an Unaffiliated Servicer, Seller shall have provided to Buyer a Servicer Notice in the form of Exhibit I-1 hereto addressed to, agreed to and executed by Servicer, Seller and Buyer, and (B) with respect to an Affiliated Servicer, Seller shall have provided to Buyer a Servicer Notice in the form of Exhibit I-2 hereto addressed to, agreed to and executed by Affiliated Servicer, Seller and Buyer. [For the avoidance of doubt, no Servicer Notice shall be executed in connection with the Permitted Bulk Purchase Loans serviced by Fay Servicing, LLC.](#)

(xiv) Purchase Price Floor. Other than with respect to any proposed Transaction involving a Wet-Ink Mortgage Loan, the aggregate Purchase Price for any Transaction shall not be less than [\*\*\*] (unless approved by Buyer in its sole discretion);

(xv) Funding Frequency. In any [\*\*\*] there will be no more than [\*\*\*] Transactions other than with respect to Transactions involving Wet-Ink Mortgage Loans, which may occur on a daily basis;

(xvi) Fees and Expenses. Buyer shall have received all fees and expenses due and payable, including all fees and expenses of counsel to Buyer and due diligence vendors as contemplated by Sections 11 and 16(b), which amounts, at Buyer's option, may be withheld from the proceeds remitted by Buyer to Seller pursuant to any Transaction hereunder;

(xvii) Requirements of Law. Buyer shall not have determined that the introduction of or a change in any Requirement of Law or in the interpretation or administration of any Requirement of Law applicable to Buyer has made it unlawful, and no Governmental Authority shall have asserted that it is unlawful, for Buyer to enter into Transactions hereunder;

(xviii) No Material Adverse Change. None of the following shall have occurred and/or be continuing:

(A) an event or events shall have occurred in the good faith determination of Buyer resulting in the effective absence of a "repo market" or comparable "lending market" for financing debt obligations secured by securities or an event or events shall have occurred resulting in Buyer not being able to finance Mortgage Loans through the "repo market" or "lending market" with traditional counterparties at rates which would have been reasonable prior to the occurrence of such event or events; or

(B) an event or events shall have occurred resulting in the effective absence of a "securities market" for securities backed by Mortgage Loans (relative to the market as of the Effective Date) or an event or events shall have occurred resulting in Buyer not being able to sell securities backed by Mortgage Loans at prices which would have been reasonable prior to such event or events; or

(C) there shall have occurred a material adverse change in the financial condition of Buyer which affects (or can reasonably be expected to affect) materially and adversely the ability of Buyer to fund its obligations under this Agreement.

(xix) Delivery of Appraisal or BPO. With respect to each Mortgaged Property related to a Mortgage Loan that is subject to a proposed Transaction (other than Permitted Bulk Purchase Loans), Seller shall have delivered to Buyer (i) if the Appraisal of such Mortgage Loan is dated less than [\*\*\*] prior to the requested Purchase Date, a true and complete copy of an Appraisal, or (ii) if the Appraisal of such Mortgage Loan is dated earlier than [\*\*\*] prior to the requested Purchase Date, a true and complete copy of a BPO dated no more than [\*\*\*] prior to the requested Purchase Date.

(xx) Certification. Each Confirmation delivered by Seller hereunder shall constitute a certification by Seller that all the conditions set forth in this Section 3(b) have been satisfied (both as of the date of such notice or request and as of Purchase Date);

(xxi) Security Interest. Evidence that all other actions necessary to perfect and protect Buyer's interest in the Purchased Assets and other Repurchase Assets have been taken. Seller shall take all steps as may be necessary in connection with performing UCC searches and duly authorized and filing Uniform Commercial Code financing statements on Form UCC-1;

(xxii) Subordinated Loan Agreement. To the extent previously executed, (a) Buyer shall have (i) approved the Subordinated Loan Agreement in its sole and absolute discretion and (ii) received a fully executed copy of such Subordinated Loan Agreement, (b) there has been no breach of the Subordinated Loan Agreement, if any, (including without limitation a failure of Junior Lender to make a loan under the Subordinated Loan Agreement for any reason when requested) that, in Buyer's sole discretion, could have an adverse impact on the Repurchase Assets or the rights or remedies of Buyer under any Facility Document or of Seller under the Subordination Agreement, and (c) the Subordinated Loan Agreement has not been modified, amended or altered without the prior written consent of Buyer as required pursuant to Section 13(w) hereof;

(xxiii) Reserved;

(xxiv) Wet-Ink Mortgage Loans. With respect to any proposed Transaction involving a Wet-Ink Mortgage Loan:

(A) Seller shall have provided evidence satisfactory to Buyer that Seller has transferred funds to the Disbursement Agent on the related Purchase Date to be applied to the origination of such Wet-Ink Mortgage Loan, in an amount equal to the portion of the funding for the origination of such Wet-Ink Mortgage Loan that will not be funded by Buyer pursuant to such Transaction; and

(B) the Settlement Agent has been instructed in writing by Seller to hold the related Loan Documents as agent and bailee for Buyer and to promptly forward such Loan Documents in accordance with the provisions of the Custodial Agreement and the Escrow Instruction Letter and Seller has confirmed receipt of a closing protection letter;

(xxv) With respect to the first proposed Transaction in respect of proposed Purchased Assets that are Wet-Ink Mortgage Loans, Seller shall have delivered to Buyer (i) an account control agreement with respect to the Disbursement Account for Seller, (ii) a disbursement agent agreement by and among Seller, Disbursement Agent and Buyer, and (ii) an amendment to the Custodial Agreement in respect of Wet-Ink Mortgage Loans, in each case, duly executed by the parties thereto and in form and substance satisfactory to Buyer;

(xxvi) Rental Mortgage Loans. With respect to the first proposed Transaction in respect of proposed Purchased Assets that are Rental Mortgage Loans, Seller shall have delivered to Buyer: (i) an amended and restated servicer notice, by and among BSI Financial Services, Buyer and Seller, (ii) a servicer notice, by and among Specialized Loan Servicing LLC, Buyer and Seller, (iii) an amendment to the Custodial Agreement with respect to Rental Mortgage Loans, in each case, duly executed by the parties thereto and in form and substance satisfactory to Buyer, and (iv) the Asset Schedule fields for Rental Mortgage Loans to populate Exhibit G-2 hereto, in form and substance satisfactory to Buyer; and

(xxvii) Other Documents. Such other documents as Buyer may reasonably request, consistent with market practices, in form and substance reasonably acceptable to Buyer.

(c) Initiation.

(i) Prior to the occurrence of an Event of Default, with respect to any proposed Transaction for Eligible Mortgage Loans (including any Advanced Holdback Amount related thereto), as soon as available, but in no event later than [\*\*\*] prior to a proposed Purchase Date (or in the case of Eligible Mortgage Loans that are Wet-Ink Mortgage Loans, [\*\*\*]), Seller shall deliver to Buyer (i) a Transaction Request, (ii) an Asset Schedule, and (iii) the Underwriting Package and any other related information available to Seller at that time which, collectively, shall identify the proposed Mortgage Loan(s) for purchase, the material characteristics of such Mortgage Loan(s) and the characteristics of the Purchased Assets. Seller shall also deliver to Buyer such other information as may be reasonably requested by the Buyer to assess such Mortgage Loan(s). Seller shall involve Buyer in all aspects of due diligence as Buyer shall deem necessary in its sole discretion. Buyer shall have the right to review the information set forth on the Asset Schedule and the Eligible Mortgage Loans proposed to be subject to a Transaction as Buyer determines during normal business hours. Seller shall deliver to Buyer a Confirmation no later than [\*\*\*] prior to a proposed Purchase Date (or in the case of Eligible Mortgage Loans that are Wet-Ink Mortgage Loans, [\*\*\*]) and in each case such Confirmation shall set forth for such Transaction (A) the Purchase Date, (B) the aggregate Purchase Price, (C) the Repurchase Date, (D) the Pricing Rate applicable to the Purchase Price, (E) the Purchase Price Percentage, (F) to the extent such requested Transaction relates to any Advanced Holdback Amount, the amount of such Advanced Holdback Amount together with such other information as requested by Buyer and (G) additional terms or conditions not inconsistent with this Agreement, confirming the terms agreed upon between Buyer and Seller for such Transaction and attaching the final Asset Schedule, and, if each of the conditions precedent in this Section 3 hereof have been met, as determined by Buyer, Buyer may in its sole discretion fund the related Purchase Price on the Purchase Date and such funding shall be deemed to be Buyer's acceptance of the terms of the proposed Transaction set forth in the Confirmation. Seller shall execute and return the final Confirmation to Buyer via e-mail on or prior to [\*\*\*] (New York time) on the related Purchase Date.

(ii) The Repurchase Date for each Transaction shall not be later than the then current Termination Date.

(iii) Each Confirmation, together with this Repurchase Agreement, shall be conclusive evidence of the terms of the Transaction(s) covered thereby.

(iv) No later than the date and time set forth in the Custodial Agreement, Seller shall deliver to the Custodian the Asset File pertaining to each Eligible Mortgage Loan made subject to a Transaction.

(v) Subject to the provisions of this Section 3, to the extent that Buyer agrees in its sole discretion to fund the related Purchase Price on the Purchase Date in accordance with Sections 3(c)(ii) and (iii) above, the aggregate Purchase Price for the related Transaction shall then be made available to Seller (x) with respect to each Purchased Asset which is not a Wet-Ink Mortgage Loan, and upon Buyer's receipt of the Trust Receipt in accordance with the Custodial Agreement (in any event on or prior to the related Purchase Date), by Buyer transferring, via wire transfer, in the aggregate amount of such Purchase Prices in funds immediately available, and (y) with respect to each Wet-Ink Mortgage Loan, by Buyer transferring to the Disbursement Agent via wire transfer, the aggregate amount of such Purchase Price in funds immediately available; provided that to the extent funds are disbursed to the Disbursement Agent and a Wet-Ink Mortgage Loan is not funded, such funds shall be refunded to Buyer on the same Business Day.

(vi) With respect to any Wet-Ink Mortgage Loan subject to a Transaction, on the related Purchase Date and on each Business Day following the related Purchase Date, no later than [\*\*\*] (New York time), pursuant to the Custodial Agreement, the Custodian shall deliver to Buyer a schedule listing each Wet-Ink Mortgage Loan with respect to which the complete Asset File has not been received by the Custodian (the "Wet-Aged Report").

(d) Optional Repurchase. Subject to the conditions herein, and so long as no Default or Event of Default has occurred or is continuing, Seller may cause the sale of Purchased Assets and effect an Optional Repurchase (as defined below) on any date in connection with such Optional Repurchase which is not made in connection with an ordinary course liquidation of a Mortgage Loan. When the Mortgage Loans are desired to be sold or otherwise transferred or liquidated by Seller to a Take-Out Investor (an "Optional Repurchase"), for net sale proceeds that are equal or greater to the Repurchase Price of such Mortgage Loans, Seller shall give Buyer at least [\*\*\*] prior written notice thereof designating the applicable Mortgage Loans and specifying the net sale proceeds expected from such sale. If such notice is given, Seller shall, or shall cause the Take-Out Investor to, make payment directly to the Buyer or the Collection Account (at Buyer's determination) in an amount not less than the Repurchase Price.



(e) Repurchase. On the Repurchase Date, termination of the Transaction will be effected by reassignment to the Seller or their designee of the Purchased Assets (and any Income in respect thereof received by Buyer not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Section 5 hereof) against the simultaneous transfer of the Repurchase Price to an account of Buyer. Such obligation to repurchase exists without regard to any prior or intervening liquidation or foreclosure with respect to any Mortgage Loan (but Liquidation Proceeds received by Buyer shall be applied to reduce the Repurchase Price for the Purchased Assets on each Remittance Date except as otherwise provided herein). Seller is obligated to obtain the Asset Files from Buyer or its designee at Seller's expense on the Repurchase Date.

(f) Mandatory Repurchase.

(i) If at any time there has occurred a Purchased Asset Issue with respect to any Purchased Asset, then the Asset Value thereof shall automatically be reduced to zero and Buyer may, in its sole discretion, with notice to the Seller (as such notice is more particularly set forth below, a "Repurchase Notice"), require Seller to repurchase such asset. In the case of a repurchase, such Seller, shall, at Buyer's direction, be required to repurchase the affected Mortgage Loan as soon as is practicable but, in any case, not more than [\*\*\*] after Buyer has delivered such Repurchase Notice to Seller. Seller shall be required to notify Buyer as soon as is practicable after obtaining knowledge of any fact that could be the basis for any Purchased Asset Issue, but, in any case, not more than [\*\*\*] after obtaining knowledge thereof. For the sake of clarity, Seller shall ensure that such Repurchase Price (including without limitation any related expenses of Buyer incurred in connection therewith) is remitted directly to Buyer and not pursuant to Section 5 hereof. Any cash remitted to Buyer pursuant to this Section 3(f) shall be credited and applied to the Repurchase Price of the related Purchased Asset and any other amounts then due and payable by Seller with respect to such Purchased Asset.

(ii) Buyer's election, in its sole and absolute discretion, not to send a Repurchase Notice at any time a Purchased Asset is no longer an Eligible Mortgage Loan shall not in any way limit or impair its right to send a Repurchase Notice at a later time.

(iii) Notwithstanding the foregoing, in the event that a Concentration Limit is exceeded with respect to any Purchased Asset, then the Asset Value thereof shall automatically be reduced to zero and Buyer may, in its sole discretion, (i) provide Seller with a Repurchase Notice in which case Section 3(f)(i) above shall apply, (ii) reduce the Purchase Price of such Purchased Asset to a lower percentage, which may be zero, in which case Section 4 hereof shall apply, or (iii) require Seller to contribute additional Eligible Mortgage Loans to ensure they are in compliance with the Concentration Limit.

(g) LIBOR Rate Breakage Costs. Without limiting, and in addition to, the provisions of Section 16 hereof, the Seller agrees that if any Repurchase Price is paid other than in connection with an ordinary course liquidation of a Mortgage Loan and such Repurchase Price is paid on a date other than on a Remittance Date, the Seller shall, upon demand by the Buyer, pay to the Buyer any such amounts as are reasonable to compensate the Buyer for any additional losses (not including lost profits), costs or expenses which the Buyer may incur as a result of such payments, including, without limitation, any hedge breakage costs.

(h) Alternative Rate. If prior to any Remittance Date, Buyer determines in its sole discretion that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate, the LIBOR Rate is no longer in existence, or the administrator of the LIBOR Rate or a Governmental Authority having jurisdiction over Buyer has made a public statement identifying a specific date after which the LIBOR Rate shall no longer be made available or used for determining the interest rate of loans, Buyer may give prompt notice thereof to Seller, whereupon the Pricing Rate for such period, and for all subsequent periods until such notice has been withdrawn by Buyer, shall be an alternative benchmark rate (including any mathematical or other adjustments to the benchmark rate (if any) incorporated therein) (any such rate, a "Successor Rate"), together with any proposed Successor Rate Conforming Changes, as determined by Buyer in its sole discretion.

Section 4. Margin Amount Maintenance.

(a) At any time a Margin Deficit in excess of the Minimum Margin Threshold exists, then Buyer may, by notice to Seller (as such notice is more particularly set forth below, a "Margin Call"), require Seller to transfer to Buyer or its designee, cash or, in Buyer's sole discretion, additional Eligible Mortgage Loans (the "Additional Purchased Assets") in an amount (or Asset Value, in the case of Additional Purchased Assets) sufficient to eliminate the Margin Deficit (a "Margin Payment").

(b) Notice delivered pursuant to Section 4(a) may be given by any written or electronic means. Any Margin Deficit notice given before [\*\*\*] (New York City time) on a Business Day shall be met, and the related Margin Payment received, no later than [\*\*\*] (New York City time) on the following Business Day. If notice is made after [\*\*\*] (New York City time) on a Business Day, the Margin Payment shall be received by Buyer at [\*\*\*] (New York City time) on the [\*\*\*].

(c) The failure of Buyer, on any one or more occasions, to exercise its rights hereunder, including, without limitation, its failure to send a Margin Call notice at any time a Purchased Asset is no longer an Eligible Mortgage Loan, or at any time there exists a Margin Deficit, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Buyer to do so at a later date, or in any way create additional rights for Seller.

(d) Any cash transferred to Buyer pursuant to Section 4(a) above shall be credited to the Repurchase Price of the related Transactions.

Section 5. Income Payments.

(a) Notwithstanding that Buyer and Seller intend that the Transactions hereunder be sales to Buyer of the Purchased Assets for all purposes except accounting and tax purposes, Seller shall pay to Buyer the accrued and unpaid Price Differential (less any amount of such Price Differential previously paid by Seller to Buyer) on the Payment Date. If Seller fails to pay all or part of the Price Differential then due by [\*\*\*] (New York time) on any Payment Date, the Pricing Rate shall be equal to the Post-Default Rate until the Price Differential then due is received in full by Buyer.

(b) Seller shall, and shall cause Servicer to, hold for the benefit of, and in trust for, Buyer all Income, including, without limitation, all Income received by or on behalf of Seller with respect to the Purchased Assets. Seller shall cause the Servicer to deposit all such Income received on account of the Purchased Assets serviced or managed by Servicer in the related servicer account, in accordance with the applicable Servicer Notice. To the extent that Seller is holding any Income, Seller shall deposit such Income on receipt into the Collection Account. To the extent such deposits are insufficient to cover the full Price Differential due on the next Payment Date, Seller shall deposit funds into the Collection Account sufficient to cover such shortfall.

(c) Seller shall cause Servicer to remit to the Collection Account all Income held in the related servicer account (such instruction shall be set forth in the Servicer Notice and shall be irrevocable without the prior written consent of Buyer) no later than, [\*\*\*] following receipt in the servicer account. All Income shall be held in trust for Buyer, shall constitute the property of Buyer except for tax purposes which shall be treated as income and property of Seller and when deposited into the servicer account and Collection Account, respectively, shall not be commingled with other property of Seller or any Affiliate of Seller.

(d) Funds on deposit in the Collection Account shall be applied (x) with respect to Principal Income only, each Weekly Payment Date, pursuant to clauses (D), (E) and (F) below and (y) with respect to all other Income, each Payment Date prior to the occurrence of an Event of Default as follows:

(A) first, to Custodian on account of any accrued and unpaid custodial fees and to Payment Agent and Calculation Agent on account of any accrued and unpaid fees, unless Seller is paying such fees directly;

(B) second, to Buyer an amount equal to the Price Differential which has accrued and is outstanding as of the Payment Date;

(C) third, to Buyer on account of unpaid fees, expenses, LIBOR Rate breakage costs, indemnity amounts and any other amounts due to the Buyer from Seller under the Agreement;

(D) fourth, to Buyer, with respect to each Purchased Asset, the amount of such Income representing Principal Income deposited into the Collection Account during such Collection Period with respect to such Purchased Asset to reduce the Repurchase Price of such Purchased Asset to zero;

(E) fifth, to pay to Buyer an amount sufficient to eliminate any outstanding Margin Deficit (after taking into account the application of funds pursuant to clause (D) above, and without limiting Seller's obligation to satisfy a Margin Deficit in a timely manner as required by Section 4);

(F) sixth, all remaining amounts (if any), to the Seller.

(e) Reserved.

(f) To the extent that Buyer receives any funds from a Take-out Investor with respect to the purchase by such Take-out Investor of a Mortgage Loan ("Disposition Proceeds"), the Buyer shall promptly apply such funds to the Repurchase Price of the Mortgage Loans purchased by such Take-out Investor, any Margin Deficit, and shall promptly remit any excess to Seller.

(g) Notwithstanding the preceding provisions, if an Event of Default has occurred, all funds in the Collection Account shall be withdrawn and applied as determined by Buyer.

Section 6. Requirements of Law.

(a) If any Requirement of Law or any change in the interpretation or application thereof or compliance by Buyer with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject Buyer to any Tax or increased Tax of any kind whatsoever with respect to this Agreement or any Transaction or change the basis of taxation of payments to Buyer in respect thereof;

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, or other extensions of credit by, or any other acquisition of funds by, any office of Buyer which is not otherwise included in the determination of the LIBOR Rate hereunder; or

(iii) shall impose on Buyer any other condition; and the result of any of the foregoing is to increase the cost to Buyer, by an amount which Buyer deems to be material, of entering, continuing or maintaining any Transaction or to reduce any amount due or owing hereunder in respect thereof, then, in any such case, Seller shall promptly pay Buyer such additional amount or amounts as calculated by Buyer in good faith as will compensate Buyer for such increased cost or reduced amount receivable.

(b) If Buyer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by Buyer or any corporation controlling Buyer with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on Buyer's or such corporation's capital as a consequence of its obligations hereunder to a level below that which Buyer or such corporation could have achieved but for such adoption, change or compliance (taking into consideration Buyer's or such corporation's policies with respect to capital adequacy) by an amount deemed by Buyer to be material, then from time to time, Seller shall promptly pay to Buyer such additional amount or amounts as will compensate Buyer for such reduction.

(c) If Buyer becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify Seller of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section submitted by Buyer to Seller shall be conclusive in the absence of manifest error.

Section 7. Taxes.

(a) Any and all payments by Seller under or in respect of this Agreement or any other Facility Documents to which Seller is a party shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities (including penalties, interest and additions to tax) with respect thereto, whether now or hereafter imposed, levied, collected, withheld or assessed by any taxation authority or other Governmental Authority (collectively, "Taxes"), unless required by law. If Seller shall be required under any applicable Requirement of Law to deduct or withhold any Taxes from or in respect of any sum payable under or in respect of this Agreement or any of the other Facility Documents to Buyer, (i) Seller shall make all such deductions and withholdings in respect of Taxes, (ii) Seller shall pay the full amount deducted or withheld in respect of Taxes to the relevant taxation authority or other Governmental Authority in accordance with any applicable Requirement of Law, and (iii) the sum payable by Seller shall be increased as may be necessary so that after Seller has made all required deductions and withholdings (including deductions and withholdings applicable to additional amounts payable under this Section 7) Buyer receives an amount equal to the sum it would have received had no such deductions or withholdings been made in respect of Non-Excluded Taxes. For purposes of this Agreement the term "Non-Excluded Taxes" are Taxes other than, in the case of Buyer, Taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the jurisdiction under the laws of which Buyer is organized or of its applicable lending office, or any political subdivision thereof, unless such Taxes are imposed as a result of Buyer having executed, delivered or performed its obligations or received payments under, or enforced, this Agreement or any of the other Facility Documents (in which case such Taxes will be treated as Non-Excluded Taxes).

(b) In addition, Seller hereby agrees to pay any present or future stamp, recording, documentary, excise, property or value-added taxes, or similar taxes, charges or levies that arise from any payment made under or in respect of this Agreement or any other Facility Document or from the execution, delivery or registration of, any performance under, or otherwise with respect to, this Agreement or any other Facility Document (collectively, "Other Taxes").

(c) Seller hereby agrees to indemnify Buyer for, and to hold it harmless against, the full amount of Non-Excluded Taxes and Other Taxes, and the full amount of Non-Excluded Taxes or Other Taxes imposed on amounts payable by Seller under this Section 7 imposed on or paid by Buyer and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. The indemnity by Seller provided for in this Section 7(c) shall apply and be made whether or not the Non-Excluded Taxes or Other Taxes for which indemnification hereunder is sought have been correctly or legally imposed or asserted. Amounts payable by Seller under the indemnity set forth in this Section 7(c) shall be paid within [\*\*\*] from the date on which Buyer makes written demand therefor.

(d) Within [\*\*\*] after the date of any payment of Taxes, Seller (or any Person making such payment on behalf of Seller) shall furnish to Buyer for its own account a certified copy of the original official receipt evidencing payment thereof.

(e) For purposes of subsection (e) of this Section 7, the terms “United States” and “United States person” shall have the meanings specified in Section 7701 of the Code. Each Buyer (including for avoidance of doubt any assignee, successor or participant) that either (i) is not incorporated under the laws of the United States, any State thereof, or the District of Columbia or (ii) whose name does not include “Incorporated,” “Inc.,” “Corporation,” “Corp.,” “P.C.,” “N.A.,” “National Association,” “insurance company,” or “assurance company” (a “Non-Exempt Buyer”) shall deliver or cause to be delivered to Seller the following properly completed and duly executed documents:

(i) in the case of a Non-Exempt Buyer that is not a United States person or is a foreign disregarded entity for U.S. federal income tax purposes that is entitled to provide such form, a complete and executed (x) U.S. Internal Revenue Form W-8BEN with Part II completed in which Buyer claims the benefits of a tax treaty with the United States providing for a zero or reduced rate of withholding (or any successor forms thereto), including all appropriate attachments or (y) a U.S. Internal Revenue Service Form W-8ECI (or any successor forms thereto); or

(ii) in the case of an individual, (x) a complete and executed U.S. Internal Revenue Service Form W-8BEN (or any successor forms thereto) and a certificate substantially in the form of Exhibit F (a “Section 7 Certificate”) or (y) a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto); or

(iii) in the case of a Non-Exempt Buyer that is organized under the laws of the United States, any State thereof, or the District of Columbia, a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto), including all appropriate attachments; or

(iv) in the case of a Non-Exempt Buyer that (x) is not organized under the laws of the United States, any State thereof, or the District of Columbia and (y) is treated as a corporation for U.S. federal income tax purposes, a complete and executed U.S. Internal Revenue Service Form W-8BEN (or any successor forms thereto) and a Section 7 Certificate; or

(v) in the case of a Non-Exempt Buyer that (A) is treated as a partnership or other non-corporate entity, and (B) is not organized under the laws of the United States, any State thereof, or the District of Columbia, (x)(i) a complete and executed U.S. Internal Revenue Service Form W-8IMY (or any successor forms thereto) (including all required documents and attachments) and (ii) a Section 7 Certificate, and (y) without duplication, with respect to each of its beneficial owners and the beneficial owners of such beneficial owners looking through chains of owners to individuals or entities that are treated as corporations for U.S. federal income tax purposes (all such owners, “beneficial owners”), the documents that would be provided by each such beneficial owner pursuant to this Section if such beneficial owner were Buyer; provided, however, that no such documents will be required with respect to a beneficial owner to the extent the actual Buyer is determined to be in compliance with the requirements for certification on behalf of its beneficial owner as may be provided in applicable U.S. Treasury regulations, or the requirements of this clause (v) are otherwise determined to be unnecessary, all such determinations under this clause (v) to be made in the sole discretion of Seller; provided, however, that Buyer shall be provided an opportunity to establish such compliance as reasonable; or

(vi) in the case of a Non-Exempt Buyer that is disregarded for U.S. federal income tax purposes, the document that would be provided by its beneficial owner pursuant to this Section if such beneficial owner were Buyer; or

(vii) in the case of a Non-Exempt Buyer that (A) is not a United States person and (B) is acting in the capacity as an “intermediary” (as defined in U.S. Treasury Regulations), (x)(i) a U.S. Internal Revenue Service Form W-8IMY (or any successor form thereto) (including all required documents and attachments) and (ii) a Section 7 Certificate, and (y) if the intermediary is a “non-qualified intermediary” (as defined in U.S. Treasury Regulations), from each person upon whose behalf the “non-qualified intermediary” is acting the documents that would be provided by each such person pursuant to this Section if each such person were Buyer.

If Buyer has provided a form pursuant to clause (e)(i)(x) above and the form provided by Buyer either at the time Buyer first becomes a party to this Agreement or, with respect to a grant of a participation, at the effective date of such participation, indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be treated as Taxes other than “Non-Excluded Taxes” (“Excluded Taxes”) and shall not qualify as Non-Excluded Taxes unless and until Buyer provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate shall be considered Excluded Taxes solely for the periods governed by such form. If, however, on the date (after the Effective Date) a Person becomes an assignee, successor or participant to this Agreement, Buyer transferor was entitled to indemnification or additional amounts under this Section 7, then Buyer assignee, successor or participant shall be entitled to indemnification or additional amounts to the extent (and only to the extent), that Buyer transferor was entitled to such indemnification or additional amounts for Non- Excluded Taxes, and Buyer assignee, successor or participant shall be entitled to additional indemnification or additional amounts for any other or additional Non-Excluded Taxes.

(f) For any period with respect to which Buyer has failed to provide Seller with the appropriate form, certificate or other document described in subsection (e) of this Section 7 (other than (i) if such failure is due to a change in any applicable Requirement of Law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided by Buyer, or (ii) if it is legally inadvisable or otherwise commercially disadvantageous for Buyer to deliver such form, certificate or other document), Buyer shall not be entitled to indemnification or additional amounts under subsection (a) or (c) of this Section 7 with respect to Non-Excluded Taxes imposed by the United States by reason of such failure; provided, however, that should a Buyer become subject to Non-Excluded Taxes because of its failure to deliver a form, certificate or other document required hereunder, Seller shall take such steps as Buyer shall reasonably request, to assist Buyer in recovering such Non-Excluded Taxes.

(g) Without prejudice to the survival of any other agreement of Seller hereunder, the agreements and obligations of Seller contained in this Section 7 shall survive the termination of this Agreement. Nothing contained in this Section 7 shall require Buyer to make available any of its tax returns or any other information that it deems to be confidential or proprietary.

(h) Each party to this Agreement acknowledges that it is its intent for purposes of U.S. federal, and relevant state and local income and franchise taxes, to treat the Transaction as indebtedness of Seller that is secured by the Purchased Assets and the Purchased Assets as owned by Seller for federal income tax purposes in the absence of a Default by Seller. All parties to this Agreement agree to such treatment and agree to take no action inconsistent with this treatment, unless required by law.

**Section 8. Security Interest; Buyer's Appointment as Attorney-in-Fact**

(a) Security Interest. On the Purchase Date, Seller hereby sells, assigns and conveys to Buyer all right, title and interest in the Purchased Assets to the extent of its rights therein. Although the parties intend that all Transactions hereunder be sales and purchases (other than for accounting and tax purposes) and not loans, in the event any such Transactions are deemed to be loans, and in any event, Seller, to the extent of its rights therein, hereby pledges on the date hereof to Buyer as security for the performance of the Obligations and hereby grants, assigns and pledges to Buyer a first priority security interest in Seller's rights, title and interest in the Purchased Assets, the Records, all Servicing Rights related to the Purchased Assets (to the extent of Seller's rights therein), all Take-out Commitments, the Facility Documents (to the extent such Facility Documents and Seller's rights thereunder relate to the Purchased Assets), any Property relating to any Purchased Asset or the related Mortgaged Property, all insurance policies and insurance proceeds relating to any Mortgage Loan or any related Mortgaged Property, including but not limited to any payments or proceeds under any related primary insurance or hazard insurance, any Income relating to any Purchased Asset, the aggregate Holdback Amount, the Collection Account, the Disbursement Account, the Servicing Agreements, and any other contract rights, accounts (including any interest of Seller in escrow accounts) and any other payments, rights to payment (including payments of interest or finance charges) and general intangibles to the extent that the foregoing relates to any Purchased Assets or any interest in the Purchased Assets and the Mortgage Loans, as are specified on a Confirmation and/or Trust Receipt and Asset Detail and Exception Report, and any proceeds and distributions and any other property, rights, title or interests with respect to any of the foregoing, in all instances, whether now owned or hereafter acquired, now existing or hereafter created (collectively, the "Repurchase Assets").

Without limiting the generality of the foregoing and in the event that Seller is deemed to retain any residual Servicing Rights, and for the avoidance of doubt, Seller grants, assigns and pledges to Buyer a security interest in the Servicing Rights and proceeds related thereto and in all instances, whether now owned or hereafter acquired, now existing or hereafter created, on or prior to the related Repurchase Date. The foregoing provision is intended to constitute a security agreement or other arrangement or other credit enhancement related to this Agreement and Transactions hereunder as defined under Sections 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code.

Seller hereby authorizes Buyer to file such financing statement or statements relating to the Repurchase Assets as Buyer, at its option, may deem reasonable and appropriate. Seller shall pay the filing costs for any financing statement or statements prepared pursuant to this Section 8.



The grants of security interest set forth in this Section are intended to constitute a security agreement or other arrangement or other credit enhancement related to the Agreement and Transactions hereunder as defined under Section 101(47)(v) and 741(7)(xi) of the Bankruptcy Code.

(b) Buyer's Appointment as Attorney in Fact Seller hereby irrevocably constitutes and appoints Buyer and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Seller, and in the name of Seller or in its own name, from time to time in Buyer's discretion, for the purpose of carrying out the terms of this Agreement and to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Agreement, in each case, subject to the terms of this Agreement. Without limiting the generality of the foregoing, Seller hereby give Buyer the power and right, on behalf of Seller without assent by, but with notice to, Seller if an Event of Default shall have occurred and be continuing, to do the following:

(i) in the name of Seller or in its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any other Repurchase Assets and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Buyer for the purpose of collecting any and all such moneys due with respect to any other Repurchase Assets whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Repurchase Assets; and

(iii) (A) to direct any party liable for any payment under any Repurchase Assets to make payment of any and all moneys due or to become due thereunder directly to Buyer or as Buyer shall direct, including, without limitation, any payment agent with respect to any Repurchase Asset; (B) to send "goodbye" letters on behalf of Seller and Servicer; (C) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Repurchase Assets; (D) to sign and endorse any invoices, assignments, verifications, notices and other documents in connection with any Repurchase Assets; (E) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Repurchase Assets or any proceeds thereof and to enforce any other right in respect of any Repurchase Assets; (F) to defend any suit, action or proceeding brought against Seller with respect to any Repurchase Assets; (G) to settle, compromise or adjust any suit, action or proceeding described in clause (F) above and, in connection therewith, to give such discharges or releases as Buyer may deem appropriate; and (H) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Repurchase Assets as fully and completely as though Buyer were the absolute owner thereof for all purposes, and to do, at Buyer's option and Seller's expense, at any time, and from time to time, all acts and things which Buyer deems necessary to protect, preserve or realize upon the Repurchase Assets and Buyer's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as Seller might do.

Seller hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. In addition the foregoing, Seller agrees to execute a Power of Attorney, the form of Exhibit J hereto, to be delivered on the date hereof. Seller and Buyer acknowledges that the Powers of Attorney shall terminate on the later of (a) the Termination Date and (b) the satisfaction in full of the Obligations.

Seller also authorizes Buyer, if an Event of Default shall have occurred, from time to time, to execute, in connection with any sale provided for in Section 15 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Repurchase Assets.

The powers conferred on Buyer hereunder are solely to protect Buyer's interests in the Repurchase Assets and shall not impose any duty upon it to exercise any such powers. Buyer shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Seller for any act or failure to act hereunder, except for its or their own gross negligence or willful misconduct.

Section 9. Payment, Transfer And Custody.

(a) Payments and Transfers of Funds. Unless otherwise mutually agreed in writing, all transfers of funds to be made by Seller hereunder shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to Buyer at the following account maintained by Buyer: [\*\*\*], [\*\*\*], Account No. [\*\*\*], for the account of Nomura Corporate Funding Americas LLC, ABA No. [\*\*\*], ref: Funds for FACO, not later than [\*\*\*] New York City time, on the date on which such payment shall become due (and each such payment made after such time shall be deemed to have been made on the next succeeding Business Day). Seller acknowledges that it has no rights of withdrawal from the foregoing account.

(b) Remittance of Purchase Price. On the Purchase Date for each Transaction, ownership of the Purchased Assets shall be transferred to Buyer or its designee (i) with respect to Purchased Assets which are not Wet-Ink Mortgage Loans, against the simultaneous transfer of the Purchase Price to such account as agreed to by Buyer and Seller, simultaneously with the delivery to Buyer of the Purchased Assets relating to each Transaction, and (ii) with respect to Wet-Ink Mortgage Loans, upon the disbursement of funds by the Disbursement Agent pursuant to the terms and conditions of the Disbursement Agent Agreement. Upon notice from the Settlement Agent to Seller and/or Buyer that any Wet-Ink Mortgage Loan subject to a Transaction was not originated, the Wet-Ink Mortgage Loan shall be removed from the list of Eligible Mortgage Loans and the Settlement Agent shall immediately return the funds via wire transfer to the account of Buyer specified in Section 9(a) in accordance with the Escrow Instruction Letter. Seller shall immediately notify Buyer if a Wet-Ink Mortgage Loan was not originated and has been removed from the list of Eligible Mortgage Loans.

Section 10. Hypothecation or Pledge of Purchased Assets. Title to all Purchased Assets and Repurchase Assets shall pass to Buyer and Buyer shall have free and unrestricted use of all Purchased Assets. Nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Assets or otherwise pledging, repledging, transferring, hypothecating, or rehypothecating the Purchased Assets. In furtherance, and not by limitation of, the foregoing, it is acknowledged that each counterparty with which any Buyer may engage in a transaction as contemplated hereunder is a repledgee as contemplated by Sections 9-207 and 9- 623 of the UCC (and the relevant Official Comments thereunder). Nothing contained in this Agreement shall obligate Buyer to segregate any Purchased Assets delivered to Buyer by Seller; provided, however, that Buyer is obligated to return the specific Purchased Assets upon repurchase by Seller.

Section 11. Fees. Seller shall pay to Buyer in immediately available funds, all fees due and owing as and when set forth in the Pricing Side Letter. The fees are non-refundable, and such payment shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to Buyer at such account designated by Buyer.

Section 12. Representations. Seller represents and warrants to Buyer that as of the Purchase Date of any Purchased Assets by Buyer from Seller and as of the date of this Agreement and any Transaction hereunder and at all times while the Facility Documents and any Transaction hereunder is in full force and effect:

(a) Acting as Principal. Seller will engage in such Transactions as principal (or, if agreed in writing in advance of any Transaction by the other party hereto, as agent for a disclosed principal).

(b) Servicer Approval. To the best of Seller's knowledge, Servicer has adequate financial standing, servicing facilities, procedures and experienced personnel necessary for the sound servicing of mortgage loans of the same types as may from time to time constitute Mortgage Loans and in accordance with Accepted Servicing Practices.

(c) Solvency. Neither the Facility Documents nor any Transaction thereunder are entered into in contemplation of insolvency or with intent to hinder, delay or defraud any of Seller's creditors. The transfer of the Purchased Assets subject hereto is not undertaken with the intent to hinder, delay or defraud any of Seller's creditors. Seller is not insolvent within the meaning of 11 U.S.C. Section 101(32) and the transfer and sale of the Purchased Assets pursuant hereto (i) will not cause Seller to become insolvent, (ii) will not result in any property remaining with Seller to be unreasonably small capital, and (iii) will not result in debts that would be beyond Seller's ability to pay as same mature. Seller received reasonably equivalent value in exchange for the transfer and sale of the Purchased Assets.

(d) No Broker. Seller has not dealt with any broker, investment banker, agent, or other person, except for Buyer, who may be entitled to any commission or compensation in connection with the sale of Purchased Assets pursuant to this Agreement.

(e) Ability to Perform. Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in the Facility Documents to which it is a party on its part to be performed.

(f) Existence. Seller (a) is a limited liability company duly organized, validly existing under the laws of Delaware, (b) is in good standing under the laws of Delaware, (c) has all requisite corporate or other power, and has all governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, except where the lack of such licenses, authorizations, consents and approvals would not be reasonably likely to have a Material Adverse Effect; and (d) is qualified to do business and is in good standing in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary, except where failure so to qualify would not be reasonably likely (either individually or in the aggregate) to have a Material Adverse Effect.

(g) Financial Statements. Seller has heretofore furnished to Buyer a copy of (a) the Financial Statements of B2R Finance L.P. for the fiscal year ended December 31, 2016 with the opinion thereon of Deloitte & Touche LLP and (b) consolidated balance sheet and the consolidated balance sheets for Seller and its consolidated Subsidiaries for such monthly periods up until April 31, 2017 and the related consolidated statements of income and retained earnings and of cash flows for Seller and its consolidated Subsidiaries for such monthly periods. All such financial statements are complete and correct and fairly present, in all material respects, the consolidated financial condition of B2R Finance L.P., Seller and its Subsidiaries, as applicable, and the consolidated results of their operations as at such dates and for such monthly periods, all in accordance with GAAP applied on a consistent basis. Since April 31, 2017, there has been no material adverse change in the consolidated business, operations or financial condition of Seller or its consolidated Subsidiaries taken as a whole from that set forth in said financial statements nor is Seller aware of any state of facts which (without notice or the lapse of time) would or could result in any such material adverse change or could have a Material Adverse Effect. Seller has, on April 31, 2017, no liabilities, direct or indirect, fixed or contingent, matured or unmatured, known or unknown, or liabilities for taxes, long-term leases or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheet and related statements, and at the present time there are no material unrealized or anticipated losses from any loans, advances or other commitments of Seller except as heretofore disclosed to Buyer in writing.

(h) No Breach. Neither (a) the execution and delivery of the Facility Documents nor (b) the consummation of the transactions therein contemplated to be entered into by Seller in compliance with the terms and provisions thereof will conflict with or result in (i) a breach of the organizational documents of Seller, or (ii) a breach of any applicable law, rule or regulation, or (iii) a breach of any order, writ, injunction or decree of any Governmental Authority, or (iv) a breach of other material agreement or instrument to which Seller or any of its Subsidiaries is a party or by which any of them or any of their Property is bound or to which any of them is subject, or (v) a default under any such material agreement or instrument, or (vi) the creation or imposition of any Lien (except for the Liens created pursuant to the Facility Documents) upon any Property of Seller or any of its Subsidiaries pursuant to the terms of any such agreement or instrument.

(i) Action. Seller has all necessary corporate or other power, authority and legal right to execute, deliver and perform its obligations under each of the Facility Documents, as applicable; the execution, delivery and performance by Seller of each of the Facility Documents have been duly authorized by all necessary corporate or other action on its part; and each Facility Document has been duly and validly executed and delivered by Seller.

(j) Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority or any securities exchange are necessary for the execution, delivery or performance by Seller of the Facility Documents or for the legality, validity or enforceability thereof, except for filings and recordings in respect of the Liens created pursuant to the Facility Documents.

(k) Enforceability. This Agreement and all of the other Facility Documents executed and delivered by Seller in connection herewith are legal, valid and binding obligations of Seller and are enforceable against Seller in accordance with their terms except as such enforceability may be limited by (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity.

(l) Reserved.

(m) Material Adverse Effect. Since April 31, 2017, there has been no development or event nor, to Seller's knowledge, any prospective development or event, which has had or could have a Material Adverse Effect.

(n) No Default. No Default or Event of Default has occurred and is continuing.

(o) No Adverse Selection. Seller has not selected the Purchased Assets in a manner so as to adversely affect Buyer's interests.

(p) Litigation. There are no actions, suits, arbitrations, investigations (including, without limitation, any of the foregoing which are pending or threatened) or other legal or arbitrable proceedings affecting Seller or any of its Subsidiaries or affecting any of the Property of any of them before any Governmental Authority that (i) questions or challenges the validity or enforceability of any of the Facility Documents or any action to be taken in connection with the transactions contemplated hereby, (ii) makes a claim in an aggregate amount greater than [\*\*\*] or (iii) which, individually or in the aggregate, if adversely determined, could be reasonably likely to have a Material Adverse Effect.

(q) Margin Regulations. The use of all funds acquired by Seller under this Agreement will not conflict with or contravene any of Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System as the same may from time to time be amended, supplemented or otherwise modified.

(r) Taxes. Seller and its respective Subsidiaries has timely filed all tax returns that are required to be filed by it and has timely paid all Taxes, except for any such Taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided. There are no Liens for Taxes, except for statutory Liens for Taxes not yet due and payable.

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(s) Investment Company Act. Seller is not, nor any of its Subsidiaries, is an “investment company”, or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended.

(t) Purchased Assets.

(i) Seller has not assigned, pledged, or otherwise conveyed or encumbered any Purchased Asset, Mortgage Loan to any other Person.

(ii) Immediately prior to the sale of a Purchased Asset to Buyer, Seller was the sole owner of such Purchased Asset and had good and marketable title thereto, free and clear of all Liens, in each case except for Liens to be released simultaneously with the sale to Buyer hereunder.

(iii) The provisions of this Agreement are effective to either constitute a sale of the Purchased Assets to Buyer or to create in favor of Buyer a valid security interest in all right, title and interest of Seller in, to and under the Purchased Assets. The provisions of this Agreement are effective to either constitute a sale of the Repurchase Assets to Buyer or to create in favor of Buyer a valid security interest in all right, title and interest of Seller in, to and under the Repurchase Assets.

(u) Chief Executive Office/Jurisdiction of Organization. On the Effective Date, Seller’s chief executive office, is, and has been located at 6230 Fairview Road, Suite 300, Charlotte, NC, 28210. On the Effective Date, Seller’s jurisdiction of organization is Delaware.

(v) Location of Books and Records. The location where the Seller keeps its books and records, including all computer tapes and records related to the Repurchase Assets, is its chief executive office.

(w) True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of Seller to Buyer in connection with the negotiation, preparation or delivery of this Agreement and the other Facility Documents or included herein or therein or delivered pursuant hereto or thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of Seller to Buyer in connection with this Agreement and the other Facility Documents and the transactions contemplated hereby and thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified. There is no fact known to a Responsible Officer of Seller, after due inquiry, that could reasonably be expected to have a Material Adverse Effect that has not been disclosed herein, in the other Facility Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to Buyer for use in connection with the transactions contemplated hereby or thereby.

(x) ERISA.

(i) No liability under Section 4062, 4063, 4064 or 4069 of ERISA has been or is expected by Seller to be incurred by Seller or any ERISA Affiliate thereof with respect to any Plan which is a Single-Employer Plan in an amount that could reasonably be expected to have a Material Adverse Effect.

(ii) No Plan which is a Single-Employer Plan had an accumulated funding deficiency, whether or not waived, [\*\*\*] of such Plan ended prior to the date hereof, and no such plan which is subject to Section 412 of the Code failed to meet the requirements of Section 436 of the Code as of such [\*\*\*]. Seller is not nor any ERISA Affiliate thereof is subject to a Lien in favor of such a Plan as described in Section 430(k) of the Code or Section 303(k) of ERISA.

(iii) Each Plan of Seller and each of its respective Subsidiaries and each of their ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code, except where the failure to comply would not result in any Material Adverse Effect.

(iv) Seller has not nor any of its Subsidiaries nor any ERISA Affiliate has incurred a tax liability under Chapter 43 of the Code or a penalty under Section 502(i) of ERISA which has not been paid in full, except where the incurrence of such tax or penalty would not result in a Material Adverse Effect.

(v) Seller has not nor any of its Subsidiaries nor any ERISA Affiliate thereof has incurred or reasonably expects to incur any withdrawal liability under Section 4201 of ERISA as a result of a complete or partial withdrawal from a Multiemployer Plan in an amount that could reasonably be expected to have a Material Adverse Effect.

(y) Reserved.

(z) No Reliance. Seller has made its own independent decisions to enter into the Facility Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary. Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(aa) Plan Assets. Seller is not an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code, and the Purchased Assets are not "plan assets" within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA, and transactions by or with Seller are not subject to any state or local statute regulating investments of, or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

(bb) Anti-Money Laundering Laws. Seller has complied with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the "Anti-Money Laundering Laws"); Seller has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws, has conducted the requisite due diligence in connection with the acquisition of each Mortgage Loan for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the applicable Mortgagor and the origin of the assets used by the said Mortgagor to purchase the property in question, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws.

(cc) No Prohibited Persons. Seller is not nor any of its respective Affiliates, officers, directors, partners or members or the Mortgagor related to any Purchased Asset is an entity or person (or to Seller's knowledge, owned or controlled by an entity or person): (i) that is listed in the Annex to, or is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001 ("EO13224"); (ii) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("OFAC") most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/t11sdn.pdf>); (iii) who commits, threatens to commit or supports "terrorism", as that term is defined in EO13224; or (iv) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in clauses (i) through (iv) above are herein referred to as a "Prohibited Person").

Section 13. Covenants Of Seller. On and as of the date of this Agreement and each Purchase Date and on each day until this Agreement is no longer in force, Seller covenants as follows:

(a) Preservation of Existence; Compliance with Law. Seller shall:

(i) Preserve and maintain its legal existence;

(ii) Comply with the requirements of all applicable laws, rules, regulations and orders, whether now in effect or hereafter enacted or promulgated by any applicable Governmental Authority (including, without limitation, all environmental laws); and

(iii) Preserve and maintain all material rights, privileges, licenses, franchises, permits or other approvals necessary for Seller to conduct its business and to perform its obligations under the Facility Documents, and shall conduct its business strictly in accordance with applicable law.

(b) Taxes. Seller and its Subsidiaries shall timely file all tax returns that are required to be filed by it and shall timely pay all Taxes due, except for any such Taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided.

(c) Notice of Proceedings or Adverse Change. Seller shall give notice to Buyer immediately after a responsible officer of Seller has any knowledge of:

(i) the occurrence of any Default or Event of Default;



(ii) any default or event of default under any Indebtedness of Seller;

(iii) any litigation or proceeding that is pending or threatened against (a) Seller in which the amount involved exceeds [\*\*\*], and is not covered by insurance, in which injunctive or similar relief is sought, or which, if adversely determined, would reasonably be expected to have a Material Adverse Effect and (b) any litigation or proceeding that is pending or threatened in connection with any of the Repurchase Assets, which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(iv) as soon as reasonably possible, notice of any of the following events:

(A) a material change in the insurance coverage of Seller, with a copy of evidence of same attached;

(B) any material change in accounting policies or financial reporting practices of Seller;

(C) (i) any breach of the Subordinated Loan Agreement, (ii) any Margin Call (as such term is defined in the Subordinated Loan Agreement) notices, together with a copy thereof or (iii) if the Subordinated Loan Agreement has been modified, amended, terminated, altered or renewed, together with a fully-executed copy of the related amendment (if applicable);

(D) promptly upon receipt of notice or knowledge of any Lien or security interest (other than security interests created hereby or under any other Facility Document) on, or claim asserted against, any of the Repurchase Assets;

(E) as soon as practicable, but, in any case, no more than [\*\*\*], after Seller has obtained knowledge of any fact that could be the basis of any reduction of Asset Value with respect to a Purchased Asset, notice identifying the Purchased Asset with respect to which such reduction of Asset Value exists and detailing the cause of such reduction of Asset Value; or

(F) any other event, circumstance or condition that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(v) Promptly, but no later than [\*\*\*] after Seller receives any of the same, deliver to Buyer a true, complete, and correct copy of any schedule, report, notice, or any other document delivered to Seller by any Person which could have an adverse effect on the Asset Value of any of the Repurchase Assets; and

(vi) Promptly, but no later than [\*\*\*] after Seller receives notice of the same, any Mortgage Loan submitted to a Take-out Investor (whole loan or securitization) and rejected for purchase by such Take-out Investor.

(d) Reporting. Seller shall maintain a system of accounting established and administered in accordance with GAAP, and Seller shall furnish to Buyer:

(i) Within [\*\*\*] after the [\*\*\*] day of each of the [\*\*\*] of Seller, Seller's unaudited balance sheet, income statement and cash flow statement, each as of the end of such fiscal quarter and in each case presented fairly in accordance with GAAP at the following e-mail: [\*\*\*];

(ii) Within [\*\*\*] after the [\*\*\*] of its fiscal year, commencing with the 2017 fiscal year, Seller's unaudited balance sheet, presented fairly in accordance with GAAP at the following e-mail: [\*\*\*];

(iii) Within [\*\*\*] after the [\*\*\*] of its fiscal year, commencing with the 2017 fiscal year, Seller's Financial Statements for such fiscal year, presented fairly in accordance with GAAP, and accompanied, in all cases, by an unqualified report of nationally recognized independent certified public accountants approved by Buyer (which approval shall not be unreasonably withheld) at the following e-mail: [\*\*\*];

(iv) (A) Simultaneously with the furnishing of each of the financial statements to be delivered pursuant to subsection (i)-(ii) above, or monthly upon Buyer's request, a certificate in form and substance acceptable to Buyer in its sole discretion, and certified by an executive officer of Seller, and (B) quarterly, or simultaneously with the financial statements to be delivered pursuant to subsection (i) above, an officer's certificate of covenant compliance in the form of Exhibit A to the Pricing Side Letter to the attention of Buyer at: [\*\*\*] certifying that (x) the related unaudited balance sheets are true and correct and (y) setting forth any Indebtedness of the Seller other than Indebtedness under this Agreement;

(v) Within [\*\*\*] after the end of each Collection Period, a monthly report of Seller setting forth any litigation, investigation, regulatory action or proceeding that is pending or threatened by or against Seller in any federal or state court or before any Governmental Authority which, if not cured or if adversely determined, would reasonably be expected to have a Material Adverse Effect or constitute a Default or Event of Default, in form and substance acceptable to Buyer;

(vi) Reserved;

(vii) Within [\*\*\*] after the end of each Collection Period, a monthly servicing report of Servicer, which form will be agreed upon by Buyer and Seller prior to the delivery of the first such report (the "Monthly Servicing Report");

(viii) [\*\*\*] after the end of each Collection Period, (a) a monthly remittance report of Servicer and (b) and on any other date requested by Buyer, a monthly Advanced Holdback Amount report of the Holdback Servicer, in each case, in form and substance acceptable to the Buyer;

(ix) Within [\*\*\*] after any material amendment, modification or supplement has been entered into with respect to the Servicing Agreement, a fully executed copy thereof, certified by Seller to be true, correct and complete;

(x) Any other material agreements, correspondence, documents or other information which have not previously been disclosed to Buyer, which is related to Seller, the Purchased Assets or the Mortgage Loans, as soon as possible after the discovery thereof by Seller; and

(xi) Promptly, from time to time, such other information regarding the business affairs, operations and financial condition of Seller and its Subsidiaries as Buyer may reasonably request.

(e) Visitation and Inspection Rights. Seller shall permit Buyer to inspect, and to discuss with Seller's officers, agents and auditors, the affairs, finances, and accounts of Seller, the Repurchase Assets, and Seller's books and records, and to make abstracts or reproductions thereof and to duplicate, reduce to hard copy or otherwise use any and all computer or electronically stored information or data, in each case, (i) during normal business hours, (ii) upon reasonable notice (provided, that upon the occurrence of an Event of Default, no notice shall be required), and (iii) at the expense of Seller to discuss with its officers, its affairs, finances, and accounts; provided, however, that the Seller is only obligated to pay such expenses in (iii) hereof once per calendar year, unless an Event of Default has occurred and is continuing.

(f) Reimbursement of Expenses. On the date of execution of this Agreement, Seller shall reimburse Buyer for all expenses (including legal fees, subject to the Legal Fee Cap) incurred by Buyer on or prior to such date. From and after such date, Seller shall promptly reimburse Buyer for all expenses as the same are incurred by Buyer and within [\*\*\*] of the receipt of invoices therefor.

(g) Further Assurances. Seller shall execute and deliver to Buyer all further documents, financing statements, agreements and instruments, and take all further action that may be required under applicable law, or that Buyer may reasonably request, in order to effectuate the transactions contemplated by this Agreement and the Facility Documents or, without limiting any of the foregoing, to grant, preserve, protect and perfect the validity and first-priority of the security interests created or intended to be created hereby. Seller shall do all things necessary to preserve the Repurchase Assets so that they remain subject to a first priority perfected security interest hereunder. Without limiting the foregoing, Seller will comply with all rules, regulations, and other laws of any Governmental Authority and cause the Repurchase Assets to comply with all applicable rules, regulations and other laws. Seller will not allow any default for which Seller is responsible to occur under any Repurchase Assets or any Facility Document and Seller shall fully perform or cause to be performed when due all of its obligations under any Repurchase Assets or the Facility Documents.

(h) True and Correct Information. All information, reports, exhibits, schedules, financial statements or certificates of Seller or any of its Affiliates thereof or any of their officers furnished to Buyer hereunder and during Buyer's diligence of Seller are and will be true and complete and will not omit to disclose any material facts necessary to make the statements therein or therein, in light of the circumstances in which they are made, not misleading. All required financial statements, information and reports delivered by Seller to Buyer pursuant to this Agreement shall be prepared in accordance with GAAP, or in connection with SEC filings, if any, the appropriate SEC accounting requirements.

(i) ERISA Events.

(i) Promptly upon becoming aware of the occurrence of any Event of ERISA Termination which together with all other Events of ERISA Termination occurring within the prior [\*\*\*] involve a payment of money by or a potential aggregate liability of Seller or any ERISA Affiliate thereof or any combination of such entities in excess of [\*\*\*] Seller shall give Buyer a written notice specifying the nature thereof, what action Seller or any ERISA Affiliate thereof has taken and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto.

(ii) Promptly upon receipt thereof, Seller shall furnish to Buyer copies of (i) all notices received by Seller or any ERISA Affiliate thereof of the PBGC's intent to terminate any Plan or to have a trustee appointed to administer any Plan; (ii) all notices received by Seller or any ERISA Affiliate thereof from the sponsor of a Multiemployer Plan pursuant to Section 4202 of ERISA involving a withdrawal liability in excess of [\*\*\*]; and (iii) all funding waiver requests filed by Seller or any ERISA Affiliate thereof with the Internal Revenue Service with respect to any Plan, the accrued benefits of which exceed the present value of the plan assets as of the date the waiver request is filed by more than [\*\*\*], and all communications received by Seller or any ERISA Affiliate thereof from the Internal Revenue Service with respect to any such funding waiver request.

(j) Financial Condition Covenants. Seller shall comply with the Financial Covenants set forth in Section 3 of the Pricing Side Letter.

(k) No Adverse Selection. Seller shall not select Eligible Mortgage Loans to be sold to Buyer as Purchased Assets using any type of adverse selection or other selection criteria which would adversely affect Buyer.

(l) Insurance. Seller shall continue to maintain Fidelity Insurance in an aggregate amount at least equal to [\*\*\*]. Seller shall maintain Fidelity Insurance in respect of its officers, employees and agents, with respect to any claims made in connection with all or any portion of the Repurchase Assets. Seller shall notify Buyer of any material change in the terms of any such Fidelity Insurance.

(m) Books and Records. Seller shall, to the extent practicable, maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Repurchase Assets in the event of the destruction of the originals thereof), and keep and maintain or obtain, as and when required, all documents, books, records and other information reasonably necessary or advisable for the collection of all Repurchase Assets and Eligible Mortgage Loans.

(n) Illegal Activities. Seller shall not engage in any conduct or activity that could subject its assets to forfeiture or seizure.

(o) Material Change in Business. Seller shall not make any material change in the nature of its business as carried on at the date hereof.

(p) Limitation on Dividends and Distributions. Following the occurrence and during the continuation of an Event of Default or if an Event of Default would result therefrom, Seller shall not make any payment on account of, or set apart assets for, a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of any equity interest of Seller, whether now or hereafter outstanding, or make any other distribution or dividend in respect of any of the foregoing or to any shareholder or equity owner of Seller, either directly or indirectly, whether in cash or property or in obligations of Seller or any of Seller's consolidated Subsidiaries.

(q) Disposition of Assets; Liens. Seller shall not cause any of the Repurchase Assets to be sold, pledged, assigned or transferred, other than in accordance with this Agreement; nor shall Seller create, incur, assume or suffer to exist any mortgage, pledge, Lien, charge or other encumbrance of any nature whatsoever on any of the Repurchase Assets, whether real, personal or mixed, now or hereafter owned, other than Liens in favor of Buyer.

(r) Transactions with Affiliates. Seller shall not enter into any transaction, including, without limitation, the purchase, sale, lease or exchange of property or assets or the rendering or accepting of any service with Seller or any Affiliate, unless such transaction is (a) not otherwise prohibited in this Agreement, (b) in the ordinary course of Seller's business and (c) upon fair and reasonable terms no less favorable to Seller, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

(s) ERISA Matters.

(i) Seller shall not permit any event or condition which is described in any of clauses (i) through (viii) of the definition of "Event of ERISA Termination" to occur or exist with respect to any Plan or Multiemployer Plan if such event or condition, together with all other events or conditions described in the definition of Event of ERISA Termination occurring within the prior [\*\*\*], involves the payment of money by or an incurrence of liability of Seller or any ERISA Affiliate thereof, or any combination of such entities in an amount in excess of [\*\*\*].

(ii) Seller shall not be an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code and Seller shall not use "plan assets" within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA, to engage in this Agreement or the Transactions hereunder and transactions by or with Seller are not subject to any state or local statute regulating investments of, or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

(t) Consolidations, Mergers and Sales of Assets. Seller shall not (i) consolidate or merge with or into any other Person or (ii) sell, lease or otherwise transfer all or substantially all of its assets to any other Person.

(u) Facility Documents. Seller shall not permit the amendment or modification of, the waiver of any event of default under, or the termination of any Facility Document without Buyer's prior written consent. Seller shall not waive (or direct the waiver of) the performance by any party to any Facility Document of any action, if the failure to perform such action would adversely affect Seller, any Purchased Assets or any Repurchase Assets in any material respect, nor has any such Person waived (or has directed the waiver of) any default resulting from any action or inaction by any party.

(v) Reserved.

(w) Facility Documents and Subordinated Loan Agreement. Seller shall not permit the amendment or modification of, or the termination of, any Facility Document without Buyer's prior written consent. Seller shall not waive (or direct the waiver of) the performance by any party to any Facility Document of any action, if the failure to perform such action would adversely affect Seller or any Purchased Assets in any material respect, or waive (or direct the waiver of) any default resulting from any action or inaction by any party thereto. Seller shall not permit the amendment or modification of, waiver of any event of default, or the termination of the Subordinated Loan Agreement without Buyer's prior written consent, such consent not to be unreasonably withheld. For the avoidance of doubt, with respect to the Subordinated Loan Agreement, such consent shall be deemed reasonably withheld if Buyer determines in its good faith discretion that such amendment, modification, waiver of an event of default could have an adverse effect on the Seller, the Repurchase Assets or the rights or remedies of Buyer under any Facility Document.

(x) Underwriting Guidelines. The Underwriting Guidelines shall not be materially amended without the prior written notice to Buyer; provided, however, notwithstanding anything herein to the contrary, Seller shall promptly provide Buyer with a copy of such modified Underwriting Guidelines and, if Buyer does not approve such modified Underwriting Guidelines, Buyer shall not be required to enter into any Transaction with respect to Mortgage Loans originated in accordance with such modified Underwriting Guidelines.

(y) Delivery of BPO or Appraisal. Seller shall deliver, or caused to be delivered, to Buyer an updated "as-is" BPO or Appraisal for any Purchased Asset (other than Permitted Bulk Purchase Loans) as follows: (a) no later than [\*\*\*] following the date of the last BPO or Appraisal, unless the related Mortgaged Property is listed for sale for less than [\*\*\*]; and (b) but no later than [\*\*\*] following the date on which such Purchased Asset becomes more than [\*\*\*] delinquent in payment, and thereafter, every [\*\*\*] during which such Purchased Asset remains delinquent; (c) but no later than [\*\*\*], if any extension is requested with regard to the stated maturity date of any Purchased Asset under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document, (d) within [\*\*\*], if any default exists at the stated maturity date of any Purchased Asset under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document and (e) at Buyer's cost, promptly upon Buyer's request.

(z) Reserved.

(aa) Investment Company Act. Neither the Seller nor any of its Subsidiaries shall be an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(bb) No Division/Series Transactions. Notwithstanding anything to the contrary contained in this Agreement or any other Facility Document, (i) if Seller is a limited liability company organized under the laws of the State of Delaware Seller shall not enter into (or agree to enter into) any Division/Series Transaction, or permit any of its Subsidiaries to enter into (or agree to enter into), any Division/Series Transaction and (ii) none of the provisions in this Agreement nor any other Facility Document, shall be deemed to permit Seller or any of its Subsidiaries to enter into (or agree to enter into) any Division/Series Transaction.

Section 14. Events Of Default. If any of the following events (each an "Event of Default") occurs, Buyer shall have the rights set forth in Section 15, as applicable:

(a) Payment Default. (i) Seller fails to make any payment of Margin Deficit or Repurchase Price (other than Price Differential), when due, whether by acceleration, mandatory repurchase (including following the occurrence of a Purchased Asset Issue) or otherwise, and such failure continues for more than [\*\*\*] after knowledge by or notice to Seller, (ii) Seller fails to make any payment of Price Differential, when due, whether by acceleration, mandatory repurchase or otherwise, or (iii) Seller fails to make any payment (other than Repurchase Price, Price Differential or Margin Deficit), when due, whether by acceleration, mandatory repurchase or otherwise, and such failure continues for more than [\*\*\*] after knowledge by or notice to Seller; or

(b) Immediate Representation and Warranty Default. The failure of Seller to perform, comply with or observe any representation, warranty or certification applicable to Seller contained in any of Sections 12(c) (Solvency); (f)(a) (Existence); (h) (No Breach); (i) (Action); (k) (Enforceability); (l) (Indebtedness); (q) (Margin Regulations); (s) (Investment Company Act); (t) (Purchased Assets); (w) (True and Complete Disclosure); (x) (ERISA); (z) (No Reliance); (aa) (Plan Assets); or (cc) (No Prohibited Persons), in each case, of this Agreement; or

(c) Additional Representation and Warranty Defaults. Except for Section 12(b) (which is addressed in clause (n) below), any representation, warranty or certification made or deemed made herein or in any other Facility Document (and not identified by clause (b) of this Section 14) by Seller or any certificate furnished to Buyer pursuant to the provisions hereof or thereof or any information with respect to the Purchased Assets furnished in writing by or on behalf of Seller shall be determined by Buyer to have been untrue or misleading in any material respect as of the time made or furnished (other than the representations and warranties set forth in Schedule 1; unless (A) Seller shall have made any such representations and warranties with actual knowledge that they were materially false or misleading at the time made or (B) any such representations and warranties have been determined in good faith by Buyer in its sole discretion to be materially false or misleading on a regular basis) and, if such default shall be capable of being remedied as determined by Buyer, such failure shall continue unremedied for more than [\*\*\*]; or

(d) Immediate Covenant Default. The failure of Seller to perform, comply with or observe any term, covenant or agreement applicable to Seller contained in any of Sections 13(a)(i) or (ii) (Preservation of Existence; Compliance with Law) (h) (True and Correct Information); (j) (Financial Condition Covenants); (k) (No Adverse Selection); (n) (Illegal Activities); (o) (Material Change in Business); (p) (Limitation on Dividends and Distributions); (q) (Disposition of Assets; Liens); (r) (Transactions with Affiliates); (s) (ERISA Matters); or (t) (Consolidations, Mergers and Sales of Assets); or

(e) Additional Covenant Defaults. Seller shall fail to observe or perform any other covenant or agreement contained in the Facility Documents (and not identified in clause (d) of Section 14), and if such default shall be capable of being remedied, such failure to observe or perform shall continue unremedied beyond [\*\*\*]; or

(f) Judgments. A judgment or judgments for the payment of money in excess of [\*\*\*] in the aggregate shall be rendered against Seller, by one or more courts, administrative tribunals or other bodies having jurisdiction and the same shall not be satisfied, discharged (or provision shall not be made for such discharge) or bonded, or a stay of execution thereof shall not be procured, within [\*\*\*] from the date of entry thereof, and such party shall not, within said period of [\*\*\*], or such longer period during which execution of the same shall have been stayed or bonded, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(g) Cross-Default. (A) Seller shall be in default beyond any applicable grace period under (i) any Indebtedness of Seller with a counterparty other than Buyer or an Affiliate of Buyer, in excess of [\*\*\*] which default involves the failure to pay a material matured obligation or permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such Indebtedness, which, in each case, has not been waived in writing by Buyer, or (ii) any other financing, hedging, security or other agreement or contract between Seller on the one hand, and Buyer or any of its Affiliates on the other, which in each case, has not been waived in writing by Buyer, or (B) Urban Financial of America, LLC (n/k/a Finance of America Reverse LLC) shall be in default beyond any applicable grace period under the Reverse Facility Documents; or

(h) Insolvency Event. An Insolvency Event shall have occurred with respect to Seller; or

(i) Enforceability. For any reason any Facility Document at any time shall not to be in full force and effect in all material respects or shall not be enforceable in all material respects in accordance with its terms, or any Person (other than Buyer) shall contest the validity, enforceability, perfection or priority of any Lien granted pursuant thereto, or any party thereto (other than Buyer) shall seek to disaffirm, terminate, limit or reduce its obligations under any Facility Document; or

(j) Liens. Seller shall grant, or suffer to exist, any Lien on any Repurchase Asset (except any Lien in favor of Buyer) or Buyer for any reason ceases to have a valid, first priority security interest in any of the Repurchase Assets; or

(k) Material Adverse Effect. A Material Adverse Effect shall have occurred as determined by Buyer in its reasonable discretion, and shall remain uncured for [\*\*\*] after written notice by Buyer to Seller of the existence of such Material Adverse Effect; or

(l) Change in Control. A Change in Control shall have occurred without the Buyer's prior written consent; or



(m) Inability to Perform. Seller shall admit its inability to, or its intention not to, perform any of their obligations under the Facility Documents; or

(n) Servicer Termination. A Servicer Termination Event shall have occurred, and Seller fails to appoint and transfer the servicing of the related Purchased Assets to a successor Servicer that is satisfactory to Buyer in Buyer's good faith discretion within [\*\*\*]; or

(o) Failure to Transfer. Seller fails to transfer the Purchased Assets to Buyer on or prior to the applicable Purchase Date; or

(p) Government Action. Any Governmental Authority or any person, agency or entity acting or purporting to act under Governmental Authority shall have received any judicial or administrative order permitting such Governmental Authority to take any action that is reasonably likely to result in a condemnation, seizure or appropriation, or assumption of custody or control of, all or any substantial part of the Property of Seller, or shall have taken any action to displace the management of Seller or to materially curtail its authority in the conduct of the business of Seller, or takes any action in the nature of enforcement to remove, limit or restrict the approval of Seller as an issuer, buyer or a seller of Mortgage Loans or securities backed thereby, and such action shall not have been discontinued or stayed within [\*\*\*]; or

(q) Assignment. Assignment or attempted assignment by Seller of this Agreement or any other Facility Document or any rights hereunder or thereunder without first obtaining the specific written consent of Buyer; or

(r) Reserved; or

(s) Information. Buyer shall reasonably request, specifying the reasons for such request, reasonably information, and/or written responses to such requests, regarding the financial well-being of Seller (including, but not limited to, any information regarding any repurchase and indemnity requests or demands made upon Seller or any of its Subsidiaries by any third-party investors) and such reasonable information and/or responses shall not have been provided within [\*\*\*] of such request; or

(t) Reserved.

(u) Reserved.

(v) Disbursement of Holdback Amount. Holdback Servicer shall fail to disburse any Holdback Amount in accordance with the related Mortgage Loan Documents and such failure continues for [\*\*\*] or such shorter period as required under the Mortgage Loan Documents. Notwithstanding anything herein to the contrary, in no event shall Buyer have any obligation to fund any Holdback Amount made to a Mortgagor with respect to any RTL Loan, which obligations shall be retained by Seller and Holdback Servicer.

Section 15. Remedies.

(a) If an Event of Default occurs, the following rights and remedies are available to Buyer: provided, that an Event of Default shall be deemed to be continuing unless expressly waived by Buyer in writing:

(i) At the option of Buyer, exercised by written notice to Seller (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an Insolvency Event of Seller), the Repurchase Date for each Transaction hereunder, if it has not already occurred, shall be deemed immediately to occur (the date on which such option is exercised or deemed to have been exercised being referred to hereinafter as the "Accelerated Repurchase Date").

(ii) If Buyer exercises or is deemed to have exercised the option referred to in subsection (a)(i) of this Section,

(A) Seller's obligations in such Transactions to repurchase all Purchased Assets, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subsection (a)(i) of this Section, (1) shall thereupon become immediately due and payable, (2) all Income paid after such exercise or deemed exercise shall be retained by Buyer and applied to the Aggregate Repurchase Price and any other amounts owed by Seller hereunder, and (3) Seller shall immediately deliver to Buyer any Purchased Assets subject to such Transactions then in Seller's possession or control; and

(B) to the extent permitted by applicable law, the Repurchase Price with respect to each such Transaction (determined as of the Accelerated Repurchase Date) shall be increased by the aggregate amount obtained by daily application of, on a 360 day per year basis for the actual number of days during the period from and including the date of the exercise or deemed exercise of such option to but excluding the date of payment of the Repurchase Price as so increased, (x) the Post-Default Rate in effect following an Event of Default to (y) the Repurchase Price for such Transaction as of the Repurchase Date as determined pursuant to subsection (a)(i) of this Section.

(iii) Upon the occurrence of one or more Events of Default, Buyer shall have the right to obtain physical possession of all files of Seller relating to the Purchased Assets and all documents relating to the Purchased Assets related thereto which are then or may thereafter come in to the possession of Seller or any third party acting for Seller and Seller shall deliver to Buyer such assignments as Buyer shall request. Buyer shall be entitled to specific performance of all agreements of Seller contained in Facility Documents.

(iv) Upon the occurrence of an Event of Default, Buyer, or Buyer through its Affiliates or designees, may (A) immediately sell, at a public or private sale at such price or prices as Buyer may reasonably deem satisfactory any or all of the Purchased Assets or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Assets, to retain such Purchased Assets and give Seller credit for such Purchased Assets in an amount equal to the Market Value of such Purchased Assets (as determined and adjusted by the Buyer in its sole discretion, giving such weight to the BPO Value or Appraised Value, as applicable, or outstanding principal balance of such Purchased Asset as Buyer deems appropriate) against the Aggregate Repurchase Price for such Purchased Assets and any other amounts owing by Seller under the Facility Documents. The proceeds of any disposition of Purchased Assets effected pursuant to the foregoing shall be applied as determined by Buyer.

(v) Seller shall be liable to Buyer for (A) the amount of all actual expenses, including reasonable documented legal fees and expenses, actually incurred by Buyer in connection with or as a consequence of an Event of Default, (B) all actual costs incurred in connection with covering transactions or hedging transactions, and (C) any other actual loss, damage, cost or expense arising or resulting from the occurrence of an Event of Default.

(vi) Promptly upon Buyer's request, Seller shall provide, at Seller's cost, an updated BPO for each Purchased Asset.

(b) The Seller acknowledges and agrees that (A) in the absence of a generally recognized source for prices or bid or offer quotations for any Purchased Assets and Repurchase Assets, the Buyer may establish the source therefor in its sole discretion and (B) all prices, bids and offers shall be determined together with accrued Income. The Seller recognizes that it may not be possible to purchase or sell all of the Purchased Assets and Repurchase Assets on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market for such Purchased Assets and Repurchase Assets may not be liquid at such time. In view of the nature of the Purchased Assets and Repurchase Assets, the Seller agrees that liquidation of a Transaction or the Purchased Assets and Repurchase Assets does not require a public purchase or sale and that a good faith private purchase or sale shall be deemed to have been made in a commercially reasonable manner. Accordingly, Buyer may elect, in its sole good faith discretion, the time and manner of liquidating any Purchased Assets and Repurchase Assets, and nothing contained herein shall (A) obligate Buyer to liquidate any Purchased Assets and Repurchase Assets on the occurrence and during the continuance of an Event of Default or to liquidate all of the Purchased Assets and Repurchase Assets in the same manner or on the same Business Day or (B) constitute a waiver of any right or remedy of Buyer. Buyer may exercise one or more of the remedies available hereunder immediately upon the occurrence of an Event of Default and at any time thereafter without notice to Seller. All rights and remedies arising under this Agreement as amended from time to time hereunder are cumulative and not exclusive of any other rights or remedies which Buyer may have.

(c) Buyer may enforce its rights and remedies hereunder without prior judicial process or hearing, and Seller hereby expressly waives any defenses Seller might otherwise have to require Buyer to enforce its rights by judicial process. Seller also waives any defense (other than a defense of payment or performance) Seller might otherwise have arising from the use of nonjudicial process, enforcement and sale of all or any portion of the Repurchase Assets, or from any other election of remedies. Seller recognizes that nonjudicial remedies are consistent with the usages of the trade, are responsive to commercial necessity and are the result of a bargain at arm's length.

(d) Without limiting the rights of Buyer hereto to pursue all other legal and equitable rights available to Buyer for Seller's failure to perform its obligations under this Agreement, Seller acknowledges and agrees that the remedy at law for any failure to perform obligations hereunder would be inadequate and Buyer shall be entitled to specific performance, injunctive relief, or other equitable remedies in the event of any such failure. The availability of these remedies shall not prohibit Buyer from pursuing any other remedies for such breach, including the recovery of monetary damages.

(e) Buyer shall have, in addition to its rights and remedies under the Facility Documents, all of the rights and remedies provided by applicable federal, state, foreign, and local laws (including, without limitation, if the Transactions are recharacterized as secured financings, the rights and remedies of a secured party under the UCC of the State of New York, to the extent that the UCC is applicable, and the right to offset any mutual debt and claim), in equity, and under any other agreement between Buyer and Seller. Without limiting the generality of the foregoing, Buyer shall be entitled to set off the proceeds of the liquidation of the Purchased Assets and Repurchase Assets against all of Seller's obligations to Buyer, whether or not such obligations are then due, without prejudice to Buyer's right to recover any deficiency.

Section 16. Indemnification and Expenses.

(a) Seller agrees to hold Buyer, and its Affiliates and their officers, directors, employees, agents and advisors (each an Indemnified Party) harmless from and indemnify any Indemnified Party against all liabilities, losses, damages, judgments, costs and expenses of any kind (including reasonable fees of counsel, and Taxes relating to or arising in connection with the ownership of the Purchased Assets, but excluding any Taxes otherwise addressed in Section 7 of this Agreement) which may be imposed on, incurred by or asserted against such Indemnified Party (collectively, "Costs"), relating to or arising out of this Agreement, any other Facility Document or any transaction contemplated hereby or thereby, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, any other Facility Document or any transaction contemplated hereby or thereby or any wire fraud or data or systems intrusions which causes Buyer to suffer any such liability, loss, damage, judgment, cost and/or expense, that, in each case, results from anything other than the Indemnified Party's gross negligence or willful misconduct. For the avoidance of doubt "Costs" shall include Taxes that represent losses, damages, claims, costs and expenses arising from any non-Tax claim. Without limiting the generality of the foregoing, Seller agrees to hold any Indemnified Party harmless from and indemnify such Indemnified Party against all Costs with respect to all Purchased Assets, that, in each case, results from anything other than the Indemnified Party's gross negligence or willful misconduct. In any suit, proceeding or action brought by an Indemnified Party in connection with any Purchased Assets for any sum owing thereunder, or to enforce any provisions of any Purchased Assets, Seller will save, indemnify and hold such Indemnified Party harmless from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Seller of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Seller. Seller

also agrees to reimburse an Indemnified Party as and when billed by such Indemnified Party for all the Indemnified Party's costs and expenses incurred in connection with the enforcement or the preservation of Buyer's rights under this Agreement, any other Facility Document or any transaction contemplated hereby or thereby, including without limitation the reasonable fees and disbursements of its counsel.

(b) Seller agrees to pay as and when billed by Buyer all of the out-of-pocket costs and expenses incurred by Buyer (including legal fees) in connection with the development, preparation and execution of this Agreement, any other Facility Document or any other documents prepared in connection herewith or therewith. Seller agrees to pay as and when billed by Buyer all of the costs and expenses incurred in connection with the consummation and administration of the transactions contemplated hereby and thereby including without limitation filing fees and all the fees, disbursements and expenses of counsel to Buyer which amount shall be deducted from the Purchase Price paid for the first Transaction hereunder. Seller agrees to pay as and when billed by Buyer all of the out-of-pocket costs and expenses incurred by Buyer (including legal fees) in connection with the development, preparation and execution of any amendment, supplement or modification to this Agreement, any other Facility Document or any other document prepared in connection thereto. Subject to the limitations set forth in Section 30 hereof, Seller agrees to pay Buyer all the due diligence, inspection, testing and review costs and expenses incurred by Buyer with respect to Mortgage Loans submitted by Seller for purchase under this Agreement, including, but not limited to, those out-of-pocket costs and expenses incurred by Buyer pursuant to Sections 16(b) and 19 hereof and the reasonable fees and expenses of the Payment Agent and Calculation Agent.

(c) The obligations of Seller from time to time to pay the Repurchase Price, the Price Differential, and all other amounts due under this Agreement shall be full recourse obligations of Seller.

Section 17. Servicing.

(a) Seller, on Buyer's behalf, shall contract with one or more Servicers to service the Mortgage Loans consistent with the degree of skill and care that such Servicers customarily require with respect to similar Mortgage Loans owned or managed by such Servicers and in accordance with Accepted Servicing Practices. The Servicer shall (i) comply with all applicable Federal, State and local laws and regulations, (ii) maintain all state and federal licenses necessary for it to perform its servicing responsibilities hereunder and (iii) not impair the rights of Buyer in any Mortgage Loans or any payment thereunder. Buyer may terminate the servicing of any Mortgage Loan with the then existing servicer in accordance with Section 17(e) hereof. The Servicing Agreement shall not be materially amended without the written consent of Buyer, which may be granted or withheld in its sole discretion; provided that the Seller shall provide the Buyer with written notice of any amendment of the Servicing Agreement, including a copy of such amendment.

(b) The Holdback Servicer shall hold the aggregate Holdback Amount for all Purchased Assets for the benefit of Buyer. The Holdback Servicer shall (i) comply with all applicable Federal, State and local laws and regulations, (ii) maintain all state and federal licenses necessary for it to perform its servicing responsibilities with respect to any Holdback Amount and (iii) not impair the rights of Buyer in any Holdback Amount or any payment thereunder.

(c) Seller shall cause the Servicer and any interim servicer to deposit all collections received by Seller on account of the Purchased Assets in the Collection Account in accordance with the provisions of Section 5(b).

(d) As compensation for its services under the Servicing Agreement the Servicer shall be entitled to the Servicing Fee pursuant to the Servicing Agreement. The Seller shall be responsible to pay all the fees and expenses of the Servicer out of the Servicing Fee or its own funds.

(e) The Seller shall provide promptly to the Buyer a Servicer Notice addressed to and agreed to by the Servicer of the related Purchased Assets

(f) Upon the occurrence and during the continuance of a Servicer Termination Event, the Buyer shall have the right to immediately terminate the Servicer's rights to service the Purchased Assets under the Servicing Agreement in accordance with the related Servicer Notice. Seller and Servicer shall cooperate in transferring the servicing of the Purchased Assets to a successor servicer selected by Seller and approved by Buyer in its sole discretion exercised in good faith. To the extent (i) Seller fails to select a successor servicer within [\*\*\*] or

(ii) an Event of Default has occurred and is continuing hereunder, Buyer shall select a successor servicer in its sole discretion.

(g) If Seller should discover that, for any reason whatsoever, any entity responsible to Seller by contract for managing or servicing any such Mortgage Loan has failed to perform fully such Seller's obligations under the Facility Documents or any of the obligations of such entities with respect to the Mortgage Loans, Seller shall promptly notify Buyer.

(h) Seller shall provide, or shall cause Servicer to provide Buyer with the values included in any updated BPO or Appraisal with its then-current monthly servicing reports, and copies of the updated BPOs or Appraisals, if requested by Buyer.

Section 18. Recording of Communications. Buyer and Seller shall have the right (but not the obligation) from time to time to make or cause to be made tape recordings of communications between its employees and those of the other party with respect to Transactions upon notice to the other party of such recording.

Section 19. Due Diligence. Seller acknowledges that Buyer has the right to perform continuing due diligence reviews with respect to the Mortgage Loans, Seller and Servicer, including, without limitation, financial information, organization documents, business plans, purchase agreements and underwriting purchase models for each pool of Mortgage Loans, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Seller agrees that (a) upon reasonable prior notice to Seller, unless an Event of Default shall have occurred, in which case no notice is required, Buyer or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of the Asset Files and any and all documents, records, agreements, instruments or information relating to such Mortgage Loans (the "Due Diligence Documents") in the

possession or under the control of Seller and/or the Custodian, or (b) upon request, Seller shall create and deliver to Buyer within [\*\*\*] of such request, an electronic copy via email to [\*\*\*], in a format acceptable to Buyer, of such Due Diligence Documents as Buyer may request. Seller also shall make available to Buyer a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Asset Files and the Mortgage Loans. Without limiting the generality of the foregoing, Seller acknowledges that Buyer may purchase Purchased Assets from Seller and enter into additional Transactions with respect to the Mortgage Loans based solely upon the information provided by Seller to Buyer in the Asset Schedule and the representations, warranties and covenants contained herein, and that Buyer, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Mortgage Loans purchased in a Transaction, including, without limitation, ordering broker's price opinions, new credit reports and new appraisals on the related Mortgaged Properties with respect to the Mortgage Loans and otherwise re-generating the information used to originate such Mortgage Loan. Buyer may underwrite such Mortgage Loans itself or engage a mutually agreed upon third party underwriter to perform such underwriting. Seller agrees to cooperate with Buyer and any third party underwriter in connection with such underwriting, including, but not limited to, providing Buyer and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Mortgage Loans in the possession, or under the control, of Seller. Seller further agrees that Seller shall pay all out-of-pocket costs and expenses incurred by Buyer in connection with Buyer's activities pursuant to this Section 19. Buyer may, based on such due diligence, require to change contractual terms and add protections it deems, in its absolute discretion, necessary to protect its rights in the Mortgage Loans.

Section 20. Assignability.

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by Seller without the prior written consent of Buyer. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Nothing in this Agreement express or implied, shall give to any Person, other than the parties to this Agreement and their successors hereunder, any benefit of any legal or equitable right, power, remedy or claim under this Agreement. Buyer may, upon at least [\*\*\*] notice to Seller, from time to time assign all or a portion of its rights and obligations under this Agreement and the Facility Documents to any Person pursuant to an executed assignment and acceptance by Buyer and assignee ("Assignment and Acceptance"), specifying the percentage or portion of such rights and obligations assigned. Upon such assignment, (a) such assignee shall be a party hereto and to each Facility Document to the extent of the percentage or portion set forth in the Assignment and Acceptance, and shall succeed to the applicable rights and obligations of Buyer hereunder, and (b) Buyer shall, to the extent that such rights and obligations have been so assigned by it be released from its obligations hereunder and under the Facility Documents. Unless otherwise stated in the Assignment and Acceptance, Seller shall continue to take directions solely from Buyer unless otherwise notified by Buyer in writing. Buyer may distribute to any prospective assignee any document or other information delivered to Buyer by Seller.

(b) Buyer, upon at least [\*\*\*] notice to Seller, may sell participations to one or more Persons in or to all or a portion of its rights and obligations under this Agreement to any Person; provided, however, that (i) Buyer's obligations under this Agreement shall remain unchanged, (ii) Buyer shall remain solely responsible to the other parties hereto for the performance of such obligations; and (iii) Seller shall continue to deal solely and directly with Buyer in connection with Buyer's rights and obligations under this Agreement and the other Facility Documents except as provided in Section 7; provided that no such restrictions shall apply with respect to any sale to any Affiliate of Buyer or if an Event of Default has occurred and is continuing; and provided further that Buyer shall act as agent for all purchasers, assignees and point of contact for Seller pursuant to agency provisions to be agreed upon by Buyer, its intended purchasers and/or assignees and Seller.

(c) Notwithstanding anything contained in Section 31 hereof to the contrary, Buyer may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 20, disclose to the assignee or participant or proposed assignee or participant (each, an "NDA Counterparty"), as the case may be, any information relating to Seller or any of its Subsidiaries or to any aspect of the Transactions that has been furnished to Buyer by or on behalf of Seller or any of its Subsidiaries; provided that such NDA Counterparty agrees to hold such information subject to the confidentiality provisions of this Agreement.

(d) In the event Buyer assigns all or a portion of its rights and obligations under this Agreement, the parties hereto agree to negotiate in good faith an amendment to this Agreement to add agency provisions similar to those included in repurchase agreements for similar syndicated repurchase facilities.

#### Section 21. Transfer and Maintenance of Register.

(a) Subject to acceptance and recording thereof pursuant to paragraph (b) of this Section 21, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of Buyer under this Agreement. Any assignment or transfer by Buyer of rights or obligations under this Agreement that does not comply with this Section 21 shall be treated for purposes of this Agreement as a sale by such Buyer of a participation in such rights and obligations in accordance with Section 21(b) hereof.

(b) Buyer, as agent for Seller, shall maintain a register (the "Register") on which it will record Buyer's rights hereunder, and each Assignment and Acceptance and participation. The Register shall include the names and addresses of Buyer (including all assignees, successors and participants) and the percentage or portion of such rights and obligations assigned or participated. Failure to make any such recordation, or any error in such recordation shall not affect Seller's obligations in respect of such rights. If Buyer sells a participation in its rights hereunder, it shall provide Seller, or maintain as agent of Seller, the information described in this paragraph and permit Seller to review such information as reasonably needed for Seller to comply with its obligations under this Agreement or under any applicable Requirement of Law.



Section 22. Tax Treatment. Each party to this Agreement acknowledges that it is its intent for purposes of U.S. federal, state and local income and franchise taxes, to treat each Transaction as indebtedness of Seller that is secured by the Purchased Assets and that the Purchased Assets are owned by Seller in the absence of a Default by Seller. All parties to this Agreement agree to such treatment and agree to take no action inconsistent with this treatment, unless required by law.

Section 23. Set-Off.

(a) In addition to any rights and remedies of Buyer hereunder and by law, Buyer shall have the right, without prior notice to Seller, any such notice being expressly waived by Seller to the extent permitted by applicable law to set-off and appropriate and apply against any obligation from Seller to Buyer or any of its Affiliates any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other obligation (including to return excess margin), credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by or due from Buyer or any Affiliate thereof to or for the credit or the account of Seller. Buyer agrees promptly to notify Seller after any such set-off and application made by Buyer; provided that the failure to give such notice shall not affect the validity of such set-off and application.

(b) Buyer shall at any time have the right, in each case until such time as Buyer determines otherwise, to retain, to suspend payment or performance of, or to decline to remit, any amount or property that Buyer would otherwise be obligated to pay, remit or deliver to Seller hereunder if an Event of Default has occurred.

Section 24. Terminability. Each representation and warranty made or deemed to be made by entering into a Transaction, herein or pursuant hereto shall survive the making of such representation and warranty, and Buyer shall not be deemed to have waived any Default that may arise because any such representation or warranty shall have proved to be false or misleading, notwithstanding that Buyer may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time the Transaction was made. The obligations of Seller under Section 16 hereof shall survive the termination of this Agreement.

Section 25. Notices And Other Communications. Except as otherwise expressly permitted by this Agreement, all notices, requests and other communications provided for herein (including without limitation any modifications of, or waivers, requests or consents under, this Agreement) shall be given or made in writing (including without limitation by telecopy) delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof or thereof); or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. Except as otherwise provided in this Agreement and except for notices given under Section 3 (which shall be effective only on receipt), all such communications shall be deemed to have been duly given when transmitted by telecopy or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid. In all cases, to the extent that the related individual set forth in the respective "Attention" line is no longer employed by the respective Person, such notice may be given to the attention of a Responsible Officer of the respective Person or to the attention of such individual or individuals as subsequently notified in writing by a Responsible Officer of the respective Person.

Section 26. Entire Agreement; Severability; Single Agreement

(a) This Agreement, together with the Facility Documents, constitute the entire understanding between Buyer and Seller with respect to the subject matter they cover and shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions involving Purchased Assets. By acceptance of this Agreement, Buyer and Seller acknowledge that they have not made, and are not relying upon, any statements, representations, promises or undertakings not contained in this Agreement. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

(b) Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and that each has been entered into in consideration of the other Transactions. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transaction hereunder; (iii) that payments, deliveries, and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries, and other transfers may be applied against each other and netted and (iv) to promptly provide notice to the other after any such set off or application.

Section 27. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.

Section 28. SUBMISSION TO JURISDICTION; WAIVERS. BUYER AND EACH OF THE SELLER EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY:

**(a) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND THE OTHER FACILITY DOCUMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;**

**(b) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;**

(c) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH UNDER ITS SIGNATURE BELOW OR AT SUCH OTHER ADDRESS OF WHICH BUYER SHALL HAVE BEEN NOTIFIED;

(d) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(e) BUYER AND SELLER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 29. No Waivers, etc. No failure on the part of Buyer to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under any Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any Facility Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. An Event of Default shall be deemed to be continuing unless expressly waived by Buyer in writing.

Section 30. Netting. If Buyer and Seller are “financial institutions” as now or hereinafter defined in Section 4402 of Title 12 of the United States Code (“Section 4402”) and any rules or regulations promulgated thereunder,

(a) All amounts to be paid or advanced by one party to or on behalf of the other under this Agreement or any Transaction hereunder shall be deemed to be “payment obligations” and all amounts to be received by or on behalf of one party from the other under this Agreement or any Transaction hereunder shall be deemed to be “payment entitlements” within the meaning of Section 4402, and this Agreement shall be deemed to be a “netting contract” as defined in Section 4402.

(b) The payment obligations and the payment entitlements of the parties hereto pursuant to this Agreement and any Transaction hereunder shall be netted as follows. In the event that either party (the “Defaulting Party”) shall fail to honor any payment obligation under this Agreement or any Transaction hereunder, the other party (the “Nondefaulting Party”) shall be entitled to reduce the amount of any payment to be made by the Nondefaulting Party to the Defaulting Party by the amount of the payment obligation that the Defaulting Party failed to honor.

Section 31. Confidentiality.

(a) Buyer and the Seller hereby acknowledge and agree that all written or computer-readable information provided by one party to any other regarding the terms set forth in any of the Facility Documents or the Transactions contemplated thereby or pursuant to the terms thereof, including, but not limited to, the name of, or identifying information with respect to Buyer, any pricing terms, or other nonpublic business or financial information (including, without limitation, any sub-limits and financial covenants), the existence of this Agreement and the Transactions with the Buyer (the “Confidential Information”) shall be kept confidential and shall not be divulged to any party without the prior written consent of such other party except to the extent that (i) it is necessary to disclose to its Affiliates, the Seller and its employees, directors, officers, advisors (including legal counsel, accountants, and auditors), representatives and servicers, (ii) it is requested or required by governmental agencies, regulatory bodies or other legal, governmental or regulatory process, in which case Seller shall provide prior written notice to Buyer to the extent not prohibited by the applicable law or regulation, (iii) any of the Confidential Information is in the public domain other than due to a breach of this covenant, (iv) an Event of a Default has occurred and Buyer determines such information to be necessary or desirable to disclose in connection with the marketing and sales of the Purchased Assets or otherwise to enforce or exercise Buyer’s rights hereunder, or (v) notwithstanding anything contained in this Agreement to the contrary, Buyer determines such information is necessary or desirable to disclose in connection with any transaction or potential transaction described in Section 10 hereof or any NDA Counterparty described in Section 20 hereof, or any other financing source or provider to Buyer, provided that each such third party agrees to maintain the confidentiality of such information on terms at least as restrictive as the standard set forth in this Section 31(a). Seller and the Buyer shall be responsible for any breach of the terms of this Section 31(a) by any Person that it discloses Confidential Information to pursuant to clause (i) above. The Parties shall not, without the written consent of the other Party, make any communication, press release, public announcement or statement in any way connected to the existence or terms of this Agreement or the other Facility Documents or the Transactions contemplated hereby or thereby, except where such communication or announcement is required by law or regulation, in which event the Parties will consult and cooperate with respect to the wording of any such announcement. Notwithstanding the foregoing or anything to the contrary contained herein or in any other Facility Document, the parties hereto may disclose to any and all Persons, without limitation of any kind, the federal, state and local tax treatment or tax structure of the Transactions, any fact relevant to understanding the federal, state and local tax treatment or tax structure of the Transactions, and all materials of any kind (including opinions or other tax analyses) relating to such federal, state and local tax treatment and that may be relevant to understanding such tax treatment or tax structure; provided that the “tax treatment or “tax structure” shall be limited to any facts relevant to the U.S. federal, state or local tax treatment of any Transaction contemplated hereunder and specifically does not include any information relating to the identity of the Buyer or any pricing terms hereunder. The provisions set forth in this Section 31(a) shall survive the termination of this Agreement for [\*\*\*].

(b) Notwithstanding anything in this Agreement to the contrary, Seller understands that Confidential Information disclosed hereunder may contain “nonpublic personal information”, as that term is defined in Section 509(4) of the Gramm-Leach-Bliley Act (the “GLB Act”), and Seller agrees to maintain such nonpublic personal information that it receives hereunder in accordance with the GLB Act and other applicable local, state and federal laws relating to privacy and data protection (“Privacy Laws”). The Seller shall implement administrative,

technical and physical safeguards and other security measures to (a) ensure the security and confidentiality of the “nonpublic personal information” of the “customers” (as defined in the GLB Act) of Buyer or any Affiliate of Buyer which Buyer holds, (b) protect against any threats or hazards to the security and integrity of such nonpublic personal information, and (c) protect against any unauthorized access to or use of such nonpublic personal information. Upon request, the Seller will provide evidence reasonably satisfactory to allow Buyer to confirm that the Seller has satisfied its obligations as required under this Section. Without limitation, this may include Buyer’s review of audits, summaries of test results, and other equivalent evaluations of the Seller. The Seller shall notify the Buyer immediately following discovery of any breach or compromise of the security, confidentiality, or integrity of nonpublic personal information of the customers and consumers of Buyer or any Affiliate of Buyer provided directly to the Seller. The Seller shall provide such notice to Buyer by personal delivery, by facsimile with confirmation of receipt, or by overnight courier with confirmation of receipt to the applicable requesting individual. The provisions set forth in this Section 32(b) shall survive the termination of this Agreement for as long as Seller retains any “nonpublic personal information” disclosed hereunder.

Section 32. Intent.

(a) The parties recognize that each Transaction is a “repurchase agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended, a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code, as amended, and a “master netting agreement” as that term is defined in Section 101(38A)(A) of the Bankruptcy Code, that all payments hereunder are deemed “margin payments” or “settlement payments” as defined in Title 11 of the United States Code, and that the pledge of the Repurchase Assets constitutes “a security agreement or other arrangement or other credit enhancement” that is “related to” the Agreement and Transactions hereunder within the meaning of Sections 101(38A)(A), 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code. Seller and Buyer further recognize and intend that this Agreement is an agreement to provide financial accommodations and is not subject to assumption pursuant to Bankruptcy Code Section 365(a).

(b) Buyer’s right to liquidate the Repurchase Assets delivered to it in connection with the Transactions hereunder or to accelerate or terminate this Agreement or otherwise exercise any other remedies pursuant to Section 15 hereof is a contractual right to liquidate, accelerate or terminate such Transaction as described in Bankruptcy Code Sections 555, 559 and 561; any payments or transfers of property made with respect to this Agreement or any Transaction shall be considered a “margin payment” and “settlement payment” as such terms are defined in Bankruptcy Code Section 741(5).

(c) The parties agree and acknowledge that if a party hereto is an “insured depository institution,” as such term is defined in the Federal Deposit Insurance Act, as amended (“FDIA”), then each Transaction hereunder is a “qualified financial contract,” as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a “netting contract” as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a “covered contractual payment entitlement” or “covered contractual payment obligation”, respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a “financial institution” as that term is defined in FDICIA).

(e) This Agreement is intended to be a “repurchase agreement” and a “securities contract,” within the meaning of Section 555 and Section 559 under the Bankruptcy Code.

(f) Each party agrees that this Agreement is intended to create mutuality of obligations among the parties, and as such, the Agreement constitutes a contract which (i) is between all of the parties and (ii) places each party in the same right and capacity.

(g) Each party agrees that it shall not challenge the characterization of this Agreement or any Transaction as a repurchase agreement, securities contract and master netting agreement under the Bankruptcy Code.

(h) Each party agrees that this Agreement and the Transactions entered into hereunder are part of an integrated, simultaneously-closing suite of financial contracts.

Section 33. Reserved.

Section 34. Conflicts. In the event of any conflict between the terms of this Agreement, any other Facility Document and any Confirmation, the documents shall control in the following order of priority: first, the terms of the Confirmation shall prevail, second, then the terms of this Agreement shall prevail, and then the terms of the Facility Documents shall prevail.

Section 35. Authorizations. Any of the persons whose signatures and titles appear on Schedule 2 are authorized, acting singly, to act for Seller or Buyer under this Agreement.

Section 36. Reserved.

Section 37. Miscellaneous.

(a) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. Counterparts may be delivered electronically.

(b) Captions. The captions and headings appearing herein are for included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

(c) Acknowledgment. Seller hereby acknowledges that:

(i) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Facility Documents;

(ii) Buyer has no fiduciary relationship to Seller;

(iii) no joint venture exists between Buyer and Seller; and

(iv) it has made its own independent decisions to enter into the Facility Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary and Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(d) Documents Mutually Drafted. Seller and Buyer agree that this Agreement and each other Facility Document prepared in connection with the Transactions set forth herein have been mutually drafted and negotiated by each party, and consequently such documents shall not be construed against either party as the drafter thereof.

Section 38. General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

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

(b) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

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

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

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

(f) the term “include” or “including” shall mean without limitation by reason of enumeration;

(g) all times specified herein or in any other Facility Document (unless expressly specified otherwise) are local times in New York, New York unless otherwise stated; and

(h) all references herein or in any Facility Document to “good faith” means good faith as defined in Section 1-201(19) of the UCC as in effect in the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date set forth above.

BUYER:

**NOMURA CORPORATE FUNDING  
AMERICAS, LLC**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: Operations  
Email: [\*\*\*]

With copies to:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: [\*\*\*]  
Email: [\*\*\*]

Alston & Bird LLP  
90 Park Avenue  
New York, New York 10016  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: [\*\*\*]  
Email: [\*\*\*]

Signature Page to Master Repurchase Agreement



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SELLER:

**FINANCE OF AMERICA COMMERCIAL LLC**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:  
30 East 7<sup>th</sup> Street Suite 2350  
St. Paul, MN 55101  
Attn: [\*\*\*]

With a copy to:

Finance of America Holdings LLC  
909 Lake Carolyn Parkway, Suite 1550  
Irving, TX 75039  
Attn: [\*\*\*]

Signature Page to Master Repurchase Agreement

SCHEDULE 1

**REPRESENTATIONS AND WARRANTIES RE: MORTGAGE LOANS**

Seller makes the following representations and warranties to Buyer with respect to each Mortgage Loan as of the Purchase Date for the purchase of any such Mortgage Loan by Buyer from Seller and at all times while the Mortgage Loan is subject to a Transaction hereunder. With respect to those representations and warranties which are made to the best of Seller's knowledge, if it is discovered by Seller or Buyer that the substance of such representation and warranty is inaccurate, notwithstanding Seller's lack of knowledge with respect to the substance of such representation and warranty, such inaccuracy shall be deemed a breach of the applicable representation and warranty.

(a) Data. The information on the Asset Schedule is complete, true and correct in all material respects as of the date of such information. All information contained in the related Asset File in respect of the Mortgage Loans is accurate and complete in all material respects.

(b) Regulatory Compliance. Any and all requirements of applicable federal, state, and local laws, including, without limitation, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws, disclosure or unfair and deceptive practice laws have been complied with. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including, but not limited to, certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

(c) Origination and Servicing Practices; No Escrow Deposits. The origination and collection practices used by the Seller and , each servicer of the Mortgage Loan with respect to each Mortgage Loan have been in all respects in accordance with Accepted Servicing Practices, applicable laws and regulations, and have been in all respects legal and proper and the servicing practices used with respect to the Mortgage Loan have been in accordance with Accepted Servicing Practices, whether such servicing was done by the Seller, its affiliates, or any third- party servicer, subservicer or servicing agent of any of the foregoing. With respect to escrow deposits and escrow payments (including, without limitation, with respect to RTL Loans, any Holdback Amount), all such payments are in the possession of, or under the control of Seller. All escrow payments have been collected in full compliance with state and federal law. No escrow deposits or escrow payments or other charges or payments due Seller have been capitalized under the Mortgage, the Mortgage Note or any related Mortgage Loan Document. Any interest required to be paid pursuant to state, federal and local law has been properly paid and credited.

(d) Ownership. The Seller is the sole owner of record and holder of the Mortgage Loan, and the related Mortgage Note and the Mortgage are not assigned or pledged, and the Seller has good and marketable title thereto and has full right and authority to transfer and sell the Mortgage Loan to the Buyer. The Seller is transferring the Mortgage Loan free and clear of any and all encumbrances, liens, pledges, equities, participation interests, claims, agreements with other parties to sell or otherwise transfer the Mortgage Loan, charges or security interests of any nature encumbering such Mortgage Loan.

(e) Enforceability and Priority of Lien. The Mortgage is a valid, subsisting, and enforceable perfected first lien on the property therein described, the Mortgaged Property is free and clear of all adverse claims, encumbrances and liens having priority over the first lien of the Mortgage except for, (i) the lien of current real property taxes and assessments not yet due and payable, (ii) covenants, conditions, and restrictions, rights of way, easements, and other matters of public record as of the date of recording of such mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located, and (iii) such other matters to which like properties are commonly subject that do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage.

(f) No Prior Modifications. Unless otherwise indicated in the related Asset Schedule and reflected in an agreement included in the Asset File, neither Seller nor any prior holder of the Mortgage or the related Mortgage Note has: (i) modified the mortgage or the related Mortgage Note in any material respect; (ii) satisfied, canceled, or subordinated the mortgage in whole or in part; (iii) released the Mortgaged Property in whole or in part from the lien of the Mortgage; or (iv) executed any instrument of release, cancellation, modification, or satisfaction. If a Mortgage Loan has been modified, the modified terms are reflected on the Asset Schedule. The related Mortgage, Mortgage Note and each other related Mortgage Loan Document contain the entire agreement of the parties and all of the obligations of Seller under the related Mortgage Loan.

(g) Business Purpose Mortgage Loan. The related Mortgaged Property is solely for use as an investment property and Seller has provided Buyer or its designee with a statement from the Mortgagor certifying such purposes as well as other checks as agreed to between Seller and Buyer as determined through due diligence. Such Mortgage Loan was not originated primarily for a personal, family or household purpose, as defined in the Truth in Lending Act and its implementing Regulation Z, and such Mortgage Loans was originated for business purposes. The Mortgaged Property securing the related Mortgage is non-owner occupied. The related Mortgagor furnished to the Seller a certification that it and the related Sponsor(s) do not intend to, and will not, occupy the Mortgaged Property for more than [\*\*\*] during any [\*\*\*].

(h) Mortgage Recorded: Assignments of Mortgage. Except as provided in paragraph (i) below, each original Mortgage was recorded or submitted for recordation in the jurisdiction in which the Mortgaged Property is located and all subsequent assignments of the original Mortgage have been delivered in the appropriate form for recording in all jurisdictions in which such recordation is necessary to perfect the ownership of the Mortgage by the owner thereof. With respect to each Mortgage that constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in such Mortgage and no fees or expenses are or will become payable by the mortgagee to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor. With respect to each Mortgage Loan that is not a MERS Mortgage Loan, the Assignment of Mortgage, upon the insertion of the name of the assignee and recording information, is in recordable form (other than the name of the assignee if in blank) and is

acceptable for recording under the laws of the jurisdiction in which the related Mortgaged Property is located. With respect to each MERS Mortgage Loan, (i) the related Mortgage and Assignment of Mortgage have been duly and properly recorded in the name of MERS or its designee or have been delivered for recording to the applicable recording office and (ii) a mortgage identification number has been assigned by MERS and such mortgage identification number is accurately provided on the Asset Schedule (or is otherwise provided to Buyer).

(i) Litigation. There is no action, suit, proceeding or investigation pending, or to the best of Seller's knowledge threatened, that is related to the Mortgage Loan and likely to affect materially and adversely such Mortgage Loan.

(j) Complete Asset Files. Except as approved by the Buyer in its sole discretion and except with respect to Wet-Ink Mortgage Loans solely prior to the Wet-Ink Delivery Date, for each Mortgage Loan, all of the Mortgage Loan documents required to be delivered to the Custodian have been delivered to the Custodian and all Mortgage Loan documents necessary to foreclose on the Mortgaged Property are included in the related Asset File delivered to the Custodian. Each of the documents and instruments specified to be included in the Asset File is executed and in due and proper form. With respect to each such Mortgage Loan, upon the consummation of the related Transaction, Custodian shall have received the related Asset File and such Asset File shall not have been released from the possession of the Custodian for longer than the time periods permitted under the Custodial Agreement.

(k) Taxes, Assessments. All taxes, governmental assessments, water, sewer, and municipal charges which previously became due and owing have been paid, or, where applicable law allows, an escrow of funds has been established in an amount sufficient to pay for such item that remains unpaid; except for any such charges for which Seller and/or Servicer have, after due consideration, made a determination not to pay for, in accordance with their current practice and have been disclosed in writing to Buyer.

(l) No Rescission. (A) No Mortgage Note or Mortgage is subject to any right of rescission, set-off, counterclaim, or defense, including the defense of usury, nor will the operation of any of the terms of the Mortgage Note or Mortgage, or the exercise of any right thereunder, render the Mortgage Note or Mortgage unenforceable, in whole or in part, or subject it to any right of rescission, set-off, counterclaim, or defense, including the defense of usury; and (B) to the best of Seller's knowledge, no such right of rescission, set-off, counterclaim, or defense has been asserted with respect thereto.

(m) No Consents. Other than consents and approvals obtained as of the related Purchase Date or those already granted in the documents governing such Mortgage Loan, no consent or approval by any Person is required in connection with Seller's sale and/or Buyer's acquisition of such Mortgage Loan, for Buyer's exercise of any rights or remedies in respect of such Mortgage Loan or for Buyer's sale, pledge or other disposition of such Mortgage Loan. No third party holds any "right of first refusal", "right of first negotiation", "right of first offer", purchase option, or other similar rights of any kind, and no other impediment exists to any such transfer or exercise of rights or remedies with respect to such Mortgage Loan. No consent, approval, authorization or order of, or registration or filing with, or notice to, any court or governmental agency or body having jurisdiction or regulatory authority over Seller is required for any transfer or assignment by the holder of such Mortgage Loan.

(n) Legal, Valid and Binding Obligation. The Mortgage Note and the related Mortgage are genuine, and each constitutes the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms.

(o) Environmental Matters. The Mortgaged Property is free from any and all toxic or hazardous substances and there exists no violation of any local, state or federal environmental law, rule or regulation. There is no pending action or proceeding directly involving the Mortgaged Property in which compliance with any environmental law, rule or regulation is an issue or is secured by a secured lender's environmental insurance policy

(p) Location and Type of Mortgaged Property. The Mortgaged Property is located in a State of the United States of America or the District of Columbia and consists of a one- to four-unit residential property, which may include, but is not limited to, a single-family dwelling, a Small Multi-Family Property, condominium unit, or mixed use property. No Mortgaged Property is a mobile home or a manufactured home. Other than with respect to a Mortgage Loan that is a Multi-Property Rental Loan, such Mortgage Loan is secured by a Mortgage on only one Mortgaged Property.

(q) Appraisal. Except as otherwise agreed to by Buyer in its sole discretion, Seller has furnished to Buyer an Appraisal that reflects an Appraised Value of at least [\*\*\*] of the related Mortgaged Property.

(r) Mortgaged Property Undamaged. With respect to each RTL Loan, unless such required repairs were identified at the time of origination and appropriate set-asides have been made for such repairs to the best of Seller's knowledge, the related Mortgaged Property is in good repair and undamaged by waste, fire, earthquake or earth movement, windstorm, flood, hurricane, tornado, mold or other casualty so as to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises were intended. With respect to each Rental Loan, each related Mortgaged Property is undamaged by waste, vandalism, fire, hurricane, earthquake or earth movement, windstorm, flood, tornado or other casualty adversely affecting the value of a Mortgaged Property or the use for which the premises were intended, and each such Mortgaged Property is in substantially the same condition it was at the time the most recent Property Value was obtained.

(s) No Condemnation. There is no proceeding pending or to the best of the Seller's knowledge threatened for the total or partial condemnation of the related Mortgaged Property.

(t) Mortgagor. The related Mortgagor is not insolvent and is not a foreign national.

(u) Consolidation of Principal Advances. Any principal advances made have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate reflected on the Asset Schedule. The lien of the Mortgage securing the principal amount (as expressed on the related Mortgage Note which shall include, with respect to RTL Loans, the undisbursed Holdback Amount) is insured as having first lien priority by a title insurance policy, an endorsement to the policy insuring the mortgagee's consolidated interest or by other title evidence acceptable to Buyer.

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(v) No Fraud. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of the Seller, the Mortgagor, the appraiser, any servicer or any other party involved in the origination or servicing of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan or in connection with the sale of such Mortgage Loan to the Buyer.

(w) Approval. Seller and each other originator is licensed or qualified, as required pursuant to any Requirement of Law, as a mortgage lender in each state in which any related Mortgaged Property is located.

(x) Documents Genuine. Such Mortgage Loan and all accompanying Mortgage Loan Documents (including without limitation the related Mortgage Loan Documents) are complete and authentic and all signatures thereon are genuine.

(y) Disbursements of Holdback Amounts. With respect to RTL Loans, to the extent the related Mortgagor requests disbursement of any Holdback Amounts, all such Holdback Amounts required to be disbursed have been disbursed by Holdback Servicer to the Mortgagor in accordance with the related Mortgage Loan Documents.

(z) Hazard Insurance. The related Mortgaged Property is insured by a fire and extended perils insurance policy, issued by an insurer acceptable to Buyer, and such other hazards as are customary in the area where the Mortgaged Property is located, in an amount not less than the least of (1) the outstanding principal balance of the Mortgage Loan and (2) the full insurable value of the Mortgaged Property. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the project. If any portion of the Mortgaged Property is in an area identified by any federal Governmental Authority as having special flood hazards, and flood insurance is available, a flood insurance policy meeting the current guidelines of the Federal Emergency Management Agency is in effect with a generally acceptable insurance carrier, in an amount representing coverage not less than the least of (1) the outstanding principal balance of the Mortgage Loan, (2) the full insurable value of the Mortgaged Property, and (3) the maximum amount of insurance available under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973. All such insurance policies (collectively, the "hazard insurance policy") contain a standard mortgagee clause naming Seller, its successors and assigns (including, without limitation, subsequent owners of the Mortgage Loan), as mortgagee, and, to the extent such agreement is commercially available from the related insurer, may not be reduced, terminated or canceled without [\*\*\*] prior written notice to the mortgagee arising because of nonpayment of a premium and at least [\*\*\*] prior written notice to the mortgagee arising for any reason other than nonpayment of a premium. No such notice has been received by Seller. All currently due premiums on such insurance policy have been paid. The related Mortgage obligates the Mortgagor to maintain all such insurance and, at such Mortgagor's failure to do so, authorizes the mortgagee to maintain such insurance at the Mortgagor's cost and expense and to seek reimbursement therefor from such Mortgagor. Where required by state law or regulation, the Mortgagor has been given an opportunity to choose the carrier of the required hazard insurance, provided the policy is not a "master" or "blanket" hazard insurance policy

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covering a condominium, or any hazard insurance policy covering the common facilities of a planned unit development. To Seller's knowledge, the hazard insurance policy is the valid and binding obligation of the insurer and is in full force and effect. No Seller has engaged in, and has no knowledge of the Mortgagor's having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either including, without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by Seller.

(aa) Disbursement of Proceeds. Any and all requirements as to disbursements of any escrow funds therefor have been complied with. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note, Mortgage or any other related Mortgage Loan Document. All escrow deposits and payments required to be escrowed with Seller pursuant to each Mortgage Loan are in the possession, or under the control, of Seller or its servicer, and there are no deficiencies (subject to any applicable grace or cure periods) in connection therewith.

(bb) Title Insurance. The Mortgage Loan is covered by either (i) an attorney's opinion of title and abstract of title, the form and substance of which is acceptable to prudent mortgage lending institutions making mortgage loans in the area wherein the Mortgaged Property is located or (ii) an ALTA lender's title insurance policy or other generally acceptable form of policy or insurance acceptable to Buyer and each such title insurance policy is issued by a title insurer acceptable to Buyer and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring Seller, its successors and assigns, as to the first priority lien of the Mortgage, as applicable, in the original principal amount of the Mortgage Loan. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required mortgage title insurance. Additionally, such lender's title insurance policy affirmatively insures ingress and egress and against encroachments by or upon the Mortgaged Property or any interest therein. The title policy does not contain any special exceptions (other than the standard exclusions) for zoning and uses and has been marked to delete the standard survey exception or to replace the standard survey exception with a specific survey reading. Seller, its successors and assigns, are the sole insureds of such lender's title insurance policy, and such lender's title insurance policy is valid and remains in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by this Agreement. No claims have been made under such lender's title insurance policy, and no prior holder or servicer of the related Mortgage, including Seller, has done, by act or omission, anything which would impair the coverage of such lender's title insurance policy, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by Seller.

(cc) No Defaults. As of the Purchase Date, (i) there is no default, breach, violation or event of acceleration existing under the Mortgage, the Mortgage Note or any other related Mortgage Loan Document (including without limitation a failure by Seller to make an advance in accordance with the terms thereof to the related Mortgagor thereunder), and (ii) no event has occurred which would constitute a default, breach, violation or event of acceleration. No Seller has waived any default, breach, violation or event of acceleration under the Mortgage Note or any other related Mortgage Loan Document.

(dd) No Mechanics' Liens. There are no mechanics' or similar liens or claims which have been filed for work, labor or material affecting the Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the lien of the Mortgage.

(ee) Location of Improvements; No Encroachments. All improvements which were considered in determining the Appraised Value or BPO Value, as applicable, of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such Mortgaged Property, and no improvements on adjoining properties encroach upon such Mortgaged Property. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning and building law, ordinance or regulation.

(ff) Underwriting Standards. Each Mortgage Loan was underwritten in accordance with the applicable Underwriting Guidelines, unless otherwise approved by Buyer.

(gg) Customary Provisions. The Mortgage Note has a stated maturity. The Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure. There is no homestead or other exemption available to a Mortgagor which would interfere with the right to sell the Mortgaged Property at a trustee's sale or the right to foreclose the Mortgage. There is only one originally executed Mortgage Note not stamped as a duplicate with respect to such Mortgage Loan.

(hh) No Additional Collateral. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement and chattel mortgage referred to in clause (i) above or other collateral specified in the related Mortgage Loan documents. There are, as of origination date and as of the Purchase Date, no subordinate mortgages or junior liens securing the payment of money encumbering the related Mortgaged Property, and equipment and other personal property financing). No mezzanine debt is secured directly by interests in the related Mortgagor.

(ii) Due-On-Sale. The Mortgage contains a provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee thereunder.

(jj) Proceeds of Mortgage Loan. The proceeds of the Mortgage Loan have not been and shall not be used to satisfy, in whole or in part, any debt owed or owing by the Mortgagor to Seller or any Affiliate or correspondent of Seller, except in connection with a refinanced Mortgage Loan.

(kk) No Equity Participation. No document relating to the Mortgage Loan provides for any contingent or additional interest in the form of participation in the cash flow of the Mortgaged Property or a sharing in the appreciation of the value of the Mortgaged Property.



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The indebtedness evidenced by the Mortgage Note is not convertible to an ownership interest in the Mortgaged Property or the Mortgagor and no Seller has financed nor does it own directly or indirectly, any equity of any form in the Mortgaged Property or the Mortgagor.

(ll) Recourse Obligations. The Mortgage Loan Documents for each Mortgage Loan provide that such Mortgage Loan is either (x) full recourse against the related Mortgagor and/or natural person or (y) non-recourse to the related parties thereto except that (a) the related Mortgagor and at least one individual or entity shall be fully liable for actual losses, liabilities, costs and damages arising from certain acts of the related Mortgagor and/or its principals specified in the related Mortgage Loan Documents, which acts generally include the following: (i) acts of fraud or intentional material misrepresentation, (ii) misapplication or misappropriation of rents, insurance proceeds or condemnation awards, (iii) intentional material physical waste of any related Mortgaged Property, and (iv) any breach of the environmental covenants contained in the related Mortgage Loan Documents, and (b) the Mortgage Loan shall become full recourse to the related Mortgagor and at least one individual or entity, if the related Mortgagor files a voluntary petition under federal or state bankruptcy or insolvency law.

(mm) Single-Purpose Entity. With respect to each Mortgagor that is a Person other than an individual, each related non-recourse Mortgage Loan requires such Mortgagor to be a Single-Purpose Entity for at least as long as the Mortgage Loan is outstanding. For this purpose, a “Single-Purpose Entity” shall mean an entity, other than an individual, whose organizational documents provide substantially to the effect that it was formed or organized solely for the purpose of owning and operating one or more of the Mortgaged Properties securing the Mortgage Loans and prohibit it from engaging in any business unrelated to such Mortgaged Property or Properties, and whose organizational documents further provide, or which entity represented in the related Mortgage Loan Documents, substantially to the effect that it does not have any material assets other than those related to its interest in and operation of such Mortgaged Property or Properties, or any material indebtedness other than as permitted by the related Mortgage(s) or the other related Mortgage Loan Documents, that it has its own books and records and accounts separate and apart from those of any other person, and that it holds itself out as a legal entity, separate and apart from any other person or entity.

(nn) Mortgage Releases. The terms of the related Mortgage or related Mortgage Loan Documents do not provide for the release of any related Mortgaged Property from the lien of the Mortgage except (a) upon payment in full of such Mortgage Loan, (b) as required pursuant to an order of condemnation or a material casualty, or (c) in connection with a substitution of collateral within the parameters specified in the related Mortgage Loan Documents.

(oo) Payments Current. All payments required to be made up to the Purchase Date for the Mortgage Loan under the terms of the Mortgage Note have been made and credited.

(pp) Advance of Funds by Seller. After origination, no advance of funds has been made by Seller to the related Mortgagor other than in accordance with the Mortgage Loan Documents, and, to each Seller’s knowledge, no funds have been received from any person other than the related Mortgagor or an affiliate for, or on account of, payments due on the Mortgage Loan (other than as contemplated by the Mortgage Loan Documents, such as, by way of example and not in limitation of the foregoing, amounts paid by the tenant(s) into a lender-controlled lockbox if required or contemplated under the related lease or Mortgage Loan Documents). Neither Seller nor any affiliate thereof has any obligation to make any capital contribution to any Mortgagor under a Mortgage Loan, other than contributions made on or prior to the date hereof.

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(qq) Wet-Ink Mortgage Loans. With respect to each Mortgage Loan that is a Wet-Ink Mortgage Loan, the Settlement Agent has been instructed in writing by Seller to hold the related Mortgage Loan Documents as agent and bailee for Buyer and to promptly forward such Mortgage Loan Documents in accordance with the provisions of the Custodial Agreement and the Escrow Instruction Letter and Seller has confirmed receipt of a closing protection letter.

(rr) Compliance with Anti-Money Laundering Laws. Each Seller has complied in all material respects with all applicable anti-money laundering laws and regulations, including without limitation the PATRIOT Act of 2001 with respect to the origination or purchase of each Mortgage Loan. No Mortgage Loan is subject to nullification pursuant to the orders or the regulations promulgated by OFAC or in violation of the orders or OFAC regulations, and no Mortgagor is subject to the provisions of such orders or OFAC regulations nor listed as a "blocked person" for purposes of the OFAC regulations.

(ss) Access; Utilities; Separate Tax Lots. Each Mortgaged Property (a) is located on or adjacent to a public road and has direct legal access to such road, or has access via an irrevocable easement or irrevocable right of way permitting ingress and egress to/from a public road, (b) is served by or has uninhibited access rights to public or private water and sewer (or well and septic) and electricity all of which are appropriate for the current use of such Mortgaged Property, and (c) constitutes one or more separate tax parcels which do not include any property which is not part of such Mortgaged Property or is subject to an endorsement under the related title insurance policy insuring such Mortgaged Property, or in certain cases, an application has been, or will be, made to the applicable governing authority for creation of separate tax lots, in which case the related Mortgage Loan requires the related Mortgagor to escrow an amount sufficient to pay taxes for the existing tax parcel of which such Mortgaged Property is a part until the separate tax lots are created.

(tt) Licenses and Permits. Each Mortgagor covenants in the Mortgage Loan Documents that it shall keep all material licenses, permits and applicable governmental authorizations necessary for its operation of the related Mortgaged Property in full force and effect, and all such material licenses, permits and applicable governmental authorizations are in effect. Each Mortgage Loan requires the related Mortgagor to be qualified to do business in the jurisdiction in which the related Mortgaged Property is located. No Seller is aware of any Mortgagor, guarantor or other obligor on the Mortgage Loan having received notice of any noncompliance with any use or occupancy law, ordinance, regulation, standard, license or certificate with respect to any Mortgaged Property.

(uu) Mortgage Provisions. The Mortgage Loan Documents for each Mortgage Loan contain provisions that render the rights and remedies of the holder thereof adequate for the practical realization against each related Mortgaged Property of the principal benefits of the security intended to be provided thereby, including realization by judicial or, if applicable, non-judicial foreclosure.

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(vv) UCC Filings. Each Seller has recorded or caused to be recorded (or, if not recorded, have been submitted in proper form for recording), UCC financing statements in the appropriate public recording offices necessary at the time of the origination of the Mortgage Loan to perfect a valid security interest in any collateral for such Mortgage Loan to the extent perfection may be effected pursuant to applicable law by recording, as the case may be.

(ww) Mortgage Recorded. The related Mortgage (or equivalent document) or other related collateral document creates a valid and enforceable lien and security interest on the items of personalty described above that may be perfected by recording. No representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the recording of UCC financing statements are required in order to effect such perfection. The Mortgage either has been or will promptly be submitted for recordation in the appropriate recording office of the jurisdiction where the Mortgaged Property is located. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement and chattel mortgage referred to above or other collateral specified in the related Mortgage Loan Documents.

(xx) Compliance with Usury Laws. The mortgage interest rate (exclusive of any default interest, late charges, yield maintenance charge, or prepayment premiums) of each Mortgage Loan complied as of the date of origination with, or was exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury. No Mortgage Loan is subject to forfeiture or any material penalties as a result of non-compliance with any applicable state or federal laws, regulations and other requirements pertaining to usury.

(yy) Costs. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the related Mortgage, which if unpaid would have a material adverse effect on the value, use or operation of the Mortgaged Property or the value of the related Mortgage Loan, were paid as of the related Purchase Date. The Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note, Mortgage or any other related Mortgage Loan Document.

(ccc) Multi-Property Mortgage Loans. Each Mortgage Loan that is a Multi- Property Mortgage Loan is cross-collateralized with all Mortgaged Properties securing such Multi- Property Mortgage Loan. All Indebtedness evidenced by a Multi-Property Mortgage Loan is subject to a Transaction under this Agreement.

**AUTHORIZED REPRESENTATIVES**

**SELLER NOTICES**

Attention: Address:  
Telephone:  
Facsimile:

**SELLER AUTHORIZATIONS**

Any of the persons whose signatures and titles appear below are authorized, acting singly, to act for Seller under this Agreement:

Name	Title	Signature
_____	_____	_____

**BUYER NOTICES**

Name: Operations  
Telephone: [\*\*\*]  
Facsimile: [\*\*\*]  
Email: [\*\*\*]

Address: Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316

With a copy to:

Name: [\*\*\*]  
Telephone: [\*\*\*]  
Facsimile: [\*\*\*]  
Email: [\*\*\*]

Address: Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316

**BUYER AUTHORIZATIONS**

Any of the persons whose signatures and titles appear below, including any other authorized officers, are authorized, acting singly, to act for Buyer under this Agreement:

Name	Title	Signature
[***]	[***]	
[***]	[***]	
[***]	[***]	
[***]	[***]	
[***]	[***]	
[***]	[***]	

**FORM OF CONFIRMATION LETTER**

**[FINANCE OF AMERICA COMMERCIAL LLC LETTERHEAD]**

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Attention: Operations  
CC: [\*\*\*]

[date]

Confirmation No.: \_\_\_\_\_

Ladies/Gentlemen:

This letter requests the confirmation of your agreement to purchase from us the Purchased Assets listed in Appendix I hereto, pursuant to the Master Repurchase Agreement governing purchases and sales of Purchased Assets between us, dated as of August 17, 2017 (the "Agreement"), as follows (capitalized terms used herein but not herein defined shall have the meanings ascribed thereto in the Agreement):

Purchase Date: \_\_\_\_\_, \_\_\_\_\_

Purchased Assets to be Purchased: See Appendix I hereto. [Appendix I to Confirmation Letter will list Purchased Assets]

Aggregate Principal Amount of RTL Loans (other than Permitted Bulk Purchase Loans):

Aggregate Principal Amount of Rental Loans:

Aggregate Principal Amount of Permitted Bulk Purchase Loans:

Purchase Price:

Purchase Price Percentage:

Aggregate Advanced Holdback Amount (if any):

Concentration Limits (following consummation of this Transaction):

Qualifier

Maximum Concentration  
Limit

Concentration Limit

Compliance

Names and addresses for communications:

Buyer:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Attention: Operations  
Email: [\*\*\*]

With a copy to:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Attention: [\*\*\*]  
Email: [\*\*\*]

Seller:

Finance of America Commercial LLC  
30 East 7<sup>th</sup> Street Suite 2350  
St. Paul, MN 55101  
Attn: [\*\*\*]With a

copy to:

Finance of America Holdings LLC  
909 Lake Carolyn Parkway, Suite 1550  
Irving, TX 75039  
Attn: [\*\*\*]

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[By delivery of this letter, undersigned [RESPONSIBLE OFFICER] of Seller hereby certifies that in connection with the Underwriting Package delivered to Buyer on the date hereof with respect to the Purchased Assets set forth on the attached Appendix I, [he][she] has no actual knowledge of any material information concerning such Purchased Assets that is not reflected in the materials that comprise such Underwriting Package or otherwise disclosed to Buyer in writing.]

Seller:

**FINANCE OF AMERICA COMMERCIAL LLC**

By: \_\_\_\_\_

Name:

Title:

Exhibit A-3



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Appendix I

[Purchased Assets to be Purchased]

Exhibit A-4

**RTL UNDERWRITING GUIDELINES**

**SEE ATTACHED.**

Exh. B-1

**RENTAL UNDERWRITING GUIDELINES**

**SEE ATTACHED.**

Exh. B-1

**SELLER'S TAX IDENTIFICATION NUMBER**

Entity Name

EIN

Finance of America Commercial, LLC

35-2486440

Exh. C-1

RESERVED.

Exh. D-1

**MONTHLY SERVICING REPORT**

**To be agreed-upon by Buyer and Seller.**

Exh. E-1

## FORM OF SECTION 7 CERTIFICATE

Reference is hereby made to the Master Repurchase Agreement dated as of [ ], 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), among Finance of America Comercial LLC (the "Seller") and Nomura Corporate Funding Americas, LLC (the "Buyer"). Pursuant to the provisions of Section 7 of the Agreement, the undersigned hereby certifies that:

1. It is a natural individual person, treated as a corporation for U.S. federal income tax purposes, disregarded for federal income tax purposes (in which case a copy of this Section 7 Certificate is attached in respect of its sole beneficial owner), or treated as a partnership for U.S. federal income tax purposes (one must be checked).

2. It is the beneficial owner of amounts received pursuant to the Agreement.

3. It is not a bank, as such term is used in section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), or the Agreement is not, with respect to the undersigned, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of such section.

4. It is not a [\*\*\*] shareholder of Seller within the meaning of section 871(h)(3) or 881(c)(3)(B) of the Code.

5. It is not a controlled foreign corporation that is related to Seller within the meaning of section 881(c)(3)(C) of the Code.

6. Amounts paid to it under the Facility Documents are not effectively connected with its conduct of a trade or business in the United States.

[NAME OF UNDERSIGNED]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_, \_\_\_\_\_

## ASSET SCHEDULE FIELDS (MORTGAGE LOANS OTHER THAN RENTAL LOANS)

1	LOS Loan ID
2	Date Closed
3	Loan Number
4	Loan Amount
5	Entity Name
6	Borrower First name
7	Borrower Last name
8	Property Street
9	Property State
10	Property City
11	Property Zip
12	Property Type
13	Appraised Value As-Is
14	Date of Appraisal As-Is
15	Appraised Value ARV
16	Date of Appraisal ARV
17	Loan Officer
18	Underwriter
19	Loan Original Maturity Date
20	Original Rehab Holdback Amount
21	FICO
22	Interest Rate
23	Total Loan Fees
24	Closing Wire Amount
25	Purchase Price
26	Loan Purpose
27	Qualifying ARV
28	Qualifying Construction Budget
29	Qualifying ARV—LTV Verified
30	Liquidity
31	Required Liquidity (express only)
32	Qualifying FICO
33	Line Size
34	Qualifying # of Flips/Rentals
35	Product Type
36	Ground Up New Construction?
37	GPM Exception?
38	Initial Advance Use
39	Initial Advance %
40	Initial Advance
41	Rehab Advance

Exh. G-1



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42	Initial Holdback Amount Remaining Holdback
43	Amount
44	Advanced Holdback Amount
45	Adjusted Principal Balance
46	LTC
47	LTV
48	Days Past Due
49	Foreign National Flag (Y/N)
50	Servicer Name
51	First Lien (Y/N)
52	Loan Modification Flag (Y/N)
53	Modification Date
54	Modification Purpose
55	# of Modifications
56	Post Modification Balance
57	Purchase Price Date
58	First Payment Date
59	Next Payment Date
60	Paid Through Date
61	Monthly Payment Date
62	Bankruptcy Flag (Y/N)
63	Foreclosure Flag (Y/N)
64	Rehab Budget to Cost %
65	Advanced Holdback Amount %
66	Rehab Budget AIV %
67	Nomura Take-Out Loan (Y/N)
68	Wet Ink Mortgage Loan (Y/N)

Exh. G-2

**ASSET SCHEDULE FIELDS (RENTAL LOANS)**

Exh. G-1

**FORM OF ESCROW INSTRUCTION LETTER**

The escrow instruction letter (the "Escrow Instruction Letter") shall also include the following instruction to the Settlement Agent (the "Escrow Agent"):

Nomura Corporate Funding Americas, LLC (the "Buyer"), has agreed to provide funds ("Escrow Funds") to Finance of America Commercial LLC to finance certain mortgage loans (the "Mortgage Loans") for which you are acting as Escrow Agent.

You hereby agree that (a) you shall receive such Escrow Funds from Buyer to be disbursed in connection with this Escrow Instruction Letter, (b) you will hold such Escrow Funds in trust, without deduction, set-off or counterclaim for the sole and exclusive benefit of Buyer until such Escrow Funds are fully disbursed on behalf of Buyer in accordance with the instructions set forth herein, and (c) you will disburse such Escrow Funds on the date specified for closing (the "Closing Date") only after you have followed the Escrow Instruction Letter's requirements with respect to the Mortgage Loans. In the event that the Escrow Funds cannot be disbursed on the Closing Date in accordance with the Escrow Instruction Letter, you agree to promptly remit the Escrow Funds to the Buyer by re-routing via wire transfer the Escrow Funds in immediately available funds, without deduction, set-off or counterclaim, back to the account specified in Buyer's incoming wire transfer.

You further agree that, upon disbursement of the Escrow Funds, you will hold all Mortgage Loan documents specified in the Escrow Instruction Letter in escrow as agent and bailee for Buyer, and will forward the Mortgage Loan documents and original Escrow Instruction Letter in connection with such Mortgage Loans by overnight courier to the Custodian within [\*\*\*] following the date of origination.

You agree that all fees, charges and expenses regarding your services to be performed pursuant to the Escrow Instruction Letter are to be paid by Seller or its borrowers, and Buyer shall have no liability with respect thereto.

You represent, warrant and covenant that you are not an affiliate of or otherwise controlled by Seller, and that you are acting as an independent contractor and not as an agent of Seller.

The provisions of this Escrow Instruction Letter may not be modified, amended or altered, except by written instrument, executed by the parties hereto and Buyer. You understand that Buyer shall act in reliance upon the provisions set forth in this Escrow Instruction Letter, and that Buyer is an intended third party beneficiary hereof.

Whether or not an Escrow Instruction Letter executed by you is received by the Custodian, your acceptance of the Escrow Funds shall be deemed to constitute your acceptance of the Escrow Instruction Letter.

Exh. H-1

## FORM OF SERVICER NOTICE

[\_\_\_\_\_] , as Servicer  
[ADDRESS]

Attention: [\_\_\_\_\_]

Re: Master Repurchase Agreement dated as of August 18, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), between Finance of America Commercial LLC (the "Seller") and Nomura Corporate Funding Americas, LLC (the "Buyer").

Ladies and Gentlemen:

1. [\_\_\_\_\_] (the "Servicer") is servicing certain mortgage loans ("Mortgage Loans") for Seller pursuant to that certain Sub-Servicing Agreement between the Servicer and Seller dated as of [DATE] (the "Servicing Agreement"). Pursuant to the Repurchase Agreement among Buyer and Seller, the Servicer is hereby notified that Seller has pledged to Buyer certain mortgage loans, which are serviced by Servicer which are subject to a security interest in favor of Buyer. Capitalized terms used herein that are not defined shall have their respective meanings as set forth in the Servicing Agreement.

2. The Servicer shall segregate any amounts collected on account of such Mortgage Loans, hold them in trust for the sole and exclusive benefit of Buyer, and remit such collections in accordance with the below instructions. Concurrently with the delivery of any remittance report to Seller, the Servicer shall also deliver a copy of such remittance report to the Buyer.

Effective immediately, Seller instructs Servicer to follow the written instructions (including via email) of Buyer with respect to the Mortgage Loans, and to deliver to Buyer information with respect to the Mortgage Loans reasonably requested by Buyer that is consistent with the information Servicer agreed to provide to Seller under the Servicing Agreement. Seller hereby notifies and instructs the Servicer and the Servicer is hereby authorized and instructed as of the date hereof to remit no later than [\*\*\*] following receipt in the applicable account, any and all amounts which would be otherwise payable to Seller with respect to the Mortgage Loans into the account described on Schedule A attached hereto.

3. Upon receipt of a written notice (including via email) from Buyer of an Event of Default (as defined in the Repurchase Agreement), Buyer shall have the right to (a) redirect the Servicer to remit funds in accordance with Buyer's instructions and (b) notwithstanding anything in the Servicing Agreement to the contrary, immediately terminate the Servicing Agreement, remove the Servicer and transfer servicing of the Mortgage Loans in accordance with Buyer's instructions; provided, that, Seller (and not Buyer) shall be

Exh. I-1

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responsible for the payment of any and all fees, indemnities, costs, reimbursements, expenses, penalties and termination fees (including, without limitation, any Deboarding Fees, as such term is defined in the Servicing Agreement), regardless of when accrued, under the Servicing Agreement. Upon receipt of such notice, Seller and the Servicer shall cooperate in transferring the applicable servicing of the Mortgage Loans to a successor servicer appointed by Buyer in its sole discretion.

4. Notwithstanding any contrary information which may be delivered to the Servicer by Seller, the Servicer may conclusively rely on any information or notice of Event of Default delivered by Buyer, and Seller shall indemnify and hold the Servicer harmless for any and all claims asserted against it for any actions taken in good faith by the Servicer in connection with the delivery of such information or notice of Event of Default.

5. Buyer shall be an intended third-party beneficiary of the Servicing Agreement, and the parties thereto shall not amend such Servicing Agreement without the consent of Buyer, which may be granted or withheld in its sole discretion.

6. This Servicer Notice may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Servicer Notice by signing any such counterpart.

7. This Servicer Notice embodies the entire agreement and understanding of the parties hereto and thereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein and therein. No alteration, waiver, amendments, or change or supplement hereto shall be binding or effective unless the same is set forth in writing by a duly authorized representative of each party hereto.

8. THIS SERVICER NOTICE AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS SERVICER NOTICE, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.

9. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS SERVICER NOTICE AND/OR ANY OTHER FACILITY DOCUMENT, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

Exh. I-2

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(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH IN THE REPURCHASE AGREEMENT OR AT SUCH OTHER ADDRESS OF WHICH BUYER SHALL HAVE BEEN NOTIFIED; AND

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

10. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SERVICER NOTICE, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.
11. UNDER NO CIRCUMSTANCES, HOWEVER, SHALL ANY PARTY BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES WHETHER IN CONTRACT, TORT, STATUTE OR UNDER ANY OTHER LEGAL OR EQUITABLE PRINCIPLE.

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Please acknowledge receipt of this instruction letter by signing in the signature block below and forwarding an executed copy to Buyer promptly upon receipt. Any notices to Buyer should be delivered to the following address: Nomura Corporate Funding Americas, LLC, Worldwide Plaza, 309 West 49th Street, New York, New York 10019-7316, Attention: Operations, Telephone: [\*\*\*], Facsimile: [\*\*\*], Email: [\*\*\*], with a copy to Attention: [\*\*\*], Email: [\*\*\*].

Very truly yours,

NOMURA CORPORATE FUNDING AMERICAS, LLC

By: \_\_\_\_\_

Name:

Title:

Exh. I-4

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-5



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ACKNOWLEDGED:

[ \_\_\_\_\_ ]  
as Servicer

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-6

**Account Information**

[Insert Collection Acct Info]

Exh. I-7

## FORM OF SERVICER NOTICE AND PLEDGE

[Date]

[\_\_\_\_\_] , as Servicer

[ADDRESS]

Attention: \_\_\_\_\_

Re: Master Repurchase Agreement dated as of August 18, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), among Finance of America Commercial, LLC ("Seller") and Nomura Corporate Funding Americas, LLC (the "Buyer").

Ladies and Gentlemen:

Pursuant to the Repurchase Agreement, Servicer is hereby notified that Seller has conveyed and pledged to Buyer certain Mortgage Loans the beneficial ownership of which are then pledged to Buyer under the Repurchase Agreement (the "Mortgage Loans"), which are serviced by [\_\_\_\_\_] (the "Servicer") pursuant to that certain Servicing Agreement dated as of [\_\_\_\_\_, 20], by and among the Servicer and the Seller (as amended, modified or otherwise supplemented from time to time, the "Servicing Agreement"). Capitalized terms used herein but not herein defined shall have the meanings ascribed thereto in the Repurchase Agreement.

**Section 1. Servicing Rights and Grant of Security Interest** (a) Servicer acknowledges that the Mortgage Loans are being serviced on a servicing released basis. In the event that Servicer is deemed to retain any rights to servicing, Buyer and Servicer hereby agree that in order to further secure the Seller's Obligations under the Repurchase Agreement, Servicer hereby grants, assigns and pledges to Buyer a fully perfected first priority security interest in all its rights to service (if any) related to the Mortgage Loans and all proceeds related thereto and in all instances, whether now owned or hereafter acquired, now existing or hereafter created (the "Servicing Assets").

(b) The foregoing provision is intended to constitute a security agreement or other arrangement or other credit enhancement related to the Repurchase Agreement and Transactions thereunder as defined under Section 741(7)(A)(xi) and 101(47)(A)(v) of the Bankruptcy Code.

(c) Servicer agrees to execute, deliver and/or file such documents and perform such acts as may be reasonably necessary to fully perfect Buyer's security interest created hereby. Furthermore, Servicer hereby authorizes Buyer to file financing statements relating to the security interest set forth herein, as Buyer, at its option, may deem appropriate.

(d) Servicer waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations under the Repurchase Agreement and notice or proof of reliance by Buyer upon this side letter (the "Servicer Notice and Pledge"). Servicer hereby waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Seller with respect the Obligations.

Exh. I-2

(e) Buyer shall have all rights and remedies against Servicer and the Servicing Assets as set forth herein, and the Servicing Assets shall be considered for all purposes Repurchase Assets under the Repurchase Agreement and Buyer shall have all rights and remedies under the Repurchase Agreement with respect to the Servicing Assets, which are incorporated by reference herein.

**Section 2. Notice of Default.** (a) The Servicer shall segregate all amounts collected on account of such Mortgage Loans, hold them in trust for the sole and exclusive benefit of Buyer, and remit such collections in accordance with the below instructions. Servicer shall follow the instructions of Buyer with respect to the Mortgage Loans, and shall deliver to Buyer any information with respect to the Mortgage Loans reasonably requested by Buyer. Seller hereby notifies and instructs the Servicer and the Servicer is hereby authorized and instructed to remit any and all amounts which would be otherwise payable to Seller with respect to the Mortgage Loans to the following account no later than [\*\*\*] following receipt thereof which instructions are irrevocable without the prior written consent of Buyer:

[BANK]  
[ADDRESS]  
Account No. [\_\_\_\_\_] ]  
ABA No. [\_\_\_\_\_] ]  
Beneficiary: Nomura Corporate Funding Americas, LLC  
RE: [\_\_\_\_\_] ]

(b) Upon written notice following the occurrence and during the continuance of an Event of Default, Buyer shall have the right to (i) redirect the Servicer to remit funds in accordance with Buyer's instructions and (ii) immediately terminate Servicer's right to service the Mortgage Loans without payment of any penalty or termination fee under the Servicing Agreement. Upon receipt of such notice, Seller and the Servicer shall cooperate in transferring the applicable servicing of the Mortgage Loans (including, for the avoidance of doubt, the related Holdback Amount) to a successor servicer appointed by Buyer in its sole discretion.

(c) Notwithstanding any contrary information which may be delivered to the Servicer by Seller, the Servicer may conclusively rely on any information or notice of Event of Default delivered by Buyer, and Seller shall indemnify and hold the Servicer harmless for any and all claims asserted against it for any actions taken in good faith by the Servicer in connection with the delivery of such information or notice of Event of Default.

(d) Buyer shall be an intended third-party beneficiary of the Servicing Agreement, and the parties thereto shall not amend such Servicing Agreement without the consent of Buyer, which may be granted or withheld in its sole discretion.

(e) Concurrently with the delivery of any remittance report to the Seller, the Servicer shall also deliver a copy of such remittance report to the Buyer.

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**Section 3. Counterparts.** This Servicer Notice and Pledge may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Servicer Notice and Pledge by signing any such counterpart.

**Section 4. Entire Agreement.** This Servicer Notice and Pledge and the other Facility Documents embody the entire agreement and understanding of the parties hereto and thereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein and therein. No alteration, waiver, amendments, or change or supplement hereto shall be binding or effective unless the same is set forth in writing by a duly authorized representative of each party hereto.

**Section 5. Governing Law; Jurisdiction; Waiver of Trial by Jury.** (a) THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS SERVICER NOTICE AND PLEDGE AND/OR ANY OTHER FACILITY DOCUMENT, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH IN THE REPURCHASE AGREEMENT OR AT SUCH OTHER ADDRESS OF WHICH BUYER SHALL HAVE BEEN NOTIFIED; AND

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(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SERVICE NOTICE AND PLEDGE, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

(d) UNDER NO CIRCUMSTANCES, HOWEVER, SHALL ANY PARTY BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES WHETHER IN CONTRACT, TORT, STATUTE OR UNDER ANY OTHER LEGAL OR EQUITABLE PRINCIPLE.

[remainder of page intentionally left blank]

Exh. I-2

Please acknowledge receipt of this instruction letter by signing in the signature block below and forwarding an executed copy to Buyer promptly upon receipt. Any notices to Buyer should be delivered to the following address: Nomura Corporate Funding Americas, LLC, Worldwide Plaza, 309 West 49th Street, New York, New York 10019-7316, Attention: Operations, Telephone: [\*\*\*], Facsimile: [\*\*\*], Email: [\*\*\*], with a copy to Attention: [\*\*\*], Email: [\*\*\*].

Very truly yours,

NOMURA CORPORATE FUNDING  
AMERICAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

FINANCE OF AMERICA COMMERCIAL  
LLC

By: \_\_\_\_\_  
Name:  
Title:

[AFFILIATED SERVICER]

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-2

**FORM OF SELLER POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that FINANCE OF AMERICA COMMERCIAL, LLC ("**Seller**") hereby irrevocably constitutes and appoints Nomura Corporate Funding Americas, LLC ("**Buyer**") and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Seller and in the name of Seller or in its own name, from time to time in Buyer's discretion:

(a) in the name of Seller, or in its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any assets purchased by Buyer under the Master Repurchase Agreement (as amended, restated or modified) dated August 18, 2017 (the "**Assets**") and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Buyer for the purpose of collecting any and all such moneys due with respect to any other assets whenever payable;

(b) to pay or discharge taxes and liens levied or placed on or threatened against the Assets; and

(c) (i) to direct any party liable for any payment under any Assets to make payment of any and all moneys due or to become due thereunder directly to Buyer or as Buyer shall direct, including, without limitation, any payment agent with respect to any Asset; (ii) to send "goodbye" letters on behalf of Seller and Servicer; (iii) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Assets; (iv) to sign and endorse any invoices, assignments, verifications, notices and other documents in connection with any Assets; (v) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Assets or any proceeds thereof and to enforce any other right in respect of any Assets;

(vi) to defend any suit, action or proceeding brought against Seller with respect to any Assets; (vii) to settle, compromise or adjust any suit, action or proceeding described in clause (vi) above and, in connection therewith, to give such discharges or releases as Buyer may deem appropriate; and (viii) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Assets as fully and completely as though Buyer were the absolute owner thereof for all purposes, and to do, at Buyer's option and Seller's expense, at any time, and from time to time, all acts and things which Buyer deems necessary to protect, preserve or realize upon the Assets and Buyer's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as Seller might do;

(d) for the purpose of carrying out the transfer of servicing with respect to the Assets from Seller to a successor servicer appointed by Buyer in its sole discretion and to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish such transfer of servicing, and, without limiting the generality of the foregoing, Seller hereby gives Buyer the power and right, on behalf of Seller, without assent by Seller, to, in the name of Seller or its own name, or otherwise, prepare and send or cause to be sent "good-bye" letters to all mortgagors under the Assets, transferring the servicing of the Assets to a successor servicer appointed by Buyer in its sole discretion;



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(e) for the purpose of delivering any notices of sale to mortgagors or other third parties, including without limitation, those required by law.

Seller hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

Seller also authorizes Buyer, from time to time, to execute, in connection with any sale, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Assets.

The powers conferred on Buyer hereunder are solely to protect Buyer's interests in the Assets and shall not impose any duty upon it to exercise any such powers.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OF SUCH REVOCATION OR TERMINATION SHALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY, AND BUYER ON ITS OWN BEHALF AND ON BEHALF OF BUYER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT.

[REMAINDER OF PAGE INTENTIONALLY BLANK. SIGNATURES FOLLOW.]

Exh. I-2

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IN WITNESS WHEREOF Seller has caused this power of attorney to be executed and Seller's seal to be affixed this day of , 2017.

FINANCE OF AMERICA COMMERCIAL LLC  
(Seller)

By: \_\_\_\_\_  
Name:  
Title:

Exh. I-2



Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed

**AMENDMENT NO. 4  
TO MASTER REPURCHASE AGREEMENT**

This Amendment No. 4 to Master Repurchase Agreement, dated as of December 11, 2020 (this "Amendment"), by and between Finance of America Mortgage LLC ("Seller") and Nomura Corporate Funding Americas, LLC ("Buyer").

RECITALS

Buyer and Seller are parties to that certain Master Repurchase Agreement, dated as of October 28, 2019 (as amended by that certain Amendment No. 1 to Master Repurchase Agreement, dated as of April 15, 2020, that certain Amendment No. 2 to Master Repurchase Agreement, dated as of April 17, 2020, and that certain Amendment No. 3 to Master Repurchase Agreement, dated as of October 27, 2020, the "Existing Repurchase Agreement"; and as further amended by this Amendment, the "Repurchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Existing Repurchase Agreement.

Buyer and Seller have agreed, subject to the terms and conditions of this Amendment, that the Existing Repurchase Agreement be amended to reflect certain agreed upon revisions to the terms of the Existing Repurchase Agreement.

Accordingly, Buyer and Seller hereby agree, in consideration of the mutual promises and mutual obligations set forth herein, that the Existing Repurchase Agreement is hereby amended as follows:

SECTION 1. Amendments to Existing Repurchase Agreement. Effective as of the date hereof, the Existing Repurchase Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in Exhibit A hereto. The parties hereto further acknowledge and agree that Exhibit A constitutes the conformed agreement as amended and modified by the terms set forth herein.

SECTION 2. Conditions Precedent. This Amendment shall become effective as of the date hereof, subject to Buyer's receipt of this Amendment and that certain Amendment No. 4 to Pricing Side Letter, in each case, executed and delivered by Seller and Buyer.

SECTION 3. Limited Effect. Except as expressly amended and modified by this Amendment, the Existing Repurchase Agreement shall continue to be, and shall remain, in full force and effect in accordance with its terms and the execution of this Amendment.

SECTION 4. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Counterparts may be delivered electronically. Facsimile, documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Amendment and

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all matters related thereto, with such facsimile, scanned and electronic signatures having the same legal effect as original signatures. The parties agree that this Amendment, any addendum or amendment hereto or any other document necessary for the consummation of the transaction contemplated by this Amendment may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures In Global and National Commerce Act, Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service providers, as long as such service providers use system logs and audit trails that establish a temporal and process link between the presentation of identity documents and the electronic signing, together with identifying information that can be used to verify the electronic signature and its attribution to the signer's identity and evidence of the signer's agreement to conduct the transaction electronically and of the signer's execution of each electronic signature.

SECTION 5. Severability. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

**SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.**

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

**NOMURA CORPORATE FUNDING AMERICAS, LLC,**  
as Buyer

By: /s/ Sanil Patel  
Name: Sanil Patel  
Title: Managing Director

Signature Page to Amendment No. 4 to Master Repurchase Agreement

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**FINANCE OF AMERICA  
MORTGAGE LLC, as Seller**

By: /s/ Bob Conway

Name: Bob Conway

Title: Treasurer

Signature Page to Amendment No. 4 to Master Repurchase Agreement

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Exhibit A

CONFORMED AGREEMENT

(See attached)



**MASTER REPURCHASE AGREEMENT**

between

**NOMURA CORPORATE FUNDING AMERICAS, LLC,**  
as Buyer

and

**FINANCE OF AMERICA MORTGAGE LLC,**  
as Seller

Dated as of October 28, 2019

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## MASTER REPURCHASE AGREEMENT

This is a MASTER REPURCHASE AGREEMENT, dated as of October 28, 2019, between FINANCE OF AMERICA MORTGAGE LLC, a Delaware limited liability company (the “Seller”) and NOMURA CORPORATE FUNDING AMERICAS, LLC, a Delaware limited liability company (the “Buyer”).

Section 1. Applicability; Transaction Overview. Subject to the terms and conditions set forth herein, from time to time and at the request of Seller, the parties may enter into transactions in which Seller agrees to sell, transfer and assign to Buyer certain Purchased Assets on a servicing-released basis, against the transfer of funds by Buyer representing the Purchase Price for such Purchased Assets, with a simultaneous agreement by Buyer to transfer to Seller and Seller to repurchase such Purchased Assets in a repurchase transaction at a date not later than the Termination Date, against the transfer of funds by Seller representing the Repurchase Price for such Purchased Assets. Each such transaction involving the purchase and sale of additional Mortgage Loans shall be referred to herein as a “Transaction” and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in any annexes identified herein, as applicable hereunder. This Agreement is not a commitment by Buyer to engage in the Transactions, but sets forth the requirements under which the Buyer would consider entering into Transactions set forth herein.

Section 2. Definitions. As used herein, the following terms shall have the following meanings.

“Accelerated Repurchase Date” shall have the meaning set forth in Section 15(a)(i) hereof.

“Accepted Servicing Practices” shall mean, with respect to any Mortgage Loan, those mortgage servicing practices of prudent mortgage lending institutions which service mortgage loans (a) of the same type as such Mortgage Loan in the jurisdiction where the related Mortgaged Property is located, and (b) consistent with the degree of skill and care that such servicers customarily require with respect to similar Mortgage Loans owned or managed by such servicers, and that are in accordance with all applicable Federal, State and local laws and regulations, including the servicing standards promulgated by the Consumer Financial Protection Bureau.

“Additional Acceptable Assets” shall mean collateral acceptable to Buyer in its sole discretion which can be delivered and perfected in a manner acceptable to Buyer such as, but not limited to, Eligible Mortgage Loans or government issued or guaranteed securities.

“Adjusted Principal Balance” shall mean, with respect to any Mortgage Loan, the unpaid principal balance of such Mortgage Loan as of any date of determination.

“Affiliate” shall mean with respect to any Person, any “affiliate” of such Person, as such term is defined in the Bankruptcy Code; provided, however, that for purposes of this Agreement and the other Facility Documents, “Affiliates” of the Seller shall be limited to Finance of America Holdings, LLC and its Subsidiaries.

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“Agency” shall mean Fannie Mae or Freddie Mac, as applicable.

“Agency Approval” shall have the meaning set forth in Section 12(l) hereof.

“Agency Guidelines” shall mean, with respect to any Mortgage Loan, the applicable Underwriting Guidelines set forth in clause (i) of the definition of “Underwriting Guidelines.”

“Agency Mortgage Loan” shall mean a Mortgage Loan that was underwritten in accordance with the applicable Agency Guidelines and otherwise satisfies all requirements for purchase by the Agencies.

“Aggregate Asset Value” shall mean, as of any date of determination, the sum of the Asset Value of all Purchased Assets.

“Aggregate Facility Repurchase Price” shall mean, as of any date of determination, the sum of the Repurchase Prices (excluding from the definition of Repurchase Price any amounts calculated pursuant to clause (B) of such definition) of all Purchased Assets.

“Agreement” shall mean this Master Repurchase Agreement between Buyer and Seller, dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Anti-Money Laundering Laws” shall have the meaning set forth in Section 12(bb) hereof.

“Appraisal” shall mean a FIRREA-compliant appraisal report provided by an appropriately state licensed or certified appraiser indicating the market value of the related Mortgaged Property, incorporating, an interior inspection of the residence on such Mortgaged Property and obtained in conformity with customary and usual business practices, relative state and federal laws, and regulatory guidelines. Such appraisal report will generally include a minimum of [\*\*\*] comparable sales that support the value.

“Appraisal Value” shall mean, with respect to any Mortgage Loan, the appraised value of the related Mortgaged Property as set forth in the Appraisal or AVM or BPO as permitted under the Pricing Side Letter.

“Asset Detail and Exception Report” shall have the meaning set forth in the Custodial Agreement.

“Asset File” shall have the meaning set forth in the Custodial Agreement.

“Asset Schedule” shall mean with respect to any Transaction as of any date, an asset schedule in the form of a computer tape or other electronic medium (including an Excel spreadsheet) generated by Seller and delivered to Buyer and the Custodian, which provides information (including, without limitation, the information set forth on Exhibit G attached hereto) relating to the Purchased Assets and Eligible Mortgage Loans in a format reasonably acceptable to Buyer.

“Asset Value” shall mean, as of any date of determination, with respect to each Purchased Asset, an amount equal to the product of (i) the related Purchase Price Percentage with respect to such Purchased Asset, (ii) the Market Value of such Purchased Asset (expressed as a percentage of par) and (iii) the Adjusted Principal Balance of such Purchased Asset; provided that

(a) the Asset Value shall be deemed to be zero (unless otherwise determined by Buyer in writing in its sole discretion) with respect to any Purchased Asset as to which a Purchased Asset Issue has occurred; or

(b) if the Aggregate Asset Value for any type of Purchased Asset exceeds any applicable Concentration Limit, the Asset Value of such Purchased Assets shall be deemed to be zero (unless otherwise determined by Buyer in writing in its sole discretion) until the Aggregate Asset Value for such type of Purchased Assets, as applicable, is less than or equal to the applicable Concentration Limit.

(c) if there exists a violation of any Weighted Average Criteria, then the Aggregate Asset Value of the applicable Purchased Assets (as determined by Buyer) which causes such violation shall be deemed to be zero (unless otherwise determined by Buyer in writing in its sole discretion) such that there is no violation of the Weighted Average Criteria on account of Purchased Assets that are not attributed an Asset Value of zero.

“Assignment and Acceptance” shall have the meaning set forth in Section 20 hereof.

“Assignment of Mortgage” shall mean an assignment of the Mortgage, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to reflect the sale of the Mortgage.

“ATR Rules” The ability to repay requirements of 12 CFR § 1026.43(c).

“Authorized Representative” shall mean, for the purposes of this Agreement only, an agent or Responsible Officer of Seller listed on Schedule 2 hereto, as such Schedule 2 may be amended from time to time.

“Bailee Letter” shall mean a bailee letter substantially in the form prescribed by the Custodial Agreement or otherwise approved in writing by Buyer.

“Bankruptcy Code” shall mean the United States Bankruptcy Code of 1978, as amended from time to time.

“Business Day” shall mean a day other than (i) a Saturday or Sunday, (ii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the State of New York, or (iii) any day on which the New York Stock Exchange is closed.

“Buyer” shall mean Nomura Corporate Funding Americas, LLC, its successors in interest and assigns, and with respect to Section 7, its participants.

“Capital Lease Obligations” shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

“Capital Markets Transaction” shall have the meaning provided in the Pricing Side Letter.

“Capital Stock” shall mean, as to any Person, any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent equity ownership interests in a Person which is not a corporation, including, without limitation, any and all member or other equivalent interests in any limited liability company, limited partnership, trust, and any and all warrants or options to purchase any of the foregoing, in each case, designated as “securities” (as defined in Section 8-102 of the Uniform Commercial Code) in such Person, including, without limitation, all rights to participate in the operation or management of such Person and all rights to such Person’s properties, assets, interests and distributions under the related organizational documents in respect of such Person. “Capital Stock” also includes (i) all accounts receivable arising out of the related organizational documents of such Person; (ii) all general intangibles arising out of the related organizational documents of such Person; and (iii) to the extent not otherwise included, all proceeds of any and all of the foregoing (including within proceeds, whether or not otherwise included therein, any and all contractual rights under any revenue sharing or similar agreement to receive all or any portion of the revenues or profits of such Person).

“Closing Date” shall mean October 28, 2019.

“Closing Protection Letter” shall mean, with respect to any Wet-Ink Mortgage Loan, the related closing protection letter in form and substance as mutually agreed to between Buyer and Seller.

“Change in Control” shall mean:

(a) any transaction or event as a result of which UFG Holdings LLC or one of its wholly-owned Subsidiaries ceases to directly or indirectly own [\*\*\*] of the Capital Stock of Seller; provided, that the non-voting stock of the Seller issued and outstanding as of the date of this Agreement shall not be considered a Change in Control for purposes of this clause (a); or

(b) the sale, transfer, or other disposition of all or substantially all of Seller’s assets (excluding any such action taken in connection with any securitization and/or any lending/warehousing transaction).

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“Collection Account” shall mean, with respect to any Servicer, the segregated account established by Seller at the Collection Account Bank into which all Income received on account of the Mortgage Loans serviced or subserviced by such Servicer shall be deposited in accordance with the terms of the related Servicer Notice.



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“Collection Account Bank” shall mean Texas Capital Bank, N.A. or any other depository institution approved by Buyer in its sole discretion.

“Collection Account Control Agreement” shall mean the agreement regarding the Collection Account among Seller, Buyer and Collection Account Bank, which shall provide for Buyer control as of the date of execution and shall be in form and substance acceptable to Buyer, as the same may be amended from time to time.

“Collection Period” shall mean the period commencing on the [\*\*\*] of the month (or, in the case of the first Collection Period for a given Transaction, on the Purchase Date for such Transaction) up to but not including the [\*\*\*] of the following month.

“Concentration Limit” shall have the meaning set forth in the Pricing Side Letter.

“Confidential Information” shall have the meaning set forth in Section 31(b) hereof.

“Confidential Terms” shall have the meaning set forth in Section 31(a) hereof.

“Confirmation” shall mean a confirmation in form and substance acceptable to Buyer and Seller (which may be via electronic medium, including in the form of an Asset Schedule), which shall include in any case (1) the related Asset Schedule, (2) (a) the Purchase Date, (b) the aggregate Purchase Price, (c) the Repurchase Date, (d) the Pricing Rate applicable to the Purchase Price, (e) the Purchase Price Percentage, and (f) additional terms or conditions not inconsistent with this Agreement, together with a calculation of the Concentration Limits (and Weighted Average Criteria in each case), following consummation of the proposed Transaction), in each case in respect of the Eligible Mortgage Loans proposed to be subject to the Transaction, and (3) a certification by Seller that (a) the Asset Files in respect of the Eligible Mortgage Loans proposed to be subject to the related Transaction have been delivered to the Custodian in accordance with the Custodial Agreement, and (b) Seller has no actual knowledge of any material information concerning the Purchased Assets that is not reflected in the Underwriting Package or otherwise disclosed to Buyer in writing.

“Costs” shall have the meaning set forth in Section 16(a) hereof.

“Custodial Agreement” shall mean that certain Custodial and Disbursement Agreement dated as of the date hereof, among Seller, Buyer, Disbursement Agent and Custodian, as the same may be amended from time to time.

“Custodian” shall mean Deutsche Bank National Trust Company and any successor thereto under the Custodial Agreement.

“Days Delinquent” shall refer to the number of days a Mortgage Loan is delinquent using the MBA Method of Delinquency.

“Default” shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

“Defaulting Party” shall have the meaning set forth in Section 30(b) hereof.

“Delaware LLC Act” shall mean Chapter 18 of the Delaware Limited Liability Company Act, 6 Del. C. §§ 18-101 et seq., as amended.

“Disbursement Account” shall mean the account established at the Disbursement Agent pursuant to the terms and conditions of the Custodial Agreement.

“Disbursement Agent” shall mean Deutsche Bank National Trust Company acting in the capacity of disbursement agent and any successor thereto under the Custodial Agreement.

“Disposition Proceeds” shall have the meaning set forth in Section 5(f) hereof.

“Division/Series Transaction” shall mean, with respect to any Person that is a limited liability company organized under the laws of the State of Delaware, that any such Person (a) divides into two or more Persons (whether or not the original Person or Subsidiary thereof survives such division) or (b) creates, or reorganizes into, one or more series, in each case, as contemplated under the laws of the State of Delaware, including without limitation Section 18- 217 of the Delaware LLC Act.”Dollars” and “\$” shall mean lawful money of the United States of America.

“Due Date” shall mean the day of the month on which the Monthly Payment is due on a Mortgage Loan, exclusive of any days of grace.

“Due Diligence Documents” shall have the meaning set forth in Section 19 hereof.

“Effective Date” shall mean the date upon which the conditions precedent set forth in Section 3(a) shall have been satisfied.

“Electronic Tracking Agreement” shall mean an Electronic Tracking Agreement that is entered into among Buyer, Seller, MERS and MERSCORP Holdings, Inc., to the extent applicable as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Eligible Mortgage Loan” shall mean any Mortgage Loan that meets the following criteria (unless otherwise agreed to by Buyer in writing its sole and absolute discretion) at all times (unless otherwise set forth below):

(a) as of the related Purchase Date, such Mortgage Loan has been approved to be made subject to a Transaction by Buyer in its sole and absolute discretion;

(b) is secured by a one- to four- family Mortgaged Property that is not a mobile home or raw land;

(c) on the related Purchase Date, such Mortgage Loan is [\*\*\*] Days Delinquent, and was not [\*\*\*] or more Days Delinquent at any time, with respect to any payment of principal or interest and is otherwise not in default;

(d) is at all times while a Purchased Asset not [\*\*\*] or more Days Delinquent at any time, with respect to any payment of principal or interest;

(e) the related Mortgagor is not subject to an Insolvency Event, and the related Mortgaged Property is not involved in a proceeding under an Insolvency Event;

(f) on the Purchase Date, and at any time after the related Purchase Date, the related Mortgaged Property is not a real estate owned property and is not subject to foreclosure proceedings;

(g) the related Purchase Date is not greater than [\*\*\*] following the related origination date for such Mortgage Loan;

(h) if such Mortgage Loan is a Non-Agency Loan, such Mortgage Loan is a Grade A Mortgage Loan, a Grade B Mortgage Loan from a Third Party Reviewer as of the related Purchase Date (if the due diligence review of such Mortgage Loan that is prepared by such Third Party Reviewer is available to Buyer as of such Purchase Date, or if a Grade C Mortgage Loan, approved in writing by Buyer in its sole discretion);

(i) the LTV of such Mortgage Loan (including the amount of any primary mortgage insurance protection against such Mortgage Loan) is less than or equal to [\*\*\*], unless such Mortgage Loan is otherwise acceptable to Buyer;

(j) such Mortgage Loan does not, after giving effect to the related Purchase Price with respect to such Mortgage Loan, cause any of the applicable Concentration Limits set forth in Schedule 1 of the Pricing Side Letter to be exceeded;

(k) such Mortgage Loan does not, after giving effect to the related Transaction with respect to such Mortgage Loan, cause any of the applicable Weighted Average Criteria to be violated;

~~(l)~~ such Mortgage Loan has been originated or acquired by Seller in accordance with the applicable Underwriting Guidelines with no exceptions unless such exceptions and related significant compensating factors were disclosed to, and approved by, Buyer in its sole discretion in writing prior to the related Purchase Date, and in the case of the related FAM Underwriting Guidelines such FAM Underwriting Guidelines have not been amended or modified unless such amendments or modifications have been affirmatively approved or waived by Buyer in writing in its sole discretion;

~~(m)~~ such Mortgage Loan complies with the representations and warranties set forth on Schedule 1;

(n)(+) such Mortgage Loan complies with such other eligibility criteria as determined by Buyer during its due diligence review of such Mortgage Loans and set forth in the related Confirmation;

(o)(+) such Mortgage Loan is not subject to any forbearance arrangement, whether requested by any party or pursuant to an agreement, or mandated by a Governmental Authority; and

(p)(+) if such Mortgage Loan is a Government Mortgage Loan, as of the related Purchase Date Buyer has notified Seller in writing (including via e-mail) that Government Mortgage Loans are eligible to be purchased by Buyer in a Transaction under this Agreement in its sole and absolute discretion (provided that such Government Mortgage Loan otherwise constitutes an Eligible Mortgage Loan).

“Environmental Issue” shall mean any material environmental issue with respect to any Mortgaged Property, as determined by the Buyer in its good faith discretion, including without limitation, the violation of any federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, employee health and safety or hazardous substances, materials or other pollutants, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 3803 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Hazardous Material Transportation Act, 49 U.S.C. § 1801 et seq. and the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; and any state and local or foreign analogues, counterparts or equivalents, in each case as amended from time to time.

“EO13224” shall have the meaning set forth in Section 12(cc) hereof.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor thereto, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” shall mean any Person which, together with Seller is treated, as a single employer under Section 414(b) or (c) of the Code or solely for purposes of Section 302 of ERISA and Section 412 of the Code is treated as a single employer described in Section 414 of the Code.

“Escrow Instruction Letter” shall mean the Escrow Instruction Letter from Buyer and Seller to the Settlement Agent, in the form of Exhibit H hereto (or in such other form as may be agreed upon in writing from time to time by Buyer and Seller), as the same may be modified, supplemented and in effect from time to time.

“Event of Default” shall have the meaning set forth in Section 14 hereof.

“Event of ERISA Termination” shall mean (i) with respect to any Plan, a Reportable Event, as to which the PBGC has not by regulation waived the reporting of the occurrence of such event, or (ii) the withdrawal of Seller or any ERISA Affiliate thereof from a Plan during a plan year in which it is a substantial employer, as defined in Section 4001(a)(2) of ERISA, or (iii) the failure by Seller or any ERISA Affiliate thereof to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA with respect to any Plan, including, without limitation, the failure to make on or before its due date a required installment under Section 430 (j) of the Code or Section 303(j) of ERISA, or (iv) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or any action taken by Seller or any ERISA Affiliate thereof to terminate any Plan, or (v) the failure to meet the requirements of Section 436 of the Code resulting in the loss of qualified status under Section 401(a)(29) of the Code, or (vi) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (vii) the receipt by Seller or any ERISA Affiliate thereof of a notice from a Multiemployer Plan that action of the type described in the previous clause (vi) has been taken by the PBGC with respect to such Multiemployer Plan, or (viii) any event or circumstance exists which may reasonably be expected to constitute grounds for Seller or any ERISA Affiliate thereof to incur liability under Title IV of ERISA or under Sections 412(b) or 430 (k) of the Code with respect to any Plan.

“Excess Concentration Amount” shall have the meaning set forth in Section 3(i) hereof.

“Excluded Taxes” shall have the meaning set forth in Section 7(c) hereof.

“Facility Documents” shall mean this Agreement (including the Servicing Annex), the Pricing Side Letter, the Custodial Agreement, each Servicer Notice, if any, the Powers of Attorney, the Electronic Tracking Agreement, if any, the Collection Account Control Agreement, each Servicing Agreement, each Escrow Instruction Letter (if any) and any and all other documents and agreements executed and delivered by Seller or its Affiliates in connection with this Agreement or any Transactions hereunder, as the same may be amended, restated or otherwise modified from time to time.

“FAM Underwriting Guidelines” shall mean, with respect to any Mortgage Loan, (i) in the case of a Prime Jumbo Loan, the applicable Underwriting Guidelines set forth in clause (ii) of the definition of “Underwriting Guidelines.” and (ii) in the case of a Non-QM Loan, the applicable Underwriting Guidelines set forth in clause (iii) of the definition of “Underwriting Guidelines.”

“Fannie Mae” shall mean the Federal National Mortgage Association, or any successor thereto.

“FDIA” shall have the meaning set forth in Section 32(c) hereof.

“FDICIA” shall have the meaning set forth in Section 32(d) hereof.

“FHA” shall mean the Federal Housing Administration, an agency within the United States Department of Housing and Urban Development, or any successor thereto, and including the Federal Housing Commissioner and the Secretary of Housing and Urban Development where appropriate under the FHA Regulations.

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“FHA Approved Mortgagee” shall mean a corporation or institution approved as a mortgagee by the FHA under the National Housing Act, as amended from time to time, and applicable FHA Regulations, and eligible to own and service mortgage loans such as the FHA Loans.

“FHA Loan” shall mean a Mortgage Loan which is the subject of an FHA Mortgage Insurance Contract.

“FHA Mortgage Insurance” shall mean, mortgage insurance authorized under the National Housing Act, as amended from time to time, and provided by the FHA.

“FHA Mortgage Insurance Contract” shall mean the contractual obligation of the FHA respecting the insurance of a Mortgage Loan.

“FHA Regulations” shall mean the regulations promulgated by the Department of Housing and Urban Development under the National Housing Act, as amended from time to time and codified in 24 Code of Federal Regulations, and other Department of Housing and Urban Development issuances relating to FHA Loans, including the related handbooks, circulars, notices and mortgagee letters.

“Fidelity Insurance” shall mean insurance coverage with respect to employee errors, omissions, dishonesty, forgery, theft, disappearance and destruction, robbery and safe burglary, property (other than money and securities) and computer fraud reasonably acceptable to Buyer.

“Financial Statements” shall mean the consolidated and consolidating financial statements of Seller prepared in accordance with GAAP for the year or other period then ended. Such financial statements will be audited, in the case of annual statements, by BDO USA, LLP or such other nationally recognized independent certified public accountants approved by Buyer (which approval shall not be unreasonably withheld).

“Freddie Mac” shall mean the Federal Home Loan Mortgage Corporation or any successor thereto.

“GAAP” shall mean generally accepted accounting principles in the United States of America, applied on a consistent basis and applied to both classification of items and amounts, and shall include, without limitation, the official interpretations thereof by the Financial Accounting Standards Board, its predecessors and successors.

“GLB Act” shall have the meaning set forth in Section 31(b) hereof.

“Governmental Authority” shall mean any nation or government, any state, county, municipality or other political subdivision thereof or any governmental body, agency, authority, department or commission (including, without limitation, any taxing authority) or any instrumentality or officer of any of the foregoing (including, without limitation, any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation, partnership or other entity directly or indirectly owned by or controlled by the foregoing.

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“Government Mortgage Loan” shall mean a Mortgage Loan that is an FHA Loan or a VA Loan.

“Grade A Mortgage Loan” shall mean any Mortgage Loan that has received a grade that generally indicates compliance with all applicable guidelines, compliance laws and regulations and valuation within a negative [\*\*\*] variance of a third-party valuation product with a compliant ~~appraisal~~Appraisal or AVM/BPO, if permitted.

“Grade B Mortgage Loan” shall mean any Mortgage Loan that has received a grade that indicates the Mortgage Loan meets most underwriting standards with documented, significant compensating factors, compliant with compliance laws and regulations but with minor evidentiary issues, or the Mortgage Loan contains open exceptions under the TILA-RESPA Integrated Disclosure Rule that do not carry statutory damages, or the Mortgage Loan contains an identified exception with respect to which a remedy to cure or reasonable good faith effort to re-disclose was made, and valuation within a negative [\*\*\*] variance of a third-party valuation product with a compliant ~~appraisal~~Appraisal or AVM/BPO, if permitted.

“Grade C Mortgage Loan” shall mean any Mortgage Loan that has received a grade that indicates the Mortgage Loan does not meet every applicable guideline for the program and most of the Mortgage Loan characteristics are outside the guidelines; there are weak or no compensating factors for exceeding guidelines or the originator did not provide documentation to confirm it met all guidelines in accordance with the ATR Rules; or the Mortgage Loan’s designation under the ATR Rules cannot be confirmed; or the Mortgage Loan contains one or more compliance exceptions that cannot be cured or impacts the ability to foreclose and/or assignee liability, including open exceptions under the TILA-RESPA Integrated Disclosure Rule that carry statutory damages in connection with a remedy to cure or a reasonable good faith effort to re-disclose which occurred more than [\*\*\*] from the consummation date or closing date; or the value cannot be supported within negative [\*\*\*] of the original ~~appraisal amount~~Appraisal Value.

“Guarantee” shall mean, as to any Person, any obligation of such Person directly or indirectly guaranteeing any Indebtedness of any other Person or in any manner providing for the payment of any Indebtedness of any other Person or otherwise protecting the holder of such Indebtedness against loss (whether by virtue of partnership arrangements, by agreement to keep- well, to purchase assets, goods, securities or services, or to take-or-pay or otherwise); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee of a Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The terms “Guarantee” and “Guaranteed” used as verbs shall have correlative meanings.

“High Cost Mortgage Loan” shall mean a Mortgage Loan classified as (a) a “high cost” loan under the Home Ownership and Equity Protection Act of 1994; or (b) a “high cost,” “high risk,” “high rate,” “threshold,” “covered,” or “predatory” loan under any other applicable state, federal or local law (or a similarly classified loan using different terminology under a law, regulation or ordinance imposing heightened regulatory scrutiny or additional legal liability for residential mortgage loans having high interest rates, points and/or fees).

“Income” shall mean, with respect to any Purchased Asset, all principal and income or dividends or distributions received with respect to such Purchased Asset, including any Liquidation Proceeds, insurance proceeds, interest or other distributions payable thereon or any fees or payments of any kind received, less amounts permitted to be retained by or paid to the Servicer pursuant to the Servicing Agreement.

“Indebtedness” shall mean, with respect to any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of Property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such Property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of Property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within [\*\*\*] of the date the respective goods are delivered or the respective services are rendered;

(c) Indebtedness of others secured by a Lien on the Property of such Person, whether or not the respective Indebtedness so secured has been assumed by such Person; (d) obligations (contingent or otherwise) of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (e) Capital Lease Obligations of such Person; (f) obligations of such Person under repurchase agreements, sale/buy-back agreements or like arrangements; (g) Indebtedness of others Guaranteed by such Person; (h) all obligations of such Person incurred in connection with the acquisition or carrying of fixed assets by such Person; and (i) Indebtedness of general partnerships of which such Person is a general partner.

“Indemnified Party” shall have the meaning set forth in Section 16(a) hereof.

“Insolvency Event” shall mean, for any Person:

(a) that such Person shall discontinue or abandon operation of its business; or

(b) that such Person shall fail generally to, or admit in writing its inability to, pay its debts as they become due; or

(c) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of such Person in an involuntary case under any applicable bankruptcy, insolvency, liquidation, reorganization or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person, or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and has not been dismissed within [\*\*\*]; or



(d) the commencement by such Person of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such Person's consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person, or for any substantial part of its property, or any general assignment for the benefit of creditors; or

(e) that such Person shall become insolvent; or

(f) if such Person is a corporation, such Person shall take any corporate action in furtherance of, or the action of which would result in any of the actions set forth in the preceding clauses (a), (b), (c), (d) or (e).

“Interest Rate Adjustment Date” shall mean the date on which an adjustment to the Mortgage Interest Rate with respect to each Mortgage Loan becomes effective.

“Interim Servicing Period” shall mean, with respect to any Purchased Asset for which the Seller is acting as Servicer without a third-party subservicer that has been approved by Buyer and entered into a Servicer Notice, the period commencing on the related Purchase Date for such Purchased Asset and ending on the earlier to occur of (x) the related Servicing Transfer Date and (y) the date that is [\*\*\*] immediately following such Purchase Date.

“Investment Company Act” shall mean the Investment Company Act of 1940, as amended from time to time.

“Investor Mortgage Loan” shall mean an Agency Mortgage Loan made to real estate investors for the purpose of (i) acquiring or refinancing residential property solely for business or investment purposes and (ii) in respect of which the related Mortgaged Property securing the related Mortgage is intended to be non-owner occupied.

“Legal Expense Cap” shall have the meaning set forth in the Pricing Side Letter. “LIBOR

Rate” shall mean, with respect to each Pricing Rate Period, the rate of interest (calculated on a per annum basis) equal to the [\*\*\*] ICE Benchmark Administration (or any successor institution or replacement institution used to administer LIBOR) as reported on the display designated as “BBAM” “Page DG8 4a” on Bloomberg (or such other display as may replace “BBAM” “Page DG8 4a” on Bloomberg) on related Pricing Rate Determination Date, and if such rate is not available at such time for any reason, then the LIBOR Rate for the relevant Pricing Rate Period shall be the rate at which [\*\*\*] U.S. dollar deposits are offered in immediately available funds by the principal London office of a major bank in the London interbank market, selected by Buyer in its sole discretion, at approximately [\*\*\*] London time on that day.

“Lien” shall mean any lien, claim, charge, restriction, pledge, security interest, mortgage, deed of trust or other encumbrance.

“Liquidation Proceeds” shall mean, with respect to a Purchased Asset, all cash amounts received by the Servicer or Seller in connection with: (i) the liquidation of the related Mortgaged Property or other collateral constituting security for such Purchased Asset, through trustee’s sale, foreclosure sale, disposition or otherwise, exclusive of any portion thereof required to be released to the related Mortgagor, (ii) the realization upon any deficiency judgment obtained against a Mortgagor or (iii) any other amounts collected on account of subsequent recoveries.

“LTV” shall mean, with respect to any Purchased Asset, the unpaid principal balance of such Purchased Asset divided by the Appraisal Value for such Purchased Asset.

“Margin Call” shall have the meaning provided in Section 4(a) hereof.

“Margin Deficit” shall mean, as of any date of determination, if the sum of (x) the Aggregate Asset Value and (y) the amount of funds (if any) on deposit constituting principal payments in respect of the Purchased Assets (as reflected in an officer’s certificate provided by Seller to Buyer in form and substance reasonably acceptable to Buyer) in the Collection Account is less than the Aggregate Facility Repurchase Price for all such Transactions.

“Margin Payment” shall have the meaning provided in Section 4(a) hereof.

“Market Value” shall mean, as of any date of determination, for each Purchased Asset, the market value of such Purchased Asset as determined by Buyer in good faith in its sole and absolute discretion (which determination may be performed by Buyer on a daily basis, at Buyer’s discretion and may take into account such factors as Buyer deems appropriate, including the observable market values of other comparable assets); provided, that, the Market Value of a Purchased Asset shall in all cases be capped at the outstanding principal balance of such Purchased Asset.

“Material Adverse Effect” shall mean a material adverse effect on (a) the Property, business, operations, or financial condition of Seller or any Affiliate, (b) the ability of Seller or any Affiliate to perform its obligations under any of the Facility Documents to which it is a party, (c) the validity or enforceability of any of the Facility Documents, (d) the rights and remedies of Buyer or any Affiliate under any of the Facility Documents, or (e) the timely payment of any amounts payable under the Facility Documents; in each case as determined by Buyer in its sole discretion.

“Maximum Aggregate Purchase Price” shall have the meaning set forth in the Pricing Side Letter.

“MBA Method of Delinquency” shall mean, with respect to Mortgage Loans, the methodology used by the Mortgage Bankers Association for assessing delinquency. For the avoidance of doubt, under the MBA Method of Delinquency, a Mortgage Loan is considered “[\*\*\*] delinquent” if the Mortgagor fails to make a monthly payment prior to the close of business on the day that immediately precedes the due date on which the next monthly payment is due. For example, a Mortgage Loan will be considered [\*\*\*] delinquent if the Mortgagor fails to make a monthly payment originally due on September 1 by the close of business on September 30.

“MERS” shall mean Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto.

“MERS Mortgage Loan” shall mean any Mortgage Loan registered with MERS on the MERS System.

“MERS System” shall mean the system of recording transfers of mortgages electronically maintained by MERS.

“Monthly Payment” shall mean the scheduled monthly payment of principal and interest on a Mortgage Loan.

“Mortgage” shall mean each mortgage, or deed of trust, security agreement and fixture filing, deed to secure debt, or similar instrument creating and evidencing a first Lien on real property and other property and rights incidental thereto.

“Mortgage Interest Rate” shall mean the rate of interest borne on a Mortgage Loan from time to time in accordance with the terms of the related Mortgage Note.

“Mortgage Loan” shall mean any first lien, one- to four-family residential mortgage loan which is evidenced by and including a Mortgage Note and a Mortgage.

“Mortgage Loan Documents” shall mean, with respect to a Mortgage Loan, each of the documents comprising the Asset File for such Mortgage Loan, as more fully set forth in the Custodial Agreement.

“Mortgage Note” shall mean the promissory note or other evidence of the indebtedness of a Mortgagor secured by a Mortgage.

“Mortgaged Property” shall mean the real property securing repayment of the debt evidenced by a Mortgage Note.

“Mortgagor” shall mean the obligor or obligors on a Mortgage Note, including any Person who has assumed or guaranteed the obligations of the obligor thereunder.

“Multiemployer Plan” shall mean, with respect to any Person, a “multiemployer plan” as defined in Section 3(37) of ERISA which is or was at any time during the current year or the immediately preceding [\*\*\*] contributed to (or required to be contributed to) by such Person or any ERISA Affiliate thereof on behalf of its employees and which is covered by Title IV of ERISA.

“Nomura Account” shall mean the account maintained by Buyer set forth in Section 9(a) hereof.

“Nondefaulting Party” shall have the meaning set forth in Section 30(b) hereof.

“Non-Agency Loan” shall mean a Mortgage Loan that is either a Non-QM Loan or a Prime Jumbo Loan.

“Non-QM Loan” shall mean a Mortgage Loan that (i) satisfies the applicable eligibility criteria set forth on Schedule 2 to the Pricing Side Letter (as the same may be updated or modified from time to time, by mutual written consent (including via email) of Buyer and Seller) and (ii) otherwise complies with the applicable FAM Underwriting Guidelines.

“Non-Excluded Taxes” shall have the meaning set forth in Section 7(a) hereof.

“Non-Exempt Buyer” shall have the meaning set forth in Section 7(c) hereof.

“Obligations” shall mean (a) any amounts owed by Seller to Buyer in connection with any or all Transactions hereunder, together with interest thereon (including interest which would be payable as post-petition interest in connection with any bankruptcy or similar proceeding) and all other fees or expenses which are payable hereunder or under any of the Facility Documents; and (b) all other obligations or amounts owed by Seller to Buyer or an Affiliate of Buyer under any other contract or agreement, in each case, whether such amounts or obligations owed are direct or indirect, absolute or contingent, matured or unmatured.

“OFAC” shall have the meaning set forth in Section 12(cc) hereof.

“Optional Repurchase” shall have the meaning set forth in Section 3(d) hereof.

“Other Taxes” shall have the meaning set forth in Section 7(b) hereof.

“PBGC” shall mean the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Person” shall mean any individual, corporation, company, voluntary association, partnership, joint venture, limited liability company, trust, unincorporated association or government (or any agency, instrumentality or political subdivision thereof) including, but not limited to, Seller.

“Plan” shall mean, with respect to Seller, any employee benefit or similar plan that is or was at any time during the current year or immediately preceding [\*\*\*] established, maintained or contributed to by Seller or any ERISA Affiliate thereof and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“Post-Default Rate” shall have the meaning set forth in the Pricing Side Letter.

“Power of Attorney” shall mean the power of attorney in the form of Exhibit J delivered by Seller.

“Preliminary Asset Schedule” shall have the meaning set forth in Section 3(b)(vii) hereof.

“Price Differential” shall mean, with respect to any Purchased Asset, as of any date, the aggregate amount obtained by daily application of the Pricing Rate (or, during the continuation of an Event of Default, by daily application of the Post-Default Rate) for the related Purchased Asset to the Repurchase Price for such Purchased Asset, on a 360 day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Purchased Asset and ending on (but excluding) the Repurchase Date (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Purchased Asset). For the avoidance of doubt, Seller’s obligation to pay any Price Differential to Buyer with respect to any Purchased Asset shall continue until the Repurchase Price for such Asset is remitted to the account of Buyer that is referenced in Section 9(a) of this Agreement (and not the Collection Account or any other account).

“Pricing Rate” shall have the meaning set forth in the Pricing Side Letter.

“Pricing Rate Determination Date” shall mean with respect to any Pricing Rate Period with respect to any Transaction, the [\*\*\*] preceding the [\*\*\*] of such Pricing Rate Period.

“Pricing Rate Period” shall mean, (i) in the case of the first Pricing Rate Period with respect to any Transaction, the period commencing on and including the Purchase Date for such Transaction and ending on and excluding the following Remittance Date, and (ii) in the case of any subsequent Pricing Rate Period, the period commencing on and including each Remittance Date and ending on and excluding the following Remittance Date; provided, however, that in no event shall any Pricing Rate Period end subsequent to the Repurchase Date.

“Pricing Side Letter” shall mean that certain letter agreement between Buyer and Seller, dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Prime Jumbo Loan” shall mean a Mortgage Loan that (i) satisfies the applicable eligibility criteria set forth on Schedule 2 to the Pricing Side Letter (as the same may be updated or modified from time to time, by mutual written consent (including via email) of Buyer and Seller), and (ii) ~~constitutes a “Two X-HBX” mortgage loan under the applicable FAM Underwriting Guidelines and~~ (iii) otherwise complies with the applicable FAM Underwriting Guidelines.

“Prohibited Person” shall have the meaning set forth in Section 12(cc) hereof.

“Property” shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“Purchase Date” shall mean, each date on which Purchased Assets are transferred by Seller to Buyer or its designee.

“Purchase Price” shall mean, with respect to a Purchased Asset, the amount paid by the Buyer to the Seller on the Purchase Date for such Purchased Asset which shall be an amount equal to the Asset Value of such Purchased Asset as of the related Purchase Date.

“Purchase Price Percentage” shall have the meaning set forth in the Pricing Side Letter.

“Purchased Asset Issue” shall mean, with respect to any Purchased Asset, the occurrence of any of the following as determined in Buyer’s good faith discretion:

- (i) such Mortgage Loan is not an Eligible Mortgage Loan;
- (ii) a Regulatory or Reputational Risk Issue has occurred;
- (iii) the related Mortgage Note, Mortgage or related guarantee, if any, are determined to be unenforceable;
- (iv) if the Purchased Asset is serviced by the Seller (and not subserviced by a third-party servicer that has been approved by Buyer and entered into a Servicer Notice), the related Servicing Transfer Date for such Purchased Asset does not occur on or prior to the date that is [\*\*\*] immediately following the related Purchase Date for such Purchased Asset;
- (v) if such Purchased Asset is due to be securitized and such Purchased Asset is removed from the securitization pool pursuant to a request from any investor or rating agency due to concerns with respect to credit, compliance or valuation of such Purchased Asset;
- (vi) the underlying Mortgaged Property is found to have an Environmental Issue for which Seller or the related Mortgagor does not promptly set up an escrowed reserve or insurance in an amount reasonably acceptable to Buyer;
- (vii) a Governmental Authority has seized the underlying Mortgaged Property;
- (viii) if such Purchased Asset is a Wet-Ink Mortgage Loan, the Custodian has failed to issue a Trust Receipt showing no exceptions with respect to such Purchased Asset to Buyer in accordance with the Custodial Agreement on or prior to the Wet-Ink Delivery Date;
- (ix) if such Purchased Asset is a Non-Agency Loan and Buyer did not receive the related due diligence review of such Purchased Asset prepared by a Third Party Reviewer (which review identifies such Purchased Asset as a Grade A Mortgage Loan or Grade B Mortgage Loan) as of the related Purchase Date, if such Purchased Asset is not a Grade A Mortgage Loan, Grade B Mortgage Loan from a Third Party Reviewer within [\*\*\*] of the related Purchase Date (or such other time period as agreed between the Buyer and the Seller), or if a Grade C Mortgage Loan, is not approved in writing by Buyer in its sole discretion; or
- (x) such Purchased Asset is subject to any forbearance arrangement, whether requested by any party or pursuant to an agreement, or mandated by a Governmental Authority; ~~or~~.
- (xi) ~~such Purchased Asset is subject to a Transaction for greater than [\*\*\*] (whether or not consecutive).~~

“Purchased Assets” shall mean the collective reference to the Mortgage Loans transferred by the Seller to Buyer in a Transaction hereunder, listed on the related Asset Schedule attached to the related Confirmation (as Appendix I or otherwise), which Asset Files the Custodian has been instructed to hold pursuant to the Custodial Agreement. The term “Purchased Assets” with respect to any Transaction at any time also shall include Additional Acceptable Assets delivered pursuant to Section 4(a) hereof.

“Qualified Insurer” shall mean an insurance company duly authorized and licensed where required by law to transact insurance business and approved as an insurer by Buyer, Fannie Mae or Freddie Mac, as applicable.

“Records” shall mean all instruments, agreements and other books, records, and reports and data generated by other media for the storage of information maintained by Seller or any other Person or entity with respect to a Mortgage Loan. Records shall include the Mortgage Notes, any Mortgages, the Asset Files, the credit files related to the Mortgage Loan and any other instruments necessary to document or service a Mortgage Loan.

“Register” shall have the meaning set forth in Section 21(b) hereof.

“Regulations T, U and X” shall mean Regulations T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

“Regulatory or Reputational Risk Issue” shall mean the Buyer’s determination, in its good faith discretion (which may be based on consultation with regulatory counsel) that (a) a regulatory risk exists with respect to a Purchased Asset and such risk would affect the value of the Purchased Asset or the Buyer’s interest therein or (b) any Purchased Asset is subject to any fact, issue or circumstance, the existence of which would expose the Buyer to, or result in regulatory or reputational risk.

“Remittance Date” shall mean, with respect to each Collection Period, (i) the [\*\*\*] of the month following the commencement of such Collection Period, or the next succeeding Business Day, if such calendar day shall not be a Business Day and (ii) the Repurchase Date.

“Reportable Event” shall mean any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the [\*\*\*] notice period is waived under subsections .21, .22, .24, .26, .27 or .28 of PBGC Reg. § 4043.

“Repurchase Assets” shall have the meaning provided in Section 8(a) hereof.

“Repurchase Date” shall mean, with respect to any Purchased Asset, the earlier of (i) the Termination Date or (ii) the date on which Seller is to repurchase the Purchased Assets subject to a Transaction from Buyer as specified in the related Confirmation or if not so specified on a date requested pursuant to Section 3(e) or 4 hereof or on the Termination Date, including any date determined by application of the provisions of Sections 3 or 4 or 14 hereof.

“Repurchase Price” shall mean, with respect to any Purchased Asset as of any date of determination, an amount equal to the applicable Purchase Price minus (A) the sum of (i) any Income which has been applied to the Repurchase Price of such Purchased Asset by Buyer pursuant to this Agreement and (ii) any payments made by or on behalf of Seller in reduction of the outstanding Repurchase Price in each case before or as of such determination date with respect to such Purchased Asset, plus (B) the sum of (i) any accrued and unpaid Price Differential and (ii) any fees, costs, indemnification amounts, and taxes allocable to the repurchase of such Purchased Asset or release of Mortgage Loan.

“Repurchase Price Adjustment Amount” shall mean, for each Purchased Asset, on any Repurchase Price Adjustment Date, an amount equal to the excess (if any) of (1) the excess (if any) of (i) the related Repurchase Price (excluding any amounts calculated pursuant to clause (B) of the definition thereof) for such Purchased Asset as of such Repurchase Price Adjustment Date over (ii) the Asset Value of such Purchased Asset calculated as of such Repurchase Price Adjustment Date over (2) the Repurchase Price Adjustment Amount Threshold.

“Repurchase Price Adjustment Amount Threshold” shall have the meaning set forth in the Pricing Side Letter.

“Repurchase Price Adjustment Date” shall mean, with respect to any Purchased Asset, each date (if any) on which a reduced Purchase Price Percentage is applicable to such Purchased Asset pursuant to the Pricing Side Letter as a result of an increase to the number of days that such Purchased Asset is subject to a Transaction (whether or not consecutive).

“Requirement of Law” shall mean as to any Person, any law, treaty, rule, regulation, procedure or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” shall mean, (a) as to any Person, the chief executive officer or, with respect to financial matters, the chief financial officer of such Person and (b) as to Seller, President, Chief Administrative Officer, Treasurer, any manager, director or managing member.

“SEC” shall mean the Securities Exchange Commission.

“Section 4402” shall have the meaning set forth in Section 30 hereof.

“Section 7 Certificate” shall have the meaning set forth in Section 7(e)(ii) hereof.

“Seller” shall mean Finance of America Mortgage LLC.

“Servicer” shall mean, with respect to any Purchased Asset (i) prior to the related Servicing Transfer Date, Seller and (ii) from and after the related Servicing Transfer Date, either LoanCare, LLC, ServiceMac LLC, or any other servicer or subservicer approved by Buyer in its sole discretion to service or subservice Mortgage Loans.



“Servicer Notice” shall mean each servicer notice entered into by a Servicer, Buyer, Seller and any other related parties thereto, in form and substance acceptable to Buyer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Servicer Termination Event” shall mean, (i) an Event of Default hereunder, or (ii) with respect to any Servicer, (a) an event of default under the related Servicing Agreement, (b) such Servicer shall become the subject of an Insolvency Event, or (c) such Servicer shall admit its inability to, or its intention not to, perform any of its obligations under the Facility Documents, (d) the failure of such Servicer to perform in any material respect its obligations under any of the Facility Documents to which it is a party or the Servicing Agreement (taking into account any cure periods), including, without limitation, the failure of Servicer to (x) remit funds in accordance with Section 5(b) hereof, or (y) deliver reports when required, (e) Servicer shall provide to Seller a notice of resignation or termination under the applicable Servicing Agreement or (f) any of the following fails to be true and correct: Servicer has adequate financial standing, servicing facilities, procedures and experienced personnel necessary for the sound servicing and subservicing of mortgage loans of the same types as may from time to time constitute Purchased Assets and in accordance with Accepted Servicing Practices.

“Servicing Advances” shall mean all customary, reasonable and necessary “out-of- pocket” costs and expenses incurred by Seller as Servicer in the performance of its servicing obligations, including, but not limited to, the cost of (i) preservation, restoration and repair of a Mortgaged Property related to a Purchased Asset, (ii) any enforcement or judicial proceedings with respect to a Purchased Asset, including foreclosure actions, (iii) any private mortgage insurance policy premiums and fees, and (iv) taxes, assessments, water rates, sewer rents and other charges which are or may become a lien upon the Mortgaged Property, and fire and hazard insurance coverage, as required pursuant to the Servicing Annex.

“Servicing Agreement” shall mean that certain Subservicing Agreement between the Servicer and Seller dated as of July 1, 2015, as amended and renewed by that certain Renewal of Subservicing Agreement between LoanCare, LLC and Seller, effective as of July 1, 2018 and all SOWs entered into between LoanCare, LLC and Seller from time to time and (ii) any servicing or subservicing agreement entered into among Seller and a Servicer, as approved by Buyer, as each may be amended from time to time of which Buyer shall be an intended third party beneficiary.

“Servicing Annex” shall mean, with respect to the Purchased Assets for which the Seller is acting as Servicer without a third-party subservicer that has been approved by Buyer and entered into a Servicer Notice, the servicing annex attached hereto as Exhibit D, which servicing annex shall provide for the servicing of the Purchased Assets during the related Interim Servicing Period.

“Servicing Fee” shall mean, with respect to any Purchased Asset, a fee payable in accordance with the related Servicing Agreement.

“Servicing File” shall mean with respect to each Purchased Asset, the file retained by Seller as Servicer consisting of all documents that a prudent servicer would have, including copies (electronic or otherwise) of the Mortgage Loan Documents, and all documents necessary to document and service such Purchased Asset.

“Servicing Records” shall mean with respect to each Purchased Asset all servicing records, including but not limited to any and all servicing agreements, files, documents, records, data bases, computer tapes, copies of computer tapes, proof of insurance coverage, insurance policies, appraisals, [AVM/BPOs](#), other closing documentation, payment history records, and any other records relating to or evidencing the servicing of such Purchased Asset.

“[Servicing Rights](#)” shall mean rights of any Person to administer, manage, service or subservice, the Purchased Assets or to possess related Records.

“[Servicing Transfer Date](#)” shall mean, with respect to any Purchased Asset, the date on which the servicing of such Purchased Asset is transferred by Seller as Servicer to the applicable successor Servicer and made subject to the related Servicing Agreement and Servicer Notice.

“[Settlement Agent](#)” shall mean, with respect to any Transaction the subject of which is a Wet-Ink Mortgage Loan, an entity approved by Buyer, in its sole reasonable discretion, which may be a title company, escrow company or attorney in accordance with local law and practice in the jurisdiction where the related Wet-Ink Mortgage Loan is being originated, to which the proceeds of such Transaction are to be wired and with respect to such proceeds the Settlement Agent has agreed to comply with the instructions set forth in the Escrow Instruction Letter.

“[Single-Employer Plan](#)” shall mean a single-employer plan as defined in Section 4001(a)(15) of ERISA which is subject to the provisions of Title IV of ERISA.

“[Subsidiary](#)” shall mean, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

“[Successor Rate](#)” shall mean a rate determined by Buyer in accordance with [Section 3\(h\)](#) hereof.

“[Successor Rate Conforming Changes](#)” shall mean, with respect to any proposed Successor Rate, any spread adjustments or other conforming changes to the timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of Buyer, to reflect the adoption of such Successor Rate and to permit the administration thereof by Buyer in a manner substantially consistent with market practice.

“[Take-out Commitment](#)” shall mean a commitment of Seller to sell one or more Purchased Assets in an arms-length, all-cash transaction and the corresponding Take-out Investor’s commitment back to Seller to effectuate any of the foregoing, as applicable, or as otherwise approved by Buyer in its sole discretion.

“Take-out Investor” shall mean any Person (other than an Affiliate of Seller) that has entered into a Take-out Commitment provided that to the extent Purchased Assets are sent pursuant to a Bailee Letter with a third party bailee that is not a nationally known bank prior to purchase, such third-party bailee must be approved by Buyer in its sole reasonable discretion.

“Taxes” shall have the meaning set forth in Section 7(a) hereof.

“Termination Date” shall have the meaning set forth in the Pricing Side Letter.

“Third Party Reviewer” shall mean Selene New Diligence Advisors LLC, AMC Diligence, LLC, Clayton Services LLC or, in each case, another mutually acceptable third party reviewer.

“TILA-RESPA Integrated Disclosure Rule” means the Truth-in-Lending Act and Real Estate Settlement Procedures Act Integrated Disclosure Rule, adopted by the Consumer Finance Protection Bureau, which is effective for residential mortgage loan applications received on or after October 3, 2015.

“Transaction” shall have the meaning set forth in Section 1 hereof.

“Transaction Notice” shall mean a request from Seller to Buyer, which may be by electronic means (including e-mail), to enter into a Transaction.

“Trust Receipt” shall have the meaning set forth in the Custodial Agreement.

“Underwriting Guidelines” shall mean (i) with respect to each Agency Mortgage Loan, the guidelines of Fannie Mae or Freddie Mac, as applicable, (ii) with respect to each Prime Jumbo Loan, Seller’s related underwriting guidelines, delivered to and approved by Buyer on or prior to the date hereof, as amended or modified in accordance with this Agreement, (iii) with respect to each Non-QM Loan, Seller’s related underwriting guidelines, delivered to and approved by Buyer on or prior to the date hereof, as amended or modified in accordance with this Agreement and (iv) with respect to each Government Mortgage Loan, the guidelines of FHA or VA, as applicable.

“Underwriting Package” shall mean with respect to any proposed Purchased Asset, the Asset Schedule listing such proposed Purchased Asset and such other information that is in the possession or control of the Seller requested by the Buyer during the course of its due diligence and delivered prior to the date of a Transaction for such proposed Purchased Asset containing, with respect to the related proposed Purchased Asset, information in form and substance acceptable to the Buyer in its good faith discretion.

“Uniform Commercial Code” or “UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Repurchase Assets or the continuation, renewal or enforcement thereof is

governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

"VA" shall mean the U.S. Department of Veterans Affairs, an agency of the United States of America, or any successor thereto including the Secretary of Veterans Affairs.

"VA Approved Lender" shall mean a lender which is approved by the VA to act as a lender in connection with the origination of VA Loans.

"VA Loan" shall mean a Mortgage Loan which is the subject of a VA Loan Guaranty Agreement as evidenced by a loan guaranty certificate, or a Mortgage Loan which is a vendor loan sold by the VA.

"VA Loan Guaranty Agreement" shall mean the obligation of the United States to pay a specific percentage of a Mortgage Loan (subject to a maximum amount) upon default of the Mortgagor pursuant to the Servicemen's Readjustment Act, as amended.

"VA Regulations" shall mean the regulations promulgated by the VA and codified in 38 Code of Federal Regulations, and other VA issuances relating to VA Loans, including the related handbooks, circulars, notices and mortgagee letters.

"Weighted Average Criteria" shall have the meaning assigned to such term in the Pricing Side Letter.

"Weighted Average Violation Assets" shall have the meaning set forth in Section 3(i).

"Wet-Aged Report" shall have the meaning set forth in Section 3(c)(vi).

"Wet-Ink Delivery Date" shall have the meaning assigned to such term in the Pricing Side Letter.

"Wet-Ink Documents" shall mean, with respect to any Wet-Ink Mortgage Loan, the (a) Transaction Notice, (b) the Confirmation and (c) the Asset Schedule.

"Wet-Ink Mortgage Loan" shall mean a Mortgage Loan which Seller is selling to Buyer simultaneously with the origination thereof and for which the related Asset File has not been received by the Custodian as of related Purchase Date. A Mortgage Loan shall cease to be a Wet-Ink Mortgage Loan on the date on which Buyer has received (i) an Asset Detail and Exception Report from the Custodian with respect to such Mortgage Loan confirming that the Custodian has physical possession of the related Asset File and (ii) a Trust Receipt issued by the Custodian showing no exceptions with respect to such Mortgage Loan in accordance with the Custodial Agreement.

Section 3. No Commitment; Initiation; Termination. It is acknowledged and agreed that, notwithstanding any other provision of this Agreement to the contrary, the facility provided under this Agreement is an uncommitted facility, and Buyer shall have no obligation to enter into any Transactions hereunder. Subject to the terms and conditions set forth herein, Buyer agrees that so long as no Event of Default shall have occurred and be continuing or result therefrom it may, in its sole discretion, enter into Transactions with Seller from time to time in an aggregate principal amount that will not result in the Aggregate Facility Repurchase Price for all Purchased Assets subject to then outstanding Transactions under this Agreement (including such Purchased Assets that are being proposed by Seller for purchase under such Transaction) exceeding the Maximum Aggregate Purchase Price. Within the foregoing limits and subject to the terms and conditions set forth herein, Buyer and Seller may enter into Transactions.

(a) Conditions Precedent to Initial Transaction. Buyer's agreement to enter into the initial Transaction hereunder is subject to the satisfaction, immediately prior to or concurrently with the making of such Transaction, of the condition precedent that Buyer shall have received from Seller any fees and expenses due and payable hereunder, and all of the following documents, each of which shall be satisfactory to Buyer and its counsel in form and substance:

(i) Facility Documents. The Facility Documents duly executed by the parties thereto;

(ii) Opinions of Counsel. (A) A security interest, general corporate and enforceability opinion or opinions of outside counsel to Seller (provided that the general corporate opinion may be given by in-house counsel to Seller), including an Investment Company Act opinion; and (B) a Bankruptcy Code opinion of outside counsel to Seller with respect to the matters outlined in Section 32, each of which shall be in a form acceptable to Buyer in its sole discretion;

(iii) Seller Organizational Documents. A certificate of existence of Seller delivered to Buyer prior to the Effective Date and certified copies of the organizational documents of Seller and of all corporate or other authority for Seller with respect to the execution, delivery and performance of the Facility Documents and each other document to be delivered by Seller from time to time in connection herewith;

(iv) Good Standing Certificate. A certified copy of a good standing certificate from the jurisdiction of organization of Seller, dated as of no earlier than the date that is [\*\*\*] prior to the Effective Date with respect to the initial Transaction hereunder;

(v) Incumbency Certificate. An incumbency certificate of the secretary of Seller certifying the names, true signatures and titles of the representatives duly authorized to request transactions hereunder and to execute the Facility Documents;

(vi) Security Interest. Evidence that all other actions necessary to perfect and protect the sale, transfer, conveyance and assignment by Seller to Buyer or its designee, subject to the terms of this Agreement, of all of Seller's right, title and interest in and to the Purchased Assets together with all right, title and interest in and to the proceeds of any related Repurchase Assets. Seller shall take all steps as may be necessary in connection with the indorsement, transfer of power, delivery and pledge of all Purchased Assets to Buyer, and performing UCC searches and duly authorized and filing Uniform Commercial Code financing statements on Form UCC-1;

(vii) Insurance. Evidence that Seller has caused Finance of America Holdings LLC to add Buyer as an additional loss payee under Finance of America Holdings LLC's Fidelity Insurance; and

(viii) Other Documents. Such other documents as Buyer may reasonably request, in form and substance reasonably acceptable to Buyer.

(b) Conditions Precedent to all Transactions. Upon satisfaction of the conditions set forth in this Section 3(b), Buyer may, in its sole discretion enter into a Transaction with Seller. Buyer's entering into each Transaction (including the initial Transaction) is subject to the satisfaction of the following further conditions precedent, both immediately prior to entering into such Transaction and also after giving effect thereto to the intended use thereof:

(i) Confirmation. Seller shall have delivered to Buyer a Confirmation in accordance with the procedures set forth in Section 3(c);

(ii) Due Diligence Review. Without limiting the generality of Section 19 hereof, Buyer shall have received the Underwriting Package at least [\*\*\*] prior to the related Purchase Date, and (A) shall have completed, to its satisfaction, its due diligence review of the related proposed Purchased Assets, which may be prepared by Third Party Reviewer for those Purchased Assets that are Non-Agency Loans, so long as (x) Buyer receives such due diligence review directly from such Third Party Reviewer and (y) such due diligence review is conducted within [\*\*\*] of the related Purchase Date, or such other time period as agreed between the Buyer and the Seller and (B) upon reasonable notice to Seller and each Servicer, may have completed, to Buyer's satisfaction, its due diligence review of the Seller, each Third Party Reviewer and each Servicer;

(iii) No Default. No Default or Event of Default shall have occurred and be continuing under the Facility Documents;

(iv) Representations and Warranties: Eligible Mortgage Loans. Both immediately prior to the Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller in Section 12 hereof and on Schedule 1 shall be true, correct and complete on and as of such Purchase Date in all material respects with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date). Each Mortgage Loan offered for purchase to Buyer pursuant to a Transaction is an Eligible Mortgage Loan;

(v) Maximum Purchase Price. After giving effect to the requested Transaction, (i) the Aggregate Facility Repurchase Price for all Purchased Assets subject to then outstanding Transactions under this Agreement (including such Purchased Assets that are being proposed by Seller for purchase under such Transaction) shall not exceed the Maximum Aggregate Purchase Price and (ii) the portion of the Aggregate Facility Repurchase Price attributable to any category of Purchased Asset shall not in whole or in part exceed the related Concentration Limit; and (iii) none of the Weighted Average Criteria shall be violated;

(vi) Mortgage Loan Documents. Buyer shall have reviewed and approved the form Mortgage Loan Documents;

(vii) Transaction Notice. With respect to each proposed Purchased Asset which is not a Wet-Ink Mortgage Loan, on or prior to [\*\*\*] (New York Time) [\*\*\*] prior to the related Purchase Date, the Seller shall have delivered to Buyer (a) a Transaction Notice, (b) an Asset Schedule and (c) an initial Confirmation. Seller shall have delivered to Buyer on or prior to (A) [\*\*\*] (New York City time) on the Business Day prior to the proposed Purchase Date for Wet-Ink Mortgage Loans, a preliminary Asset Schedule (the "Preliminary Asset Schedule") and (B) [\*\*\*] (New York City time) on the proposed Purchase Date for Wet-Ink Mortgage Loans, (1) a Transaction Notice, (2) a final Asset Schedule and (3) an initial related Confirmation; provided that with respect to each Wet-Ink Mortgage Loan, by no later than the Wet-Ink Delivery Date, Seller shall cause the related Settlement Agent to deliver to the Custodian all documents in the Asset File, as more particularly set forth in the Custodial Agreement. Any Wet-Ink Mortgage Loans that are not listed on the Preliminary Asset Schedule may be purchased by Buyer in its sole discretion;

(viii) Delivery of Asset File. (A) With respect to each proposed Purchased Asset which is not a Wet-Ink Mortgage Loan, (x) Seller shall have delivered to the Custodian the Asset File with respect to each Mortgage Loan that is subject to the proposed Transaction, with an electronic copy of such Asset File to Buyer via email to [\*\*\*], in a format reasonably acceptable to Buyer, and the Custodian shall have issued a Trust Receipt showing no exceptions with respect to each such Mortgage Loan to Buyer all subject to and in accordance with the Custodial Agreement and (B) with respect to each Wet-Ink Mortgage Loan, the Wet-Ink Documents have been delivered to Custodian, as the case may be, in accordance with the Custodial Agreement and delivered to Buyer electronic copies of the documents comprising the related Asset File;

(ix) No Purchased Asset Issue; No Margin Deficit. As of the related Purchase Date, (a) Seller shall not have failed to repurchase any Purchased Asset pursuant to a repurchase request by Buyer pursuant to Section 4 hereof following the occurrence of a Purchased Asset Issue with respect to such Purchased Asset, and (b) no Margin Deficit shall have occurred and be continuing with respect to any Purchased Assets. Additionally, after giving effect to the requested Transaction, no Purchased Asset Issue or Margin Deficit shall have occurred or be continuing with respect to the related Purchased Assets;

(x) Electronic Tracking Agreement. If any of the proposed Purchased Assets are MERS Mortgage Loans, an Electronic Tracking Agreement covering such proposed Purchased Assets (and any existing Purchased Assets that are MERS Mortgage Loans) shall have been entered into, duly executed and delivered by the parties thereto and shall be in full force and effect, free of any modification, breach or waiver;

(xi) Evidence of Ownership. If any proposed Purchased Asset is a Wet- Ink Mortgage Loan, Buyer shall have received evidence satisfactory to it that the Seller owns the proposed Mortgage Loan simultaneously with the origination thereof;

(xii) Approval of Servicing Agreement. To the extent not previously delivered and approved, Buyer shall have, in its good faith discretion, approved each Servicing Agreement (including any amendments or modifications thereof) pursuant to which any Mortgage Loan that is subject to the proposed Transaction is serviced or subserviced;

(xiii) Servicer Notices. To the extent the related Purchased Assets are not already covered by a Servicer Notice, Buyer shall have received a Servicer Notice with respect to such Purchased Assets;

(xiv) Purchase Price Floor. The aggregate Purchase Price for any Transaction shall not be less than (A) in connection with the initial Transaction, [\*\*\*] and (B) in connection with any other Transaction, [\*\*\*] (in each case unless approved by Buyer in its sole discretion);

(xv) Funding Frequency. In any [\*\*\*] period there will be no more than [\*\*\*] Transactions;

(xvi) Fees and Expenses. Buyer shall have received all fees and expenses due and payable, including all fees and expenses of counsel to Buyer and due diligence vendors as contemplated by Sections 11 and 16(b), which amounts, at Buyer's option, may be withheld from the proceeds remitted by Buyer to Seller pursuant to any Transaction hereunder;

(xvii) Requirements of Law. Buyer shall not have determined that the introduction of or a change in any Requirement of Law or in the interpretation or administration of any Requirement of Law applicable to Buyer has made it unlawful, and no Governmental Authority shall have asserted that it is unlawful, for Buyer to enter into Transactions hereunder;

(xviii) No Material Adverse Change. None of the following shall have occurred and/or be continuing:

(A) an event or events shall have occurred in the good faith determination of Buyer resulting in the effective absence of a "repo market" or comparable "lending market" for financing debt obligations secured by securities or an event or events shall have occurred resulting in Buyer not being able to finance Mortgage Loans through the "repo market" or "lending market" with traditional counterparties at rates which would have been reasonable prior to the occurrence of such event or events; or



(B) an event or events shall have occurred resulting in the effective absence of a “securities market” for securities backed by Mortgage Loans (relative to the market as of the Effective Date) or an event or events shall have occurred resulting in Buyer not being able to sell securities backed by Mortgage Loans at prices which would have been reasonable prior to such event or events; or

(C) there shall have occurred a material adverse change in the financial condition of Buyer which affects (or can reasonably be expected to affect) materially and adversely the ability of Buyer to fund its obligations under this Agreement.

(xix) Wet-Ink Mortgage Loans. With respect to any proposed Transaction involving a Wet-Ink Mortgage Loan:

(A) the Seller shall have provided evidence satisfactory to Buyer that Seller has transferred (or caused to be transferred) funds to the Disbursement Agent on the related Purchase Date to be applied to the origination of such Wet-Ink Mortgage Loan, in an amount equal to the portion of the funding for the origination of such Wet-Ink Mortgage Loan that will not be funded by Buyer pursuant to such Transaction; and

(B) the Settlement Agent has been instructed in writing by Seller to hold the related Mortgage Loan Documents as agent and bailee for Buyer and to promptly forward such Mortgage Loan Documents in accordance with the provisions of the Custodial Agreement and the Escrow Instruction Letter and Seller has confirmed receipt of a Closing Protection Letter and the wire instructions for the Settlement Agent have been validated.

(xx) Certification. Each Confirmation delivered by Seller hereunder shall constitute a certification by Seller that all the conditions set forth in this Section 3(b) (other than any such conditions (or a portion thereof) for which the satisfaction thereof is made at the discretion or determination of Buyer) have been satisfied (both as of the date of such notice or request and as of Purchase Date);

(xxi) Security Interest. Evidence that all other actions necessary to perfect and protect Buyer’s interest in the Purchased Assets and other Repurchase Assets have been taken. Seller shall take all steps as may be necessary in connection with performing UCC searches and duly authorized and filing Uniform Commercial Code financing statements on Form UCC-1; and

(xxii) Other Documents. Such other documents as Buyer may reasonably request, consistent with market practices, in form and substance reasonably acceptable to Buyer.

(c) Initiation.

(i) Prior to the occurrence of an Event of Default, with respect to any proposed Transaction for Eligible Mortgage Loans, as soon as available, but in no event later than [\*\*\*] prior to a proposed Purchase Date, Seller shall deliver to Buyer (i) a Transaction Notice, (ii) an Asset Schedule, and (iii) the Underwriting Package and any other related information available to Seller at that time which, collectively, shall identify the proposed Mortgage Loan(s) for purchase, the material characteristics of such Mortgage Loan(s) and the characteristics of the Purchased Assets. Seller shall also deliver to Buyer such other information as may be reasonably requested by the Buyer to assess such Mortgage Loan(s). Seller shall involve Buyer in all aspects of due diligence as Buyer shall deem necessary in its sole discretion. Buyer shall have the right to review the information set forth on the Asset Schedule and the Eligible Mortgage Loans proposed to be subject to a Transaction as Buyer determines during normal business hours. Seller shall deliver to Buyer a Confirmation no later than [\*\*\*] prior to a proposed Purchase Date and, if each of the conditions precedent in this Section 3 hereof have been met, as determined by Buyer, Buyer may in its sole discretion, fund the related Purchase Price on the Purchase Date and such funding shall be deemed to be Buyer's acceptance of the terms of the proposed Transaction set forth in the Confirmation. Seller shall deliver the final Confirmation to Buyer via e-mail on or prior to [\*\*\*] (New York time) on the related Purchase Date.

(ii) The Repurchase Date for each Transaction shall not be later than the then current Termination Date.

(iii) Each Confirmation, together with this Repurchase Agreement, shall be conclusive evidence of the terms of the Transaction(s) covered thereby.

(iv) No later than the date and time set forth in the Custodial Agreement, Seller shall deliver to the Custodian the Asset File pertaining to each Eligible Mortgage Loan made subject to a Transaction.

(v) Upon Buyer's receipt of the Trust Receipt in accordance with the Custodial Agreement and subject to the provisions of this Section 3, the aggregate Purchase Price will be made available to Seller (x) with respect to each Purchased Asset which is not a Wet-Ink Mortgage Loan, upon Buyer's receipt of the Trust Receipt in accordance with the Custodial Agreement (in any event on or prior to the related Purchase Date) by Buyer transferring, via wire transfer in the aggregate amount of such Purchase Prices in funds immediately available in accordance with Section 9(b) and (y) with respect to each Wet-Ink Mortgage Loan, by Buyer transferring to the Disbursement Agent via wire transfer the aggregate amount of such Purchase Price in funds immediately available; provided that to the extent funds are disbursed to the Disbursement Agent and a Wet-Ink Mortgage Loan is not funded, such funds shall be refunded to Buyer on the same Business Day by Disbursement Agent transferring, via wire transfer, in the aggregate amount of such Purchase Prices in funds immediately available.

(vi) With respect to any Wet-Ink Mortgage Loan subject to a Transaction, on the related Purchase Date and on each Business Day following such Purchase Date, no later than the time set forth in the Custodial Agreement, the Custodian shall deliver to Buyer a schedule listing each Wet-Ink Mortgage Loan with respect to which the complete Asset File has not been received by the Custodian (the "Wet-Aged Report").

(d) Optional Repurchase. Subject to the conditions herein, and so long as no Default or Event of Default has occurred or is continuing, Seller may cause the sale of Purchased Assets and effect an Optional Repurchase (as defined below) on any date in connection with such Optional Repurchase which is not made in connection with an ordinary course liquidation of a Mortgage Loan. When the Mortgage Loans are desired to be sold or otherwise transferred or liquidated by Seller (x) to a Take-Out Investor in an arm's length all-cash transaction or (y) in connection with a Capital Markets Transaction or other refinancing transaction that reduces the aggregate outstanding Repurchase Price to zero (unless otherwise agreed to by Buyer in its sole discretion) (an "Optional Repurchase"), for net sale proceeds that are equal to or greater than the Repurchase Price of such Mortgage Loans, Seller shall give Buyer prior written notice thereof by [\*\*\*] (New York time) at least [\*\*\*] prior, which notice designates the applicable Mortgage Loans and specifies the net sale proceeds expected from such sale; provided that the release of any Purchased Assets in accordance with this Section 3(d) shall not result in a Margin Deficit. If such notice is given, Seller shall, or shall cause the Take-Out Investor to, make payment directly to the Buyer or the Nomura Account (at Buyer's determination) in an amount not less than the Repurchase Price.

(e) Repurchase. On the Repurchase Date, termination of the Transaction will be effected by reassignment to the Seller or their designee of the Purchased Assets (and any Income in respect thereof received by Buyer not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Section 5 hereof) against the simultaneous transfer of the Repurchase Price to an account of Buyer. Such obligation to repurchase exists without regard to any prior or intervening liquidation or foreclosure with respect to any Mortgage Loan (but Liquidation Proceeds received by Buyer shall be applied to reduce the Repurchase Price for the Purchased Assets on each Remittance Date except as otherwise provided herein). Seller is obligated to obtain the Asset Files from Buyer or its designee at Seller's expense on the Repurchase Date.

(f) Mandatory Repurchase.

(i) If at any time there has occurred a Purchased Asset Issue with respect to any Purchased Asset, then the Asset Value thereof shall automatically be reduced to zero (unless otherwise determined by Buyer in its sole discretion) and Buyer may, in its sole discretion, with notice to the Seller detailing the basis by which Buyer has determined that such Purchased Asset Issue has occurred (as such notice is more particularly set forth below, a "Repurchase Notice"), require Seller to repurchase such asset. In the case of a repurchase, Seller, shall, at Buyer's direction, be required to repurchase the affected Mortgage Loan as soon as is practicable but, in any case, not more than [\*\*\*] after Buyer has delivered such Repurchase Notice to Seller. Seller shall be required to notify Buyer as soon as is practicable after obtaining knowledge of any fact that could be the basis for any Purchased Asset Issue, but, in any case, not more than [\*\*\*]

after obtaining knowledge thereof. For the sake of clarity, Seller shall ensure that such Repurchase Price (including without limitation any related expenses of Buyer incurred in connection therewith) is remitted directly to Buyer and not pursuant to [Section 5](#) hereof. Any cash remitted to Buyer pursuant to this [Section 3\(f\)](#) shall be credited and applied to the Repurchase Price of the related Purchased Asset and any other amounts then due and payable by Seller with respect to such Purchased Asset.

(ii) Buyer's election, in its sole and absolute discretion, not to send a Repurchase Notice at any time a Purchased Asset is no longer an Eligible Mortgage Loan shall not in any way limit or impair its right to send a Repurchase Notice at a later time.

(g) [LIBOR Rate Breakage Costs](#). Without limiting, and in addition to, the provisions of [Section 16](#) hereof, the Seller agrees that if any Repurchase Price is paid other than in connection with an ordinary course liquidation of a Mortgage Loan and such Repurchase Price is paid on a date other than on a Remittance Date, the Seller shall, upon demand by the Buyer, pay to the Buyer any such amounts as are reasonable to compensate the Buyer for any additional losses (not including lost profits), costs or expenses which the Buyer will incur as a result of such payments, including, without limitation, any hedge breakage costs.

(h) [Alternative Rate](#). If prior to any Remittance Date, Buyer determines in its sole discretion that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate, the LIBOR Rate is no longer in existence, or the administrator of the LIBOR Rate or a Governmental Authority having jurisdiction over Buyer has made a public statement identifying a specific date after which the LIBOR Rate shall no longer be made available or used for determining the interest rate of loans, Buyer may give prompt written notice thereof to Seller, whereupon the Pricing Rate for such period, and for all subsequent periods until such notice has been withdrawn by Buyer, shall be an alternative benchmark rate (including any mathematical or other adjustments to the benchmark rate (if any) incorporated therein) (any such rate, a "[Successor Rate](#)"), together with any proposed Successor Rate Conforming Changes, as determined by Buyer in its sole discretion. Any such determination of the Successor Rate and any Successor Rate conforming changes shall be made by Buyer consistent with its determinations with respect to other repurchase facilities that are substantially the same with similarly situated counterparties and with substantially similar assets subject thereto; provided, that the foregoing shall only apply to repurchase transactions that are under the supervision of the New York structured finance group of Buyer that administers the Transactions.

(i) Excess Concentration Amount; [Weighted Average Criteria](#). If, as of any date of determination, the Repurchase Price (excluding any amounts calculated pursuant to clause (B) of the definition thereof) of any type of Purchased Asset is in excess of any applicable Concentration Limit (such excess amount, the "Excess Concentration Amount"), then the Asset Value attributable to such Excess Concentration Amount shall automatically be reduced to zero (unless otherwise determined by Buyer in its sole discretion) and Buyer may, in its sole discretion, with notice to the Seller require Seller to reduce such Repurchase Price by remitting such Excess Concentration Amount to Buyer within [\*\*\*] of Seller's receipt of

such notice. If, as of any date of determination, any Weighted Average Criteria are violated, then the Asset Value attributable to Purchased Assets that cause such Weighted Average Criteria to be violated as determined by Buyer (the "Weighted Average Violation Assets") shall automatically be reduced to zero (unless otherwise determined by Buyer in its sole discretion) and Buyer may, in its sole discretion, with notice to the Seller require Seller to reduce such Repurchase Price by remitting the amount of the Repurchase Price (excluding any amounts calculated pursuant to clause (B) of the definition thereof) attributable to such Weighted Average Violation Assets (such amount, the "Weighted Average Violation Amount") to Buyer within [\*\*\*] of Seller's receipt of such notice.

(j) Repurchase Price Adjustment Amount. If, as of any date of determination, a Repurchase Price Adjustment Date occurs with respect to any Purchased Asset, Seller shall remit the related Repurchase Price Adjustment Amount to Buyer within [\*\*\*] following its receipt of written notice thereof by Buyer. For the sake of clarity, following the payment of any Repurchase Price Adjustment Amount on any Repurchase Price Adjustment Date, all Purchased Assets then subject to a Transaction shall be in compliance with all applicable Concentration Limits.

#### Section 4. Margin Amount Maintenance.

(a) At any time a Margin Deficit exists in excess of [\*\*\*], then Buyer may, by notice to Seller (as such notice is more particularly set forth below, a "Margin Call"), require Seller to transfer to Buyer or its designee, cash or, in Buyer's sole discretion, Additional Acceptable Assets to cure such Margin Deficit (such amount or Additional Acceptable Assets, the "Margin Payment").

(b) Notice delivered pursuant to Section 4(a) may be given by any written or electronic means. Any Margin Deficit notice given before [\*\*\*] (New York City time) on a Business Day shall be met, and the related Margin Payment received, no later than [\*\*\*] (New York City time) on the following Business Day. If notice is made after [\*\*\*] (New York City time) on a Business Day, the Margin Payment shall be received by Buyer at [\*\*\*] (New York City time) on the second following Business Day.

(c) The failure of Buyer, on any one or more occasions, to exercise its rights hereunder, including, without limitation, its failure to send a Margin Call notice at any time a Purchased Asset is no longer an Eligible Mortgage Loan, or at any time there exists a Margin Deficit, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Buyer to do so at a later date, or in any way create additional rights for Seller.

(d) Any cash transferred to Buyer pursuant to Section 4(a) above shall be credited to the Repurchase Price of the related Transactions.

#### Section 5. Income Payments.

(a) Notwithstanding that Buyer and Seller intend that the Transactions hereunder be sales to Buyer of the Purchased Assets for all purposes except accounting and tax purposes, Seller shall pay to Buyer the accrued and unpaid Price Differential (less any amount of such Price Differential previously paid by Seller to Buyer) on the Remittance Date. If Seller fails to pay all or part of the Price Differential then due by [\*\*\*] (New York time) on any Remittance Date, the Pricing Rate shall be equal to the Post-Default Rate until the Price Differential then due is received in full by Buyer.

(b) Seller shall, and shall cause Servicer to, hold for the benefit of, and in trust for, Buyer all Income, including, without limitation, all Income received by or on behalf of Seller with respect to the Purchased Assets. Seller shall cause the Servicer (other than in the case of Seller acting in the capacity of Servicer during the Interim Servicing Period) to deposit all such Income received on account of the Purchased Assets serviced, subserviced or managed by such Servicer in the related Collection Account, in accordance with the applicable Servicer Notice. To the extent that Seller is holding any Income, Seller shall deposit such Income on receipt into the Nomura Account. To the extent such deposits are insufficient to cover the full Price Differential due on the next Remittance Date, Seller shall deposit funds into the Nomura Account sufficient to cover such shortfall.

(c) Seller shall cause Servicer (other than in the case of Seller acting in the capacity of Servicer) to remit to Collection Account all Income with respect to the Purchased Assets (such instruction shall be set forth in the Servicer Notice and shall be irrevocable without the prior written consent of Buyer during the Interim Servicing Period) no later than, [\*\*\*] of the application by such Servicer in such Servicer's system of such collections in respect of the Purchased Assets, which in any event shall be no later than within [\*\*\*] of receipt of such collections. All Income shall be held in trust for Buyer, shall constitute the property of Buyer except for tax purposes which shall be treated as income and property of Seller and when deposited into the Collection Account and Nomura Account, respectively, shall not be commingled with other property of Seller or any Affiliate of Seller; provided, however, that, prior to the occurrence and continuance of an Event of Default, the Servicer as agent of the Seller shall have access to Income to make any permitted withdrawals in accordance with the terms of the Servicing Agreement as modified by the Servicer Notice. Notwithstanding anything contained herein or in any of the other Facility Documents to the contrary, Seller shall not at any time have access to the Collection Account and Seller shall not issue any instructions or directions to the Collection Account Bank with respect to the Collection Account.

(d) No later than [\*\*\*] prior to each Remittance Date, Seller shall cause Servicer as agent of Seller to cause the Collection Account Bank to remit to the Nomura Account all funds then on deposit in the Collection Account. Funds on deposit in the Nomura Account shall be applied by Buyer on each Remittance Date prior to the occurrence of an Event of Default as follows:

(A) first, pro rata, to Custodian and Disbursement Agent on account of any accrued and unpaid custodial and disbursement agent fees, and to the Collection Account Bank on account of any accrued and unpaid fees, unless Seller is paying such fees directly;

(B) second, to Buyer an amount equal to the Price Differential which has accrued and is outstanding as of the Remittance Date;

(C) third, to Buyer on account of unpaid fees, expenses, LIBOR Rate breakage costs, indemnity amounts and any other amounts due to the Buyer from Seller under the Agreement;

(D) fourth, to pay to Buyer an amount sufficient to eliminate any outstanding Margin Deficit (without giving effect to any notice period) and without limiting Seller's obligation to satisfy a Margin Deficit in a timely manner as required by Section 4) and any accrued and unpaid Excess Concentration Amount, the Weighted Average Violation Amount, and Repurchase Price Adjustment Amount;

(E) fifth, all remaining amounts (if any), to the Seller.

(e) Reserved.

(f) To the extent that Buyer receives any funds from a Take-out Investor with respect to the purchase by such Take-out Investor of a Mortgage Loan ("Disposition Proceeds"), the Buyer shall promptly apply such funds to the Repurchase Price of the Mortgage Loans purchased by such Take-out Investor, any Margin Deficit, and shall promptly remit any excess to Seller.

(g) Notwithstanding the preceding provisions, if an Event of Default has occurred, all funds in the Collection Account and Waterfall Account shall be withdrawn and applied to payment of Seller's Obligations hereunder as determined by Buyer until all such Obligations have been paid in full, and thereafter to Seller.

#### Section 6. Requirements of Law.

(a) If any Requirement of Law or any change in the interpretation or application thereof or compliance by Buyer with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject Buyer to any Tax or increased Tax of any kind whatsoever with respect to this Agreement or any Transaction or change the basis of taxation of payments to Buyer in respect thereof;

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, or other extensions of credit by, or any other acquisition of funds by, any office of Buyer which is not otherwise included in the determination of the LIBOR Rate hereunder; or

(iii) shall impose on Buyer any other condition;

and the result of any of the foregoing is to increase the cost to Buyer, by an amount which Buyer deems to be material, of entering, continuing or maintaining any Transaction or to reduce any amount due or owing hereunder in respect thereof, then, in any such case, Seller shall promptly pay Buyer such additional amount or amounts as calculated by Buyer in good faith as will compensate Buyer for such increased cost or reduced amount receivable within [\*\*\*] from the date on which Buyer makes written demand therefor.

(b) If Buyer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by Buyer or any corporation controlling Buyer with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on Buyer's or such corporation's capital as a consequence of its obligations hereunder to a level below that which Buyer or such corporation could have achieved but for such adoption, change or compliance (taking into consideration Buyer's or such corporation's policies with respect to capital adequacy) by an amount deemed by Buyer to be material, then from time to time, Seller shall promptly pay to Buyer such additional amount or amounts as will compensate Buyer for such reduction, within [\*\*\*] from the date on which Buyer makes written demand therefor.

(c) If Buyer becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify Seller of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section submitted by Buyer to Seller shall be conclusive in the absence of manifest error.

Section 7. Taxes.

(a) Any and all payments by Seller under or in respect of this Agreement or any other Facility Documents to which Seller is a party shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities (including penalties, interest and additions to tax) with respect thereto, whether now or hereafter imposed, levied, collected, withheld or assessed by any taxation authority or other Governmental Authority (collectively, "Taxes"), unless required by law. If Seller shall be required under any applicable Requirement of Law to deduct or withhold any Taxes from or in respect of any sum payable under or in respect of this Agreement or any of the other Facility Documents to Buyer, (i) Seller shall make all such deductions and withholdings in respect of Taxes, (ii) Seller shall pay the full amount deducted or withheld in respect of Taxes to the relevant taxation authority or other Governmental Authority in accordance with any applicable Requirement of Law, and (iii) the sum payable by Seller shall be increased as may be necessary so that after Seller has made all required deductions and withholdings (including deductions and withholdings applicable to additional amounts payable under this Section 7) Buyer receives an amount equal to the sum it would have received had no such deductions or withholdings been made in respect of Non-Excluded Taxes. For purposes of this Agreement the term "Non-Excluded Taxes" are Taxes other than, in the case of Buyer, Taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the jurisdiction under the laws of which Buyer is organized or of its applicable lending office, or any political subdivision thereof, unless such Taxes are imposed as a result of Buyer having executed, delivered or performed its obligations or received payments under, or enforced, this Agreement or any of the other Facility Documents (in which case such Taxes will be treated as Non-Excluded Taxes).



(b) In addition, Seller hereby agrees to pay any present or future stamp, recording, documentary, excise, property or value-added taxes, or similar taxes, charges or levies that arise from any payment made under or in respect of this Agreement or any other Facility Document or from the execution, delivery or registration of, any performance under, or otherwise with respect to, this Agreement or any other Facility Document (collectively, “Other Taxes”).

(c) Seller hereby agrees to indemnify Buyer for, and to hold it harmless against, the full amount of Non-Excluded Taxes and Other Taxes, and the full amount of Non- Excluded Taxes or Other Taxes imposed on amounts payable by Seller under this Section 7 imposed on or paid by Buyer and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. The indemnity by Seller provided for in this Section 7(c) shall apply and be made whether or not the Non-Excluded Taxes or Other Taxes for which indemnification hereunder is sought have been correctly or legally imposed or asserted. Amounts payable by Seller under the indemnity set forth in this Section 7(c) shall be paid within [\*\*\*] from the date on which Buyer makes written demand therefor.

(d) [Reserved].

(e) For purposes of subsection (e) of this Section 7, the terms “United States” and “United States person” shall have the meanings specified in Section 7701 of the Code. Each Buyer (including for avoidance of doubt any assignee, successor or participant) that either (i) is not incorporated under the laws of the United States, any State thereof, or the District of Columbia or (ii) whose name does not include “Incorporated,” “Inc.,” “Corporation,” “Corp.,” “P.C.,” “N.A.,” “National Association,” “insurance company,” or “assurance company” (a “Non- Exempt Buyer”) shall deliver or cause to be delivered to Seller the following properly completed and duly executed documents:

(i) in the case of a Non-Exempt Buyer that is not a United States person or is a foreign disregarded entity for U.S. federal income tax purposes that is entitled to provide such form, a complete and executed (x) U.S. Internal Revenue Form W-8BEN with Part II completed in which Buyer claims the benefits of a tax treaty with the United States providing for a zero or reduced rate of withholding (or any successor forms thereto), including all appropriate attachments or (y) a U.S. Internal Revenue Service Form W-8ECI (or any successor forms thereto); or

(ii) in the case of an individual, (x) a complete and executed U.S. Internal Revenue Service Form W-8BEN (or any successor forms thereto) and a certificate substantially in the form of Exhibit F (a “Section 7 Certificate”) or (y) a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto); or

(iii) in the case of a Non-Exempt Buyer that is organized under the laws of the United States, any State thereof, or the District of Columbia, a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto), including all appropriate attachments; or

(iv) in the case of a Non-Exempt Buyer that (x) is not organized under the laws of the United States, any State thereof, or the District of Columbia and (y) is treated as a corporation for U.S. federal income tax purposes, a complete and executed U.S. Internal Revenue Service Form W-8BEN (or any successor forms thereto) and a Section 7 Certificate; or

(v) in the case of a Non-Exempt Buyer that (A) is treated as a partnership or other non-corporate entity, and (B) is not organized under the laws of the United States, any State thereof, or the District of Columbia, (x)(i) a complete and executed U.S. Internal Revenue Service Form W-8IMY (or any successor forms thereto) (including all required documents and attachments) and (ii) a Section 7 Certificate, and (y) without duplication, with respect to each of its beneficial owners and the beneficial owners of such beneficial owners looking through chains of owners to individuals or entities that are treated as corporations for U.S. federal income tax purposes (all such owners, “beneficial owners”), the documents that would be provided by each such beneficial owner pursuant to this Section if such beneficial owner were Buyer; provided, however, that no such documents will be required with respect to a beneficial owner to the extent the actual Buyer is determined to be in compliance with the requirements for certification on behalf of its beneficial owner as may be provided in applicable U.S. Treasury regulations, or the requirements of this clause (v) are otherwise determined to be unnecessary, all such determinations under this clause (v) to be made in the sole discretion of Seller; provided, however, that Buyer shall be provided an opportunity to establish such compliance as reasonable; or

(vi) in the case of a Non-Exempt Buyer that is disregarded for U.S. federal income tax purposes, the document that would be provided by its beneficial owner pursuant to this Section if such beneficial owner were Buyer; or

(vii) in the case of a Non-Exempt Buyer that (A) is not a United States person and (B) is acting in the capacity as an “intermediary” (as defined in U.S. Treasury Regulations), (x)(i) a U.S. Internal Revenue Service Form W-8IMY (or any successor form thereto) (including all required documents and attachments) and (ii) a Section 7 Certificate, and (y) if the intermediary is a “non-qualified intermediary” (as defined in U.S. Treasury Regulations), from each person upon whose behalf the “non-qualified intermediary” is acting the documents that would be provided by each such person pursuant to this Section if each such person were Buyer.

If Buyer has provided a form pursuant to clause (e)(i)(x) above and the form provided by Buyer either at the time Buyer first becomes a party to this Agreement or, with respect to a grant of a participation, at the effective date of such participation, indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be treated as Taxes other than “Non-Excluded Taxes” (“Excluded Taxes”) and shall not qualify as Non- Excluded Taxes unless and until Buyer provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate shall be considered Excluded Taxes solely

for the periods governed by such form. If, however, on the date (after the Effective Date) a Person becomes an assignee, successor or participant to this Agreement, Buyer transferor was entitled to indemnification or additional amounts under this Section 7, then Buyer assignee, successor or participant shall be entitled to indemnification or additional amounts to the extent (and only to the extent), that Buyer transferor was entitled to such indemnification or additional amounts for Non-Excluded Taxes, and Buyer assignee, successor or participant shall be entitled to additional indemnification or additional amounts for any other or additional Non-Excluded Taxes.

(f) For any period with respect to which Buyer has failed to provide Seller with the appropriate form, certificate or other document described in subsection (e) of this Section 7 (other than (i) if such failure is due to a change in any applicable Requirement of Law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided by Buyer, or (ii) if it is legally inadvisable or otherwise commercially disadvantageous for Buyer to deliver such form, certificate or other document), Buyer shall not be entitled to indemnification or additional amounts under subsection (a) or (c) of this Section 7 with respect to Non-Excluded Taxes imposed by the United States by reason of such failure; provided, however, that should a Buyer become subject to Non-Excluded Taxes because of its failure to deliver a form, certificate or other document required hereunder, Seller shall take such steps as Buyer shall reasonably request, to assist Buyer in recovering such Non-Excluded Taxes.

(g) Without prejudice to the survival of any other agreement of Seller hereunder, the agreements and obligations of Seller contained in this Section 7 shall survive the termination of this Agreement. Nothing contained in this Section 7 shall require Buyer to make available any of its tax returns or any other information that it deems to be confidential or proprietary.

(h) Each party to this Agreement acknowledges that it is its intent for purposes of U.S. federal, and relevant state and local income and franchise taxes, to treat the Transaction as indebtedness of Seller that is secured by the Purchased Assets and the Purchased Assets as owned by Seller for federal income tax purposes in the absence of a Default by Seller. All parties to this Agreement agree to such treatment and agree to take no action inconsistent with this treatment, unless required by law.

#### Section 8. Security Interest: Buyer's Appointment as Attorney-in-Fact

(a) Security Interest. On the Purchase Date, Seller hereby sells, assigns and conveys to Buyer all right, title and interest in the Purchased Assets to the extent of its rights therein. Although the parties intend that all Transactions hereunder be sales and purchases (other than for accounting and tax purposes) and not loans, in the event any such Transactions are deemed to be loans, and in any event, Seller, to the extent of its rights therein, hereby pledges on the date hereof to Buyer as security for the performance of the Obligations and hereby grants, assigns and pledges to Buyer a first priority security interest in Seller's rights, title and interest in the Purchased Assets (including any Additional Acceptable Assets that are Purchased Assets), any other Additional Acceptable Assets transferred to Buyer pursuant to Section 4(a) hereof, the Records, all Servicing Rights related to the Purchased Assets (to the extent of Seller's rights

therein), all Take-out Commitments, the Facility Documents (to the extent such Facility Documents and Seller's rights thereunder relate to the Purchased Assets), any Property relating to any Purchased Asset or the related Mortgaged Property, all insurance policies and insurance proceeds relating to any Purchased Asset or any related Mortgaged Property, including but not limited to any payments or proceeds under any related primary insurance or hazard insurance and FHA Mortgage Insurance Contracts and VA Loan Guaranty Agreements, any Income relating to any Purchased Asset, each Collection Account, the Disbursement Account, the Servicing Agreements, and any other contract rights, accounts (including any interest of Seller in escrow accounts) and any other payments, rights to payment (including payments of interest or finance charges) and general intangibles to the extent that the foregoing relates to any Purchased Assets or any interest in the Purchased Assets, as are specified on a Confirmation and/or Trust Receipt and Asset Detail and Exception Report, and any proceeds and distributions and any other property, rights, title or interests with respect to any of the foregoing, in all instances, whether now owned or hereafter acquired, now existing or hereafter created (collectively, the "Repurchase Assets").

Without limiting the generality of the foregoing and in the event that Seller is deemed to retain any residual Servicing Rights and in order to secure Seller's obligations under Section 17 of this Agreement, and for the avoidance of doubt, Seller grants, assigns and pledges to Buyer a security interest in the Servicing Rights and the related Servicing Records, all rights of Seller as Servicer to receive from any third party or to take delivery of any Servicing Records or other documents which constitute a part of the Asset File or Servicing File and proceeds related thereto and in all instances, whether now owned or hereafter acquired, now existing or hereafter created, on or prior to the related Repurchase Date. The foregoing provision is intended to constitute a security agreement or other arrangement or other credit enhancement related to this Agreement and Transactions hereunder as defined under Sections 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code.

Seller hereby authorizes Buyer to file such financing statement or statements relating to the Repurchase Assets as Buyer, at its option, may deem reasonable and appropriate. Seller shall pay the filing costs for any financing statement or statements prepared pursuant to this Section 8.

The grants of security interest set forth in this Section are intended to constitute a security agreement or other arrangement or other credit enhancement related to the Agreement and Transactions hereunder as defined under Section 101(47)(v) and 741(7)(xi) of the Bankruptcy Code.

(b) Buyer's Appointment as Attorney in Fact. Seller hereby irrevocably constitutes and appoints Buyer and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Seller, and in the name of Seller or in its own name, from time to time in Buyer's discretion, for the purpose of carrying out the terms of this Agreement and to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Agreement, in each case, subject to the terms of this Agreement. Without limiting the generality of the foregoing, Seller hereby give Buyer the power and right, on behalf of Seller without assent by, but with notice to, Seller if an Event of Default shall have occurred and be continuing, to do the following:

(i) in the name of Seller or in its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any other Repurchase Assets and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Buyer for the purpose of collecting any and all such moneys due with respect to any other Repurchase Assets whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Repurchase Assets; and

(iii)(A) to direct any party liable for any payment under any Repurchase Assets to make payment of any and all moneys due or to become due thereunder directly to Buyer or as Buyer shall direct, including, without limitation, any payment agent with respect to any Repurchase Asset; (B) to send "goodbye" letters on behalf of Seller and Servicer; (C) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Repurchase Assets; (D) to sign and endorse any invoices, assignments, verifications, notices and other documents in connection with any Repurchase Assets; (E) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Repurchase Assets or any proceeds thereof and to enforce any other right in respect of any Repurchase Assets; (F) to defend any suit, action or proceeding brought against Seller with respect to any Repurchase Assets; (G) to settle, compromise or adjust any suit, action or proceeding described in clause (F) above and, in connection therewith, to give such discharges or releases as Buyer may deem appropriate; and (H) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Repurchase Assets as fully and completely as though Buyer were the absolute owner thereof for all purposes, and to do, at Buyer's option and Seller's expense, at any time, and from time to time, all acts and things which Buyer deems necessary to protect, preserve or realize upon the Repurchase Assets and Buyer's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as Seller might do.

Seller hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. In addition the foregoing, Seller agrees to execute a Power of Attorney, the form of Exhibit J hereto, to be delivered on the date hereof. Seller and Buyer acknowledges that the Powers of Attorney shall terminate on the later of (a) the Termination Date and (b) the satisfaction in full of the Obligations.

Seller also authorizes Buyer, if an Event of Default shall have occurred, from time to time, to execute, in connection with any sale provided for in Section 15 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Repurchase Assets.

The powers conferred on Buyer hereunder are solely to protect Buyer's interests in the Repurchase Assets and shall not impose any duty upon it to exercise any such powers. Buyer shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Seller for any act or failure to act hereunder, except for its or their own gross negligence or willful misconduct.

Section 9. Payment, Transfer And Custody.

(a) Payments and Transfers of Funds. Unless otherwise mutually agreed in writing, all transfers of funds to be made by Seller hereunder shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to Buyer at the following account maintained by Buyer: [\*\*\*], [\*\*\*], Account No. [\*\*\*], for the account of Nomura Corporate Funding Americas LLC, ABA No. [\*\*\*], ref: Funds for FAM, not later than [\*\*\*] New York City time, on the date on which such payment shall become due (and each such payment made after such time shall be deemed to have been made on the next succeeding Business Day). Seller acknowledges that it has no rights of withdrawal from the foregoing account.

(b) Remittance of Purchase Price. On the Purchase Date for each Transaction, ownership of the Purchased Assets shall be transferred to Buyer or its designee (i) with respect to Purchased Assets that are not Wet-Ink Mortgage Loans, against the simultaneous transfer of the Purchase Price to such account as agreed to by Buyer and Seller, simultaneously with the delivery to Buyer of the Purchased Assets relating to each Transaction and (ii) with respect to the Wet-Ink Mortgage Loans, upon the disbursement of funds by the Disbursement Agent pursuant to the terms and conditions of the Custodial Agreement. Upon notice from the Settlement Agent to Seller and/or Buyer that any Wet-Ink Mortgage Loan subject to a Transaction was not originated, the Wet-Ink Mortgage Loan shall be removed from the list of Eligible Mortgage Loans and the Settlement Agent shall immediately return the related Purchase Price funded by Buyer via wire transfer to the account of Buyer specified in Section 9(a) in accordance with the Escrow Instruction Letter. Seller shall immediately notify Buyer if a Wet-Ink Mortgage Loan was not originated and has been removed from the list of Eligible Mortgage Loans.

Section 10. Hypothecation or Pledge of Purchased Assets. Title to all Purchased Assets and Repurchase Assets shall pass to Buyer and Buyer shall have free and unrestricted use of all Purchased Assets. Nothing in this Agreement shall preclude Buyer, at no additional cost to Seller, from engaging in repurchase transactions with the Purchased Assets or otherwise pledging, repledging, transferring, hypothecating, or rehypothecating the Purchased Assets. In furtherance, and not by limitation of, the foregoing, it is acknowledged that each counterparty with which Buyer may engage in a transaction as contemplated hereunder is a repledgee as contemplated by Sections 9-207 and 9-623 of the UCC (and the relevant Official Comments thereunder). Nothing contained in this Agreement shall obligate Buyer to segregate any Purchased Assets delivered to Buyer by Seller; provided, however, that Buyer is obligated to return the specific Purchased Assets upon repurchase by Seller.

Section 11. Fees. Seller shall pay to Buyer in immediately available funds, all fees due and owing as and when set forth in the Pricing Side Letter. The fees are non-refundable, and such payment shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to Buyer at such account designated by Buyer.

Section 12. Representations. Seller represents and warrants to Buyer that as of the Purchase Date of any Purchased Assets by Buyer from Seller and as of the date of this Agreement and any Transaction hereunder and at all times while the Facility Documents and any Transaction hereunder is in full force and effect:

(a) Acting as Principal. Seller will engage in such Transactions as principal (or, if agreed in writing in advance of any Transaction by the other party hereto, as agent for a disclosed principal).

(b) [Reserved].

(c) Solvency. Neither the Facility Documents nor any Transaction thereunder are entered into in contemplation of insolvency or with intent to hinder, delay or defraud any of Seller's creditors. The transfer of the Purchased Assets subject hereto is not undertaken with the intent to hinder, delay or defraud any of Seller's creditors. Seller is not insolvent within the meaning of 11 U.S.C. Section 101(32) and the transfer and sale of the Purchased Assets pursuant hereto (i) will not cause Seller to become insolvent, (ii) will not result in any property remaining with Seller to be unreasonably small capital, and (iii) will not result in debts that would be beyond Seller's ability to pay as same mature. Seller received reasonably equivalent value in exchange for the transfer and sale of the Purchased Assets.

(d) No Broker. Seller has not dealt with any broker, investment banker, agent, or other person, except for Buyer, who may be entitled to any commission or compensation in connection with the sale of Purchased Assets pursuant to this Agreement.

(e) Ability to Perform. Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in the Facility Documents to which it is a party on its part to be performed.

(f) Existence. Seller (a) is a limited liability company duly organized, validly existing under the laws of Delaware, (b) is in good standing under the laws of Delaware, (c) has all requisite corporate or other power, and has all governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, except where the lack of such licenses, authorizations, consents and approvals would not be reasonably likely to have a Material Adverse Effect; and (d) is qualified to do business and is in good standing in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary, except where failure so to qualify would not be reasonably likely (either individually or in the aggregate) to have a Material Adverse Effect.

(g) Financial Statements. Seller has heretofore furnished to Buyer a copy of (a) the Financial Statements of Seller for the fiscal year ended December 31, 2018 with the opinion thereon of BDO USA, LLP and (b) consolidated balance sheet and the consolidated balance sheets for Seller and its consolidated Subsidiaries for such monthly periods up until June 30, 2019 and the related consolidated statements of income and retained earnings for Seller and its consolidated Subsidiaries for such monthly periods. All such financial statements are

complete and correct and fairly present, in all material respects, the consolidated financial condition of Seller and its Subsidiaries, as applicable, and the consolidated results of their operations as at such dates and for such monthly periods, all in accordance with GAAP applied on a consistent basis. Since June 30, 2019, there has been no material adverse change in the consolidated business, operations or financial condition of Seller or its consolidated Subsidiaries taken as a whole from that set forth in said financial statements nor is Seller aware of any state of facts which (without notice or the lapse of time) would or could result in any such material adverse change or could have a Material Adverse Effect. Seller has, on June 30, 2019, no liabilities, direct or indirect, fixed or contingent, matured or unmatured, known or unknown, or liabilities for taxes, long-term leases or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheet and related statements, and at the present time there are no material unrealized or anticipated losses from any loans, advances or other commitments of Seller except as heretofore disclosed to Buyer in writing.

(h) No Breach. Neither (a) the execution and delivery of the Facility Documents nor (b) the consummation of the transactions therein contemplated to be entered into by Seller in compliance with the terms and provisions thereof will conflict with or result in (i) a breach of the organizational documents of Seller, or (ii) a breach of any applicable law, rule or regulation, or (iii) a breach of any order, writ, injunction or decree of any Governmental Authority, or (iv) a breach of other material agreement or instrument to which Seller or any of its Subsidiaries is a party or by which any of them or any of their Property is bound or to which any of them is subject, or (v) a default under any such material agreement or instrument, or (vi) the creation or imposition of any Lien (except for the Liens created pursuant to the Facility Documents) upon any Property of Seller or any of its Subsidiaries pursuant to the terms of any such agreement or instrument.

(i) Action. Seller has all necessary corporate or other power, authority and legal right to execute, deliver and perform its obligations under each of the Facility Documents, as applicable; the execution, delivery and performance by Seller of each of the Facility Documents have been duly authorized by all necessary corporate or other action on its part; and each Facility Document has been duly and validly executed and delivered by Seller.

(j) Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority or any securities exchange are necessary for the execution, delivery or performance by Seller of the Facility Documents or for the legality, validity or enforceability thereof, except for filings and recordings in respect of the Liens created pursuant to the Facility Documents.

(k) Enforceability. This Agreement and all of the other Facility Documents executed and delivered by Seller in connection herewith are legal, valid and binding obligations of Seller and are enforceable against Seller in accordance with their terms except as such enforceability may be limited by (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity.



(l) Agency Matters. Seller is (i) approved by Fannie Mae as an approved lender, (ii) approved by Freddie Mac as an approved seller/servicer, (iii) an FHA Approved Mortgagee, (iv) a VA Approved Lender, and (v) to the extent necessary, approved by the Secretary of Housing and Urban Development pursuant to Sections 203 and 211 of the National Housing Act (such collective approvals, "Agency Approvals"). Seller is in good standing, with no event having occurred or being reasonably likely to occur, including, without limitation, a change in insurance coverage which would either make Seller unable to comply with the eligibility requirements for maintaining all such applicable approvals or require a waiver from any Agency, FHA or VA.

(m) Material Adverse Effect. Since June 30, 2019, there has been no development or event nor, to Seller's knowledge, any prospective development or event, which has had or could reasonably be expected to have a Material Adverse Effect.

(n) No Default. No Event of Default has occurred and is continuing.

(o) No Adverse Selection. Seller has not selected the Purchased Assets in a manner so as to adversely affect Buyer's interests.

(p) Litigation. There are no actions, suits, arbitrations, investigations (including, without limitation, any of the foregoing which are pending or threatened in writing) or other legal or arbitrable proceedings affecting Seller or any of its Subsidiaries or affecting any of the Property of any of them before any Governmental Authority that (i) questions or challenges the validity or enforceability of any of the Facility Documents or any action to be taken in connection with the transactions contemplated hereby, (ii) except as disclosed in writing to Buyer prior to the Closing Date, makes a claim in an aggregate amount greater than

[\*\*\*] (other than such actions arising under normal due course, including foreclosure actions) or (iii) which, individually or in the aggregate, could be reasonably likely to have a Material Adverse Effect.

(q) Margin Regulations. The use of all funds acquired by Seller under this Agreement will not conflict with or contravene any of Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System as the same may from time to time be amended, supplemented or otherwise modified.

(r) Taxes. Seller and its respective Subsidiaries has timely filed all tax returns that are required to be filed by it and has timely paid all Taxes, except for any such Taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided. There are no Liens for Taxes, except for statutory Liens for Taxes not yet due and payable.

(s) Investment Company Act. Neither Seller nor any of its Subsidiaries is required to be registered as an "investment company", or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

(t) Purchased Assets.

(i) Seller has not assigned, pledged, or otherwise conveyed or encumbered any Purchased Asset, Mortgage Loan to any other Person.

(ii) Immediately prior to the sale of a Purchased Asset to Buyer, Seller was the sole owner of such Purchased Asset and had good and marketable title thereto, free and clear of all Liens, in each case except for Liens to be released simultaneously with the sale to Buyer hereunder.

(iii) The provisions of this Agreement are effective to either constitute a sale of the Purchased Assets to Buyer or to create in favor of Buyer a valid security interest in all right, title and interest of Seller in, to and under the Purchased Assets. The provisions of this Agreement are effective to either constitute a sale of the Repurchase Assets to Buyer or to create in favor of Buyer a valid security interest in all right, title and interest of Seller in, to and under the Repurchase Assets.

(u) Chief Executive Office/Jurisdiction of Organization. On the Effective Date, Seller's chief executive office, is, and has been located at 300 Welsh Rd., Building 5, Horsham, Pennsylvania 19044. On the Effective Date, Seller's jurisdiction of organization is Delaware.

(v) Location of Books and Records. The location where the Seller keeps its books and records, including all computer tapes and records related to the Repurchase Assets, is its chief executive office.

(w) True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of Seller to Buyer in connection with the negotiation, preparation or delivery of this Agreement and the other Facility Documents or included herein or therein or delivered pursuant hereto or thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of Seller to Buyer in connection with this Agreement and the other Facility Documents and the transactions contemplated hereby and thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified. There is no fact known to a Responsible Officer of Seller, after due inquiry, that could reasonably be expected to have a Material Adverse Effect that has not been disclosed herein, in the other Facility Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to Buyer for use in connection with the transactions contemplated hereby or thereby.

(x) ERISA.

(i) No liability under Section 4062, 4063, 4064 or 4069 of ERISA has been or is expected by Seller to be incurred by Seller or any ERISA Affiliate thereof with respect to any Plan which is a Single-Employer Plan in an amount that could reasonably be expected to have a Material Adverse Effect.

(ii) No Plan which is a Single-Employer Plan had an accumulated funding deficiency, whether or not waived, as of the [\*\*\*] of the most recent fiscal year of such Plan ended prior to the date hereof, and no such plan which is subject to Section 412 of the Code failed to meet the requirements of Section 436 of the Code as of such [\*\*\*]. Seller is not nor any ERISA Affiliate thereof is subject to a Lien in favor of such a Plan as described in Section 430(k) of the Code or Section 303(k) of ERISA.

(iii) Each Plan of Seller and each of its respective Subsidiaries and each of their ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code, except where the failure to comply would not result in any Material Adverse Effect.

(iv) Seller has not nor any of its Subsidiaries nor any ERISA Affiliate has incurred a tax liability under Chapter 43 of the Code or a penalty under Section 502(i) of ERISA which has not been paid in full, except where the incurrence of such tax or penalty would not result in a Material Adverse Effect.

(v) Seller has not nor any of its Subsidiaries nor any ERISA Affiliate thereof has incurred or reasonably expects to incur any withdrawal liability under Section 4201 of ERISA as a result of a complete or partial withdrawal from a Multiemployer Plan in an amount that could reasonably be expected to have a Material Adverse Effect.

(y) Reserved.

(z) No Reliance. Seller has made its own independent decisions to enter into the Facility Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary. Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(aa) Plan Assets. Seller is not an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code, and the Purchased Assets are not "plan assets" within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA, and transactions by or with Seller are not subject to any state or local statute regulating investments of, or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

(bb) Anti-Money Laundering Laws. Seller has complied with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the "Anti-Money Laundering Laws"); Seller has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws, has conducted the requisite due diligence in connection with the acquisition of each Mortgage Loan for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the applicable Mortgagor and the origin of the assets used by the said Mortgagor to purchase the property in question, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws.

(cc) No Prohibited Persons. Seller is not nor any of its respective Affiliates, officers, directors, partners or members or the Mortgagor related to any Purchased Asset is an entity or person (or to Seller's knowledge, owned or controlled by an entity or person): (i) that is listed in the Annex to, or is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001 ("EO13224"); (ii) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("OFAC") most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/t11sdn.pdf>); (iii) who commits, threatens to commit or supports "terrorism", as that term is defined in EO13224; or (iv) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in clauses (i) through (iv) above are herein referred to as a "Prohibited Person").

Section 13. Covenants Of Seller. On and as of the date of this Agreement and each Purchase Date and on each day until this Agreement is no longer in force, Seller covenants as follows:

(a) Preservation of Existence; Compliance with Law. Seller shall:

- (i) Preserve and maintain its legal existence;
- (ii) Comply with the requirements of all applicable material laws, rules, regulations and orders, whether now in effect or hereafter enacted or promulgated by any applicable Governmental Authority (including, without limitation, all environmental laws); and
- (iii) Preserve and maintain all material rights, privileges, licenses, franchises, permits or other approvals necessary for Seller to conduct its business and to perform its obligations under the Facility Documents, and shall conduct its business strictly in accordance with applicable material law.

(b) Taxes. Seller and its Subsidiaries shall timely file all tax returns that are required to be filed by it and shall timely pay all Taxes due, except for any such Taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided.

(c) Notice of Proceedings or Adverse Change. Seller shall give notice to Buyer promptly after a Responsible Officer of Seller has any knowledge of:

- (i) the occurrence of any Default or Event of Default;
- (ii) any default or event of default under any Indebtedness of Seller;

(iii) any litigation or proceeding that is pending or threatened in writing against (a) Seller in which the amount involved exceeds [\*\*\*] (other than such actions arising under normal due course, including foreclosure actions), and is not covered by insurance, in which injunctive or similar relief is sought, or which would reasonably be expected to have a Material Adverse Effect and (b) any litigation or proceeding that is pending or threatened in writing in connection with any of the Repurchase Assets, which would reasonably be expected to have a Material Adverse Effect;

(iv) as soon as reasonably possible, notice of any of the following events:

(A) a material change in the insurance coverage of Seller, with a copy of evidence of same attached;

(B) any material change in accounting policies or financial reporting practices of Seller;

(C) [reserved];

(D) promptly upon receipt of notice or knowledge of any Lien or security interest (other than security interests created hereby or under any other Facility Document) on, or claim asserted against, any of the Repurchase Assets;

(E) as soon as practicable, but, in any case, no more than [\*\*\*], after Seller has obtained knowledge of any fact that is reasonably likely to result in any reduction of Asset Value with respect to a Purchased Asset, notice identifying the Purchased Asset with respect to which such reduction of Asset Value exists and detailing the cause of such reduction of Asset Value; or

(F) any other event, circumstance or condition that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(v) Promptly, but no later than [\*\*\*] after Seller receives any of the same, deliver to Buyer a true, complete, and correct copy of any schedule, report, notice, or any other document delivered to Seller by any Person which is reasonably likely to have an adverse effect on the Asset Value of any of the Repurchase Assets;

(vi) Promptly, but no later than [\*\*\*] after Seller receives notice of the same, any Purchased Asset submitted to a Take-out Investor (whole loan or securitization) and rejected for purchase by such Take-out Investor; and

(vii) Promptly, but no later than [\*\*\*] after Seller receives knowledge or notice that any of the following fails to be true and correct: Servicer has adequate financial standing, servicing facilities, procedures and experienced personnel necessary for the sound servicing and subservicing of mortgage loans of the same types as may from time to time constitute Purchased Assets and in accordance with Accepted Servicing Practices.

(d) Reporting. Seller shall maintain a system of accounting established and administered in accordance with GAAP, and Seller shall (or shall cause Servicer on its behalf) furnish to Buyer:

(i) Within [\*\*\*] after the [\*\*\*] of each of the [\*\*\*] fiscal quarters of each fiscal year of Seller, Seller's unaudited balance sheet, income statement, each as of the end of such fiscal quarter and in each case presented fairly in accordance with GAAP at the following e-mail: [\*\*\*];

(ii) Within [\*\*\*] after the [\*\*\*] of its fiscal year, commencing with the 2019 fiscal year, Seller's unaudited balance sheet, presented fairly in accordance with GAAP at the following e-mail: [\*\*\*];

(iii) Within [\*\*\*] after the [\*\*\*] of its fiscal year, commencing with the 2019 fiscal year, Seller's Financial Statements for such fiscal year, presented fairly in accordance with GAAP, and accompanied, in all cases, by an unqualified report of nationally recognized independent certified public accountants approved by Buyer (which approval shall not be unreasonably withheld) at the following e-mail: [\*\*\*];

(iv)(A) Simultaneously with the furnishing of each of the financial statements to be delivered pursuant to subsection (i)-(ii) above, or monthly upon Buyer's request, a certificate in form and substance acceptable to Buyer in its sole discretion, and certified by an executive officer of Seller, and (B) quarterly, or simultaneously with the financial statements to be delivered pursuant to subsection (i) above, an officer's certificate of covenant compliance in the form of Exhibit A to the Pricing Side Letter to the attention of Buyer at: [\*\*\*] certifying that (x) the related unaudited balance sheets are true and correct and (y) setting forth any Indebtedness of the Seller other than Indebtedness under this Agreement;

(v) Within [\*\*\*] after the end of each Collection Period, a monthly report of Seller setting forth any litigation, investigation, regulatory action or proceeding that is pending or threatened in writing by or against Seller in any federal or state court or before any Governmental Authority which would reasonably be expected to have a Material Adverse Effect or constitute a Default or Event of Default, in form and substance acceptable to Buyer;

(vi) Within [\*\*\*] after the end of each calendar month, a monthly hedging report prepared by Compass Analytics covering Seller's hedging related to the Purchased Assets, in form and substance acceptable to the Buyer;

(vii) [\*\*\*] after the end of each Collection Period, a monthly remittance report of Servicer, in form and substance acceptable to the Buyer;

(viii) Within [\*\*\*] after any material amendment, modification or supplement has been entered into with respect to the Servicing Agreement, a fully executed copy thereof;

(ix) Any other material agreements, correspondence, documents or other information which have not previously been disclosed to Buyer, which is related to Seller or the Purchased Assets and that, in the reasonable judgment of Seller, a lender, acting prudently, would deem to be important or material, as soon as possible after the discovery thereof by Seller; and

(x) Promptly, from time to time, such other information regarding the business affairs, operations and financial condition of Seller and its Subsidiaries as Buyer may reasonably request.

(e) Visitation and Inspection Rights. Seller shall permit Buyer to inspect, and to discuss with Seller's officers, agents and auditors, the affairs, finances, and accounts of Seller, the Repurchase Assets, and Seller's books and records, and to make abstracts or reproductions thereof and to duplicate, reduce to hard copy or otherwise use any and all computer or electronically stored information or data, in each case, (i) during normal business hours, (ii) upon reasonable notice (provided, that upon the occurrence of an Event of Default, no notice shall be required), and (iii) at the expense of Seller to discuss with its officers, its affairs, finances, and accounts.

(f) Reimbursement of Expenses. On the date of execution of this Agreement, Seller shall reimburse Buyer for all expenses (including reasonable legal fees subject to Section 16(b)) incurred by Buyer on or prior to such date. From and after such date, Seller shall promptly reimburse Buyer for all expenses as the same are incurred by Buyer and within [\*\*\*] of the receipt of invoices therefor.

(g) Further Assurances. Seller shall execute and deliver to Buyer all further documents, financing statements, agreements and instruments, and take all further action that may be required under applicable law, or that Buyer may reasonably request, in order to effectuate the transactions contemplated by this Agreement and the Facility Documents or, without limiting any of the foregoing, to grant, preserve, protect and perfect the validity and first- priority of the security interests created or intended to be created hereby. Seller shall do all things necessary to preserve the Repurchase Assets so that they remain subject to a first priority perfected security interest hereunder. Without limiting the foregoing, Seller will comply with all material rules, regulations, and other laws of any Governmental Authority and use commercially reasonable efforts to cause the Repurchase Assets to comply with all applicable material rules, regulations and other laws. Seller will not allow any default for which Seller is responsible to occur under any Repurchase Assets or any Facility Document and Seller shall fully perform or cause to be performed when due all of its obligations under any Repurchase Assets or the Facility Documents.

(h) True and Correct Information. All information, reports, exhibits, schedules, financial statements or certificates of Seller or any of its Affiliates thereof or any of their officers furnished to Buyer hereunder and during Buyer's diligence of Seller are and will be as of the date furnished, true and complete and will not omit to disclose any material facts necessary to make the statements therein or therein, in light of the circumstances in which they are made, not misleading. All required financial statements, information and reports delivered by Seller to Buyer pursuant to this Agreement shall be prepared in accordance with GAAP, or in connection with SEC filings, if any, the appropriate SEC accounting requirements.

(i) ERISA Events.

(i) Promptly upon becoming aware of the occurrence of any Event of ERISA Termination which together with all other Events of ERISA Termination occurring within the prior [\*\*\*] involve a payment of money by or a potential aggregate liability of Seller or any ERISA Affiliate thereof or any combination of such entities in excess of [\*\*\*] Seller shall give Buyer a written notice specifying the nature thereof, what action Seller or any ERISA Affiliate thereof has taken and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto.

(ii) Promptly upon receipt thereof, Seller shall furnish to Buyer copies of (i) all notices received by Seller or any ERISA Affiliate thereof of the PBGC's intent to terminate any Plan or to have a trustee appointed to administer any Plan; (ii) all notices received by Seller or any ERISA Affiliate thereof from the sponsor of a Multiemployer Plan pursuant to Section 4202 of ERISA involving a withdrawal liability in excess of [\*\*\*]; and (iii) all funding waiver requests filed by Seller or any ERISA Affiliate thereof with the Internal Revenue Service with respect to any Plan, the accrued benefits of which exceed the present value of the plan assets as of the date the waiver request is filed by more than [\*\*\*], and all communications received by Seller or any ERISA Affiliate thereof from the Internal Revenue Service with respect to any such funding waiver request.

(j) Financial Condition Covenants. Seller shall comply with the Financial Covenants set forth in Section 3 of the Pricing Side Letter.

(k) No Adverse Selection. Seller shall not select Eligible Mortgage Loans to be sold to Buyer as Purchased Assets using any type of adverse selection or other selection criteria which would adversely affect Buyer.

(l) Insurance. Seller shall cause Finance of America Holdings LLC to continue to maintain Fidelity Insurance in an aggregate amount at least equal to [\*\*\*]. Seller shall cause Finance of America Holdings LLC to maintain Fidelity Insurance in respect of its officers, employees and agents, with respect to any claims made in connection with all or any portion of the Repurchase Assets, including without limitation in respect of Seller acting in the capacity of Servicer of the Purchased Assets. Seller shall notify Buyer of any material change in the terms of any such Fidelity Insurance.



(m) Books and Records. Seller shall, to the extent practicable, maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Repurchase Assets in the event of the destruction of the originals thereof), and keep and maintain or obtain, as and when required, all documents, books, records and other information reasonably necessary or advisable for the collection of all Repurchase Assets and Eligible Mortgage Loans.

(n) Illegal Activities. Seller shall not engage in any conduct or activity that could subject its assets to forfeiture or seizure.

(o) Material Change in Business. Seller shall maintain its primary business as a mortgage loan originator and servicer.

(p) Limitation on Dividends and Distributions. Following the occurrence and during the continuation of an Event of Default or if an Event of Default would result therefrom, Seller shall not make any payment on account of, or set apart assets for, a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of any equity interest of Seller, whether now or hereafter outstanding, or make any other distribution or dividend in respect of any of the foregoing or to any shareholder or equity owner of Seller, either directly or indirectly, whether in cash or property or in obligations of Seller or any of Seller's consolidated Subsidiaries.

(q) Disposition of Assets; Liens. Seller shall not cause any of the Repurchase Assets to be sold, pledged, assigned or transferred, other than in accordance with this Agreement; nor shall Seller create, incur, assume or suffer to exist any mortgage, pledge, Lien, charge or other encumbrance of any nature whatsoever on any of the Repurchase Assets, whether real, personal or mixed, now or hereafter owned, other than Liens in favor of Buyer.

(r) Transactions with Affiliates. Seller shall not enter into any transaction, including, without limitation, the purchase, sale, lease or exchange of property or assets or the rendering or accepting of any service with Seller or any Affiliate, unless such transaction is (a) not otherwise prohibited in this Agreement, (b) in the ordinary course of Seller's business and (c) upon fair and reasonable terms no less favorable to Seller, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

(s) ERISA Matters.

(i) Seller shall not permit any event or condition which is described in any of clauses (i) through (viii) of the definition of "Event of ERISA Termination" to occur or exist with respect to any Plan or Multiemployer Plan if such event or condition, together with all other events or conditions described in the definition of Event of ERISA Termination occurring within the prior [\*\*\*], involves the payment of money by or an incurrence of liability of Seller or any ERISA Affiliate thereof, or any combination of such entities in an amount in excess of [\*\*\*].

(ii) Seller shall not be an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(c)(1) of the Code and Seller shall not use "plan assets" within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA, to engage in this Agreement or the Transactions hereunder and transactions by or with Seller are not subject to any state or local statute regulating investments of, or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

(t) Consolidations, Mergers and Sales of Assets. Seller shall not (i) consolidate or merge with or into any other Person if Seller is not the surviving entity of such consolidation or merger or (ii) sell, lease or otherwise transfer all or substantially all of its assets to any other Person.

(u) Facility Documents. Seller shall not permit the amendment or modification of, the waiver of any event of default under, or the termination of any Facility Document without Buyer's prior written consent. Seller shall not waive (or direct the waiver of) the performance by any party to any Facility Document of any action, if the failure to perform such action would adversely affect Seller, any Purchased Assets or any Repurchase Assets in any material respect, nor has Seller waived (or has directed the waiver of) any default resulting from any action or inaction by any party.

(v) Information. If Buyer shall reasonably request, specifying the reasons for such request, reasonable information, and/or written responses to such requests, regarding the financial well-being of Seller (including, but not limited to, any information regarding any repurchase and indemnity requests or demands made upon Seller or any of its Subsidiaries by any third-party investors), Seller shall provide to Buyer such reasonable information and/or responses within [\*\*\*] of such request.

(w) Guaranty. The Seller hereby agrees that if any guaranty provided by Finance of America Holdings LLC ("Seller Parent") for the benefit of the related financing counterparty in connection with a senior secured mortgage loan facility of the Seller remains in effect as of December 31, 2019, then within [\*\*\*] following December 31, 2019 (or within such longer period of time as may be agreed to by Buyer in writing) the Seller cause Seller Parent to (i) execute and deliver to Buyer a guaranty from the Seller Parent that is in form and substance acceptable to Buyer, (ii) enter into an amendment with Buyer to this Agreement to incorporate such revisions related to such guaranty as agreed to by Buyer and Seller and (iii) deliver to Buyer (A) a general corporate and enforceability opinion or opinions of outside counsel to Seller Parent (provided that the general corporate opinion may be given by in-house counsel to Seller Parent), including an Investment Company Act opinion; and (B) if requested by Buyer in writing, a Bankruptcy Code opinion of outside counsel to Seller Parent with respect to the matters outlined in such guaranty, each of which shall be in a form acceptable to Buyer in its sole discretion, in each case under this paragraph at Buyer's expense.

(x) Underwriting Guidelines. Seller shall promptly provide Buyer with a copy of any amendments or modifications to any FAM Underwriting Guidelines (together with a redline comparison showing the applicable revisions from the most recently delivered version of such FAM Underwriting Guidelines) and, if Buyer does not approve such modified FAM Underwriting Guidelines, Buyer shall not be required to enter into any Transaction with respect to Mortgage Loans originated in accordance with such modified FAM Underwriting Guidelines.

(y) Reserved.

(z) Hedge Agreements. Seller shall implement hedging strategies consistent with Seller's hedging policy with respect to the Purchased Assets.

(aa) Investment Company Act. Neither Seller nor any of its Subsidiaries shall be required to be registered as an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(bb) No Division/Series Transactions. Notwithstanding anything to the contrary contained in this Agreement or any other Facility Document, (i) if Seller is a limited liability company organized under the laws of the State of Delaware Seller shall not enter into (or agree to enter into) any Division/Series Transaction, or permit any of its Subsidiaries to enter into (or agree to enter into), any Division/Series Transaction and (ii) none of the provisions in this Agreement nor any other Facility Document, shall be deemed to permit Seller or any of its Subsidiaries to enter into (or agree to enter into) any Division/Series Transaction.

(cc) Agency Matters. Seller shall maintain all Agency Approvals. Should Seller, for any reason, cease to possess all such applicable Agency Approvals to the extent necessary, or should notification to the relevant Agency, FHA or VA be required, Seller shall so notify Buyer immediately in writing. Notwithstanding the preceding sentence, Seller shall take all necessary action to maintain all of its applicable Agency Approvals at all times during the term of this Agreement and each outstanding Transaction.

Section 14. Events Of Default. If any of the following events (each an "Event of Default") occurs, Buyer shall have the rights set forth in Section 15, as applicable:

(a) Payment Default. (i) Seller fails to make any payment of Margin Deficit or Repurchase Price (other than Price Differential), when due, whether by acceleration, mandatory repurchase (including following the occurrence of a Purchased Asset Issue) or otherwise, (ii) Seller fails to make any payment of Price Differential, when due, whether by acceleration, mandatory repurchase or otherwise, or (iii) Seller fails to make any payment (other than Repurchase Price, Price Differential or Margin Deficit), when due, whether by acceleration, mandatory repurchase or otherwise, and such failure continues for more than [\*\*\*] after knowledge by or notice to Seller; or

(b) Immediate Representation and Warranty Default. The failure of Seller to perform, comply with or observe any representation, warranty or certification applicable to Seller contained in any of Sections 12(c) (Solvency); (f)(a) (Existence); (h) (No Breach); (i) (Action); (k) (Enforceability); (l) (Agency Matters); (q) (Margin Regulations); (s) (Investment Company Act); (t) (Purchased Assets); (x) (ERISA); (z) (No Reliance); (aa) (Plan Assets); or (cc) (No Prohibited Persons), in each case, of this Agreement; or

(c) Additional Representation and Warranty Defaults. Any representation, warranty or certification made or deemed made herein or in any other Facility Document (and not identified by clause (b) of this Section 14) by Seller or any certificate furnished to Buyer pursuant to the provisions hereof or thereof or any information with respect to the Purchased Assets furnished in writing by or on behalf of Seller shall be determined by Buyer to have been

untrue or misleading in any material respect as of the time made or furnished (other than the representations and warranties set forth in Schedule 1; unless (A) Seller shall have made any such representations and warranties with actual knowledge that they were materially false or misleading at the time made or (B) any such representations and warranties have been determined in good faith by Buyer in its sole discretion to be materially false or misleading on a regular basis) and, if such default shall be capable of being remedied as determined by Buyer, such failure shall continue unremedied for more than [\*\*\*]; provided that in the case any representation, warranty or certification made or deemed made in Section 12(w) (True and Complete Disclosure) of this Agreement, a default shall be deemed not capable of being remedied to the extent that (i) the related information was given or withheld with knowledge by Seller, that it was materially false or misleading, (ii) such material information that was materially false or misleading or was delivered or withheld on a regular basis, or (iii) Buyer, in its reasonable discretion, determines that Buyer has relied on such material information or that such information or the failure to provide such information otherwise materially and adversely affects Buyer's determination to enter into this Agreement or Transactions with Seller; or

(d) Immediate Covenant Default. The failure of Seller to perform, comply with or observe any term, covenant or agreement applicable to Seller contained in any of Sections 13(a)(i) or (ii) (Preservation of Existence; Compliance with Law) (j) (Financial Condition Covenants); (k) (No Adverse Selection); (n) (Illegal Activities); (o) (Material Change in Business); (p) (Limitation on Dividends and Distributions); (q) (Disposition of Assets; Liens); (r) (Transactions with Affiliates); (s) (ERISA Matters); (t) (Consolidations, Mergers and Sales of Assets) or (cc) Agency Matters; or

(e) Additional Covenant Defaults. Seller shall fail to observe or perform any other covenant or agreement contained in the Facility Documents (and not identified in clause (d) of Section 14), and if such default shall be capable of being remedied, such failure to observe or perform shall continue unremedied beyond [\*\*\*]; provided that in the case any covenant or agreement of Seller contained in Section 13(h) (True and Correct Information) of this Agreement, a default shall be deemed not capable of being remedied to the extent that (i) the related information was given or withheld with knowledge by Seller, that it was materially false or misleading, (ii) such material information that was materially false or misleading or was delivered or withheld on a regular basis, or (iii) Buyer, in its reasonable discretion, determines that Buyer has relied on such information or that such material information or the failure to provide such information otherwise materially and adversely affects Buyer's determination to enter into this Agreement or Transactions with Seller; or

(f) Judgments. A judgment or judgments for the payment of money in excess of [\*\*\*] in the aggregate shall be rendered against Seller, by one or more courts, administrative tribunals or other bodies having jurisdiction and the same shall not be satisfied, discharged (or provision shall not be made for such discharge) or bonded, or a stay of execution thereof shall not be procured, within [\*\*\*] from the date of entry thereof, and such party shall not, within said period of [\*\*\*], or such longer period during which execution of the same shall have been stayed or bonded, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(g) Cross-Default. Seller shall be in default beyond any applicable grace period (A) under any Indebtedness, financing, hedging, security or other agreement or contract of Seller with a counterparty other than Buyer or an Affiliate of Buyer, in excess of [\*\*\*] which default (i) involves the failure to pay a material matured obligation or (ii) permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such agreement or Indebtedness, or (B) in making any payment when due under, or performing any other obligation under, any other Indebtedness, financing, hedging, security or other agreement or contract between Seller on the one hand, and the Buyer or any of its Affiliates on the other; or

(h) Insolvency Event. An Insolvency Event shall have occurred with respect to Seller; or

(i) Enforceability. For any reason any Facility Document at any time shall not to be in full force and effect in all material respects or shall not be enforceable in all material respects in accordance with its terms, or any Person (other than Buyer) shall contest the validity, enforceability, perfection or priority of any Lien granted pursuant thereto, or any party thereto (other than Buyer) shall seek to disaffirm, terminate, limit or reduce its obligations under any Facility Document; or

(j) Liens. Seller shall grant, or suffer to exist, any Lien on any Repurchase Asset (except any Lien in favor of Buyer) or Buyer for any reason ceases to have a valid, first priority security interest in any of the Repurchase Assets and in either case Seller fails to repurchase the related Purchased Assets within [\*\*\*] of notice from Buyer or knowledge thereof; or

(k) Material Adverse Effect. A Material Adverse Effect shall have occurred as determined by Buyer in its reasonable discretion, and shall remain uncured for [\*\*\*] after written notice by Buyer to Seller of the existence of such Material Adverse Effect; or

(l) Change in Control. A Change in Control shall have occurred without the Buyer's prior written consent; or

(m) Inability to Perform. An Authorized Representative of Seller shall admit its inability to, or its intention not to, perform any of its obligations under the Facility Documents; or

(n) Servicer Termination. A Servicer Termination Event shall have occurred, and Seller fails to appoint and transfer the subservicing of the related Purchased Assets to a successor Servicer that is satisfactory to Buyer in Buyer's good faith discretion within [\*\*\*] of Seller's notice or knowledge of such Servicer Termination Event; or

(o) Failure to Transfer. Seller fails to transfer the Purchased Assets to Buyer on or prior to the applicable Purchase Date (provided that Buyer has tendered the related Purchase Price); or

(p) Government Action. Any Governmental Authority or any person, agency or entity acting or purporting to act under Governmental Authority shall have received any judicial or administrative order permitting such Governmental Authority to take any action that is reasonably likely to result in a condemnation, seizure or appropriation, or assumption of custody or control of, all or any substantial part of the Property of Seller, or shall have taken any action to displace the management of Seller or to curtail its authority in the conduct of the business of Seller, or takes any action in the nature of enforcement to remove, limit or restrict the approval of Seller as an issuer, buyer or a seller of Mortgage Loans or securities backed thereby, and such action shall not have been discontinued or stayed within [\*\*\*]; or

(q) Assignment. Assignment or attempted assignment by Seller of this Agreement or any other Facility Document or any rights hereunder or thereunder without first obtaining the specific written consent of Buyer.

Section 15. Remedies.

(a) If an Event of Default occurs, the following rights and remedies are available to Buyer; provided, that an Event of Default shall be deemed to be continuing unless expressly waived by Buyer in writing (whereupon such Event of Default shall be deemed to be not continuing):

(i) At the option of Buyer, exercised by written notice to Seller (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an Insolvency Event of Seller), the Repurchase Date for each Transaction hereunder, if it has not already occurred, shall be deemed immediately to occur (the date on which such option is exercised or deemed to have been exercised being referred to hereinafter as the "Accelerated Repurchase Date").

(ii) If Buyer exercises or is deemed to have exercised the option referred to in subsection (a)(i) of this Section,

(A) Seller's obligations in such Transactions to repurchase all Purchased Assets, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subsection (a)(i) of this Section, (1) shall thereupon become immediately due and payable, (2) all Income paid after such exercise or deemed exercise shall be retained by Buyer and applied to the aggregate outstanding Repurchase Price and any other amounts owed by Seller hereunder, and (3) Seller shall immediately deliver to Buyer any Purchased Assets subject to such Transactions then in Seller's possession or control; and

(B) to the extent permitted by applicable law, the Repurchase Price with respect to each such Transaction (determined as of the Accelerated Repurchase Date) shall be increased by the aggregate amount obtained by daily application of, on a 360 day per year basis for the actual number of days during the period from and including the date of the exercise or deemed exercise of such option to but excluding the date of payment of the Repurchase Price as so increased, (x) the Post-Default Rate in effect following an Event of Default to (y) the Repurchase Price for such Transaction as of the Repurchase Date as determined pursuant to subsection (a)(i) of this Section.

(iii) Upon the occurrence and continuance of one or more Events of Default, Buyer shall have the right to obtain physical possession of all files of Seller relating to the Purchased Assets and all documents relating to the Purchased Assets related thereto which are then or may thereafter come in to the possession of Seller or any third party acting for Seller and Seller shall deliver to Buyer such assignments as Buyer shall request. Buyer shall be entitled to specific performance of all agreements of Seller contained in Facility Documents.

(iv) Upon the occurrence and continuance of an Event of Default, Buyer, or Buyer through its Affiliates or designees, may (A) immediately sell, at a public or private sale at such price or prices as Buyer may reasonably deem satisfactory any or all of the Purchased Assets or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Assets, to retain such Purchased Assets and give Seller credit for such Purchased Assets in an amount equal to the Market Value of such Purchased Assets (as determined and adjusted by the Buyer in its sole discretion, giving such weight to the Market Value or outstanding principal balance of such Purchased Asset as Buyer deems appropriate) against the aggregate outstanding Repurchase Price for such Purchased Assets and any other amounts owing by Seller under the Facility Documents. The proceeds of any disposition of Purchased Assets effected pursuant to the foregoing shall be applied as determined by Buyer until all Obligations are paid in full, and Buyer shall pay any remainder to Seller.

(v) Seller shall be liable to Buyer for (A) the amount of all actual expenses, including reasonable documented reasonable legal fees and expenses, actually incurred by Buyer in connection with or as a consequence of an Event of Default, (B) all actual costs incurred in connection with covering transactions or hedging transactions, and (C) any other actual loss, damage, cost or expense arising or resulting from the occurrence of an Event of Default.

(vi) Promptly upon Buyer's request, Seller shall provide, at Seller's cost, an updated Appraisal for each Purchased Asset.

(b) The Seller acknowledges and agrees that (A) in the absence of a generally recognized source for prices or bid or offer quotations for any Purchased Assets and Repurchase Assets, the Buyer may establish the source therefor in its sole discretion and (B) all prices, bids and offers shall be determined together with accrued Income. The Seller recognizes that it may not be possible to purchase or sell all of the Purchased Assets and Repurchase Assets on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market for such Purchased Assets and Repurchase Assets may not be liquid at such time. In view of the nature of the Purchased Assets and Repurchase Assets, the Seller agrees that liquidation of a Transaction or the Purchased Assets and Repurchase Assets does not require a public purchase or sale and that a good faith private purchase or sale shall be deemed to have been made in a commercially reasonable manner. Accordingly, Buyer may elect, in its sole good faith discretion, the time and manner of liquidating any Purchased Assets and Repurchase Assets, and nothing contained herein shall (A) obligate Buyer to liquidate any Purchased Assets and Repurchase Assets on the occurrence and during the continuance of an Event of Default or to liquidate all of the Purchased Assets and Repurchase Assets in the same manner or on the same

Business Day or (B) constitute a waiver of any right or remedy of Buyer. Buyer may exercise one or more of the remedies available hereunder immediately upon the occurrence of an Event of Default and at any time thereafter without notice to Seller. All rights and remedies arising under this Agreement as amended from time to time hereunder are cumulative and not exclusive of any other rights or remedies which Buyer may have.

(c) Buyer may enforce its rights and remedies hereunder without prior judicial process or hearing, and Seller hereby expressly waives any defenses Seller might otherwise have to require Buyer to enforce its rights by judicial process. Seller also waives any defense (other than a defense of payment or performance) Seller might otherwise have arising from the use of nonjudicial process, enforcement and sale of all or any portion of the Repurchase Assets, or from any other election of remedies. Seller recognizes that nonjudicial remedies are consistent with the usages of the trade, are responsive to commercial necessity and are the result of a bargain at arm's length.

(d) Without limiting the rights of Buyer hereto to pursue all other legal and equitable rights available to Buyer for Seller's failure to perform its obligations under this Agreement, Seller acknowledges and agrees that the remedy at law for any failure to perform obligations hereunder would be inadequate and Buyer shall be entitled to specific performance, injunctive relief, or other equitable remedies in the event of any such failure. The availability of these remedies shall not prohibit Buyer from pursuing any other remedies for such breach, including the recovery of monetary damages.

(e) Buyer shall have, in addition to its rights and remedies under the Facility Documents, all of the rights and remedies provided by applicable federal, state, foreign, and local laws (including, without limitation, if the Transactions are recharacterized as secured financings, the rights and remedies of a secured party under the UCC of the State of New York, to the extent that the UCC is applicable, and the right to offset any mutual debt and claim), in equity, and under any other agreement between Buyer and Seller. Without limiting the generality of the foregoing, Buyer shall be entitled to set off the proceeds of the liquidation of the Purchased Assets and Repurchase Assets against all of Seller's obligations to Buyer, whether or not such obligations are then due, without prejudice to Buyer's right to recover any deficiency.

#### Section 16. Indemnification and Expenses.

(a) Seller agrees to hold Buyer, and its Affiliates and their officers, directors, employees, agents and advisors (each an Indemnified Party) harmless from and indemnify any Indemnified Party against all liabilities, losses, damages, judgments, costs and expenses of any kind (including reasonable fees of counsel, and Taxes relating to or arising in connection with the ownership of the Purchased Assets, but excluding any Taxes otherwise addressed in Section 7 of this Agreement) which may be imposed on, incurred by or asserted against such Indemnified Party (collectively, "Costs"), relating to or arising out of this Agreement, any other Facility Document or any transaction contemplated hereby or thereby, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, any other Facility Document or any transaction contemplated hereby or thereby (including, without limitation, any wire fraud or data or systems intrusions), that, in each case, results from anything other than the Indemnified Party's gross negligence or willful misconduct. For the avoidance of



doubt "Costs" shall include Taxes that represent losses, damages, claims, costs and expenses arising from any non-Tax claim. Without limiting the generality of the foregoing, Seller agrees to hold any Indemnified Party harmless from and indemnify such Indemnified Party against all Costs with respect to all Purchased Assets, that, in each case, results from anything other than the Indemnified Party's gross negligence or willful misconduct. In any suit, proceeding or action brought by an Indemnified Party in connection with any Purchased Assets for any sum owing thereunder, or to enforce any provisions of any Purchased Assets, Seller will save, indemnify and hold such Indemnified Party harmless from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Seller of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Seller. Seller also agrees to reimburse an Indemnified Party as and when billed by such Indemnified Party for all the Indemnified Party's costs and expenses incurred in connection with the enforcement or the preservation of Buyer's rights under this Agreement, any other Facility Document or any transaction contemplated hereby or thereby, including without limitation the reasonable fees and disbursements of its counsel. Without limiting the generality of the foregoing, Seller shall reimburse Buyer for the amount of any Charges and/or Returned Items (as each such term is defined in the Collection Account Control Agreement) paid by Buyer to Collection Account Bank pursuant to Section 6 of the Collection Account Control Agreement (including without limitation following the termination of the Collection Account Control Agreement to the extent provided for in Section 6 of the Collection Account Control Agreement).

(b) Seller agrees to pay as and when billed by Buyer all of the out-of-pocket costs and expenses incurred by Buyer (including reasonable legal fees) in connection with the development, preparation and execution of this Agreement, any other Facility Document or any other documents prepared in connection herewith or therewith. Seller agrees to pay as and when billed by Buyer all of the costs and expenses incurred in connection with the consummation and administration of the transactions contemplated hereby and thereby including without limitation filing fees and all the fees, disbursements and expenses of counsel to Buyer which amount shall be deducted from the Purchase Price paid for the first Transaction hereunder; provided that Seller shall not be required to pay such costs and expenses incurred prior to the Closing Date that are in excess of the Legal Expense Cap; provided further that the Legal Expense Cap shall not apply if any extensive delays, unreasonable negotiations, unanticipated issues or structural changes occur during such development, preparation or execution. Seller agrees to pay as and when billed by Buyer all of the out-of-pocket costs and expenses incurred by Buyer (including reasonable legal fees) in connection with the development, preparation and execution of any amendment, supplement or modification to this Agreement, any other Facility Document or any other document prepared in connection thereto. Subject to the limitations set forth in Section 30 hereof, Seller agrees to pay Buyer all the due diligence, inspection, testing and review costs and expenses incurred by Buyer with respect to Mortgage Loans submitted by Seller for purchase under this Agreement, including, but not limited to, those out-of-pocket costs and expenses incurred by Buyer pursuant to Sections 16(b) and 19 hereof and the reasonable fees and expenses of the Collection Account Bank.

(c) The obligations of Seller from time to time to pay the Repurchase Price, the Price Differential, and all other amounts due under this Agreement shall be full recourse obligations of Seller.

Section 17. Servicing.

(a) Seller, on Buyer's behalf, shall contract with one or more Servicers to service and/or subservice the Mortgage Loans consistent with the degree of skill and care that such Servicers customarily require with respect to similar Mortgage Loans owned or managed by such Servicers and in accordance with Accepted Servicing Practices. Without limiting the generality of the foregoing, Seller as Servicer shall service the Purchased Assets during the related Interim Servicing Period in accordance with this Agreement, including the Servicing Annex for the benefit of Buyer. The Servicer shall (i) comply with all applicable Federal, State and local laws and regulations, (ii) maintain all state and federal licenses necessary for it to perform its servicing and/or subservicing responsibilities hereunder, (iii) be an approved servicer by Fannie Mae and Freddie Mac, in each case in good standing and (iv) not impair the rights of Buyer in any Mortgage Loans or any payment thereunder. Buyer may terminate the servicing and/or subservicing of any Mortgage Loan with the then existing servicer and/or subservicer in accordance with the related Servicer Notice. The Servicing Agreement shall not be materially amended without the written consent of Buyer, which may be granted or withheld in its sole discretion; provided that the Seller shall provide the Buyer with written notice of any amendment of the Servicing Agreement, including a copy of such amendment.

(b) Seller shall ensure that Servicer has adequate financial standing, servicing facilities, procedures and experienced personnel necessary for the sound servicing of mortgage loans of the same types as may from time to time constitute Mortgage Loans and in accordance with Accepted Servicing Practices.

(c) Seller shall cause the Servicer and any interim servicer to deposit all collections received by Seller on account of the Purchased Assets in the Collection Account in accordance with the provisions of Section 5(b); provided that in the case of Seller as Servicer, all collections (if any) received by Seller as Servicer on account of the Purchased Assets shall be deposited by Seller into the Nomura Account by no later than [\*\*\*] prior to the next occurring Remittance Date.

(d) As compensation for its services under the Servicing Agreement the Servicer shall be entitled to the Servicing Fee pursuant to the Servicing Agreement. The Seller shall be responsible to pay all the fees and expenses of the Servicer out of the Servicing Fee or its own funds.

(e) The Seller shall provide promptly to the Buyer a Servicer Notice addressed to and agreed to by the Servicer of the related Purchased Assets; provided that Seller shall not be required to provide a Servicer Notice with respect to Seller acting as Servicer.

(f) Upon the occurrence and during the continuance of an Event of Default, the Buyer shall have the right to immediately terminate the Servicer's rights to service the Purchased Assets under the Servicing Agreement in accordance with the related Servicer Notice (or this Agreement and the Servicing Annex in the case of Seller as Servicer, and if Buyer exercises such right all authority and power of such Servicer to service the Purchased Assets hereunder shall be immediately and automatically terminated). Seller and Servicer shall (x) cooperate in transferring the servicing and/or subservicing of the Purchased Assets to a successor servicer and/or subservicer selected by Buyer in its sole discretion and (y) in the case of Seller as Servicer, comply with the servicing transfer provisions set forth in paragraph (b)(ix) of the Servicing Annex in connection with such transfer of the servicing of the Purchased Assets. In the case of a Servicer other than Seller, if a Servicer Termination Event has occurred but an Event of Default has not yet occurred, the Seller shall select a successor servicer and/or subservicer within [\*\*\*] following the earlier of Seller's receipt of notice or knowledge of the occurrence of a Servicer Termination Event, subject to such successor servicer or subservicer being approved by Buyer in its sole discretion exercised in good faith.

(g) If Seller should discover that, for any reason whatsoever, any entity responsible to Seller by contract for managing, servicing or subservicing any such Mortgage Loan has failed to perform fully Seller's obligations under the Facility Documents or any of the obligations of such entities with respect to the Mortgage Loans, Seller shall promptly notify Buyer.

Section 18. Recording of Communications. Buyer and Seller shall have the right (but not the obligation) from time to time to make or cause to be made tape recordings of communications between its employees and those of the other party with respect to Transactions upon notice to the other party of such recording.

Section 19. Due Diligence. Seller acknowledges that Buyer has the right to perform continuing due diligence reviews with respect to the Mortgage Loans, Seller and Servicer, including, without limitation, financial information, organization documents, business plans, purchase agreements and underwriting purchase models for each pool of Mortgage Loans and such other information regarding such Persons or the Purchased Assets that Buyer may request and Seller, Servicer or such other Person shall have in their possession or control, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Seller agrees that (a) upon reasonable prior notice to Seller, unless an Event of Default shall have occurred, in which case no notice is required, Buyer or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of the Asset Files and any and all documents, records, agreements, instruments or information relating to such Mortgage Loans (the "Due Diligence Documents") in the possession or under the control of Seller and/or the Custodian, or (b) upon request, Seller shall create and deliver to Buyer within [\*\*\*] of such request, an electronic copy via email to [\*\*\*], in a format acceptable to Buyer, of such Due Diligence Documents as Buyer may request. Seller also shall make available to Buyer a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Asset Files and the Mortgage Loans. Notwithstanding the foregoing, subject to review and approval of the Third Party Reviewer procedures, Buyer shall be entitled to rely upon a due diligence review prepared by a Third Party Reviewer with respect to Mortgage Loans that are Non-Agency Loans so long as (x) Buyer receives such due diligence review directly from such Third Party Reviewer and (y) such due diligence review was conducted within [\*\*\*] of the related Purchase Date, or such other time period as agreed between the Buyer and the Seller. Without limiting the generality of the foregoing, Seller acknowledges that Buyer may purchase Purchased Assets from Seller and enter into additional Transactions

with respect to the Mortgage Loans based solely upon the information provided by Seller to Buyer in the Asset Schedule and the representations, warranties and covenants contained herein, and that Buyer, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Mortgage Loans purchased in a Transaction, including, without limitation, ordering broker's price opinions, new credit reports and new appraisals and/or AVMs on the related Mortgaged Properties with respect to the Mortgage Loans and otherwise re-generating the information used to originate such Mortgage Loan. Buyer may underwrite such Mortgage Loans itself or engage a mutually agreed upon third party underwriter to perform such underwriting. Seller agrees to cooperate with Buyer and the Third Party Reviewer and any third party underwriter in connection with such underwriting, including, but not limited to, providing Buyer and the Third Party Reviewer and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Mortgage Loans in the possession, or under the control, of Seller. Seller further agrees that Seller shall pay all out-of-pocket costs and expenses incurred by Buyer in connection with Buyer's activities pursuant to this Section 19; provided that such costs and expenses are in connection with such activities that are incremental to the due diligence review of the Mortgage Loans performed by Seller and described in the related due diligence materials delivered by Seller to Buyer (upon which Buyer may rely). Buyer may, based on such due diligence, require to change contractual terms and add protections it deems, in its absolute discretion, necessary to protect its rights in the Mortgage Loans.

Section 20. Assignability.

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by Seller without the prior written consent of Buyer. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Nothing in this Agreement express or implied, shall give to any Person, other than the parties to this Agreement and their successors hereunder, any benefit of any legal or equitable right, power, remedy or claim under this Agreement. At no additional cost to Seller, Buyer may, upon at least [\*\*\*] notice to Seller, from time to time assign all or a portion of its rights and obligations under this Agreement and the Facility Documents to any Person pursuant to an executed assignment and acceptance by Buyer and assignee ("Assignment and Acceptance"), specifying the percentage or portion of such rights and obligations assigned. Upon such assignment, (a) such assignee shall be a party hereto and to each Facility Document to the extent of the percentage or portion set forth in the Assignment and Acceptance, and shall succeed to the applicable rights and obligations of Buyer hereunder, and (b) Buyer shall, to the extent that such rights and obligations have been so assigned by it be released from its obligations hereunder and under the Facility Documents. Unless otherwise stated in the Assignment and Acceptance, Seller shall continue to take directions solely from Buyer unless otherwise notified by Buyer in writing. Buyer may distribute to any prospective assignee any document or other information delivered to Buyer by Seller.

(b) At no additional cost to Seller, Buyer may sell participations to one or more Persons in or to all or a portion of its rights and obligations under this Agreement to any Person; provided, however, that (i) Buyer's obligations under this Agreement shall remain unchanged, (ii) Buyer shall remain solely responsible to the other parties hereto for the performance of such obligations; and (iii) Seller shall continue to deal solely and directly with Buyer in connection with Buyer's rights and obligations under this Agreement and the other Facility Documents except as provided in Section 7; provided that no such restrictions shall apply with respect to any sale to any Affiliate of Buyer or if an Event of Default has occurred and is continuing; and provided further that Buyer shall act as agent for all purchasers, assignees and point of contact for Seller pursuant to agency provisions to be agreed upon by Buyer, its intended purchasers and/or assignees and Seller.

(c) Notwithstanding anything contained in Section 31 hereof to the contrary, Buyer may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 20, deliver a copy of this Agreement to the assignee or participant or proposed assignee or participant and disclose to the assignee or participant or proposed assignee or participant, as the case may be, any information relating to Seller or any of its Subsidiaries or to any aspect of the Transactions that has been furnished to Buyer by or on behalf of Seller or any of its Subsidiaries; provided that such assignee or participant agrees to hold such information subject to the confidentiality provisions of this Agreement.

(d) In the event Buyer assigns all or a portion of its rights and obligations under this Agreement, the parties hereto agree to negotiate in good faith an amendment to this Agreement to add agency provisions similar to those included in repurchase agreements for similar syndicated repurchase facilities.

#### Section 21. Transfer and Maintenance of Register.

(a) Subject to acceptance and recording thereof pursuant to paragraph (b) of this Section 21, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of Buyer under this Agreement. Any assignment or transfer by Buyer of rights or obligations under this Agreement that does not comply with this Section 21 shall be treated for purposes of this Agreement as a sale by such Buyer of a participation in such rights and obligations in accordance with Section 21(b) hereof.

(b) Buyer, as agent for Seller, shall maintain a register (the "Register") on which it will record Buyer's rights hereunder, and each Assignment and Acceptance and participation. The Register shall include the names and addresses of Buyer (including all assignees, successors and participants) and the percentage or portion of such rights and obligations assigned or participated. Failure to make any such recordation, or any error in such recordation shall not affect Seller's obligations in respect of such rights. If Buyer sells a participation in its rights hereunder, it shall provide Seller, or maintain as agent of Seller, the information described in this paragraph and permit Seller to review such information as reasonably needed for Seller to comply with its obligations under this Agreement or under any applicable Requirement of Law.

Section 22. Tax Treatment. Each party to this Agreement acknowledges that it is its intent for purposes of U.S. federal, state and local income and franchise taxes, to treat each Transaction as indebtedness of Seller that is secured by the Purchased Assets and that the Purchased Assets are owned by Seller in the absence of a Default by Seller. All parties to this Agreement agree to such treatment and agree to take no action inconsistent with this treatment, unless required by law.

Section 23. Set-Off.

(a) In addition to any rights and remedies of Buyer hereunder and by law, Buyer shall have the right, without prior notice to Seller, any such notice being expressly waived by Seller to the extent permitted by applicable law to set-off and appropriate and apply against any obligation from Seller to Buyer or any of its Affiliates any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other obligation (including to return excess margin), credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by or due from Buyer or any Affiliate thereof to or for the credit or the account of Seller. Buyer agrees promptly to notify Seller after any such set-off and application made by Buyer; provided that the failure to give such notice shall not affect the validity of such set-off and application.

(b) Buyer shall at any time have the right, in each case until such time as Buyer determines otherwise, to retain, to suspend payment or performance of, or to decline to remit, any amount or property that Buyer would otherwise be obligated to pay, remit or deliver to Seller hereunder if an Event of Default has occurred.

Section 24. Terminability. Each representation and warranty made or deemed to be made by entering into a Transaction, herein or pursuant hereto shall survive the making of such representation and warranty, and Buyer shall not be deemed to have waived any Default that may arise because any such representation or warranty shall have proved to be false or misleading, notwithstanding that Buyer may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time the Transaction was made. The obligations of Seller under Section 16 hereof shall survive the termination of this Agreement.

Section 25. Notices And Other Communications. Except as otherwise expressly permitted by this Agreement, all notices, requests and other communications provided for herein (including without limitation any modifications of, or waivers, requests or consents under, this Agreement) shall be given or made in writing (including without limitation by telecopy) delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof or thereof); or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. Except as otherwise provided in this Agreement and except for notices given under Section 3 (which shall be effective only on receipt), all such communications shall be deemed to have been duly given when transmitted by telecopy or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid. In all cases, to the extent that the related individual set forth in the respective "Attention" line is no longer employed by the respective Person, such notice may be given to the attention of a Responsible Officer of the respective Person or to the attention of such individual or individuals as subsequently notified in writing by a Responsible Officer of the respective Person.

Section 26. Entire Agreement; Severability; Single Agreement

(a) This Agreement, together with the Facility Documents, constitute the entire understanding between Buyer and Seller with respect to the subject matter they cover and shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions involving Purchased Assets. By acceptance of this Agreement, Buyer and Seller acknowledge that they have not made, and are not relying upon, any statements, representations, promises or undertakings not contained in this Agreement. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

(b) Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and that each has been entered into in consideration of the other Transactions. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) [reserved]; (iii) that payments, deliveries, and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries, and other transfers may be applied against each other and netted and (iv) to promptly provide notice to the other after any such set off or application.

Section 27. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, OTHER THAN SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL GOVERN.

Section 28. SUBMISSION TO JURISDICTION; WAIVERS. BUYER AND EACH OF THE SELLER EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY:

**(a) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND THE OTHER FACILITY DOCUMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;**

(b) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(c) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH UNDER ITS SIGNATURE BELOW OR AT SUCH OTHER ADDRESS OF WHICH BUYER SHALL HAVE BEEN NOTIFIED;

(d) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(e) BUYER AND SELLER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 29. No Waivers, etc. No failure on the part of Buyer to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under any Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any Facility Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. An Event of Default shall be deemed to be continuing unless expressly waived by Buyer in writing.

Section 30. Netting. If Buyer and Seller are “financial institutions” as now or hereinafter defined in Section 4402 of Title 12 of the United States Code (“Section 4402”) and any rules or regulations promulgated thereunder,

(a) All amounts to be paid or advanced by one party to or on behalf of the other under this Agreement or any Transaction hereunder shall be deemed to be “payment obligations” and all amounts to be received by or on behalf of one party from the other under this Agreement or any Transaction hereunder shall be deemed to be “payment entitlements” within the meaning of Section 4402, and this Agreement shall be deemed to be a “netting contract” as defined in Section 4402.

(b) The payment obligations and the payment entitlements of the parties hereto pursuant to this Agreement and any Transaction hereunder shall be netted as follows. In the event that either party (the “Defaulting Party”) shall fail to honor any payment obligation under this Agreement or any Transaction hereunder, the other party (the “Nondefaulting Party”) shall be entitled to reduce the amount of any payment to be made by the Nondefaulting Party to the Defaulting Party by the amount of the payment obligation that the Defaulting Party failed to honor.



Section 31. Confidentiality.

(a) Buyer and the Seller hereby acknowledge and agree that all written or computer-readable information provided by one party to any other regarding the terms set forth in any of the Facility Documents or the Transactions contemplated thereby or pursuant to the terms thereof, including, but not limited to, the name of, or identifying information with respect to Buyer, any pricing terms, or other nonpublic business or financial information (including, without limitation, any sub-limits and financial covenants), the existence of this Agreement and the Transactions with the Buyer (the "Confidential Information") shall be kept confidential and shall not be divulged to any party without the prior written consent of such other party except to the extent that (i) it is necessary to disclose to its Affiliates, the Seller and its employees, directors, officers, advisors (including legal counsel, accountants, and auditors), representatives and servicers who are under a duty or an obligation to hold such information in confidence, (ii) it is requested or required by governmental agencies, regulatory bodies or other legal, governmental or regulatory process, in which case Seller shall provide prior written notice to Buyer to the extent not prohibited by the applicable law or regulation, (iii) any of the Confidential Information is in the public domain other than due to a breach of this covenant, (iv) an Event of a Default has occurred and Buyer determines such information to be necessary or desirable to disclose in connection with the marketing and sales of the Purchased Assets or otherwise to enforce or exercise Buyer's rights hereunder or (v) it is in connection with any assignments, participations or rehypothecations in accordance with Section 10 or Section 20 hereof. Seller and the Buyer shall be responsible for any breach of the terms of this Section 31(a) by any Person that it discloses Confidential Information to pursuant to clause (i) above. The Parties shall not, without the written consent of the other Party, make any communication, press release, public announcement or statement in any way connected to the existence or terms of this Agreement or the other Facility Documents or the Transactions contemplated hereby or thereby, except where such communication or announcement is required by law or regulation, in which event the Parties will consult and cooperate with respect to the wording of any such announcement. Notwithstanding the foregoing or anything to the contrary contained herein or in any other Facility Document, the parties hereto may disclose to any and all Persons, without limitation of any kind, the federal, state and local tax treatment or tax structure of the Transactions, any fact relevant to understanding the federal, state and local tax treatment or tax structure of the Transactions, and all materials of any kind (including opinions or other tax analyses) relating to such federal, state and local tax treatment and that may be relevant to understanding such tax treatment or tax structure; provided that the "tax treatment or "tax structure" shall be limited to any facts relevant to the U.S. federal, state or local tax treatment of any Transaction contemplated hereunder and specifically does not include any information relating to the identity of the Buyer or any pricing terms hereunder. The provisions set forth in this Section 31(a) shall survive the termination of this Agreement for [\*\*\*].

(b) Notwithstanding anything in this Agreement to the contrary, Seller understands that Confidential Information disclosed hereunder may contain “nonpublic personal information”, as that term is defined in Section 509(4) of the Gramm-Leach-Bliley Act (the “GLB Act”), and each of Buyer and Seller agrees to maintain such nonpublic personal information that it receives hereunder in accordance with the GLB Act and other applicable local, state and federal laws relating to privacy and data protection (“Privacy Laws”). The Seller shall implement administrative, technical and physical safeguards and other security measures to (a) ensure the security and confidentiality of the “nonpublic personal information” of the “customers” (as defined in the GLB Act) of Buyer or any Affiliate of Buyer which Buyer holds, (b) protect against any threats or hazards to the security and integrity of such nonpublic personal information, and (c) protect against any unauthorized access to or use of such nonpublic personal information. Upon request, the Seller will provide evidence reasonably satisfactory to allow Buyer to confirm that the Seller has satisfied its obligations as required under this Section. Without limitation, this may include Buyer’s review of audits, summaries of test results, and other equivalent evaluations of the Seller. The Seller shall notify the Buyer immediately following discovery of any breach or compromise of the security, confidentiality, or integrity of nonpublic personal information of the customers and consumers of Buyer or any Affiliate of Buyer provided directly to the Seller. The Seller shall provide such notice to Buyer by personal delivery, by electronic transmission with confirmation of receipt, or by overnight courier with confirmation of receipt to the applicable requesting individual. The provisions set forth in this Section 32(b) shall survive the termination of this Agreement for as long as Seller retains any “nonpublic personal information” disclosed hereunder.

Section 32. Intent.

(a) The parties intend and recognize that this Agreement and each Transaction hereunder is a “repurchase agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended, a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code, as amended, and a “master netting agreement” as that term is defined in Section 101(38A)(A) of the Bankruptcy Code, that all payments hereunder are deemed “margin payments” or “settlement payments” as defined in Title 11 of the United States Code, and that the pledge of the Repurchase Assets constitutes “a security agreement or other arrangement or other credit enhancement” that is “related to” the Agreement and Transactions hereunder within the meaning of Sections 101(38A)(A), 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code. Seller and Buyer further recognize and intend that this Agreement is an agreement to provide financial accommodations and is not subject to assumption pursuant to Bankruptcy Code Section 365(a) Each Party further agrees that it shall not challenge, and hereby waives to the fullest extent available under applicable law its right to challenge, the characterization of any Transaction under this Agreement or this Agreement as a “repurchase agreement,” “securities contract” and/or “master netting agreement” within the meaning of the Bankruptcy Code.

(b) For so long as Buyer is a “financial institution,” “financial participant” or other entity listed in Sections 555, 559, 561, 362(b)(6), 362(b)(7) or 362(b)(27) of the Bankruptcy Code, Buyer shall be entitled to the “safe harbor” benefits and protections afforded under the Bankruptcy Code with respect to a “repurchase agreement”, a “securities contract” and a “master netting agreement” including (x) the rights, set forth in Section 15 and in Sections 555, 559 and 561 of the Bankruptcy Code, to liquidate the Purchased Assets and accelerate and terminate this Agreement, (y) the right to offset or net out as set forth in Sections 15 and 23 hereof and in Sections 362(b)(6), 362(b)(7) or 362(b)(27) of the Bankruptcy Code and (z) the non-avoidability of transfers made in connection with this Agreement as set forth in Sections

546(e), 546(f) and 546(j) of the Bankruptcy Code. Buyer's rights (i) to liquidate the Repurchase Assets delivered to it in connection with the Transactions hereunder or to accelerate or terminate this Agreement or otherwise exercise any other remedies pursuant to Section 15 hereof and to setoff pursuant to Section 23 hereof are contractual rights to liquidate, accelerate, or terminate setoff such Transaction as described in Bankruptcy Code Sections 553, 555, 559 and 561; any payments or transfers of property made with respect to this Agreement or any Transaction shall be considered a "margin payment" and "settlement payment" as such terms are defined in Bankruptcy Code Sections 741(5) and 741(8).

(c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

(e) Each party agrees that this Agreement is intended to create mutuality of obligations among the parties, and as such, the Agreement constitutes a contract which (i) is between all of the parties and (ii) places each party in the same right and capacity.

(f) Each party agrees that this Agreement and the Transactions entered into hereunder are part of an integrated, simultaneously-closing suite of financial contracts.

Section 33. Reserved.

Section 34. Conflicts. In the event of any conflict between the terms of this Agreement, any other Facility Document and any Confirmation, the documents shall control in the following order of priority: first, the terms of the Confirmation shall prevail, second, then the terms of this Agreement shall prevail, and then the terms of the Facility Documents shall prevail.

Section 35. Authorizations. Any of the persons whose signatures and titles appear on Schedule 2 are authorized, acting singly, to act for Seller or Buyer under this Agreement.

Section 36. Reserved.

Section 37. Miscellaneous.

(a) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. Counterparts may be delivered electronically.

(b) Captions. The captions and headings appearing herein are for included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

(c) Acknowledgment. Seller hereby acknowledges that:

(i) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Facility Documents;

(ii) Buyer has no fiduciary relationship to Seller;

(iii) no joint venture exists between Buyer and Seller; and

(iv) it has made its own independent decisions to enter into the Facility Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary and Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(d) Documents Mutually Drafted. Seller and Buyer agree that this Agreement and each other Facility Document prepared in connection with the Transactions set forth herein have been mutually drafted and negotiated by each party, and consequently such documents shall not be construed against either party as the drafter thereof.

Section 38. General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

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

(b) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

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

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

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

(f) the term “include” or “including” shall mean without limitation by reason of enumeration;

(g) all times specified herein or in any other Facility Document (unless expressly specified otherwise) are local times in New York, New York unless otherwise stated; and

(h) all references herein or in any Facility Document to “good faith” means good faith as defined in Section 5-102(7) of the UCC as in effect in the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date set forth above.

BUYER:

**NOMURA CORPORATE FUNDING AMERICAS, LLC**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: Operations  
Email: [\*\*\*]

With copies to:

Nomura Corporate Funding Americas, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: [\*\*\*]  
Email: [\*\*\*]

Alston & Bird LLP  
90 Park Avenue  
New York, New York 10016  
Tel: [\*\*\*]  
Fax: [\*\*\*]  
Attn: [\*\*\*]  
Email: [\*\*\*]

Signature Page to Master Repurchase Agreement

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SELLER:

**FINANCE OF AMERICA MORTGAGE LLC**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:

300 Welsh Road, Building 5  
Horsham, PA 19044  
Attn: [\*\*\*]  
Email: [\*\*\*]

With copies to:

30 7<sup>th</sup> St E, Suite 2350  
Saint Paul, MN 55101  
Attn: [\*\*\*]  
Email: [\*\*\*]

Signature Page to Master Repurchase Agreement

SCHEDULE 1

REPRESENTATIONS AND WARRANTIES RE: MORTGAGE LOANS

Seller makes the following representations and warranties to Buyer with respect to each Mortgage Loan as of the Purchase Date for the purchase of any such Mortgage Loan by Buyer from Seller and at all times while the Mortgage Loan is subject to a Transaction hereunder. With respect to those representations and warranties which are made to the best of Seller's knowledge, if it is discovered by Seller or Buyer that the substance of such representation and warranty is inaccurate, notwithstanding Seller's lack of knowledge with respect to the substance of such representation and warranty, such inaccuracy shall be deemed a breach of the applicable representation and warranty.

(a) Data. The information on the Asset Schedule is complete, true and correct in all material respects as of the date of such information. All information contained in the related Asset File and in the Underwriting Package in respect of the Mortgage Loans is accurate and complete in all material respects.

(b) Compliance with Applicable Laws. Any and all requirements of any federal, state or local law including, without limitation, legal capacity to contract, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, TILA-RESPA Integrated Disclosure Rule, equal credit opportunity or disclosure laws applicable to the Mortgage Loan have been complied with, the consummation of the transactions contemplated hereby will not involve the violation of any such laws or regulations by Seller or Servicer of the Mortgage Loan shall maintain or Seller shall cause Servicer of such Mortgage Loan to maintain in its possession, available for the inspection of Buyer, and shall deliver to Buyer, upon demand, evidence of compliance with all such requirements. Without limiting the generality of the foregoing, other than with respect to Investor Mortgage Loans, if the related Mortgagor's loan application for such Mortgage Loan was taken on or after October 3, 2015, such Mortgage Loan was originated in compliance with the TILA-RESPA Integrated Disclosure Rule.

(c) Origination and Servicing Practices; No Escrow Deposits. The origination and collection practices used by the originator, each servicer of the Mortgage Loan and Seller with respect to each Mortgage Loan have been in all respects in accordance with Accepted Servicing Practices, applicable laws and regulations, and have been in all respects legal and proper and the servicing practices used with respect to the Mortgage Loan have been in accordance with Accepted Servicing Practices, whether such servicing was done by the Seller, its affiliates, or any third-party subservicer or servicing agent of any of the foregoing. With respect to escrow deposits and escrow payments, all such payments are in the possession of, or under the control of Seller. All escrow payments have been collected in full compliance with state and federal law. No escrow deposits or escrow payments or other charges or payments due Seller have been capitalized under the Mortgage, the Mortgage Note or any related Mortgage Loan Document. Any interest required to be paid pursuant to state, federal and local law has been properly paid and credited.



(d) Ownership. Seller has good and marketable title and full right to sell the Mortgage Loan to Buyer free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest, and has full right and authority subject to no interest or participation of, or agreement with, any other party, to sell each Mortgage Loan pursuant to this Agreement and following the sale of each Mortgage Loan, Buyer will own such Mortgage Loan free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest except any such security interest created or expressly permitted pursuant to the terms of this Agreement.

(e) Valid First Lien. The Mortgage is a valid, subsisting, enforceable and perfected with respect to each Mortgage Loan, first priority lien and first priority security interest on the real property included in the Mortgaged Property, including all buildings on the Mortgaged Property and all installations and mechanical, electrical, plumbing, heating and air conditioning systems located in or annexed to such buildings, and all additions, alterations and replacements made at any time with respect to the foregoing. The lien of the Mortgage is subject only to:

- a. the lien of current real property taxes and assessments not yet due and payable;
- b. covenants, conditions and restrictions, rights of way, easements and other matters of the public record as of the date of recording acceptable to prudent mortgage lending institutions generally and specifically referred to in the title insurance policy delivered to Seller and (a) referred to or otherwise considered in the ~~appraisal~~ Appraisal or AVM/BPO, as applicable made for to Seller or (b) which do not adversely affect the Appraisal Value of the Mortgaged Property set forth in such ~~appraisal~~ Appraisal or AVM/BPO as applicable;
- c. other matters to which like properties are commonly subject which do not materially interfere with the benefits of the security intended to be provided by the Mortgage or the use, enjoyment, value or marketability of the related Mortgaged Property.

Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Mortgage Loan establishes and creates a valid, subsisting and enforceable first lien and first priority security interest on the property described therein and Seller has full right to pledge and assign the same to Buyer. The Mortgaged Property was not, as of the date of origination of the Mortgage Loan, subject to a mortgage, deed of trust, deed to secure debt or other security instrument creating a lien subordinate to the lien of the Mortgage, except in accordance with the applicable Underwriting Guidelines.

(f) Original Terms Unmodified. The terms of the Mortgage Note and Mortgage have not been impaired, waived, altered or modified in any respect, from the date of origination; except by a written instrument which has been recorded, if necessary to protect the interests of Buyer, and which has been delivered to the Custodian and the terms of which are reflected in the Asset Schedule. The substance of any such waiver, alteration or modification has been approved by the title insurer, to the extent required, and its terms are reflected on the Asset

Schedule. No Mortgagor in respect of the Mortgage Loan has been released, in whole or in part, except in connection with an assumption agreement approved by the title insurer, to the extent required by such policy, and which assumption agreement is part of the Asset File delivered to the Custodian and the terms of which are reflected in the Asset Schedule.

(g) Mortgage Recorded; Assignments of Mortgage. Except as provided in paragraph (e) above, each original Mortgage was recorded or submitted for recordation in the jurisdiction in which the Mortgaged Property is located and all subsequent assignments of the original Mortgage have been delivered in the appropriate form for recording in all jurisdictions in which such recordation is necessary to perfect the ownership of the Mortgage by the owner thereof against creditors of the Seller or is in the process of being recorded. With respect to each Mortgage that constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in such Mortgage and no fees or expenses are or will become payable by the mortgagee to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor. With respect to each Mortgage Loan that is not a MERS Mortgage Loan, the Assignment of Mortgage, upon the insertion of the name of the assignee and recording information, is in recordable form (other than the name of the assignee if in blank) and is acceptable for recording under the laws of the jurisdiction in which the related Mortgaged Property is located. With respect to each MERS Mortgage Loan, (i) the related Mortgage and Assignment of Mortgage have been duly and properly recorded in the name of MERS or its designee or have been delivered for recording to the applicable recording office and (ii) a mortgage identification number has been assigned by MERS and such mortgage identification number is accurately provided on the Asset Schedule (or is otherwise provided to Buyer). The related Assignment of Mortgage to MERS has been duly and properly recorded. With respect to each MERS Mortgage Loan, the Seller has not received any notice of liens that are senior to the related Mortgage or legal actions with respect to such Mortgage Loan and no such notices have been electronically posted by MERS.

(h) Litigation. There is no action, suit, proceeding or investigation pending, or to the best of Seller's knowledge threatened, that is related to the Mortgage Loan and likely to affect materially and adversely such Mortgage Loan.

(i) No Outstanding Charges. All taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments or ground rents which previously became due and owing have been paid, or an escrow of funds has been established in an amount sufficient to pay for every such item which remains unpaid and which has been assessed but is not yet due and payable. Seller has not advanced funds, or induced, solicited or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required under the Mortgage Loan, except for interest accruing from the date of the Mortgage Note or date of disbursement of the proceeds of the Mortgage Loan, whichever is earlier, to the day which precedes by [\*\*\*] the Due Date of the first installment of principal and interest thereunder.

(j) No Defenses. The Mortgage Loan is not subject to any right of rescission, set-off, counterclaim or defense, including, without limitation, the defense of usury, nor will the operation of any of the terms of the Mortgage Note or the Mortgage, or the exercise of any right thereunder, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto, and no Mortgagor in respect of the Mortgage Loan was a debtor in any state or Federal bankruptcy or insolvency proceeding at the time the Mortgage Loan was originated. The Mortgagor did not have a prior bankruptcy and did not previously own property that was the subject of a foreclosure during the time the Mortgagor was the owner of record. Seller has no knowledge nor has it received any notice that any Mortgagor in respect of the Mortgage Loan is a debtor in any state or federal bankruptcy or insolvency proceeding. Seller has no knowledge of any circumstances or condition with respect to the Mortgage, the Mortgaged Property, the Mortgagor or the Mortgagor's credit standing that could reasonably be expected to cause investors to regard the Mortgage Loan as an unacceptable investment, cause the Mortgage Loan to become delinquent or materially adversely affect the value or marketability of the Mortgage Loan.

(k) No Satisfaction of Mortgage. The Mortgage has not been satisfied, canceled, subordinated or rescinded, in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would effect any such release, cancellation, subordination or rescission. Seller has not waived the performance by the Mortgagor of any action, if the Mortgagor's failure to perform such action would cause the Mortgage Loan to be in default, nor has Seller waived any default resulting from any action or inaction by the Mortgagor.

(l) No Consents. Other than consents and approvals obtained as of the related Purchase Date or those already granted in the documents governing such Mortgage Loan, no consent or approval by any Person is required in connection with Seller's sale and/or Buyer's acquisition of such Mortgage Loan, for Buyer's exercise of any rights or remedies in respect of such Mortgage Loan or for Buyer's sale, pledge or other disposition of such Mortgage Loan. No third party holds any "right of first refusal", "right of first negotiation", "right of first offer", purchase option, or other similar rights of any kind, and no other impediment exists to any such transfer or exercise of rights or remedies with respect to such Mortgage Loan. No consent, approval, authorization or order of, or registration or filing with, or notice to, any court or governmental agency or body having jurisdiction or regulatory authority over Seller is required for any transfer or assignment by the holder of such Mortgage Loan.

(m) Validity of Mortgage Documents. The Mortgage Note and the Mortgage and any other agreement executed and delivered by a Mortgagor or guarantor, if applicable, in connection with a Mortgage Loan are genuine, and each is the legal, valid and binding obligation of the maker thereof enforceable in accordance with its terms. All parties to the Mortgage Note, the Mortgage and any other such related agreement had legal capacity to enter into the Mortgage Loan and to execute and deliver the Mortgage Note, the Mortgage and any such agreement, and the Mortgage Note, the Mortgage and any other such related agreement have been duly and properly executed by such related parties. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of any Person, including, without limitation, the Mortgagor, any appraiser, [AVM/BPO provider](#), any builder or developer, or any other party involved in the origination of the Mortgage Loan or in connection with the sale of such Mortgage Loan to Buyer. Seller has reviewed all of the documents constituting the Asset File and has made such inquiries as it deems necessary to make and confirm the accuracy of the representations set forth herein. Except as disclosed to Buyer in writing, all tax identifications and property descriptions are legally sufficient; and tax segregation, where required, has been completed.

(n) Environmental Compliance. There does not exist on the Mortgaged Property any hazardous substances, hazardous materials, hazardous wastes, solid wastes or other pollutants, as such terms are defined in the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 690 et seq., or other applicable federal, state or local environmental laws including, without limitation, asbestos, in each case in excess of the permitted limits and allowances set forth in such environmental laws to the extent such laws are applicable to the Mortgaged Property. There is no pending action or proceeding directly involving the Mortgaged Property in which compliance with any environmental law, rule or regulation is an issue; there is no violation of any applicable environmental law (including, without limitation, asbestos), rule or regulation with respect to the Mortgaged Property; and nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation constituting a prerequisite to use and enjoyment of said property

(o) Location and Type of Mortgaged Property. The Mortgaged Property is located in any State in the United States of America or District of Columbia acceptable pursuant to applicable Underwriting Guidelines as identified in the Asset Schedule and consists of a single parcel of real property with a detached single family residence erected thereon, or a two- to four-family dwelling.

(p) Mortgaged Property Undamaged. Unless required repairs were identified at the time of origination and appropriate set-asides have been made for such repairs, to the best of the best of Seller's knowledge, the Mortgaged Property is in good repair and undamaged by waste, fire, earthquake or earth movement, windstorm, flood, hurricane, tornado, mold or other casualty so as to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises were intended.

(q) No Condemnation. There is no proceeding pending or to the best of the Seller's knowledge threatened for the total or partial condemnation of the related Mortgaged Property.

(r) Consolidation of Principal Advances. Any principal advances made have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate reflected on the Asset Schedule. The lien of the Mortgage securing the principal amount (as expressed on the related Mortgage Note) is insured as having first lien priority by a title insurance policy, an endorsement to the policy insuring the mortgagee's consolidated interest or by other title evidence acceptable to Buyer.

(s) No Fraud. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of the Seller, the Mortgagor, the appraiser, any AVM/BPO provider, any servicer or any other party involved in the origination or servicing of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan or in connection with the sale of such Mortgage Loan to the Buyer.

(t) Origination; Payment Terms. The Mortgage Loan was originated by or in conjunction with a mortgagee approved by the Secretary of Housing and Urban Development pursuant to Sections 203 and 211 of the National Housing Act, a savings and loan association, a savings bank, a commercial bank, credit union, insurance company or similar banking institution which is supervised and examined by a federal or state authority. Principal and interest payments on the Mortgage Loan commenced no more than [\*\*\*] after funds were disbursed in connection with the Mortgage Loan. No Mortgage Loan has a balloon payment feature. The Mortgagor contributed at least [\*\*\*] of the purchase price for the Mortgaged Property from their own funds, except as permitted under the applicable Underwriting Guidelines. Interest on the Mortgage Loan is calculated on the basis of a 360-day year consisting of twelve 30-day months. With respect to adjustable rate Mortgage Loans, the Mortgage Interest Rate is adjusted on each Interest Rate Adjustment Date to equal the index plus the fixed percentage amount, in each case as set forth in the related Mortgage Note (rounded up or down to the nearest [\*\*\*]), subject to the limit on each Mortgage Interest Rate adjustment as set forth in the related Mortgage Note. The Mortgage Note is payable on the [\*\*\*] in equal monthly installments of principal and interest, which installments of interest with respect to adjustable rate Mortgage Loans, are subject to change on the Interest Rate Adjustment Date due to adjustments to the Mortgage Interest Rate on each Interest Rate Adjustment Date with interest calculated and payable in arrears, sufficient to amortize the Mortgage Loan fully by the stated maturity date, over an original term of not more than [\*\*\*] from commencement of amortization.

(u) Capitalization of Interest. The Mortgage Note does not by its terms provide for the capitalization or forbearance of interest.

(v) Hazard Insurance. The Mortgaged Property is insured by a fire and extended perils insurance policy, issued by a Qualified Insurer, and such other hazards as are customary in the area where the Mortgaged Property is located, and to the extent required by Seller as of the date of origination consistent with the applicable Underwriting Guidelines, against earthquake and other risks insured against by Persons operating like properties in the locality of the Mortgaged Property, in an amount not less than the greatest of (i) [\*\*\*] of the replacement cost of all improvements to the Mortgaged Property, (ii) the outstanding principal balance of the Mortgage Loan, or (iii) the amount necessary to avoid the operation of any co-insurance provisions with respect to the Mortgaged Property, and consistent with the amount that would have been required as of the date of origination in accordance with the applicable Underwriting Guidelines. If any portion of the Mortgaged Property is in an area identified by any federal Governmental Authority as having special flood hazards, and flood insurance is available, a flood insurance policy meeting the current guidelines of the Federal Emergency Management Agency is in effect with a generally acceptable insurance carrier, in an amount representing coverage not less than the least of (1) the outstanding principal balance of the Mortgage Loan (2) the full insurable value of the Mortgaged Property, and (3) the maximum amount of insurance available under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973. All such insurance policies (collectively, the "hazard

insurance policy”) contain a standard mortgagee clause naming Seller, its successors and assigns (including, without limitation, subsequent owners of the Mortgage Loan), as mortgagee, and may not be reduced, terminated or canceled without [\*\*\*] prior written notice to the mortgagee. No such notice has been received by Seller. All premiums on such insurance policy have been paid. The related Mortgage obligates the Mortgagor to maintain all such insurance and, at such Mortgagor’s failure to do so, authorizes the mortgagee to maintain such insurance at the Mortgagor’s cost and expense and to seek reimbursement therefor from such Mortgagor. Where required by state law or regulation, the Mortgagor has been given an opportunity to choose the carrier of the required hazard insurance, provided the policy is not a “master” or “blanket” hazard insurance policy covering a condominium, or any hazard insurance policy covering the common facilities of a planned unit development. The hazard insurance policy is the valid and binding obligation of the insurer and is in full force and effect. Seller has not engaged in, and has no knowledge of the Mortgagor’s having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either including, without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by Seller.

(w) Full Disbursement of Proceeds. There is no further requirement for future advances under the Mortgage Loan, and any and all requirements as to completion of any on-site or off-site improvement and as to disbursements of any escrow funds therefor have been complied with. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note or Mortgage. All broker fees have been properly disclosed to the Mortgagor and no claims will arise as to broker fees that are double charged and for which the Mortgagor would be entitled to reimbursement.

(x) Title Insurance. The Mortgage Loan is covered by either (i) an attorney’s opinion of title and abstract of title, the form and substance of which is acceptable to prudent mortgage lending institutions making mortgage loans in the area wherein the Mortgaged Property is located or (ii) an American Land Title Association lender’s title insurance policy or other generally acceptable form of policy or insurance acceptable to Buyer, Fannie Mae or Freddie Mac and each such title insurance policy is issued by a title insurer acceptable to Buyer, Fannie Mae or Freddie Mac and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring Seller, its successors and assigns, as to the first priority lien of the Mortgage, as applicable, in the original principal amount of the Mortgage Loan, with respect to a Mortgage Loan, subject only to the exceptions contained in clauses (a), (b) and (c) of paragraph (c) of this Schedule 1, and in the case of adjustable rate Mortgage Loans, against any loss by reason of the invalidity or unenforceability of the lien resulting from the provisions of the Mortgage providing for adjustment to the Mortgage Interest Rate and Monthly Payment. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required mortgage title insurance. Additionally, such lender’s title insurance policy affirmatively insures ingress and egress and against encroachments by or upon the Mortgaged Property or any interest therein. The title policy does not contain any special exceptions (other than the standard exclusions) for zoning and uses and has been marked to delete the standard survey exception or to replace the standard survey exception with a specific

survey reading. Seller, its successors and assigns, are the sole insureds of such lender's title insurance policy, and such lender's title insurance policy is valid and remains in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by this Agreement. No claims have been made under such lender's title insurance policy, and no prior holder or servicer of the related Mortgage, including Seller, has done, by act or omission, anything which would impair the coverage of such lender's title insurance policy, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by Seller.

(y) No Mechanics' Liens. There are no mechanics' or similar liens or claims which have been filed for work, labor or material (and no rights are outstanding that under the law could give rise to such liens) affecting the Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the lien of the Mortgage.

(z) Location of Improvements; No Encroachments. All improvements which were considered in determining the Appraisal Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such Mortgaged Property, and no improvements on adjoining properties encroach upon such Mortgaged Property. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning and building law, ordinance or regulation.

(aa) Underwriting Standards. Each Mortgage Loan was underwritten in accordance with the applicable Underwriting Guidelines, unless otherwise approved by Buyer.

(bb) Customary Provisions. The Mortgage Note has a stated maturity. The Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure. Upon default by a Mortgagor on a Mortgage Loan and foreclosure on, or trustee's sale of, the Mortgaged Property pursuant to the proper procedures, the holder of the Mortgage Loan will be able to deliver good and merchantable title to the Mortgaged Property. There is no homestead or other exemption or other right available to the Mortgagor or any other person, or restriction on the Seller or any other person, including without limitation, any federal, state or local, law, ordinance, decree, regulation, guidance, attorney general action, or other pronouncement, whether temporary or permanent in nature, that would interfere with, restrict or delay, either (y) the ability of the Seller, Buyer or any servicer or any successor servicer to sell the related Mortgaged Property at a trustee's sale or otherwise, or (z) the ability of the Seller, Buyer or any servicer or any successor servicer to foreclose on the related Mortgage. The Mortgage Note and Mortgage are on forms acceptable to Buyer, Fannie Mae or Freddie Mac.

(cc) No Additional Collateral. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement and chattel mortgage referred to in paragraph (e) above or other collateral specified in the related Mortgage Loan documents. There are, as of origination date and as of the Purchase Date, no subordinate mortgages or junior liens securing the payment of money encumbering the related Mortgaged Property, and equipment and other personal property financing). No mezzanine debt is secured directly by interests in the related Mortgagor.

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(dd) Due-On-Sale. The Mortgage contains a provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee thereunder.

(ee) Proceeds of Mortgage Loan. The proceeds of the Mortgage Loan have not been and shall not be used to satisfy, in whole or in part, any debt owed or owing by the Mortgagor to Seller or any Affiliate or correspondent of Seller, except in connection with a refinanced Mortgage Loan.

(ff) No Equity Participation. No document relating to the Mortgage Loan provides for any contingent or additional interest in the form of participation in the cash flow of the Mortgaged Property or a sharing in the appreciation of the value of the Mortgaged Property. The indebtedness evidenced by the Mortgage Note is not convertible to an ownership interest in the Mortgaged Property or the Mortgagor and no Seller has financed nor does it own directly or indirectly, any equity of any form in the Mortgaged Property or the Mortgagor.

(gg) Single Interest Rate; Consolidated Principal Amount. The secured principal amount, as consolidated, bears a single interest rate and single repayment term. The consolidated principal amount does not exceed the original principal amount of the Mortgage Loan.

(hh) Mortgage Releases. The terms of the related Mortgage or related Mortgage Loan Documents do not provide for the release of any related Mortgaged Property from the lien of the Mortgage except (a) upon payment in full of such Mortgage Loan, (b) as required pursuant to an order of condemnation or a material casualty, or (c) in connection with a substitution of collateral within the parameters specified in the related Mortgage Loan Documents.

(ii) Payments Current. All payments required to be made up to the Purchase Date for the Mortgage Loan under the terms of the Mortgage Note have been made and credited. On the related Purchase Date, the Mortgage Loan (i) is [\*\*\*] Delinquent with respect to any payment of principal or interest or otherwise not in default, and (ii) the Mortgagor is not subject as a debtor under a proceeding under the Bankruptcy Code, nor is the related Mortgaged Property involved in any proceeding under the Bankruptcy Code. The Mortgagor is not subject to an Insolvency Event. The first Monthly Payment shall be made, or shall have been made, with respect to the Mortgage Loan on its Due Date or within the grace period, all in accordance with the terms of the related Mortgage Note.

(jj) Advance of Funds by Seller. After origination, no advance of funds has been made by Seller to the related Mortgagor other than in accordance with the Mortgage Loan Documents, and, to Seller's knowledge, no funds have been received from any person other than the related Mortgagor or an affiliate for, or on account of, payments due on the Mortgage Loan. Neither Seller nor Any affiliate thereof has any obligation to make any capital contribution to any Mortgagor under a Mortgage Loan, other than contributions made on or prior to the date hereof.



(kk) Occupancy of the Mortgaged Property. As of the Purchase Date the Mortgaged Property is lawfully occupied under applicable law (and in the case of Investor Mortgage Loans by a Person other than the owner of such Mortgaged Property). All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities. Seller has not received notification from any Governmental Authority that the Mortgaged Property is in material non-compliance with such laws or regulations, is being used, operated or occupied unlawfully or has failed to have or obtain such inspection, licenses or certificates, as the case may be. Seller has not received notice of any violation or failure to conform with any such law, ordinance, regulation, standard, license or certificate. With respect to any Mortgage Loan (other than an Investor Mortgage Loan) originated with an "owner-occupied" Mortgaged Property, the Mortgagor represented at the time of origination of the Mortgage Loan that the Mortgagor would occupy the Mortgaged Property as the Mortgagor's primary residence.

(ll) Compliance with Anti-Money Laundering Laws. Seller has complied in all material respects with all applicable anti-money laundering laws and regulations, including without limitation the PATRIOT Act of 2001 with respect to the origination or purchase of each Mortgage Loan. No Mortgage Loan is subject to nullification pursuant to the orders or the regulations promulgated by OFAC or in violation of the orders or OFAC regulations, and no Mortgagor is subject to the provisions of such orders or OFAC regulations nor listed as a "blocked person" for purposes of the OFAC regulations.

(mm) Access; Utilities; Separate Tax Lots. Each Mortgaged Property (a) is located on or adjacent to a public road and has direct legal access to such road, or has access via an irrevocable easement or irrevocable right of way permitting ingress and egress to/from a public road, (b) is served by or has uninhibited access rights to public or private water and sewer (or well and septic) and electricity all of which are appropriate for the current use of such Mortgaged Property, and (c) constitutes one or more separate tax parcels which do not include any property which is not part of such Mortgaged Property or is subject to an endorsement under the related title insurance policy insuring such Mortgaged Property, or in certain cases, an application has been, or will be, made to the applicable governing authority for creation of separate tax lots, in which case the related Mortgage Loan requires the related Mortgagor to escrow an amount sufficient to pay taxes for the existing tax parcel of which such Mortgaged Property is a part until the separate tax lots are created.

(nn) Licenses and Permits. Each Mortgagor covenants in the Mortgage Loan Documents that it shall keep all material licenses, permits and applicable governmental authorizations necessary for its operation of the related Mortgaged Property in full force and effect, and all such material licenses, permits and applicable governmental authorizations are in effect. Each Mortgage Loan requires the related Mortgagor to be qualified to do business in the jurisdiction in which the related Mortgaged Property is located. No Seller is aware of any Mortgagor, guarantor or other obligor on the Mortgage Loan having received notice of any noncompliance with any use or occupancy law, ordinance, regulation, standard, license or certificate with respect to any Mortgaged Property.

(oo) Mortgage Provisions. The Mortgage Loan Documents for each Mortgage Loan contain provisions that render the rights and remedies of the holder thereof adequate for the practical realization against each related Mortgaged Property of the principal benefits of the security intended to be provided thereby, including realization by judicial or, if applicable, non-judicial foreclosure.

(pp) UCC Filings; Mortgage Recorded. Seller has recorded or caused to be recorded (or, if not recorded, have been submitted in proper form for recording), UCC financing statements in the appropriate public recording offices necessary at the time of the origination of the Mortgage Loan to perfect a valid security interest in any collateral for such Mortgage Loan to the extent perfection may be effected pursuant to applicable law by recording, as the case may be. The related Mortgage (or equivalent document) or other related collateral document creates a valid and enforceable lien and security interest on the items of personalty described above that may be perfected by recording. No representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the recording of UCC financing statements are required in order to effect such perfection. The Mortgage either has been or will promptly be submitted for recordation in the appropriate recording office of the jurisdiction where the Mortgaged Property is located.

(qq) Compliance with Usury Laws. The mortgage interest rate (exclusive of any default interest, late charges, yield maintenance charge, or prepayment premiums) of each Mortgage Loan complied as of the date of origination with, or was exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury. No Mortgage Loan is subject to forfeiture or any material penalties as a result of non-compliance with any applicable state or federal laws, regulations and other requirements pertaining to usury.

(rr) Complete Asset Files; Take-Out Investor. For each Mortgage Loan (except with respect to Wet-Ink Mortgage Loans solely prior to the Wet-Ink Delivery Date), all of the required Mortgage Loan documents have been delivered to the Custodian in accordance with the Custodial Agreement and all Mortgage Loan documents necessary to foreclose on the Mortgaged Property are included in the Asset File delivered to the Custodian. No material documentation is missing from the Asset File in possession of Custodian, unless such documentation is subject to a Servicer request for release of documents and a foreclosure attorney acknowledgment in form and substance acceptable to Buyer. Each of the documents and instruments specified to be included in the Asset File is executed and in due and proper form, and each such document or instrument is in form acceptable to the applicable federal or state regulatory agency. With respect to each such Mortgage Loan, upon the consummation of the related Transaction, Custodian shall have received the related Asset File and such Asset File shall not have been released from the possession of the Custodian at any time for longer than the time periods permitted under the Custodial Agreement; provided that in the case of a Wet-Ink Mortgage Loan, Custodian shall have received the related Asset File by no later than the Wet-Ink Delivery Date.

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(ss) Loan Type. No Mortgage Loan is an interest only loan, “pay option ARM,” “pick-a-payment” or similar type of mortgage loan or a home equity revolving line of credit, reverse mortgage loan, co-operative loan or commercial loan.

(tt) Predatory Lending Regulations; High Cost Loans. No Mortgage Loan (i) is a High Cost Mortgage Loan, (ii) is subject to Section 226.32 of Regulation Z or any similar state law (relating to high interest rate credit/lending transactions), (iii) contains any term or condition, or involves any loan origination practice, that has been defined as “predatory” under any applicable federal, state, county or municipal law, or that has been expressly categorized as an “unfair” or “deceptive” term, condition or practice in any such applicable federal, state, county or municipal law, (iv) is currently affected by the operation of any law, regulation or rule that (A) imposes liability on a mortgagee or a lender to a mortgagee for upkeep to a Mortgaged Property prior to completion of foreclosure thereon, or (B) imposes liability on a lender to a mortgagee for acts or omissions of the mortgagee or otherwise defines a mortgagee in a manner that would include a lender to a mortgagee, or (v) otherwise relates to any violation of the Home Ownership and Equity Protection Act or any state, city or district high cost home mortgage or predatory lending law.

(uu) Rehabilitation. The related Mortgaged Property is not a ground-up construction, a tear-down, a partial tear-down or a gut rehabilitation.

(vv) Single Premium Credit Life Insurance: No Mortgagor was required to purchase any credit life, credit disability, credit unemployment, credit property, debt cancellation, accident or health insurance product as a condition of obtaining the extension of credit. No Mortgagor obtained a prepaid single-premium credit life, credit disability, credit unemployment, credit property, debt cancellation, accident or health insurance policy in connection with the origination of the Mortgage Loan. None of the proceeds of the Mortgage Loan were used to purchase or finance single-premium credit insurance policies as part of the origination of, or as a condition to the closing, such Mortgage Loan.

(ww) Qualified Mortgage: Ability to Repay. Except with respect to Investor Mortgage Loans, before the consummation of the Mortgage Loan, Seller made a reasonable and good faith determination that the Mortgagor had a reasonable ability to repay the loan according to its terms, in accordance with, at a minimum, the eight underwriting factors set forth in 12 CFR 1026.43(c). Except with respect to Investor Mortgage Loans, Seller as originator has retained written record that evidence its compliance with the ability-to-repay standards that include, but are not limited to records of points and fees information and mortgagor income and debt information. Unless such Mortgage Loan is an Investor Mortgage Loan or a Non-QM Loan, such Mortgage Loan is a “qualified mortgage” within the meaning of Section 1026.43(e)(2) of Regulation Z without reference to Section 1026.43(e)(4), (5), (6) or (f) of Regulation Z.

(xx) No Second Liens: No Mortgage Loan is secured by a junior priority lien on the related Mortgaged Property.

(yy) REMIC. The Mortgage Loan is a “qualified mortgage” within the meaning of Section 860G(a)(3) of the Code (but determined without regard to the rule in Treasury Regulations Section 1.860G-2(f)(2) that treats certain defective mortgage loans as qualified mortgages), and, accordingly, (A) the issue price of the Mortgage Loan to the related Mortgagor at origination did not exceed the non-contingent principal amount of the Mortgage Loan and (B) either: (a) such Mortgage Loan is secured by an interest in real property (including buildings and structural components thereof, but excluding personal property) having a fair market value (i) at the date the Mortgage Loan was originated at least equal to [\*\*\*] of the adjusted issue price of the Mortgage Loan on such date or (ii) on the date of origination or acquisition, as applicable, at least equal to [\*\*\*] of the adjusted issue price of the Mortgage Loan on such date, provided that for purposes hereof, the fair market value of the real property interest must first be reduced by (A) the amount of any lien on the real property interest that is senior to the Mortgage Loan and (B) a proportionate amount of any lien that is in parity with the Mortgage Loan; or (b) substantially all of the proceeds of such Mortgage Loan were used to acquire, improve or protect the real property which served as the only security for such Mortgage Loan (other than a recourse feature or other third-party credit enhancement within the meaning of Treasury Regulations Section 1.860G-2(a)(1)(ii)). If the Mortgage Loan was “significantly modified” prior to the Purchase Date so as to result in a taxable exchange under Section 1001 of the Code, it either (x) was modified as a result of the default or reasonably foreseeable default of such Mortgage Loan or (y) satisfies the provisions of either sub-clause (B)(a)(i) above (substituting the date of the last such modification for the date the Mortgage Loan was originated) or sub-clause (B)(a)(ii), including the proviso thereto. Any prepayment premium and yield maintenance charges applicable to the Mortgage Loan constitute “customary prepayment penalties” within the meaning of Treasury Regulations Section 1.860G-1(b)(2). All terms used in this paragraph shall have the same meanings as set forth in the related Treasury Regulations.

(zz) No Default. There is no material default, breach, violation or event of acceleration existing under the Mortgage or the related Mortgage Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a material default, breach, violation or event permitting acceleration, and neither Seller nor its predecessors have waived any material default, breach, violation or event of acceleration. No foreclosure action is currently threatened or has been commenced with respect to any Mortgaged Property.

(aaa) No Buydown Provisions; No Graduated Payments or Contingent Interests. The Mortgage Loan does not contain provisions pursuant to which Monthly Payments are paid or partially paid with funds deposited in any separate account established by Seller, the Mortgagor, or anyone on behalf of the Mortgagor, or paid by any source other than the Mortgagor nor does it contain any other similar provisions which may constitute a “buydown” provision. The Mortgage Loan is not a graduated payment mortgage loan and the Mortgage Loan does not have a shared appreciation or other contingent interest feature.

(bbb) Credit Score Reporting. Full, complete and accurate information with respect to the Mortgagor's credit file was furnished to Equifax, Experian and Trans Union Credit Information in accordance with the Fair Credit Reporting Act and its implementing regulations. With respect to each Mortgage Loan and related consumer report (as defined in the Fair Credit Reporting Act, Public Law 91-508), or other credit information furnished by the Seller to the Buyer, the Seller has full right and authority and are not precluded by law or contract from furnishing such information to the Buyer, and the Buyer is not precluded from furnishing the same to any subsequent or prospective purchaser of such Mortgage Loan.

(ccc) Doing Business. All parties which have had any interest in the Mortgage Loan, whether as originator, purchaser, mortgagee, assignee, pledgee or otherwise, are (or, during the period in which they held and disposed of such interest, were) (i) in compliance with any and all applicable licensing requirements of the laws of the state wherein the Mortgaged Property is located, and (ii) either (A) organized under the laws of such state, (B) qualified to do business in such state, (C) a federal savings and loan association, a savings bank or a national bank having a principal office in such state, or (D) not doing business in such state in each case to the extent non-compliance would have a material adverse effect on such Mortgage Loan.

(ddd) Investor Mortgage Loans. If such Mortgage Loan is an Investor Mortgage Loan, the related Mortgaged Property is solely for use as an investment property and Seller has provided Buyer or its designee with a statement certifying such purposes as well as other checks as agreed to between Seller and Buyer as determined through due diligence. Such Mortgage Loan was not originated primarily for a personal, family or household purpose, as defined in the Truth in Lending Act and its implementing Regulation Z, and such Mortgage Loans was originated for business purposes and the proceeds of such Mortgage Loan shall be used solely for a business purpose. The Mortgaged Property securing the related Mortgage (i) is non-owner occupied, and (ii) is one or more parcels of real property with a detached single family residence erected thereon, or a two- to four- family dwelling. The related Mortgagor does not intend to occupy the Mortgaged Property for more than [\*\*\*] during any [\*\*\*]. In connection with the origination of the Mortgage Loan, the related Mortgagor represented and certificated to the Originator that such Mortgaged Property is non-owner occupied and a copy of such certificate was delivered by Seller to Custodian to be maintained in the related Asset File.

(eee) FHA Mortgage Insurance; VA Loan Guaranty. With respect to the FHA Loans, the FHA Loan is covered by an FHA Mortgage Insurance Contract that is in full force and effect, and there exists no impairment to full recovery without indemnity to the Department of Housing and Urban Development or the FHA under FHA Mortgage Insurance. With respect to the VA Loans, the VA Loan is guaranteed, or eligible to be guaranteed, by a VA Loan Guaranty Agreement that is in full force and effect to the maximum extent stated therein. All necessary steps have been taken to keep such guaranty or insurance valid, binding and enforceable and each of such is the binding, valid and enforceable obligation of the FHA and the VA, respectively, to the full extent thereof, without surcharge, set-off or defense. Each FHA Loan and VA Loan was originated in accordance with the FHA Regulations and VA Regulations, as applicable.

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(fff) No Defense to Insurance Coverage. No action has been taken or failed to be taken, no event has occurred and no state of facts exists or has existed on or prior to the Purchase Date (whether or not known to Seller on or prior to such date) which has resulted or will result in an exclusion from, denial of, or defense to coverage under any private mortgage insurance (if applicable) (including, without limitation, any exclusions, denials or defenses which would limit or reduce the availability of the timely payment of the full amount of the loss otherwise due thereunder to the insured) whether arising out of actions, representations, errors, omissions, negligence, or fraud of Seller, the related Mortgagor or any party involved in the application for such coverage, including the appraisal or AVM/BPO, plans and specifications and other exhibits or documents submitted therewith to the insurer under such insurance policy, or for any other reason under such coverage, but not including the failure of such insurer to pay by reason of such insurer's breach of such insurance policy or such insurer's financial inability to pay.

(ggg) No Exception. Unless otherwise approved by Buyer in writing, the Custodian has not noted any material exceptions on an Asset Schedule with respect to the Mortgage Loan which would materially adversely affect the Mortgage Loan or Buyer's interest in the Mortgage Loan.

(hhh) Disclosure Materials. The Mortgagor has executed a statement to the effect that the Mortgagor has received all disclosure materials required by applicable law with respect to the making of adjustable rate mortgage loans, and Seller maintains a copy of such statement in its Records.

(iii) Tax Service. The Mortgage Loan is covered by a life of loan, transferrable real estate tax service contract that may be assigned to Buyer.

**AUTHORIZED REPRESENTATIVES**

**SELLER NOTICES**

Attention: [\*\*\*]  
Email: [\*\*\*]

Address: 300 Welsh Road, Building 5  
Horsham, PA 19044

**SELLER AUTHORIZATIONS**

Any of the persons whose signatures and titles appear below are authorized, acting singly, to act for Seller under this Agreement:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
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Schedule 2-1

**BUYER NOTICES**

Name: Operations  
Telephone: [\*\*\*]  
Facsimile: [\*\*\*]  
Email: [\*\*\*]

Address: Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316

With a copy to:

Name: [\*\*\*]  
Telephone: [\*\*\*]  
Facsimile: [\*\*\*]  
Email: [\*\*\*]

Address: Worldwide Plaza  
309 West 49th Street  
New York, New York 10019-7316

**BUYER AUTHORIZATIONS**

Any of the persons whose signatures and titles appear below, including any other authorized officers, are authorized, acting singly, to act for Buyer under this Agreement:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[***]	[***]	
[***]	[***]	
[***]	[***]	
[***]	[***]	
[***]	[***]	



**RESERVED**

Exhibit A-1

**FAM UNDERWRITING GUIDELINES**

**SEE ATTACHED.**

**[FAM UNDERWRITING GUIDELINES ARE IN A SEPARATE PDF WHICH WILL BE  
AFFIXED AS EXHIBIT B TO THE FINAL MRA]**

Exh. B-1

**SELLER'S TAX IDENTIFICATION NUMBER**

Entity Name

EIN

Finance of America Mortgage LLC

23-2769131

Exh. C-1

SERVICING ANNEX

Reference is hereby made to that certain Master Repurchase Agreement, dated as of October 28, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), by and between Finance of America Mortgage LLC ("Seller" or "Servicer") and Nomura Corporate Funding Americas, LLC ("Buyer"). Capitalized terms used herein but not herein defined shall have the meanings ascribed thereto in the Agreement.

(a) During the Interim Servicing Period, Servicer hereby agrees to service the related Purchased Assets in accordance with Accepted Servicing Practices and the terms, conditions and provisions set forth in the Agreement, including without limitation Section 17 of the Agreement. Such terms, conditions and provisions of the Agreement (including without limitation Section 17 of the Agreement) are hereby incorporated by reference.

(b) Without limiting the generality of the foregoing, during the Interim Servicing Period in connection with its servicing of the related Purchased Assets, Servicer shall comply with the following:

(i) Collection of Mortgage Loan Payments. Servicer will proceed diligently, in accordance with the Servicing Annex, to collect all payments due (if any) under each of such Purchased Assets when the same shall become due and payable.

(ii) Servicing Records and Servicing Files. Servicer shall be responsible for maintaining, and shall maintain, a complete set of books and records for the Purchased Assets, including the related Servicing Records and Servicing Files. Servicer shall release its custody of the contents of the Servicing Files in accordance, and only in accordance, with written instructions of Buyer, except when such release is required as incidental to the Servicer's servicing of such Purchased Assets.

(iii) MERS Mortgage Loans. With respect to each MERS Mortgage Loan, Servicer shall cause the MERS System to indicate that the related Purchased Asset is being serviced by Servicer pursuant to the Agreement (including the Servicing Annex) by entering in the MERS System the information required by the MERS System to identify Servicer as the servicer of the MERS Mortgage Loan. In the event Servicer's membership in MERS is terminated for any reason and any of the related Purchased Assets then serviced by Servicer are MERS Mortgage Loans, Servicer shall, upon Buyer's request, prepare and cause MERS to execute and deliver an Assignment of Mortgage in recordable form to transfer the Mortgage from MERS to Buyer or its designee and to execute and deliver such other notices, documents and other instruments as may be necessary or desirable to effect a transfer of such Purchased Asset.

(iv) Environmental Issue. Servicer shall, if a related Mortgaged Property is subject to the Environmental Issue, immediately stop any foreclosure proceedings and not commence new foreclosure proceedings against such Mortgaged Property.

(v) Modifications Etc. Consistent with the terms of the Servicing Annex and Accepted Servicing Practices, Servicer may waive, modify or vary any term of any such Purchased Asset or consent to the postponement of strict compliance with any such term or in any manner grant indulgence to any Mortgagor if in Servicer's reasonable and prudent determination such waiver, modification, postponement or indulgence is not materially adverse to Buyer or Buyer's interest in such Purchased Asset. All modifications, waivers, forbearances or amendments of any such Purchased Asset shall be in writing and shall be consistent with Accepted Servicing Practices. On each Interest Rate Adjustment Date, the Servicer shall make interest rate adjustments for each related adjustable-rate Mortgage Loan in compliance with the requirements of the related Mortgage, Mortgage Note and applicable federal, state and local laws and regulations. The Servicer shall execute and deliver the notices required by each Mortgage, Mortgage Note and applicable federal, state and local laws and regulations regarding interest rate adjustments.

(vi) Payment of Taxes, Insurance and Other Charges; Maintenance of PMI Policies; Collections Thereunder With respect to each such Purchased Asset (to the extent escrowed under the terms of such Purchased Asset), Servicer shall maintain accurate records reflecting the status of ground rents, taxes, assessments, water rates and other charges which are or may become a lien upon the Mortgaged Property and the status of private mortgage insurance policy premiums and fees and fire and hazard insurance coverage and shall obtain, from time to time, all bills for the payment of such charges, including insurance renewal premiums and shall effect payment thereof prior to the applicable penalty or termination date and at a time appropriate for securing maximum discounts allowable, employing for such purpose deposits of the Mortgagor held in trust accounts as escrow funds maintained by Servicer which shall have been estimated and accumulated by Servicer in amounts sufficient for such purposes, as allowed under the terms of the Mortgage and applicable federal, state and local laws and regulations. Servicer assumes full responsibility for the timely payment of all such bills and shall effect timely payments of all such bills irrespective of the Mortgagor's faithful performance in the payment of same or the making of the escrow payments and shall make Servicing Advances from its own funds to effect such payments.

(vii) Maintenance of Hazard Insurance. Servicer shall cause to be maintained for each such Purchased Asset fire and hazard insurance with extended coverage customary in the area where the Mortgaged Property is located by a Qualified Insurer in an amount which is at least equal to the lesser of (a) the full insurable value of the Mortgaged Property and (b) the outstanding principal balance owing on such Purchased Asset. If the Mortgaged Property is in an area identified in the Federal Register by the Federal Emergency Management Agency as a special flood hazard area (and such flood insurance has been made available) the Servicer will cause to be maintained a flood insurance policy meeting the requirements of the National Flood Insurance Program, in an amount representing coverage not less than the lesser of (A) the minimum amount required under the terms of the coverage to compensate for any damage or loss to the Mortgaged Property on a replacement-cost basis (or the outstanding principal balance of such Purchased Asset if replacement-cost basis is not available) or (B) the maximum amount of insurance available under the National Flood Insurance Program. Any

amounts collected by the Servicer under any such policies (other than amounts to be deposited in trust accounts as escrow funds and applied to the restoration or repair of the property subject to the related Mortgage or property acquired in liquidation of such Purchased Asset, or to be released to the Mortgagor in accordance with Accepted Servicing Practices) shall be deposited in the Nomura Account. All policies required hereunder shall be endorsed with standard mortgagee clauses with loss payable to Servicer, and shall provide for at least [\*\*\*] prior written notice of any cancellation, reduction in amount or material change in coverage to the Servicer. The Servicer shall not interfere with the Mortgagor's freedom of choice in selecting either its insurance carrier or agent; provided, however, that the Servicer shall not accept any such insurance policies from insurance companies unless such companies are Qualified Insurers.

(viii) Inspections. Servicer shall inspect the Mortgaged Property related to each such Purchased Asset as often as deemed necessary by the Servicer in accordance with Accepted Servicing Practices. In addition, the Servicer shall conduct subsequent inspections in accordance with Accepted Servicing Practices. Servicer shall keep a written report of each such inspection and shall provide a copy of such inspection to Buyer upon the request of Buyer.

(ix) Servicing Transfer Provisions. In the event that Buyer terminates Servicer's rights to service the related Purchased Assets in accordance with Section 17(f) of the Agreement, Servicer shall:

(A) Servicer shall discharge such duties and responsibilities during the period from the date it acquires knowledge of such termination until the effective date thereof with the same degree of diligence and prudence which it is obligated to exercise under the Agreement, and shall take no action whatsoever that might impair or prejudice the rights or financial condition of the Buyer or the successor servicer appointed pursuant to Section 17(f) of the Agreement;

(B) Servicer shall transfer the servicing with respect to the related Purchased Assets and prepare, execute and deliver, any and all related documents and other instruments, in the Servicer's possession, including all related Servicing Files, and do or accomplish all other acts or things necessary or appropriate to effect the purposes of such termination and related transfer of servicing, whether to complete the transfer and endorsement or assignment of the Purchased Assets and related documents or otherwise, at Seller's sole expense. Without limiting the generality of the foregoing, Servicer shall prepare, execute and deliver any and all documents and other such instruments, and do or accomplish all other acts or things necessary or appropriate to more fully and definitely vest and confirm in the successor servicer appointed pursuant to Section 17(f) of the Agreement all such responsibilities, duties and obligations of the Servicer as servicer, to complete the transfer and endorsement or assignment of the related Purchased Assets and related documents, if necessary, and to deliver to Buyer (or its designee) all contents of the related Servicing Files in the possession of the Servicer;

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(C) Servicer shall transfer to Buyer (or its designee) all cash amounts (if any) which shall at the time be credited by the Servicer and held in trust accounts as escrow funds or thereafter received with respect to the related Purchased Assets and Servicer shall account for all funds;

(D) Servicer will be responsible for notifying the related Mortgagors of any transfer of servicing in accordance with the requirements of the RESPA and the Cranston Gonzalez National Affordable Housing Act of 1990;

(E) Servicer will comply with all applicable federal, state and local laws and regulations with respect to servicing transfers, including the Consumer Financial Protection Bureau's rules and/or guidelines with respect to servicing transfers, including, without limitation, its Bulletin 2014-1 issued on August 19, 2014. Servicer will provide all reasonable cooperation and assistance as may be requested by Buyer in connection with compliance with such rules and/or guidelines. Further, the Servicer will cooperate after the applicable Servicing Transfer Date to promptly resolve all customer complaints, disputes and inquiries related to activities that occurred prior to such transfer date or in connection with the transfer of servicing; and

(F) With respect to each MERS Mortgage Loan, either (A) the Servicer shall, upon Buyer's request, cooperate with the successor servicer appointed pursuant to Section 17(f) of the Agreement in causing MERS to designate on the MERS System such successor servicer as the servicer of such Purchased Asset or (B) the Servicer shall, upon Buyer's request, cooperate with Buyer in causing MERS to execute and deliver an Assignment of Mortgage in recordable form to transfer the Mortgage from MERS to Buyer (which may be assigned in blank) and to execute and deliver such other notices, documents and other instruments as may be necessary or desirable to effect a transfer of such Purchased Asset or servicing of such Purchased Asset on the MERS System to such successor servicer.

**RESERVED**

Exh. E-1



**FORM OF SECTION 7 CERTIFICATE**

Reference is hereby made to the Master Repurchase Agreement dated as of October 28, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), among Finance of America Mortgage LLC (the "Seller") and Nomura Corporate Funding Americas, LLC (the "Buyer"). Pursuant to the provisions of Section 7 of the Agreement, the undersigned hereby certifies that:

1. It is a natural individual person, treated as a corporation for U.S. federal income tax purposes,  disregarded for federal income tax purposes (in which case a copy of this Section 7 Certificate is attached in respect of its sole beneficial owner), or treated as a partnership for U.S. federal income tax purposes (one must be checked).

2. It is the beneficial owner of amounts received pursuant to the Agreement.

3. It is not a bank, as such term is used in section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"),  or the Agreement is not, with respect to the undersigned, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of such section.

4. It is not a 10-percent shareholder of Seller within the meaning of section 871(h)(3) or 881(c)(3)(B) of the Code.

5. It is not a controlled foreign corporation that is related to Seller within the meaning of section 881(c)(3)(C) of the Code.

6. Amounts paid to it under the Facility Documents are not effectively connected with its conduct of a trade or business in the United States.

[NAME OF UNDERSIGNED]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ASSET SCHEDULE FIELDS

Fields

Original Balance  
Current Balance  
Interest Rate  
Execution Date  
Scheduled Funding Date  
Borrower 1 Income  
Borrower 1 FICO Score  
Borrower 2 Income  
Borrower 2 FICO Score  
Borrower 1 Employment Flag  
City  
County  
State  
Zip  
Current-~~Appraised~~Appraisal Value  
AVM: Y/N  
BPO: Y/N  
Original Unpaid Principal Balance  
Origination Date  
Original Rate  
Original Term  
Current Unpaid Principal Balance  
Principal and Interest Payment  
Document Level Code  
First Due Date  
Lien Position  
Units  
Product Code  
Purpose Code  
Current LTV  
Current Combined LTV  
MERS Min  
MERS Interim Funder  
Occupancy Code  
Property Type Code  
Investor Code

Exh. G-1

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Refi Cashout Amt  
DU Response  
DU Case Number  
Mortgage Insurance Percentage  
Mortgage Insurance Company  
ARM—Index  
ARM—Initial Fixed Period  
ARM—Interest Rate Cap  
ARM—Margin  
ARM—Periodic Cap  
Purchase Price  
Paid To Date  
Maturity Date  
Amortization Term  
DTI Ratio  
F Score  
Loan Program  
Interest Only Term  
Tax Insurance Monthly Payment  
Servicer ID  
As Of Date  
Next Payment Due Date  
Balloon Flag  
Interest Only Flag  
Interest Rate Type  
Total Origination Points And Fees  
Junior Lien Balance  
Current Payment Status  
Pay String  
Appraisal Date  
[AVM Date](#)  
[BPO Date](#)  
Rented Flag  
Lifetime Minimum Rate  
First Rate Reset Date  
Next Rate Reset Date  
Months To First Rate Adjustment  
Subsequent Interest Rate Reset Period  
Cash Reserves  
Current FICO Date  
Market Rent  
Lease Rent  
Foreclosure Flag

Exh. G-2

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Bankruptcy Flag  
Bankruptcy Discharge Date  
Foreclosure Sale Date  
Short Sale Date  
Foreign National Flag  
Self Employed Flag  
Number Of Borrowers  
Prepayment Penalty Calculation  
Prepayment Penalty Total Term

Exh. G-3

**FORM OF ESCROW INSTRUCTION LETTER**

The escrow instruction letter (the "Escrow Instruction Letter") shall also include the following instruction to the Settlement Agent (the "Escrow Agent"):

Nomura Corporate Funding Americas, LLC (the "Buyer"), has agreed to provide funds ("Escrow Funds") to Finance of America Mortgage LLC (the "Seller") to finance certain mortgage loans (the "Mortgage Loans") for which you are acting as Escrow Agent.

You hereby agree that (a) you shall receive such Escrow Funds from Buyer to be disbursed in connection with this Escrow Instruction Letter, (b) you will hold such Escrow Funds in trust, without deduction, set-off or counterclaim for the sole and exclusive benefit of Buyer until such Escrow Funds are fully disbursed on behalf of Buyer in accordance with the instructions set forth herein, and (c) you will disburse such Escrow Funds on the date specified for closing (the "Closing Date") only after you have followed the Escrow Instruction Letter's requirements with respect to the Mortgage Loans. In the event that the Escrow Funds cannot be disbursed on the Closing Date in accordance with the Escrow Instruction Letter, you agree to promptly remit the Escrow Funds to the Buyer by re-routing via wire transfer the Escrow Funds in immediately available funds, without deduction, set-off or counterclaim, back to the account specified in Buyer's incoming wire transfer.

You further agree that, upon disbursement of the Escrow Funds, you will hold all Mortgage Loan documents specified in the Escrow Instruction Letter in escrow as agent and bailee for Buyer, and will forward the Mortgage Loan documents and original Escrow Instruction Letter in connection with such Mortgage Loans by overnight courier to the Custodian within [\*\*\*] following the date of origination.

You agree that all fees, charges and expenses regarding your services to be performed pursuant to the Escrow Instruction Letter are to be paid by Seller or its borrowers, and Buyer shall have no liability with respect thereto.

You represent, warrant and covenant that you are not an affiliate of or otherwise controlled by Seller, and that you are acting as an independent contractor and not as an agent of Seller.

The provisions of this Escrow Instruction Letter may not be modified, amended or altered, except by written instrument, executed by the parties hereto and Buyer. You understand that Buyer shall act in reliance upon the provisions set forth in this Escrow Instruction Letter, and that Buyer is an intended third party beneficiary hereof.

Whether or not an Escrow Instruction Letter executed by you is received by the Custodian, your acceptance of the Escrow Funds shall be deemed to constitute your acceptance of the Escrow Instruction Letter.

Exh. H-1

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NOMURA CORPORATE FUNDING AMERICAS, LLC, as  
Buyer

By: \_\_\_\_\_  
Title: \_\_\_\_\_

FINANCE OF AMERICA MORTGAGE LLC, as Seller

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Exh. H-2

**RESERVED**

Exh. I-1

**FORM OF SELLER POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that FINANCE OF AMERICA COMMERCIAL, LLC ("**Seller**") hereby irrevocably constitutes and appoints Nomura Corporate Funding Americas, LLC ("**Buyer**") and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Seller and in the name of Seller or in its own name, from time to time in Buyer's discretion:

(a) in the name of Seller, or in its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any assets purchased by Buyer under the Master Repurchase Agreement (as amended, restated or modified) dated October 28, 2019 (the "**Assets**") and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Buyer for the purpose of collecting any and all such moneys due with respect to any other assets whenever payable;

(b) to pay or discharge taxes and liens levied or placed on or threatened against the Assets; and

(c)(i) to direct any party liable for any payment under any Assets to make payment of any and all moneys due or to become due thereunder directly to Buyer or as Buyer shall direct, including, without limitation, any payment agent with respect to any Asset; (ii) to send "goodbye" letters on behalf of Seller and Servicer; (iii) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Assets; (iv) to sign and endorse any invoices, assignments, verifications, notices and other documents in connection with any Assets;

(v) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Assets or any proceeds thereof and to enforce any other right in respect of any Assets; (vi) to defend any suit, action or proceeding brought against Seller with respect to any Assets; (vii) to settle, compromise or adjust any suit, action or proceeding described in clause (vi) above and, in connection therewith, to give such discharges or releases as Buyer may deem appropriate; and (viii) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Assets as fully and completely as though Buyer were the absolute owner thereof for all purposes, and to do, at Buyer's option and Seller's expense, at any time, and from time to time, all acts and things which Buyer deems necessary to protect, preserve or realize upon the Assets and Buyer's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as Seller might do;

(d) for the purpose of carrying out the transfer of servicing with respect to the Assets from Seller to a successor servicer appointed by Buyer in its sole discretion and to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish such transfer of servicing, and, without limiting the generality of the foregoing, Seller hereby gives Buyer the power and right, on behalf of Seller, without assent by Seller, to, in the name of Seller or its own name, or otherwise, prepare and send or cause to be sent "good-bye" letters to all mortgagors under the Assets, transferring the servicing of the Assets to a successor servicer appointed by Buyer in its sole discretion;



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(e) for the purpose of delivering any notices of sale to mortgagors or other third parties, including without limitation, those required by law.

Seller hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

Seller also authorizes Buyer, from time to time, to execute, in connection with any sale, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Assets.

The powers conferred on Buyer hereunder are solely to protect Buyer's interests in the Assets and shall not impose any duty upon it to exercise any such powers.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OF SUCH REVOCATION OR TERMINATION SHALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY, AND BUYER ON ITS OWN BEHALF AND ON BEHALF OF BUYER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT.

[REMAINDER OF PAGE INTENTIONALLY BLANK. SIGNATURES FOLLOW.]

Exh. J-2

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IN WITNESS WHEREOF Seller has caused this power of attorney to be executed and Seller's seal to be affixed this day of \_\_\_\_\_, 2019.

FINANCE OF AMERICA MORTGAGE LLC  
(Seller)

By: \_\_\_\_\_  
Name:  
Title:

Exh. J-3

Acknowledgment of Execution by Seller  
(Principal):

STATE OF \_\_\_\_\_ )

) ss.:

COUNTY OF \_\_\_\_\_ )

On the \_\_\_day of \_\_, 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared\_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as \_\_\_\_\_ for FINANCE OF AMERICA MORTGAGE LLC and that by his signature on the instrument, the person upon behalf of which the individual acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand affixed my office seal the day and year in this certificate first above written.

\_\_\_\_\_  
Notary Public

My Commission expires\_\_\_\_\_

Exh. J-4

**UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION****Introduction**

We are providing the following unaudited pro forma combined consolidated financial information to aid you in your analysis of the financial aspects of the Business Combination. The unaudited pro forma combined consolidated financial information should be read in conjunction with the accompanying notes.

The unaudited pro forma combined consolidated balance sheet as of March 31, 2021 combines the unaudited condensed balance sheet of Replay as of March 31, 2021 with the unaudited consolidated balance sheet of FoA as of March 31, 2021, giving effect to the Business Combination as if it had been consummated on that date.

The unaudited pro forma combined consolidated statement of operations for the three months ended March 31, 2021 combines the unaudited condensed statement of operations of Replay for the three months ended March 31, 2021 with the unaudited consolidated statement of operations of FoA for the three months ended March 31, 2021. The unaudited pro forma combined consolidated statement of operations for the year ended December 31, 2020 combines the restated audited statement of operations of Replay for the year ended December 31, 2020 with the audited consolidated statement of operations of FoA for the year ended December 31, 2020. The unaudited pro forma combined consolidated statement of operations for the three months ended March 31, 2021 and the year ended December 31, 2020 give effect to the Business Combination as if it had been consummated on January 1, 2020.

The unaudited pro forma combined consolidated financial information was derived from and should be read in conjunction with the following historical financial statements and the accompanying notes:

- The historical unaudited condensed financial statements of Replay as of and for the three months ended March 31, 2021 and the historical restated audited financial statements of Replay for the year ended December 31, 2020; and
- The historical unaudited consolidated financial statements of FoA as of and for the three months ended March 31, 2021 and the historical audited consolidated financial statements of FoA for the year ended December 31, 2020.

The foregoing historical financial statements have been prepared in accordance with GAAP.

The unaudited pro forma combined consolidated financial information should also be read together with “*Replay Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*FoA Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, and other financial information.

**Description of the Business Combination**

On October 12, 2020, Replay, FoA, New Pubco, Replay Merger Sub, Blocker Merger Sub, Blocker, Blocker GP and the Sellers entered into the Transaction Agreement, pursuant to which Replay agreed to combine with FoA in a series of transactions that will result in New Pubco becoming a publicly-traded company on NYSE and controlling FoA in an “UP-C” structure.

Concurrently with the execution of the Transaction Agreement, Replay and New Pubco entered into the PIPE Agreements with the PIPE Investors, as applicable. In the aggregate, the PIPE Investors have committed to purchase \$250.0 million of PIPE Shares, at a purchase price of \$10.00 per PIPE Share. The closing of the sale of the PIPE Shares pursuant to the PIPE Agreements was contingent upon, among other customary closing conditions, the substantially concurrent consummation of the Business Combination. The purpose of the sale of the PIPE Shares was to raise additional capital for use in connection with the Business Combination and to meet the minimum cash requirements provided in the Transaction Agreement.

Pursuant to the Business Combination, among other things:

- (i) Replay effected the Domestication, whereby (A) each Ordinary Share outstanding immediately prior to the Domestication was converted into a Replay LLC Unit and (B) Replay will be governed by the Replay LLCA;
- (ii) the Sellers and Blocker GP sold to Replay FoA Units in exchange for cash;

(iii) the Replay Merger occurred, with each Replay LLC Unit outstanding immediately prior to the effectiveness of the Replay Merger being converted into the right to receive one share of Class A Common Stock;

(iv) Blocker was converted from a Delaware limited partnership to a Delaware limited liability company;

(v) the Blocker Merger occurred, with each Blocker Share outstanding immediately prior to the effectiveness of the Blocker Merger being converted into the right to receive a combination of shares of Class A Common Stock and cash;

(vi) Blocker GP contributed its remaining FoA Units to New Pubco in exchange for shares of Class A Common Stock, after which New Pubco contributed such FoA Units to Blocker; and

(vii) New Pubco issued to the Continuing Unitholders shares of Class B Common Stock, which have no economic rights but entitle each holder of at least one such share (regardless of the number of shares so held) to a number of votes that is equal to the aggregate number of FoA Units held by such holder on all matters on which stockholders of New Pubco are entitled to vote generally.

As a result of the Business Combination, among other things:

(A) New Pubco indirectly holds (through Replay and Blocker) FoA Units and has the sole and exclusive right to appoint the board of managers of FoA;

(B) the Sellers hold (i) FoA Units that are exchangeable on a one-for-one basis for shares of Class A Common Stock and (ii) shares of Class B Common Stock; and

(C) the Continuing Stockholders directly or indirectly, hold shares of Class A Common Stock.

As a result of the Business Combination, New Pubco initially owns approximately 31.3% of the economic interest of FoA, but has 100% of the voting power and has the right to appoint the board of managers of FoA. Immediately following the completion of the Business Combination, the ownership percentage held by the noncontrolling interest is approximately 68.7%.

Additionally, in connection with the Business Combination, New Pubco entered into the Tax Receivable Agreements with the TRA Parties that provides for the payment by New Pubco to the TRA Parties of 85% of the benefits, if any, that New Pubco is deemed to realize (calculated using certain assumptions) as a result of (i) tax basis adjustments that will increase the tax basis of the tangible and intangible assets of New Pubco as a result of sales or exchanges of FoA Units in connection with or after the Business Combination or distributions with respect to the FoA Units prior to or in connection with the Business Combination, (ii) New Pubco's utilization of certain tax attributes attributable to the Blocker or the Blocker Shareholders, and (iii) certain other tax benefits related to entering into the Tax Receivable Agreements, including tax benefits attributable to payments under the Tax Receivable Agreements. Prior to and following the consummation of the Business Combination the primary asset held by Blocker is an investment in FoA through Class A Units held. All other assets and liabilities held by Blocker are not considered to be significant to New Pubco. See "Item 1.01. Entry into Material Definitive Agreement—Tax Receivable Agreements" for more information. The computation of the adjustments to the pro forma balance sheet related to deferred tax assets and amounts payable under the Tax Receivable Agreement are complicated and subject to significant judgments, assumptions and uncertainties, which could cause actual results to differ materially from those presented in such pro forma adjustments. For example, any differences in the tax attributes used to measure the deferred tax asset as of the pro forma balance sheet date and the actual tax attributes upon the consummation of the Business Combination could result in the reduction of any deferred tax asset recognized or recognition of a deferred tax liability. Specifically, the amount of net operating losses, if any, that exist upon the consummation of the Business Combination will be impacted by the amount of taxable income through the consummation of the Business Combination.

#### **Accounting for the Business Combination**

The Business Combination was accounted for using the acquisition method with New Pubco as the accounting acquirer. Under the acquisition method of accounting, New Pubco's assets and liabilities were recorded at carrying value and the assets and liabilities associated with FoA were recorded at estimated fair value as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired is recognized as goodwill. For accounting purposes, the acquirer is the entity that has obtained control of another entity and, thus, consummated a business combination. The determination of whether control has been obtained begins with the evaluation of whether control should be evaluated based on the variable interest or voting interest model pursuant to ASC Topic 810, Consolidation ("ASC 810"). If the acquiree is a variable interest entity, the primary beneficiary would be the accounting acquirer. FoA meets the definition of a variable interest entity and New Pubco has been determined to be the primary beneficiary.

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**Other Events**

On November 5, 2020, Finance of America Funding LLC, an indirect, wholly owned subsidiary of FoA, issued \$350.0 million aggregate principal amount of 7.875% senior unsecured notes due November 15, 2025. FoA used approximately \$298.4 million of the net proceeds of the offering to fund a distribution to its owners and the remaining net proceeds, after offering expenses, are being retained for growth and general corporate purposes.

The effect of the offering and sale of senior unsecured notes is reflected in the historical unaudited consolidated financial statements of FoA as of and for the three months ended March 31, 2021. Therefore, the unaudited pro forma combined consolidated balance sheet as of March 31, 2021 and the unaudited pro forma combined statement of operations for the three months ended March 31, 2021 do not include any pro forma adjustments related to the offering and sale of senior unsecured notes. The unaudited pro forma combined statement of operations for the year ended December 31, 2020 includes a pro forma adjustment to reflect the impact of interest expense for the period from January 1, 2020 to November 5, 2020, assuming the senior unsecured notes had been issued on January 1, 2020.

In its previously filed Super 8-K dated April 7, 2021 the Company erroneously included pro forma adjustments to the unaudited pro forma combined consolidated balance sheet as of December 31, 2020 to reflect the issuance of the senior unsecured notes and related debt issuance costs. These amounts were already reflected in the historical audited consolidated financial statements of FoA as of December 31, 2020. In addition, the Company erroneously included a pro forma adjustment to the unaudited pro forma combined statement of operations for the year ended December 31, 2020 to reflect twelve months of interest expense associated with the outstanding senior unsecured notes. Interest expense for the period from November 5, 2020 through December 31, 2020 was already reflected in the historical audited consolidated financial statements of FoA for the year ended December 31, 2020.

**Basis of Pro Forma Presentation**

The unaudited pro forma combined consolidated financial information was prepared in accordance with Article 11 of Regulation S-X, using the assumptions set forth in the notes to the unaudited pro forma combined consolidated financial information. The unaudited pro forma combined consolidated financial information has been adjusted to give effect to transaction accounting adjustments reflecting only the application of required accounting to the Business Combination and related transactions linking the effects of the Business Combination and related transactions to the historical financial statements of Replay, which forms the accounting predecessor of New Pubco. The adjustments in the unaudited pro forma combined consolidated financial information have been identified and presented to provide relevant information necessary for an accurate understanding of the combined entity upon consummation of the Business Combination.

The unaudited pro forma combined consolidated financial information is for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on the unaudited pro forma combined consolidated financial information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined entity will experience.

**UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET**  
**As of March 31, 2021**  
(in thousands, except share amounts)

	(a) Replay Acquisition Corp. as of March 31, 2021	(b) Finance of America Equity Capital, LLC as of March 31, 2021	Pro Forma Adjustments	Footnote Reference	Pro Forma Combined
<b>ASSETS</b>					
Cash and cash equivalents	\$ 483	\$ 347,755	\$ —		
			423	(c)	
			293,322	(d)	
			(9,188)	(e)	
			244,647	(f)	
			(342,270)	(g)	
			(201,534)	(h)	333,638
Restricted cash	—	305,292	—		305,292
Reverse mortgage loans held for investment, subject to HMBS related obligations, at fair value	—	10,071,192	—		10,071,192
Mortgage loans held for investment, subject to nonrecourse debt, at fair value	—	5,291,444	—		5,291,444
Mortgage loans held for investment, at fair value	—	1,100,544	—		1,100,544
Mortgage loans held for sale, at fair value	—	2,140,361	—		2,140,361
Debt securities	—	9,230	—		9,230
Mortgage servicing rights, at fair value	—	267,364	—		267,364
Derivative assets	—	116,480	—		116,480
Fixed assets and leasehold improvements, net	—	26,079	—		26,079
Goodwill	—	128,750	(612,050)	(o)	
			2,075,154	(u)	1,591,854
Intangible assets, net	—	16,302	361,798	(u)	378,100
Investments held in Trust Account	293,322	—	(293,322)	(d)	—
Deferred tax asset (liability)	—	—	(22,099)	(p), (q), (u)	(22,099)
Due (to)/from related parties	—	1,463	(1,463)	(i)	—
Other assets, net	71	278,163	—		278,234
<b>TOTAL ASSETS</b>	<b>\$ 293,876</b>	<b>\$ 20,100,419</b>	<b>\$ 1,493,418</b>		<b>\$ 21,887,713</b>
<b>LIABILITIES, CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST (“CRNCI”) AND SHAREHOLDERS’ EQUITY</b>					
HMBS related obligations, at fair value	\$ —	\$ 9,926,132	\$ —		\$ 9,926,132
Nonrecourse debt, at fair value	—	5,227,943	—		5,227,943
Other financing lines of credit	—	3,340,345	—		3,340,345
Payables and other liabilities	10,528	425,317	—		
			5,592	(j)	
			201,753	(i)	
			23,951	(k)	667,141
Notes payable, net	—	336,296	—		336,296
Warrant Liability	25,409	—	(7,440)	(l)	17,969
Deferred underwriting commissions	9,188	—	(9,188)	(e)	—
Payable to related parties pursuant to tax receivable agreement	—	—	42,265	(q), (u)	42,265
<b>TOTAL LIABILITIES</b>	<b>\$ 45,125</b>	<b>\$ 19,256,033</b>	<b>\$ 256,933</b>		<b>\$ 19,558,091</b>

	(a) Replay Acquisition Corp. as of <u>March 31, 2021</u>	(b) Finance of America Equity Capital, LLC as of <u>March 31, 2021</u>	Pro Forma Adjustments	Footnote Reference	Pro Forma Combined
Commitments and contingencies					
Ordinary shares, \$0.0001 par value; 28,750,000 shares subject to possible redemption at \$10.00 per share at March 31, 2021	287,500	—	(197,534)	(h)	
			(89,966)	(m)	—
CRNCI	—	203,216	—		
			(203,216)	(i)	—
<b>SHAREHOLDERS' EQUITY</b>					
Class A Common Stock			1	(m)	
			1	(n)	
			3	(f)	
			3	(t), (u)	8
Ordinary shares, \$0.0001 par value; 200,000,000 shares authorized; 7,187,500 shares issued and outstanding (excluding 28,750,000 shares subject to possible redemption) at March 31, 2021	1	—	(1)	(n)	—
Additional paid-in capital	—	—			
			244,644	(f)	
			(4,000)	(h)	
			89,965	(m)	
			564,078	(t), (u)	
			149,959	(r), (u)	
			(342,270)	(g)	
			7,440	(l)	709,816
Retained earnings (accumulated deficit)	(38,750)	—	—		(38,750)
FOA Equity Capital LLC member's equity	—	641,736			
			423	(c)	
			(642,159)	(o)	—
Accumulated other comprehensive (loss) income	—	(2)			
			(23,951)	(k)	
			(5,592)	(j)	
			29,545	(o)	—
Noncontrolling interest	—	(564)	564	(o)	
			1,658,548	(s), (u)	1,658,548
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>(38,749)</u>	<u>641,170</u>	<u>1,727,201</u>		<u>2,329,622</u>
<b>TOTAL LIABILITIES, CRNCI AND SHAREHOLDERS' EQUITY</b>	<u>\$ 293,876</u>	<u>\$ 20,100,419</u>	<u>\$ 1,493,417</u>		<u>\$21,887,713</u>



**UNAUDITED PRO FORMA CONDENSED, COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Three Months Ended March 31, 2021**  
(in thousands, except share amounts)

	(a) Replay Acquisition Corp. Three Months Ended March 31, 2021	(b) Finance of America Equity Capital, LLC Three Months Ended March 31, 2021	Pro Forma Adjustments	Footnote Reference	Pro Forma Combined
<b>REVENUES</b>					
Gain on mortgage loans held for sale, net		291,334	—		291,334
Gain (loss) on revaluation of warrant liability	9,943		(1,318)	(e)	8,625
Gain (loss) on marketable securities, dividends and interest held in Trust Account	7		(7)	(f)	—
Net fair value gains on mortgage loans and related obligations		76,663	—		76,663
Fee income		152,509	—		152,509
<b>Net interest expense:</b>					
Interest income		12,661	—		12,661
Interest expense		(34,366)	—		(34,366)
Net interest expense	—	(21,705)	—		(21,705)
<b>TOTAL REVENUES</b>	<u>9,950</u>	<u>498,801</u>	<u>(1,325)</u>		<u>507,426</u>
<b>EXPENSES</b>					
Salaries, benefits and related expenses		238,530	—		249,047
			10,517	(g)	249,047
Occupancy, equipment rentals and other office related expenses		7,597	—		7,597
General and administrative expenses	9,139	127,217	5,016	(h)	141,372
<b>TOTAL EXPENSES</b>	<u>9,139</u>	<u>373,344</u>	<u>15,533</u>		<u>398,016</u>
<b>NET INCOME BEFORE INCOME TAXES</b>					
Income taxes	811	125,457	(16,858)		109,410
Provision for income taxes	—	1,137	11,772	(i)	12,909
<b>NET INCOME (LOSS)</b>	811	124,320	(28,630)		96,501
CRNCI		4,260	(4,260)	(j)	—
Noncontrolling interest		201	67,784	(k)	67,985
<b>NET INCOME (LOSS) ATTRIBUTABLE TO NEW PUBCO</b>	<u>\$ 811</u>	<u>\$ 119,859</u>	<u>\$ (92,154)</u>		<u>\$ 28,516</u>
<b>Earnings (Losses) Per Share:</b>					
Basic weighted average shares outstanding of Public Shares <u>28,750,000</u>					
Basic net income (loss) per share, Public Shares	<u>\$ 0.02</u>				
Diluted weighted average shares outstanding of Public Shares <u>28,750,000</u>					
Diluted net income (loss) per share, Public Shares	<u>\$ 0.02</u>				
Basic weighted average shares outstanding of Founder Shares <u>7,187,500</u>					
Basic net loss per share, Founder Shares	<u>\$ 0.02</u>				
Diluted weighted average shares outstanding of Founder Shares <u>7,187,500</u>					
Diluted net loss per share, Founder Shares	<u>\$ 0.02</u>				
Basic weighted average shares outstanding of New Pubco <u>67,291,456</u>					
Basic net income (loss) per share, New Pubco				(l)	<u>\$ 0.42</u>
Diluted weighted average shares outstanding of New Pubco <u>191,200,000</u>					
Diluted net income (loss) per share, New Pubco				(l)	<u>\$ 0.41</u>

**UNAUDITED PRO FORMA COMBINED CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2020**  
(in thousands, except share amounts)

	(a) Replay Acquisition Corp. Year Ended December 31, 2020 As Restated	(b) Finance of America Equity Capital, LLC Year Ended December 31, 2020	(c) Offering and Sale of Senior Notes	Footnote Reference	Pro Forma Adjustments	Footnote Reference	Pro Forma Combined
<b>REVENUES</b>							
Gain on sale and other income from mortgage loans held for sale, net	—	1,178,995			—		1,178,995
Gain (loss) on revaluation of warrant liability	(16,534)				2,015	(e)	(14,519)
Gain (loss) on marketable securities, dividends and interest held in Trust Account	1,261	—			(1,261)	(f)	—
Net fair value gains on mortgage loans and related obligations	—	311,698			—		311,698
Fee income	—	386,752			—		386,752
Net interest expense:							
Interest income	—	42,584			—		42,584
Interest expense	—	(123,001)	(25,066)	(d)	(25,066)		(148,067)
Net interest expense	—	(80,417)	(25,066)		(25,066)		(105,483)
<b>TOTAL REVENUES</b>	<b>(15,273)</b>	<b>1,797,028</b>	<b>(25,066)</b>		<b>(24,312)</b>		<b>1,757,443</b>
<b>EXPENSES</b>							
Salaries, benefits and related expenses	—	868,265			—		
					77,208	(g)	945,473
Occupancy, equipment rentals and other office related expenses	—	29,621			—		29,621
General and administrative expenses	2,392	398,885			20,066	(h)	421,343
<b>TOTAL EXPENSES</b>	<b>2,392</b>	<b>1,296,771</b>	<b>—</b>		<b>97,274</b>		<b>1,396,437</b>
<b>NET INCOME BEFORE INCOME TAXES</b>	<b>(17,665)</b>	<b>500,257</b>	<b>(25,066)</b>		<b>(121,586)</b>		<b>361,006</b>
Provision for income taxes	—	2,344			36,699	(i)	39,044
<b>NET INCOME (LOSS)</b>	<b>(17,665)</b>	<b>497,913</b>	<b>(25,066)</b>		<b>(158,285)</b>		<b>321,962</b>
CRNCI		(21,749)			21,749	(j)	—
Noncontrolling interest	—	1,274			223,589	(k)	224,863
<b>NET INCOME (LOSS) ATTRIBUTABLE TO NEW PUBCO</b>	<b>\$ (17,665)</b>	<b>\$ 518,388</b>	<b>\$ (25,066)</b>		<b>\$ (403,623)</b>		<b>\$ 97,099</b>
<b>Earnings (Losses) Per Share:</b>							
Basic weighted average shares outstanding of							
Public Shares	28,750,000						
Basic net income (loss) per share, Public Shares	\$ (0.48)						
Diluted weighted average shares outstanding of							
Public Shares	28,750,000						
Diluted net income (loss) per share, Public Shares	\$ (0.48)						
Basic weighted average shares outstanding of							
Founder Shares	7,187,500						
Basic net loss per share, Founder Shares	\$ (0.53)						
Diluted weighted average shares outstanding of							
Founder Shares	7,187,500						
Diluted net loss per share, Founder Shares	\$ (0.53)						
Basic weighted average shares outstanding of							
New Pubco							63,586,585
Basic net income (loss) per share, New Pubco						(l)	\$ 1.53
Diluted weighted average shares outstanding of							
New Pubco							191,200,000
Diluted net income (loss) per share, New Pubco						(l)	\$ 1.38

## 1. Basis of Presentation

The pro forma adjustments have been prepared as if the Business Combination had been consummated on March 31, 2021 in the case of the unaudited pro forma combined consolidated balance sheet and on January 1, 2020, the beginning of the earliest period presented in the case of the unaudited pro forma combined consolidated statements of operations.

The unaudited pro forma combined consolidated financial information has been prepared assuming the following methods of accounting in accordance with GAAP.

The Business Combination will be accounted for using the acquisition method of accounting under the provisions of Accounting Standards Codification ("ASC") Topic 805, Business Combinations ("ASC 805") on the basis of New Pubco as the accounting acquirer and FoA as the accounting acquiree. The acquisition method of accounting is based on ASC 805 and uses the fair value concepts defined in ASC Topic 820, Fair Value Measurements ("ASC 820"). In general, ASC 805 requires, among other things, that assets acquired and liabilities assumed to be recognized at their fair values as of the acquisition date by Replay, who was determined to be the accounting acquirer.

ASC 820 defines fair value, establishes a framework for measuring fair value, and sets forth a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to develop the fair value measurements. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for a non-financial asset assume the highest and best use by these market participants. Many of these fair value measurements can be highly subjective, and it is possible that other professionals applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

For accounting purposes, the acquirer is the entity that has obtained control of another entity and, thus, consummated a business combination. The determination of whether control has been obtained begins with the evaluation of whether control should be evaluated based on the variable interest or voting interest model pursuant to ASC Topic 810, Consolidation ("ASC 810"). If the acquiree is a variable interest entity, the primary beneficiary would be the accounting acquirer.

The pro forma adjustments represent management's estimates based on information available as of the date of this Current Report on Form 8-K and subject to change as additional information becomes available and additional analyses are performed. Management considers this basis of presentation to be reasonable under the circumstances.

Upon consummation of the Business Combination, Replay adopted FoA's accounting policies. As a result of the adoption, there were no significant changes in accounting policies and no pro forma adjustments related to the alignment of the accounting policies of Replay and FoA.

Replay combined with FoA in the Business Combination, which resulted in New Pubco becoming a publicly-traded company on NYSE and controlling FoA in an "UP-C" structure. Upon completion of the Business Combination, New Pubco now controls FoA with the exclusive right to appoint the board of managers of FoA and is a holding company with no assets or operations other than its equity interest in FoA. As a result of the Business Combination, New Pubco initially owns approximately 31.3% of the economic interest of FoA, but has 100% of the voting power and has the right to appoint the board of managers of FoA. Immediately following the completion of the Business Combination, the ownership percentage held by the noncontrolling interest is approximately 68.7%.

## 1. Adjustments and Assumptions to the Unaudited Pro Forma Combined Consolidated Balance Sheet as of March 31, 2021

The unaudited pro forma combined consolidated balance sheet as of March 31, 2021 reflects the following adjustments:

- (a) Represents the Replay historical unaudited condensed balance sheet as of March 31, 2021.
- (b) Represents the FoA historical unaudited consolidated statement of financial condition as of March 31, 2021.
- (c) Reflects \$0.4 million cash proceeds received to settle shareholder notes receivable held by FoA from certain officers of FoA to finance the purchase by the officers of equity units in UFG Holdings. The shareholder notes receivable were historically accounted for pursuant to ASC 718 as a grant of an equity-classified option award with the full amount of the grant date fair value recognized as compensation cost on the date of issuance.
- (d) Represents the reclassification of the investments held in Replay's trust account to cash and cash equivalents to liquidate these investments and make the funds available for general use by FoA.
- (e) Represents a cash disbursement by New Pubco to settle the outstanding underwriting fees incurred by Replay in connection with the Replay initial public offering that were deferred until closing of the Business Combination.
- (f) Represents the \$250.0 million cash investment by Replay, net of \$5.4 million in issuance costs, in exchange for the issuance of 25.0 million newly issued shares of Class A common stock with a par value of \$0.0001 per share and a corresponding offset to Additional paid-in capital as a result of the executed PIPE Agreements.
- (g) Represents cash distributions made to the Sellers and the Blocker GP for the sale of FoA Units to Replay as described in part (ii) in the Description of the Business Combination and a reduction to Additional paid-in capital. As stipulated in Section 8.01 of the Transaction Agreement the Company may make distributions, but only to the extent that the closing cash balance is equal to or greater than \$250 million less transaction-related costs.
- (h) Represents a \$201.5 million cash disbursement from the trust account to holders of redeemable Replay Ordinary Shares for 19,753,406 Ordinary Shares of Replay that were redeemed at an assumed redemption price of approximately \$10.20 per share based on the trust account balance as of March 31, 2021. The remaining 8,996,594 Ordinary Shares of Replay were not redeemed and thus converted into Class A Common Stock shares upon the Domestication, as further discussed in note (m) below.
- (i) Represents the increase in Payables and accrued liabilities of \$201.8 million and the settlement of \$1.5 million in Due from related parties for the redemption of all of the outstanding Class B Units held by B2R in FACo Holdings, which will be paid by FoA in connection with the closing of the Business Combination in accordance with the FACo Holdings Agreement.
- (j) Represents the increase of Payables and other liabilities with an offset to Accumulated other comprehensive (loss) income for the accrual of transaction costs incurred as a result of the transaction. Given that the accrual will occur upon the consummation of the transaction the Company will record the transaction costs on the black line.
- (k) Reflects the increase of Payables and other liabilities with an offset to Accumulated other comprehensive (loss) income for the settlement and payment to employees who hold phantom units in FoA, pursuant to the terms of the Amended and Restated Long-Term Incentive Plan executed in October 2020. The payment is expected to be made promptly following the closing of the transaction. In connection with the consummation of the transaction, FoA expects to achieve the Hurdle associated with the phantom units which is accounted for as an in-substance performance condition. As a result, compensation cost associated with this settlement of the phantom units will be recognized in full upon achieving the Hurdle at the time of the closing of the transaction. Given that the Hurdle will be achieved upon the consummation of the transaction the Company will record the compensation cost on the black line. Refer to note 24 in FoA's notes to the unaudited consolidated financial statements for the three months ended March 31, 2021.

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- (l) Reflects the conversion of Replay Private Placement Warrants into Class A Common Stock of New Pubco. In connection with the Business Combination and pursuant to the Sponsor Agreement, Warrant Agreement, dated April 8, 2019, by and between Replay and Continental Stock Transfer & Trust Company and the Assignment, Assumption and Amendment Agreement, dated as of April 1, 2021, by and among New Pubco, Replay and Continental Stock Transfer & Trust Company, 7,750,000 Private Placement Warrants held by the Sponsor were exchanged for 775,000 Ordinary Shares prior to the Domestication, which were converted by virtue of the Domestication to 775,000 Purchaser Common Units, which were converted by virtue of the Purchaser Merger to an aggregate of 775,000 shares of Class A Common Stock of New Pubco.
  - (m) Represents the conversion of 8,996,594 redeemable Ordinary Shares of Replay that were not redeemed and thus converted into shares of Class A Common Stock with an offset to Additional paid-in capital upon the Domestication.
  - (n) Represents the automatic conversion on a one-for-one basis of the outstanding non-redeemable Ordinary Shares of Replay into Replay LLC Units, which will then automatically convert into the right to receive shares of Class A Common Stock upon the Domestication.
  - (o) Represents the adjustment for FoA equity that is reclassified to Goodwill. FoA has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, FoA's profits and losses will flow through to its partners, including New Pubco, and are generally not subject to significant entity level taxes at the FoA level. Upon completion of Business Combination, New Pubco will control FoA as the appointer of the board of managers of FoA and will be a holding company with no assets or operations other than its equity interest in FoA.

As a result of the Business Combination, New Pubco initially owns approximately 31.3% of the economic interest of FoA, but has 100% of the voting power and controls the management of FoA. Immediately following the completion of the Business Combination, the ownership percentage held by the noncontrolling interest is approximately 68.7%.

- (p) As a result of the transaction, New Pubco will be subject to U.S. federal income taxes, in addition to state, local and foreign taxes. As a result, the pro forma balance sheet reflects an adjustment to our taxes assuming the federal rates currently in effect and the highest statutory rates apportioned to each state, local and foreign jurisdiction. The total presented deferred tax liability is measured based on the following: (i) outside tax basis vs. US GAAP basis of New Pubco's interest in the Company; (ii) net operating losses carried over from the Blocker; and (iii) tax receivable agreement liability. In order to determine the outside tax basis used in the calculation of that portion of the net deferred tax liability, the Company considered the tax basis in the units acquired by Replay, the Founder Shares, and the interest in the Company that was acquired as part of the Blocker Merger, as described in part (v) of the Description of the Business Combination.

We have recorded a deferred tax liability of \$22.1 million. The deferred tax liability includes (i) a deferred tax liability of \$33.1 million related to New Pubco's investment in FoA, consisting of \$24.0 million and \$9.1 million from Blocker carryover and Founder Shares, respectively, and (ii) a deferred tax asset of \$11.0 million related to tax benefits from future deductions attributable to payments under the Tax Receivable Agreement as described further in note (q) directly below. To the extent we determine it is more likely-than-not that we will not realize the full benefit represented by the deferred tax asset, we will record an appropriate valuation allowance based on an analysis of the objective or subjective negative evidence.

Refer to note (u) for the purchase price allocation.

- (q) In connection with the Business Combination, concurrently with the Closing, New Pubco entered into the Blackstone Tax Receivable Agreement and the FoA Tax Receivable Agreement. The Tax Receivable Agreements generally provide for the payment by New Pubco to the TRA Parties of 85% of the cash tax benefits, if any, that New Pubco is deemed to realize (calculated using certain assumptions) as a result of (i) tax basis adjustments as a result of sales and exchanges of FoA Units in connection with or following the Business Combination and certain distributions with respect to FoA Units, (ii) New Pubco's utilization of certain tax attributes attributable to Blocker or the Continuing Stockholders, and (iii) certain other tax benefits related to entering into the Tax Receivable Agreements. New Pubco generally will retain the benefit of the remaining 15% of these cash tax benefits.

The \$42.3 million adjustment related to the Tax Receivable Agreements assumes: (1) \$342.3 million of cash paid to the TRA Parties in connection with the Business Combination (excluding the impact of additional transaction costs incurred as a result of the transaction), (2) a share price equal to \$10.00 per share, (3) a constant U.S. federal income tax rate of 21.0% and an assumed weighted-average state and local income tax rate of 5.13%, (4) no material changes in tax law, (5) the ability to utilize tax attributes based on current tax forecasts, and (6) future payments under the Tax Receivable Agreements.

The amount of the expected future payments under the Tax Receivable Agreements has been discounted to its present value using a discount rate of 9% as a result of the application of purchase accounting following ASC 805.

The adjustments related to the Tax Receivable Agreements have been recorded as an adjustment to Goodwill. Refer to note (u) for details of the consideration transferred and the purchase price allocation. New Pubco anticipates that it will account for the income tax effects resulting from future taxable exchanges of FoA Units by the TRA Parties for shares of Class A Common Stock or the cash equivalent thereof by recognizing an increase in deferred tax assets, based on enacted tax rates at the date of each exchange. Further, New Pubco will evaluate the likelihood that New Pubco will realize the benefit represented by the deferred tax asset, and, to the extent that New Pubco estimates that it is more likely than not that New Pubco will not realize the benefit, New Pubco will reduce the carrying amount of the deferred tax asset with a valuation allowance.

The amount of expected future payments under the Tax Receivable Agreements is dependent upon a number of factors, including New Pubco's cash tax savings, the enacted tax rate in the years in which it utilizes tax attributes subject to the Tax Receivable Agreements, and current tax forecasts. These estimated rates and forecasts are subject to change based on actual results and realizations, which could have a material impact on the liability to be paid. If New Pubco exercises its right to terminate the Tax Receivable Agreements or in the case of a change in control of New Pubco or a material breach of New Pubco's obligations under either the Blackstone Tax Receivable Agreement or the FoA Tax Receivable Agreement, all obligations under the Tax Receivable Agreements will be accelerated and New Pubco will be required to make a payment to the TRA Parties in an amount equal to the present value of future payments under the Tax Receivable Agreements, which payment would be based on certain assumptions, including that New Pubco would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the Tax Receivable Agreements. If New Pubco were to elect to terminate the Tax Receivable Agreements immediately after the Business Combination, (i) assuming the market value of a share of Class A Common Stock is equal to the FoA Units Cash Consideration paid per FoA Unit in connection with the Business Combination, (ii) assuming that 19,753,406 Public Shareholders exercised their right to have their Ordinary Shares redeemed on completion of the Business Combination, (iii) taking into account the effects of any cash payments paid under the A&R MLTIP in connection with the Business Combination (but disregarding the effects of any issuance of Replacement RSUs or Class A Common Stock pursuant to the A&R MLTIP or any payments that may be made pursuant to the A&R MLTIP that are not paid in connection with the Closing), and (iv) disregarding the effects of the issuance of any Earnout Securities, New Pubco currently estimates that it would be required to pay approximately \$427.1 million to satisfy its total liability.

- (r) Represents the estimated fair market value of the seller earnout, which will be settled with shares of Class A Common Stock and is accounted for as a contingent consideration in accordance with ASC 805. The equity owners of FoA prior to the Closing are entitled to receive an earnout exchangeable for Class A Common Stock if, at any time during the six years following Closing, the volume weighted average price of Class A Common Stock with respect to a trading day (the "VWAP") is greater than or equal to \$12.50 for any 20 trading days within a consecutive 30-trading-day period, 50% of the Earnout Securities will be issued; and if, at any time during the six years following Closing, the VWAP is greater than or equal to \$15.00 for any 20 trading days within a consecutive 30-trading-day period, the remaining 50% of the Earnout Securities will be issued. As a result, the seller earnout adjustment is an adjustment of \$150.0 million to Goodwill and a corresponding increase of \$150.0 million to Additional paid-in capital. The adjustment amount was determined by using a Monte Carlo simulation to forecast the future daily price per share of Class A Common Stock over a six-year time period. Refer to note (u) for details of the consideration transferred and the purchase price allocation.
- (s) The adjustment represents the fair market value of the noncontrolling interest of FoA Units retained by the Continuing Unitholders and shares of Class B Common Stock of New Pubco that provide the Continuing Unitholders with one-to-one voting rights for each share of Class B Common Stock they own based on the organization structure as a result of the Business Combination. See table below for the computation of the controlling and noncontrolling interest:

	<u>Amount</u>	<u>Percentage</u>
FoA Units held by New Pubco	59,881,714	31.3%
FoA Units retained by Continuing Unitholders	<u>131,318,286</u>	<u>68.7%</u>
<b>Total FoA Units</b>	<u><u>191,200,000</u></u>	<u><u>100.0%</u></u>

In addition to the 191,200,00 FoA Units outstanding, an additional 4,258,500 units will be issued upon the consummation of the Business Combination which relate to shares of unvested Class A Common Stock. Such shares will be subject to vesting and forfeiture restrictions and will have no rights to distributions or economics until such vesting conditions have been satisfied. Refer to "Other Agreements Related to the Transaction Agreement—Sponsor Agreement" for additional details.

Refer to note (u) for details of the consideration transferred and the purchase price allocation.

- (t) This adjustment reflects the issuance of 34,106,714 shares of Class A common stock with a par value of \$0.0001 per share and Additional paid-in capital of \$564.1 million related to the consideration transferred by Replay and Blocker, which together, along with the PIPE investors discussed in note (f), comprise the controlling interest in FoA.
- Refer to note (u) for details of the consideration transferred and the purchase price allocation.
- (u) Represents the adjustment for the estimated preliminary purchase price allocation for the FoA business resulting from the Business Combination. The preliminary calculation of total consideration and allocation of the purchase price to the fair value of FoA's assets acquired and liabilities assumed is presented below as if the Business Combination were consummated on March 31, 2021. New Pubco has not completed the detailed valuations necessary to estimate the fair value of the assets acquired and the liabilities assumed and, accordingly, the adjustments to

record the assets acquired and liabilities assumed at fair value reflect the best estimates of New Pubco based on the information currently available and are subject to change once additional analyses are completed.

	(in thousands)
<b>Consideration Transferred</b>	
Total cash consideration	\$ 342,270
Blocker rollover equity	221,811
Seller Earnout contingent consideration	149,959
Tax Receivable Agreement obligations to the Seller	42,265
Total consideration transferred	\$ 756,305
Non-controlling interest	1,658,548
Total equity value	<u>2,414,853</u>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	348,178
Restricted cash	305,292
Reverse mortgage loans held for investment, subject to HMBS related obligations, at fair value	10,071,192
Mortgage loans held for investment, subject to nonrecourse debt, at fair value	5,291,444
Mortgage loans held for investment, at fair value	1,100,544
Mortgage loans held for sale, at fair value	2,140,361
Debt securities	9,230
Mortgage servicing rights, at fair value	267,364
Derivative assets, at fair value	116,480
Fixed assets and leasehold improvements, net	26,079
Other Assets, net	278,163
Deferred tax asset (liability)	(22,099)
Intangible assets, net	378,100
Due from (to) related parties	-
Goodwill	1,591,854
HMBS related obligations, at fair value	(9,926,132)
Nonrecourse debt, at fair value	(5,227,943)
Other financing lines of credit	(3,340,345)
Payables and other liabilities	(656,613)
Notes payable, net	<u>(336,296)</u>
<b>Net assets acquired</b>	<u>\$ 2,414,853</u>



**Intangible Assets.** Intangible assets were identified that met either the separability criterion or the contractual legal criterion described in ASC 805. The trade name intangible assets represent the values of all of the Company's trade names. The broker/customer relationships intangible asset represents the existing broker/customer relationships and the developed technology intangible asset represents internally developed technology that had been obtained through FoA's past acquisitions.

<u>Identifiable intangible assets</u>	<u>Fair value (in thousands)</u>	<u>Useful life (in years)</u>
Indefinite lived trade name	\$ 153,300	n/a
Broker/customer relationships	223,800	10.0
Developed technology	1,000	5.0
Total	<u>\$ 378,100</u>	

**Goodwill.** Approximately \$1,591.9 million has been allocated to goodwill. Goodwill represents the excess of the gross consideration transferred over the fair value of the underlying net tangible and identifiable intangible assets acquired. Goodwill represents future economic benefits arising from acquiring FoA primarily due to its strong market position and its assembled workforce that are not individually identified and separately recognized as intangible assets.

In accordance with ASC Topic 350, Goodwill and Other Intangible Assets, goodwill and indefinite lived intangible assets related to certain acquired brands will not be amortized, but instead will be tested for impairment at least annually or more frequently if certain indicators are present. In the event management of the combined company determines that the value of goodwill and/or indefinite/finite lived intangible assets has become impaired, an accounting charge for impairment during the quarter in which the determination is made may be recognized.

**2. Adjustments and Assumptions to the Unaudited Pro Forma Combined Consolidated Statement of Operations for the three months ended March 31, 2021 and for the year ended December 31, 2020.**

The unaudited pro forma combined consolidated statements of operations for the three months ended March 31, 2021 and for the year ended December 31, 2020, respectively, reflect the following adjustments:

- (a) Represents the Replay historical unaudited condensed statement of operations for the three months ended March 31, 2021 and the restated audited statement of operations for the year ended December 31, 2020 respectively.
- (b) Represents the FoA historical unaudited consolidated statements of operations for the three months ended March 31, 2021 and the audited consolidated statements of operations for the year ended December 31, 2020, respectively.
- (c) Represents the impact of the 7.875% Senior Notes offering by FoA.
- (d) Reflects an increase in interest expense of \$25.1 million for the year ended December 31, 2020, as a result of the Senior Notes offering due to the incurrence of \$350.0 million borrowings, assuming a fixed stated interest rate of 7.875%, as well as amortization of the original issue discount and deferred financing costs.
- (e) Represents the elimination of the gain (loss) on the remeasurement of the Replay Private Placement Warrants for the three months ended March 31, 2021 and year ended December 31, 2020. In connection with the Business Combination and pursuant to the Sponsor Agreement, Warrant Agreement, dated April 8, 2019, by and between Replay and Continental Stock Transfer & Trust Company and that the Assignment, Assumption and Amendment Agreement, dated as of April 1, 2021, by and among New Pubco, Replay and Continental Stock Transfer & Trust Company, 7,750,000 Private Placement Warrants held by the Sponsor were exchanged for 775,000 Ordinary Shares prior to the Domestication, which were converted by virtue of the Domestication to 775,000 Purchaser Common Units, which were converted by virtue of the Purchaser Merger to an aggregate of 775,000 shares of Class A Common Stock.
- (f) Represents the elimination of gains on marketable securities, dividends and interest held in Replay's Trust Account.
- (g) Represents compensation cost of \$10.5 million and \$77.2 million for the three months ended March 31, 2021 and year ended December 31, 2020, respectively, related to the vesting of Replacement RSUs and Earnout Right RSUs of New Pubco.

Pursuant to the terms of the A&R MLTIP, FoA will grant to each employee who held phantom units in FoA and remains employed as of the RSU grant date, in consideration for the cancellation of their phantom units, Replacement RSUs that will vest into shares of New Pubco Class A Common Stock with a grant date fair value that approximates the transaction price per share of Class A Common Stock. Following the terms of the A&R MLTIP, 25% of the Replacement RSUs will vest on the RSU grant date, and the remaining 75% will vest in equal installments on each of the first three anniversaries of the closing of the transaction, subject to each holder's continued employment. The compensation cost recognized in this adjustment is equal to the grant date fair value of the Replacement RSUs multiplied by the portion of the Replacement RSUs that would have vested if the award had been outstanding on January 1, 2020 using a straight line attribution method.

In addition to the Replacement RSUs, participants in the A&R MLTIP will be entitled to receive additional Earnout Right RSUs if New Pubco achieves specified volume-weighted average price per share targets of \$12.50 per share and \$15.00 per share during the six year period following the transaction, subject to continued employment. The Earnout Right RSUs will have the same service-based vesting conditions as the Replacement RSUs to which they relate, as discussed above. The volume-weighted average price per share targets have been treated as market-based vesting conditions and have been factored into the

grant date fair value measurement of the Earnout Right RSUs using a Monte Carlo simulation. The compensation cost recognized in this adjustment is equal to the grant date fair value of the Earnout Right RSUs multiplied by the portion of the Earnout Right RSUs that would have service vested if the award had been outstanding on January 1, 2020 using a graded vesting attribution method.

The total compensation cost associated with the vesting of the Replacement RSUs and Earnout Right RSUs will be directly allocated to the noncontrolling interest and Blocker.

- (h) Represents adjustments to incorporate additional intangible assets amortization for the step-up in basis from purchase price accounting (“PPA”) at the closing of the Business Combination. This pro forma adjustment has been proposed assuming the Business Combination happened on January 1, 2020. The following table is a summary of information related to certain intangible assets acquired, including information used to calculate the pro forma change in amortization expenses that is adjusted to General and administrative expenses:

Identifiable intangible assets	Fair value (in thousands)	Useful life (in years)	Amortization Expense for the Three Months Ended March 31, 2021	Amortization expense for the Year ended December 31, 2020
Indefinite lived trade name	\$ 153,300	n/a	—	\$ —
Broker/customer relationships	223,800	10.0	5,595	22,380
Developed technology	1,000	5.0	50	200
Total	<u>\$ 378,100</u>		<u>\$ 5,645</u>	<u>\$ 22,580</u>
Less: Historical amortization expense			<u>629</u>	<u>2,514</u>
Pro forma adjustments			\$ 5,016	\$ 20,066

- (i) FoA has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, FoA’s profits and losses will flow through to its partners, including New Pubco, and are generally not subject to tax at the FoA level. Following the consummation of the Business Combination, New Pubco will be subject to U.S. federal income taxes, in addition to state, local and foreign taxes.

As a result, the pro forma adjustment for provision for income taxes represents tax expense on income that will be taxable in jurisdictions after our corporate reorganization that previously had not been taxable. The adjustment is calculated as pro forma income attributable to New Pubco before income taxes multiplied by the pro forma effective tax rate, which is representative of the blended statutory tax rate, of 26.1%, for the three months ended March 31, 2021 and for the year ended December 31, 2020.

The table below includes a reconciliation of the blended statutory tax rate applied to each of the pro forma adjustments in arriving at the pro forma effective tax rates discussed above:

U.S Federal Statutory Income Tax Rate	21.00%
Blended State Rate net of Federal Benefit	5.13%
Blended Statutory Tax Rate	<u>26.13%</u>

- (j) Represents the elimination of Net income (loss) attributable to CRNCI.

- (k) As a result of the Business Combination, New Pubco controls FoA and has the exclusive right to appoint the board of managers of FoA and is a holding company with no assets or operations other than its equity interest in FoA.

New Pubco initially owns approximately 31.3% of the economic interest of FoA, but has 100% of the voting power and will control the management of FoA. Immediately following the completion of the Business Combination, the ownership percentage held by the noncontrolling interest is approximately 68.7%.

In addition, as discussed above in note (g) expenses associated with the A&R MLTIP will be directly allocated to the noncontrolling interest and Blocker.

- (l) Represents the basic and diluted income per share as a result of the pro forma adjustments for the three months ended March 31, 2021 and for the year ended December 31, 2020, respectively. The table below presents the pro forma basic and diluted earnings per share for New Pubco:

	<b>For the Three Months ended March 31, 2021</b>	<b>For the Year ended December 31, 2020</b>
<i>(in thousands, except share-related amounts)</i>		
<b>Basic net income per share:</b>		
<b>Numerator</b>		
Net income	\$ 96,501	\$ 321,962
Less: income attributable to noncontrolling interests	<u>67,985</u>	<u>224,863</u>
Net income attributable to holders of Class A Common Stock - basic	<u>\$ 28,516</u>	<u>\$ 97,099</u>
<b>Denominator</b>		
Shares of Class A Common Stock issued to Replay, PIPE Investors and Blocker	59,881,714	59,881,714
Assumed Replacement RSUs legally vested during the period	<u>7,409,742</u>	<u>3,704,871</u>
Weighted average shares of Class A Common Stock outstanding - basic	<u>67,291,456</u>	<u>63,586,585</u>
<b>Basic net income per share</b>	<u><u>\$ 0.42</u></u>	<u><u>\$ 1.53</u></u>
<b>Diluted net income per share:</b>		
<b>Numerator</b>		
Net income attributable to holders of Class A Common Stock	\$ 28,516	\$ 97,099
Reallocation of net income assuming exchange of Class A Units (1)	<u>50,222</u>	<u>166,108</u>
Net income attributable to holders of Class A Common Stock - diluted	<u>\$ 78,737</u>	<u>\$ 263,208</u>
<b>Denominator</b>		
Weighted average shares of Class A Common Stock outstanding - basic	67,291,456	63,586,585
Effect of dilutive securities:		
Assumed exchange of Class A Units for shares of Class A Common Stock (2)	<u>123,908,544</u>	<u>127,613,415</u>
Weighted average shares of Class A Common Stock outstanding - diluted	<u>191,200,000</u>	<u>191,200,000</u>
<b>Diluted net income (loss) per share</b>	<u><u>\$ 0.41</u></u>	<u><u>\$ 1.38</u></u>

- (1) This adjustment assumes the after-tax elimination of noncontrolling interest due to the assumed exchange of all Class A Units outstanding for shares of Class A Common Stock as of the beginning of the period.

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- (2) The if-converted method for the diluted weighted average share calculation is used to give effect to the provisions of the Exchange Agreement and assume the Class A Unitholders exchange their units on a one-for-one basis for shares of New Pubco Class A Common Stock.

Diluted income per share was calculated following the if-converted method, which was determined to be more dilutive than applying the treasury stock method for the periods presented. The if-converted method assumes that the Class A Unitholders, representing the noncontrolling interest, exchange their units on a one-for-one basis for shares of New Pubco Class A Common Stock. Following the terms of the A&R LLC Agreement, the Class A Unitholders will bear approximately 86% of the cost of the one-time lump sum cash payment to holders of phantom units and any vesting associated with the Replacement RSUs and Earnout Right RSUs prior to any distribution by FoA to such Class A Unitholders. The remaining compensation cost associated with the phantom units, Replacement RSUs and Earnout Right RSUs will be shared by Blocker. As a result of the application of the if-converted method, in arriving at diluted net income per share, the entirety of the compensation cost associated with the phantom units and vesting of the Replacement RSUs and Earnout Right RSUs is assumed to be included in the net income attributable to holders of Class A Common Stock.

- (m) The pro forma adjustments described above do not reflect an elimination of \$4.0 million and \$9.0 million of transaction costs incurred by FoA in its historical unaudited consolidated statement of operations for the three months ended March 31, 2021 and historical audited consolidated statement of operations for the year ended December 31, 2020, respectively.

Consolidated Financial Statements

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**Finance of America Equity Capital LLC and Subsidiaries**  
**Consolidated Statements of Financial Condition**  
(Dollars in thousands)

	<u>March 31, 2021</u> (unaudited)	<u>December 31, 2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 347,755	\$ 233,101
Restricted cash	305,292	306,262
Reverse mortgage loans held for investment, subject to HMBS related obligations, at fair value	10,071,192	9,929,163
Mortgage loans held for investment, subject to nonrecourse debt, at fair value	5,291,444	5,396,167
Mortgage loans held for investment, at fair value	1,100,544	730,821
Mortgage loans held for sale, at fair value	2,140,361	2,222,811
Debt securities	9,230	10,773
Mortgage servicing rights, at fair value, \$22,051 and \$14,088, subject to nonrecourse MSR financing liability, respectively	267,364	180,684
Derivative assets	116,480	92,065
Fixed assets and leasehold improvements, net	26,079	24,512
Goodwill	128,750	121,233
Intangible assets, net	16,302	16,931
Due from related parties	1,463	2,559
Other assets, net	278,163	298,073
<b>TOTAL ASSETS</b>	<b><u>\$ 20,100,419</u></b>	<b><u>\$ 19,565,155</u></b>
<b>LIABILITIES, CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST ("CRNCI") AND MEMBER'S EQUITY</b>		
HMBS related obligations, at fair value	\$ 9,926,132	\$ 9,788,668
Nonrecourse debt, at fair value	5,227,943	5,271,842
Other financing lines of credit	3,340,345	2,973,743
Payables and other liabilities	425,317	400,058
Notes payable, net	336,296	336,573
<b>TOTAL LIABILITIES</b>	<b><u>19,256,033</u></b>	<b><u>18,770,884</u></b>
Commitments and contingencies (Note 23)		
<b>CRNCI</b>	<b>203,216</b>	<b>166,231</b>
<b>MEMBER'S EQUITY</b>		
FoA Equity Capital LLC member's equity	641,736	628,176
Accumulated other comprehensive (loss) income	(2)	9
Noncontrolling interest	(564)	(145)
<b>TOTAL MEMBER'S EQUITY</b>	<b><u>641,170</u></b>	<b><u>628,040</u></b>
<b>TOTAL LIABILITIES, CRNCI AND MEMBER'S EQUITY</b>	<b><u>\$ 20,100,419</u></b>	<b><u>\$ 19,565,155</u></b>

*See accompanying notes to unaudited consolidated financial statements*

**Finance of America Equity Capital LLC and Subsidiaries**  
**Consolidated Statements of Financial Condition**  
(Dollars in thousands)

The following table presents the assets and liabilities of the Company's consolidated variable interest entities, which are included on the Consolidated Statements of Financial Condition above, and excludes intercompany balances and other retained beneficial interests that eliminate in consolidation.

	<u>March 31, 2021</u> <u>(unaudited)</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
Restricted cash	\$ 287,238	\$ 293,580
Mortgage loans held for investment, subject to nonrecourse debt, at fair value		
2021 FASST HB1	520,850	—
2019 FASST JR2	462,022	488,760
2018 FASST JR1	421,710	449,069
2019 FASST JR3	420,389	450,703
2020 FASST HB2	394,767	398,480
2020 FASST JR3	359,678	372,015
2019 FASST JR4	347,459	377,265
2020 FASST JR2	324,100	341,439
2020 FASST S3	317,752	316,774
2019 FASST JR1	312,802	331,244
2020 FASST S2	306,426	311,721
2018 FASST JR2	249,180	264,622
2020 FASST JR1	244,019	263,266
2020 FASST JR4	223,090	237,100
2020 FASST S1	185,224	189,243
2020 RTL1 ANTLR	95,217	137,989
2018 RTL1 ANTLR	54,496	82,393
2019 RTL1 ANTLR	52,263	118,161
2020 FASST HB1	—	265,923
Other assets	59,438	79,528
<b>TOTAL ASSETS</b>	<u>\$ 5,638,120</u>	<u>\$ 5,769,275</u>
<b>LIABILITIES</b>		
Nonrecourse debt, at fair value		
2021 FASST HB1	\$ 563,751	\$ —
2020 FASST HB2	454,449	472,074
2019 FASST JR2	446,893	463,568
2018 FASST JR1	440,459	450,268
2019 FASST JR3	401,826	423,406
2019 FASST JR4	333,823	350,514
2020 FASST JR3	333,291	337,024
2019 FASST JR1	310,208	326,367
2020 FASST S2	294,213	298,435
2020 FASST JR2	293,121	297,046
2020 FASST S3	289,328	294,226
2018 FASST JR2	260,163	265,695



**Finance of America Equity Capital LLC and Subsidiaries**  
**Consolidated Statements of Financial Condition**  
(Dollars in thousands)

2020 FASST JR1	229,794	238,438
2020 FASST JR4	203,063	217,362
2020 FASST S1	178,532	181,630
2020 RTL1 ANTLR	90,438	140,441
2018 RTL1 ANTLR	43,648	80,767
2019 RTL1 ANTLR	38,892	121,580
2020 FASST HB1	—	298,913
Payables and other liabilities	171	291
<b>TOTAL LIABILITIES</b>	<b><u>\$5,206,063</u></b>	<b><u>\$5,258,045</u></b>
<b>Net fair value of assets subject to nonrecourse debt</b>	<b><u>\$ 432,057</u></b>	<b><u>\$ 511,230</u></b>

*See accompanying notes to unaudited consolidated financial statements*

**Finance of America Equity Capital LLC and Subsidiaries**  
**Consolidated Statements of Operations and Comprehensive Income**  
(Dollars in thousands)  
(Unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Gain on sale and other income from mortgage loans held for sale, net	\$ 291,334	\$ 130,684
Net fair value gains on mortgage loans and related obligations	76,663	13,380
Fee income	152,509	69,956
Net interest expense:		
Interest income	12,661	8,171
Interest expense	(34,366)	(33,932)
Net interest expense	(21,705)	(25,761)
<b>TOTAL REVENUES</b>	<b>498,801</b>	<b>188,259</b>
<b>EXPENSES</b>		
Salaries, benefits and related expenses	238,530	144,378
Occupancy, equipment rentals and other office related expenses	7,597	7,403
General and administrative expenses	127,217	78,566
<b>TOTAL EXPENSES</b>	<b>373,344</b>	<b>230,347</b>
<b>NET INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>125,457</b>	<b>(42,088)</b>
Provision for income taxes	1,137	318
<b>NET INCOME (LOSS)</b>	<b>124,320</b>	<b>(42,406)</b>
CRNCI	4,260	(15,386)
Noncontrolling interest	201	229
<b>NET INCOME (LOSS) ATTRIBUTABLE TO FOA EQUITY CAPITAL LLC</b>	<b>119,859</b>	<b>(27,249)</b>
<b>COMPREHENSIVE LOSS ITEM:</b>		
Impact of foreign currency translation adjustment	(11)	(7)
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO FOA EQUITY CAPITAL LLC</b>	<b>\$ 119,848</b>	<b>\$ (27,256)</b>

*See accompanying notes to unaudited consolidated financial statements*

**Finance of America Equity Capital LLC and Subsidiaries**  
**Consolidated Statements of Changes in Member's Equity**  
(Dollars in thousands)  
(Unaudited)

	FoA Equity Capital LLC Member's Equity	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interest	Total
<b>Balance at December 31, 2019</b>	\$ 482,719	\$ (51)	\$ 145	\$482,813
Contributions from members	1,042	—	—	1,042
Net (loss) income attributable to FoA Equity Capital LLC	(27,249)	—	229	(27,020)
Foreign currency translation adjustment	—	(8)	—	(8)
<b>Balance at March 31, 2020</b>	<u>\$ 456,512</u>	<u>\$ (59)</u>	<u>\$ 374</u>	<u>\$456,827</u>
<b>Balance at December 31, 2020</b>	\$ 628,176	\$ 9	\$ (145)	\$628,040
Contributions from members	1,426	—	—	1,426
Distributions to members	(75,000)	—	—	(75,000)
Noncontrolling interest distributions	—	—	(620)	(620)
Net income attributable to FoA Equity Capital LLC	119,859	—	201	120,060
Accretion of CRNCI to redemption price	(32,725)	—	—	(32,725)
Foreign currency translation adjustment	—	(11)	—	(11)
<b>Balance at March 31, 2021</b>	<u>\$ 641,736</u>	<u>\$ (2)</u>	<u>\$ (564)</u>	<u>\$641,170</u>

*See accompanying notes to unaudited consolidated financial statements*

**Finance of America Equity Capital LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(Dollars in thousands)  
(Unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Net income (loss)	\$ 124,320	\$ (42,406)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Gain on sale and other income from mortgage loans held for sale, net	(291,334)	(130,684)
Unrealized changes in fair value on mortgage loans, related obligations and derivatives	(69,283)	(5,003)
Change in fair value of mortgage servicing rights	(20,349)	775
Depreciation and amortization	5,366	5,202
Change in fair value of nonrecourse MSR financing liability	(390)	—
Loss on investments	9,464	—
Non-cash expense related to leases	1,411	335
Interest rate swap settlements	38,555	(2,776)
Originations/purchases of mortgage loans held for sale	(8,569,575)	(4,385,710)
Proceeds from sale of mortgage loans held for sale	8,878,131	4,408,162
Changes in operating assets and liabilities:		
Other assets	111,423	(19,758)
Payables and accrued expenses	(99,696)	38,486
Net cash provided by (used in) operating activities	<u>118,043</u>	<u>(133,377)</u>
<b>Investing Activities</b>		
Purchases and originations of mortgage loans held for investment	(1,151,925)	(948,843)
Proceeds/payments received on mortgage loans held for investment	677,777	385,270
Purchases and originations of mortgage loans held for investment, subject to nonrecourse debt	(12,247)	(10,352)
Proceeds/payments on mortgage loans held for investment, subject to nonrecourse debt	217,452	114,954
Purchases of debt securities	(557)	(5,010)
Proceeds/payments on debt securities	2,096	14,699
Proceeds on sale of mortgage servicing rights	7,765	—
Purchases of mortgage servicing rights	(9,014)	—
Acquisition of fixed assets	(4,178)	(1,534)
Purchase of investments	—	(563)
Payments on deferred purchase price liability	(657)	(493)
Issuance of convertible notes receivable	(2,550)	—
Note receivable from Renovate America	(35,260)	—
Acquisition of subsidiaries, net of cash acquired	(749)	(197)
Net cash used in investing activities	<u>(312,047)</u>	<u>(452,069)</u>

**Finance of America Equity Capital LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(Dollars in thousands)  
(Unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Financing Activities</b>		
Proceeds from securitizations of mortgage loans, subject to HMBS related obligations	602,172	446,488
Payments on HMBS related obligations	(506,142)	(480,418)
Proceeds from issuance of nonrecourse debt, net	579,518	515,835
Payments on nonrecourse debt	(658,300)	(400,498)
Proceeds from other financing lines of credit	10,027,696	6,113,558
Payments on other financing lines of credit	(9,660,588)	(5,647,276)
Debt issuance costs	(2,467)	(1,377)
Noncontrolling interest distributions	(620)	—
Member distributions	(75,000)	—
Member contributions	1,426	1,042
Net cash provided by financing activities	307,695	547,354
<b>Foreign currency translation adjustment</b>	<b>(7)</b>	<b>(4)</b>
Net increase (decrease) in cash and restricted cash	113,684	(38,096)
<b>Cash and restricted cash, beginning of period</b>	<b>539,363</b>	<b>382,664</b>
<b>Cash and restricted cash, end of period</b>	<b>\$ 653,047</b>	<b>\$ 344,568</b>
<b>Supplementary Cash Flows Information</b>		
Cash paid for interest	\$ 50,071	\$ 45,214
Cash paid for taxes, net	63	15
Loans transferred to mortgage loans held for investment, at fair value, from mortgage loans held for investment, subject to nonrecourse debt, at fair value	283,428	234,596
Loans transferred to mortgage loans held for sale, at fair value, from mortgage loans held for investment, at fair value	—	170,158
Loans transferred to government guaranteed receivables from mortgage loans held for investment, at fair value, and mortgage loans held for investment, subject to nonrecourse debt, at fair value	71	6,142
Loans transferred to mortgage loans held for investment, subject to nonrecourse debt, at fair value, from mortgage loans held for investment, at fair value	272,098	416,110
Loans transferred to mortgage loans held for investment, at fair value, from mortgage loans held for sale, at fair value	42,909	—

*See accompanying notes to unaudited consolidated financial statements*



## **1. Organization and Description of Business**

Finance of America Equity Capital LLC (“FoA” or the “Company”) is a limited liability company that was formed in July 2020. FoA is a wholly-owned subsidiary of UFG Holdings LLC (“UFG” or “Parent”). FoA is a financial services holding company which, through its operating subsidiaries, is a leading originator and servicer of residential mortgage loans and provider of complementary financial services.

FoA owns all of the outstanding equity interests or has a controlling financial interest in Finance of America Funding LLC (“FOAF”) and Finance of America Holdings LLC (“FAH”) and Incenter LLC (“Incenter”), which are wholly owned subsidiaries of FOAF (collectively known as “operating subsidiaries”).

The Company, through its primary operating subsidiary FAH, originates, purchases, sells and securitizes conventional (conforming to the underwriting standards of Fannie Mae or Freddie Mac; collectively referred to as government sponsored entities (“GSEs”), government-insured (Federal Housing Administration (“FHA”)), government guaranteed (Department of Veteran Affairs), and proprietary non-Agency residential and reverse mortgages. In addition, FAH also serves as a specialty finance company which originates a variety of commercial mortgage loans to owners and investors of single and multi-family residential rental properties. The Company, through its other operating subsidiary, Incenter, also provides lender services, title services, secondary markets advisory, mortgage trade brokerage, appraisal and capital management services to customers in the residential mortgage, student lending, and commercial lending industries. Incenter operates a foreign branch in the Philippines for fulfillment transactional support.

### ***Business Combination***

On October 12, 2020, the Company and Replay Acquisition Corp. (“Replay Acquisition”), a publicly traded special purpose acquisition company, agreed to a business combination that will result in Finance of America becoming a publicly listed company. The Company; Replay Acquisition; Finance of America Companies Inc., a Delaware corporation and wholly owned subsidiary of Replay (“New Pubco”); RPLY Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of New Pubco (“Replay Merger Sub”); RPLY BLKR Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of New Pubco (“Blocker Merger Sub”); Blackstone Tactical Opportunities Fund (Urban Feeder) – NQ L.P., a Delaware limited partnership (“Blocker”); Blackstone Tactical Opportunities Associates – NQ L.L.C., a Delaware limited liability company (“Blocker GP”); BTO Urban Holdings L.L.C., a Delaware limited liability company (“BTO Urban”), Blackstone Family Tactical Opportunities Investment Partnership – NQ – ESC L.P., a Delaware limited partnership (“ESC”), Libman Family Holdings LLC, a Connecticut limited liability company (“Family Holdings”), The Mortgage Opportunity Group LLC, a Connecticut limited liability company (“TMO”), L and TF, LLC, a North Carolina limited liability company (“L&TF”), UFG Management Holdings LLC, a Delaware limited liability company (“Management Holdings”), and Joe Cayre (each of BTO Urban, ESC, Family Holdings, TMO, L&TF, Management Holdings and Joe Cayre, a “Seller” and, collectively, the “Sellers” or the “Continuing Unitholders”); and BTO Urban and Family Holdings, solely in their joint capacity as the representative of the Sellers pursuant to Section 12.18 of the Transaction Agreement (as defined below) (the “Seller Representative”), entered into a Transaction Agreement (the “Transaction Agreement”) pursuant to which Replay agreed to combine with FoA in a series of transactions (collectively, the “Business Combination”) that will result in New Pubco becoming a publicly-traded company on the New York Stock Exchange (the “NYSE”) and controlling FoA in an “UP-C” structure.

Concurrently with the execution of the Transaction Agreement, (i) the Company entered into subscription agreements with various investors, including an affiliate of our Sponsor, pursuant to which such investors agreed to purchase our ordinary shares (which ordinary shares will be converted into Replay LLC Units pursuant to the Domestication and then will be converted into the right to receive shares of Class A Common Stock pursuant to the Replay Merger) (each such subscription agreement, a “Replay PIPE Agreement”), and (ii) New Pubco entered into subscription agreements with certain funds affiliated with related parties (collectively, the “Principal Stockholders”, and together with the investors party to the Replay PIPE Agreements, the “PIPE Investors”) pursuant to which the Principal Stockholders agreed to purchase shares of Class A Common Stock (together with the ordinary shares being purchased pursuant to the Replay PIPE Agreements, the “PIPE Shares”). In the aggregate, the PIPE Investors have committed to purchase \$250.0 million of PIPE Shares, at a purchase price of \$10.00 per PIPE Share, including \$10.0 million of PIPE Shares to be purchased by an affiliate of our Sponsor.

The Proposed Business Combination will close on April 1, 2021. Refer to Note 32 - Subsequent Events for additional information.

### ***Ongoing Risks***

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 pandemic has adversely impacted global financial markets and contributed to significant volatility in market liquidity and yields required by market investors in the type of financial instruments originated by the Company’s primary operating subsidiaries. In the U.S., significant fiscal stimulus measures, monetary policy actions and other relief measures have helped to moderate the negative economic impacts of COVID-19, and have supported the economic recovery which began in 2020 and continues into 2021. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted into law. In March 2021, the U.S. federal government passed a \$1.9 trillion American Rescue Plan Act or ARPA, which together with the CARES Act and other fiscal stimulus measures put in place in 2020, provide for, among other things, funding to state and local governments, direct payments to households, support for small businesses, renter assistance and funding for transport, airlines, healthcare and education. Monetary policy decisions have included quantitative easing and the provision of liquidity to financial institutions and credit markets. In addition, housing measures, such as forbearance on mortgages and suspension of foreclosures and evictions, and various executive orders have helped to provide relief.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. The Company’s management is actively monitoring the global situation and its effect on the Company’s financial condition, liquidity, operations, industry, and workforce. Further, the Company cannot estimate the length or gravity of the impact that the COVID-19 pandemic on the residential mortgage and commercial lending industries. As of March 31, 2021, the COVID-19 pandemic remains in place and impacts the economic environment in which the Company conducts business but has not had a material impact to the Company’s consolidated financial statements for three months ended March 31, 2021. However, as the pandemic continues, it may have an adverse effect on the Company’s results of future operations, financial position, intangible assets and liquidity in fiscal year 2021.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

FoA is a holding company formed under the laws of the State of Delaware in July 2020. Through its Parent, the Company is owned by Libman Family Holdings, LLC, certain investment funds affiliated with The Blackstone Group Inc. (“Blackstone”) and other co-investors (collectively, the “Initial Investors”). There are no historical operating results as, contemporaneous with the formation of FoA, UFG contributed all of its operating subsidiaries into FoA in a common control reorganization. The reorganization was accounted for as a reorganization under common control and, accordingly, the historical basis of accounting was retained as if the entities had always been combined for financial reporting purposes. The Company conducts substantially all of its business operations through its operating subsidiaries. In October 2020, UFG and FoA entered into a transaction agreement with a special purpose acquisition company (“SPAC”), pursuant to which, the SPAC will acquire an equity interest in FoA from its Initial Investors.

The consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The significant accounting policies described below, together with the other notes that follow, are an integral part of the consolidated financial statements.

### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries and certain variable interest entities (“VIEs”) where the Company is the primary beneficiary. The Company is deemed to be the primary beneficiary of a VIE when it has both (1) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance, and (2) exposure to benefits and/or losses that could potentially be significant to the entity. Assets and liabilities of VIEs and their respective results of operations are consolidated from the date that the Company became the primary beneficiary through the date that the Company ceases to be the primary beneficiary.

The company consolidates the accounts of Finance of America Commercial Holdings LLC (“FACo Holdings”), the noncontrolling interests of which meet the definition of contingently redeemable financial instruments for which the ability to redeem is outside the control of the consolidating entity. The Contingently Redeemable Noncontrolling Interest (“CRNCI”) in this subsidiary is shown as a separate caption between liabilities and equity. Any income or losses attributable to the CRNCI are shown as an addition to or deduction from CRNCI in the Consolidated Statements of Financial Condition. All significant intercompany balances and transactions have been eliminated. See Note 25 - Changes in CRNCI for further discussion of the CRNCI and additions to or deductions from the CRNCI balance.

### ***Net Income Per Unit***

FoA’s capital structure consists of a single class of outstanding membership units which are held by one member, UFG. Therefore, the Company has omitted earnings per unit due to the limited number of LLC unit holders for the periods presented.



***Reclassifications***

Certain amounts from the prior year consolidated financial statements have been reclassified to conform to the current year financial presentation.

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

**Recently Adopted Accounting Guidance**

Standard	Description	Effective Date	Effect on Consolidated Financial Statements
ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, ASU 2019-05, Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief, ASU 2019-10, Financial Instruments—Credit Losses (Topic 326), ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, ASU 2020-03, Codification Improvements to Financial Instruments	<p>Requires use of the current expected credit loss model that is based on expected losses (net of expected recoveries), rather than incurred losses, to determine our allowance for credit losses on financial assets measured at amortized cost, certain net investments in leases and certain off-balance sheet arrangements.</p> <p>Replaces current accounting for purchased credit impaired (“PCI”) and impaired loans.</p> <p>Amends the other-than-temporary impairment model for available for sale debt securities. The new guidance requires that credit losses be recorded through an allowance approach, rather than through permanent write-downs for credit losses and subsequent accretion of positive changes through interest income over time.</p>	January 2020	The Company determined that certain servicer advances and other receivables, net of reserves including in other assets are with the scope of ASU 2016-13. The Company determined that these receivables have limited expected credit-related losses due to the contractual servicing agreements with agencies and loan product guarantees. Furthermore, the Company determined that for outstanding servicer and other advances, that the majority of estimated losses are attributable to losses due to servicing operational errors and credit-related losses are not significant because of the contractual relationship with the agencies. The adoption of ASU 2016-13 did not have a material impact on the Company’s consolidated financial statements.
ASU 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities	The amendments in this Update require that indirect interests held through related parties under common control be considered on a proportional basis when determining whether fees paid to decision makers or service providers are variable interests. These amendments align with the determination of whether a reporting entity within a related party group is the primary beneficiary of a VIE.	January 2020	<p>The Company adopted this guidance using the prospective method of adoption.</p> <p>Adoption of this standard did not have a material impact on the consolidated financial statements.</p>
ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	<p>Historical guidance for goodwill impairment testing prescribed that the Company must compare each reporting unit’s carrying value to its fair value. If the carrying value exceeds fair value, an entity performs the second step, which assigns the reporting unit’s fair value to its assets and liabilities, including unrecognized assets and liabilities, in the same manner as required in purchase accounting and then records an impairment. This ASU eliminates the second step.</p> <p>Under the new guidance, an impairment of a reporting unit’s goodwill is determined based on the amount by which the reporting unit’s carrying value exceeds its fair value, limited to the amount of goodwill allocated to the reporting unit.</p>	January 2020	<p>The Company adopted this guidance using the prospective method of adoption.</p> <p>Adoption of this standard did not have a material impact on the Company’s consolidated financial statements.</p>

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>	<b>Effect on Consolidated Financial Statements</b>
ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement	<p>The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurements, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. Certain disclosure requirements were either removed, modified, or added.</p> <p>This guidance removes the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 fair value measurement methodologies, the policy for timing of transfers between levels and the valuation processes for Level 3 fair value measurements. It also adds a requirement to disclose changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 measurements. For certain unobservable inputs, entities may disclose other quantitative information in lieu of the weighted average if the other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements.</p>	January 2020	The adoption of this standard did not have a material impact on the Company's consolidated financial statements.
ASU 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract	The amendments in this Update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license).	January 2020	<p>The Company adopted this guidance using the prospective method of adoption.</p> <p>Adoption of this standard did not have a material impact on the Company's consolidated financial statements.</p>

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

**Recently Issued Accounting Guidance, Not Yet Adopted as of March 31, 2021**

Standard	Description	Date of Planned Adoption	Effect on Consolidated Financial Statements
ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	The amendments in this Update provide temporary optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference London Inter-Bank Offered Rate (“LIBOR”) or other interbank offered rates expected to be discontinued.	TBD	This ASU is effective from March 12, 2020 through December 31, 2022.  If LIBOR ceases to exist or if the methods of calculating LIBOR change from the current methods for any reasons, interest rates on our floating rate loans, obligation derivatives, and other financial instruments tied to LIBOR rates, may be affected and need renegotiation with its lenders.
ASU 2021-01, Reference Rate Reform (Topic 848): Codification Clarification	In January 2021, FASB issued an Update which refines the scope of ASU Topic 848 and clarifies the guidance issued to facilitate the effects of reference rate reform on financial reporting. The amendment permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, computing variation margin settlements and calculating price alignment interest in connection with reference rate reform activities.		The Company is in the process of reviewing the potential impact that the adoption of this ASU will have on the Company’s consolidated financial statements and related disclosures.

**3. Variable Interest Entities and Securitizations**

The Company determined that the SPEs created in connection with its securitizations are VIEs. A VIE is an entity that has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary, which is the entity that, through its variable interests has both the power to direct the activities that significantly impact the VIE’s economic performance and the obligations to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Finance of America Commercial

Finance of America Commercial LLC (“FACo”) securitizes certain of its interests in fix & flip mortgages. The transactions provide debt security holders the ability to invest in a pool of performing loans secured by investment real estate. The transactions provide the Company with access to liquidity for the loans and ongoing management fees. The principal and interest on the outstanding debt securities are paid using the cash flows from the underlying loans, which serve as collateral for the debt. The Company has determined that the securitization structure meets the definition of a VIE. In its capacity as servicer of the securitized loans, the Company retains the power to direct the VIE’s activities that most significantly impact the VIEs economic performance. The Company has also retained certain beneficial interests in these trusts which provide exposure to potential gains and losses on the performance of the trust. As the Company has both the power to direct the activities that significantly impact the VIE’s economic performance and the obligations to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, the Company has determined it meets the definition of the primary beneficiary and consolidates the trusts.

Certain obligations may arise from the agreements associated with transfers of loans. Under these agreements, the Company may be obligated to repurchase the loans, or otherwise indemnify or reimburse the investor for losses incurred due to material breach of contractual representations and warranties.

For the three months ended March 31, 2021 and 2020, there were no charge-offs associated with these transferred mortgage loans related to the standard securitization representations and warranties obligations.

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

*Finance of America Reverse*

Finance of America Reverse LLC (“FAR”) securitizes certain of its interests in non-performing reverse mortgages and non-agency reverse mortgage loans. The transactions provide investors with the ability to invest in a pool of reverse mortgage loans secured by one-to-four-family residential properties. The transactions provide FAR with access to liquidity for these assets, ongoing servicing fees, and potential residual returns. The principal and interest on the outstanding certificates are paid using the cash flows from the underlying reverse mortgage loans, which serve as collateral for the debt. The securitizations are callable at or following the optional redemption date as defined in the respective indenture agreements. FAR has determined that these securitization structures meet the definition of VIEs. In its capacity as servicer of the securitized loans, the Company retains the power to direct the VIE’s activities that most significantly impact the VIEs economic performance. The Company has also retained certain beneficial interests in these trusts which provide exposure to potential gains and losses on the performance of the trust. As the Company has both the power to direct the activities that significantly impact the VIE’s economic performance and the obligations to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE, the Company has determined it meets the definition of the primary beneficiary and consolidates the trusts.

In February 2021, the Company executed its optional redemption of outstanding securitized notes related to outstanding nonperforming HECM securitizations. As part of the optional redemption, the Company paid off notes with an outstanding principal balance of \$294.2 million. The notes were paid off at par.

The following table presents the assets and liabilities of the Company’s consolidated VIEs, which are included in the Consolidated Statements of Financial Condition and excludes intercompany balances, except for retained bonds (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
Restricted cash	\$ 287,238	\$ 293,580
Mortgage loans held for investment, subject to nonrecourse debt, at fair value		
2021 FASST HB1	520,850	—
2019 FASST JR2	462,022	488,760
2018 FASST JR1	421,710	449,069
2019 FASST JR3	420,389	450,703
2020 FASST HB2	394,767	398,480
2020 FASST JR3	359,678	372,015
2019 FASST JR4	347,459	377,265
2020 FASST JR2	324,100	341,439
2020 FASST S3	317,752	316,774
2019 FASST JR1	312,802	331,244
2020 FASST S2	306,426	311,721
2018 FASST JR2	249,180	264,622
2020 FASST JR1	244,019	263,266
2020 FASST JR4	223,090	237,100
2020 FASST S1	185,224	189,243
2020 RTL1 ANTLR	95,217	137,989
2018 RTL1 ANTLR	54,496	82,393
2019 RTL1 ANTLR	52,263	118,161
2020 FASST HB1	—	265,923
Other assets	59,438	79,528
<b>TOTAL ASSETS</b>	<u>\$ 5,638,120</u>	<u>\$ 5,769,275</u>

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

<b>LIABILITIES</b>		
Nonrecourse debt, at fair value		
2021 FASST HB1	\$ 563,751	\$ —
2019 FASST JR2	470,414	487,966
2020 FASST HB2	459,942	474,599
2018 FASST JR1	448,296	458,279
2019 FASST JR3	422,975	445,691
2019 FASST JR4	351,393	368,963
2020 FASST JR3	350,833	354,762
2019 FASST JR1	326,535	343,544
2020 FASST JR2	308,899	313,057
2020 FASST S2	308,503	314,144
2020 FASST S3	304,985	309,713
2018 FASST JR2	264,125	269,741
2020 FASST JR1	241,888	250,988
2020 FASST JR4	213,752	228,804
2020 FASST S1	185,473	191,189
2020 RTL1 ANTLR	90,696	140,839
2018 RTL1 ANTLR	43,648	80,767
2019 RTL1 ANTLR	40,930	127,981
2020 FASST HB1	—	298,914
Payables and other liabilities	171	291
<b>TOTAL LIABILITIES</b>	<b><u>\$5,397,209</u></b>	<b><u>\$5,460,232</u></b>

#### 4. Acquisitions

##### *Renovate America Inc.*

On March 26, 2021, the Company acquired certain assets of Renovate America Inc. (“RAI”) in an asset purchase agreement for \$43.5 million. The transaction will be accounted for using the acquisition method, including \$36.0 million in total assets acquired resulting from the purchase have been initially recorded, consisting primarily of purchased loans, with the remaining \$7.5 million of the purchase price being allocated to goodwill. Under the acquisition method of accounting, RAI’s assets and liabilities will be recorded at estimated fair value as of the acquisition date with the excess of the purchase price over the estimated fair values of the net assets acquired, if applicable, recognized as goodwill.

Additional disclosures required by ASC 805, *Business Combinations*, with respect to the acquisition have been omitted because the information needed for the disclosures is not currently available due to the close proximity of closing of this transaction with the date these consolidated financial statements are being issued.

#### 5. Fair Value

ASC 820, *Fair Value Measurement* (“ASC 820”), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on the assumptions market participants would use when pricing an asset or liability and follows a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument’s categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

All aspects of nonperformance risk, including the Company’s own credit standing, are considered when measuring the fair value of a liability.

Following is a description of the three levels:

Level 1 Inputs: Quoted prices for identical instruments in active markets.

**Finance of America Equity Capital LLC and Subsidiaries**  
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Level 2 Inputs: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs: Instruments with unobservable inputs that are significant to the fair value measurement.

The Company classifies assets in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period. There were no transfers within the hierarchy for the three months ended March 31, 2021 and 2020.

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and the details of the valuation models, key inputs to those models and significant assumptions utilized.

***Reverse Mortgage Loans Held for Investment, Subject to HMBS Related Obligations, at Fair Value***

HECM loans securitized into Ginnie Mae “GNMA” HMBS are not actively traded in open markets with readily observable market prices.

The Company values HECM loans securitized into GNMA HMBS utilizing a present value methodology that discounts estimated projected cash flows over the life of the loan portfolio using prepayment, borrower mortality, borrower draw and discounts rate assumptions management believes a market participant would use in estimating fair value. The significant unobservable inputs used in the measurement include:

Conditional Repayment Rate - the Company projects borrower prepayment rates which considers borrower age and gender and is based on historical termination rates. The outputs of borrower prepayment rates, which include both voluntary and involuntary prepayments, are utilized to anticipate future terminations.

Loss Frequency/Severity - termination proceeds are adjusted for expected loss frequencies and severities to arrive at net proceeds that will be provided upon final resolution. Historical experience is utilized to estimate the loss rates resulting from scenarios where FHA insurance proceeds are not expected to cover all principal and interest outstanding and, as servicer, the Company is exposed to losses upon resolution of the loan. Loss frequency and severities are based upon the historical experience with specific loan resolution waterfalls.

Due and Payable Triggers - the input for terminations not attributable to an FHA assignment is based on historical foreclosure and liquidation experience.

Discount Rate - derived based upon reference to yields required by market participants for recent transactions in the HECM loan bulk market adjusted based upon weighted average life of the loan portfolio. This rate reflects what the Company believes to be a market participant’s required yield on HECM loans of similar weighted average lives. The yield spread is applied over interpolated benchmark curve or as a spread over collateral forward curve.

Borrower Draw Rates - the draw curve is estimated based upon the historical experience with the specific product type contemplating the borrower’s age and loan age.

Changes to any of these assumptions could result in significantly different valuation results. The Company classifies reverse mortgage loans held for investment as Level 3 assets within the GAAP hierarchy, as they are dependent on unobservable inputs.

The following table presents the weighted average significant unobservable inputs used in the fair value measurement of reverse mortgage loans held for investment, subject to HMBS related obligations, for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Conditional repayment rate	NM	20.9%	NM	20.0%
Loss frequency <sup>(1)</sup>	NM	4.0%	NM	4.4%
Loss severity <sup>(1)</sup>	4.9% - 13.1%	5.2%	5.1% - 13.3%	5.4%
Discount rate	NM	2.0%	NM	1.6%
Average draw rate	NM	1.1%	NM	1.1%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

(1) Loss frequency and severity represents the frequency of losses and the losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

The Company aggregates loan portfolios based upon the underlying securitization trust and values these loans using these aggregated pools. The range of inputs provided above are based upon the range of inputs utilized for each securitization trust.

***Mortgage Loans Held for Investment, Subject to Nonrecourse Debt, at Fair Value***

***Reverse Mortgage Loans***

Reverse mortgage loans held for investment, subject to nonrecourse debt, include HECM loans previously purchased out of GNMA HMBS pools and non FHA-insured jumbo reverse mortgages, which have been subsequently securitized and serve as collateral for the issued debt. These loans are not traded in active and open markets with readily observable market prices. The Company classifies reverse mortgage loans held for investment, subject to nonrecourse debt as Level 3 assets within the GAAP hierarchy.

**HECM Buyouts - Securitized (Nonperforming)**

The Company values HECM buyouts utilizing a present value methodology that discounts estimated projected cash flows over the life of the portfolio using conditional repayment, loss frequency and severity, borrower mortality, and discount rate assumptions management believes a market participant would use in estimating fair value.

The following table presents the weighted average significant unobservable inputs used in the fair value measurement of these assets and liabilities for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Conditional repayment rate	NM	42.6%	NM	42.9%
Loss frequency <sup>(1)</sup>	25.0% - 100.0%	52.3%	25.0% - 100.0%	54.8%
Loss severity <sup>(1)</sup>	4.9% - 13.1%	7.5%	5.1% - 13.3%	7.5%
Discount rate	NM	3.6%	NM	4.1%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

(1) Loss frequency and severity represents the frequency of losses and the losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

The Company aggregates loan portfolios based upon the underlying securitization trust and values these loans using these aggregated pools. The range of inputs provided above are based upon the range of inputs utilized for each securitization trust.

**HECM Buyouts - Securitized (Performing)**

The Company values securitized HECM buyouts utilizing a present value methodology that discounts estimated projected cash flows over the life of the portfolio using conditional repayment, loss frequency and severity, borrower mortality, and discount rate assumptions management believes a market participant would use in estimating fair value.

The following table presents the weighted average significant unobservable inputs used in the fair value measurement of these assets and liabilities for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Weighted-average remaining life in years	NM	8.6	NM	8.5
Conditional repayment rate	NM	13.7%	NM	14.7%
Loss severity <sup>(1)</sup>	4.9% - 13.1%	8.5%	5.1% - 13.3%	7.7%
Discount rate	NM	3.7%	NM	3.5%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

(1) Loss severity represents the losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.



**Finance of America Equity Capital LLC and Subsidiaries**  
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The Company aggregates loan portfolios based upon the underlying securitization trust and values these loans using these aggregated pools. The range of inputs provided above are based upon the range of inputs utilized for each securitization trust.

Non-Agency Reverse Mortgage - Securitized

The Company values securitized non-agency reverse mortgage loans utilizing a present value methodology that discounts estimated projected cash flows over the life of the loan portfolio using repayment, home price appreciation, pool-level losses, and discount rate assumptions. The following table presents the significant unobservable inputs used in the fair value measurements of non-agency reverse mortgage loans for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Weighted-average remaining life in years	NM	7.1	NM	6.9
Loan to value	0.1% - 74.4%	49.0%	9.0% - 73.1%	48.2%
Conditional repayment rate	NM	18.8%	NM	18.7%
Loss severity <sup>(1)</sup>	NM	10.0%	NM	10.0%
Home price appreciation	3.9% - 8.8%	6.0%	1.1% - 8.9%	5.6%
Discount rate	NM	4.0%	NM	3.6%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

<sup>(1)</sup> Loss severity represents the losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

The Company aggregates loan portfolios based upon the underlying securitization trust and values these loans using these aggregated pools. The range of inputs provided above are based upon the range of inputs utilized for each securitization trust.

*Commercial Mortgage Loans*

Fix & Flip - Securitized

The Fix & Flip loans are short-term loans for individual real estate investors, with terms ranging from 9-18 months. This product is valued using a discounted cash flow model. The Company classifies these mortgage loans as Level 3 assets within the GAAP hierarchy.

The Company utilized the following weighted average assumptions in estimating the fair value of fix & flip mortgage loans for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Prepayment rate (SMM)	NM	18.6%	NM	17.1%
Discount rate	6.6% - 10.0%	6.6%	6.7% - 10.0%	6.7%
Loss frequency <sup>(1)</sup>	0.0% - 65.0%	0.8%	0.2% - 44.0%	0.6%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

<sup>(1)</sup> Loss frequency represents the frequency of losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

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The Company aggregates loan portfolios based upon the underlying securitization trust and values these loans using these aggregated pools. The range of inputs provided above are based upon the range of inputs utilized for each securitization trust.

***Mortgage Loans Held for Investment, at Fair Value***

*Reverse Mortgage Loans*

Reverse mortgage loans held for investment, at fair value, consists of originated or purchased HECM and non-agency reverse mortgage loans not yet securitized, unsecuritized tails, and certain HECMs purchased out of GNMA HMBS (“Inventory Buyouts”) that the Company intends to securitize for purposes of serving as collateral for future securitization transfers.

Originated or purchased HECM loans held for investment are valued predominantly by utilizing forward HMBS prices for similar pool characteristics and based on observable market data. These amounts are further adjusted to include future cash flows that would be earned for servicing the HECM loan over the life of the asset.

Unsecuritized tails consists of performing and nonperforming repurchased loans. The fair value of performing unsecuritized tails are valued at current pricing levels for similar GNMA HMBS. The fair value of nonperforming unsecuritized tails is based on expected claim proceeds from HUD upon assignment of the loans.

The fair value of repurchased loans is based on expected cash proceeds of the liquidation of the underlying properties and expected claim proceeds from HUD. The primary assumptions utilized in valuing nonperforming repurchased loans include loss frequency and loss severity. Termination proceeds are adjusted for expected loss frequencies and severities to arrive at net proceeds that will be provided upon final resolution, including assignments to FHA. Historical experience is utilized to estimate the loss rates resulting from scenarios where FHA insurance proceeds are not expected to cover all principal and interest outstanding and as servicer, the Company is exposed to losses upon resolution of the loan.

The Company classifies reverse mortgage loans held for investment, at fair value as Level 3 assets within the GAAP hierarchy.

Inventory Buyouts

The fair value of Inventory Buyouts is based on the expected cash proceeds of the liquidation of the underlying properties and expected claim proceeds from HUD. The primary assumptions utilized in valuing Inventory Buyouts include loss frequency and loss severity. Termination proceeds are adjusted for expected loss frequencies and severities to arrive at net proceeds that will be provided upon final resolution, including assignments to FHA. Historical experience is utilized to estimate the loss rates resulting from scenarios where FHA insurance proceeds are not expected to cover all principal and interest outstanding and as servicer, the Company is exposed to losses upon resolution of the loan.

The Company values Inventory Buyouts utilizing a present value methodology that discounts estimated projected cash flows over the life of the portfolio using conditional repayment, loss frequency and severity, borrower mortality, and discount rate assumptions management believes a market participant would use in estimating fair value.

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The following table presents the weighted average significant unobservable inputs used in the fair value measurement of Inventory Buyouts classified as reverse mortgage loans held for investment for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Conditional repayment rate	NM	52.6%	NM	44.0%
Loss frequency <sup>(1)</sup>	NM	64.5%	NM	46.9%
Loss severity <sup>(1)</sup>	NM	12.0%	NM	10.5%
Discount rate	NM	3.6%	NM	4.1%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

(1) Loss frequency and severity represents the frequency of losses and the losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

**Non-Agency Reverse Mortgage Loans**

The fair value of non-agency reverse mortgage loans is based on values for investments with similar investment grade ratings and the value the Company would expect to receive if the whole loans were sold to an investor. The Company values non-agency reverse mortgage loans utilizing a present value methodology that discounts estimated projected cash flows over the life of the loan portfolio using prepayment, home price appreciation, pool-level losses, cost to service, and discount rates.

The following table presents the weighted average significant unobservable inputs used in the fair value measurement of non-agency reverse mortgage loans classified as reverse mortgage loans held for investment for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Weighted-average remaining life in years	NM	8.0	NM	8.0
Loan to value	0.4% - 63.2%	46.0%	0.1% - 62.1%	44.0%
Conditional repayment rate	NM	16.9%	NM	16.8%
Loss severity <sup>(1)</sup>	NM	10.0%	NM	10.0%
Home price appreciation	3.9% - 8.8%	6.0%	1.1% - 8.9%	5.5%
Discount rate	NM	4.0%	NM	3.6%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

(1) Loss severity represents the losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

**Commercial Mortgage Loans**

**Agricultural Loans**

The agricultural loans are government-insured loans made to farmers to fund their inputs and operating expenses for the upcoming growing season with terms ranging from 7 - 17 months. The product is valued using a discounted cash flow model. The Company classifies these mortgage loans as Level 3 assets within the GAAP hierarchy.

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The Company utilized the following assumptions in estimating the fair value of loans for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Discount rate	NM	4.9%	NM	6.4%
Prepayment rate (CPR)	11.0% - 100.0%	21.6%	0% - 1.0%	0.7 %
Default rate (CDR)	0.0% - 2.0%	1.0%	0% - 2.0%	0.4 %

*“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.*

**Fix & Flip**

The fix & flip loans are short-term loans for individual real estate investors, with terms ranging from 9-18 months. This product is valued using a discounted cash flow model. The Company classifies these mortgage loans as Level 3 assets within the GAAP hierarchy.

The Company utilized the following weighted average assumptions in estimating the fair value of fix & flip mortgage loans for the periods indicated:

	March 31, 2021	
	Range of Input	Weighted Average of Input
Prepayment rate (SMM)	NM	12.1%
Discount rate	6.6% - 10.0%	6.7%
Loss frequency(1)	NM	0.4%

*“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.*

(1) Loss frequency represents the frequency of losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

As of March 2021, management made the decision to change the classification of fix & flip loans from mortgage loans held for sale, at fair value, to mortgage loans held for investment, at fair value.

**Mortgage Loans Held for Sale, at Fair Value**

*Reverse Mortgage Loans*

Reverse mortgage loans held for sale, at fair value, consists of unpoolable loans that the Company intends to sell to third party investors. Reverse mortgage loans held for sale consists primarily of performing repurchased loans. The fair value of performing unpoolable loans is based on expected claim proceeds from HUD upon assignment of the loans. In certain instances the loan balance may exceed the maximum claim amount (“MCA”). In these instances, the fair value is based on expected proceeds from sale of the underlying property and any additional HUD claim proceeds. The Company classifies reverse mortgage loans held for sale as Level 3 assets within the GAAP hierarchy.

*Residential and Commercial Mortgage Loans*

Mortgage loans held for sale include residential and commercial mortgage loans originated by the Company and held until sold to secondary market investors. The Company primarily originates conventional GSEs and government (FHA and Department of Veterans Affairs) residential mortgage loans (collectively “residential mortgage loans held for sale”) and recourse and nonrecourse commercial mortgage loans to owners and investors of single and multi-family residential rental properties (“commercial loans held for sale”).

**Residential Mortgage Loans**

The Company originates or purchases mortgage loans in the U.S. that it intends to sell to FNMA, FHLMC, and GNMA (collectively “the Agencies”). Additionally, the Company originates or purchases mortgage loans in the U.S. that it intends to sell into the secondary markets via whole loan sales. Mortgage loans held for sale are typically pooled and sold into certain exit markets, depending upon underlying attributes of the loan, such as agency eligibility, product type, interest rate, and credit quality. In addition, the Company may originate loans that do not meet specific underwriting criteria and are not eligible to be sold to the Agencies. Two valuation methodologies are

**Finance of America Equity Capital LLC and Subsidiaries**  
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used to determine the fair value of mortgage loans held for sale. The methodology used depends on the exit market as described below:

*Loans valued using observable market prices for identical or similar assets*- This includes all mortgage loans that can be sold to the Agencies, which are valued predominantly by published forward agency prices. This will also include all non-agency loans where recently negotiated market prices for the loan pool exist with a counterparty (which approximates fair value), or quoted market prices for similar loans are available. As these valuations are derived from quoted market prices, the Company classified these valuations as Level 2 in the fair value disclosures. During periods of illiquidity of the mortgage marketplace, it may be necessary to look for alternative sources of value, including the whole loan purchase market for similar loans, and place more reliance on the valuations using internal models.

*Loans valued using internal models* – To the extent observable market prices are not available, the Company will determine the fair value of mortgage loans held for sale using a collateral based valuation model, which approximates expected cash proceeds on liquidation. For loans where bid prices or commitment prices are unavailable, these valuation models estimate the exit price the Company expects to receive in the loan’s principal market and are based on a combination of recent appraisal values, adjusted for certain loss factors. The Company classifies these valuations as Level 3 in the fair value disclosures.

**Commercial Mortgage Loans**

The Company primarily originates two separate commercial loan products that it classifies as held for sale: Single Rental Loan (“SRL”) and Portfolio Lending.

SRL

The SRL product is designed for small/individual real estate investors looking to purchase and then rent-out a single property. These are 30-year loans with fixed interest rates typically between 5.0% - 8.0%. This product is valued using a discounted cash flow model. The Company classifies these mortgage loans as Level 3 assets within the GAAP hierarchy.

The Company utilized the following weighted average assumptions in estimating the fair value of SRL mortgage loans held for sale for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Prepayment rate (CPR)	1.0% - 16.9%	14.0%	1.0% - 17.1%	15.4%
Discount rate	NM	3.7%	NM	5.0%
Default rate (CDR)	1.0% - 54.0%	2.7%	1.0% - 64.9%	3.6%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

Portfolio Lending

The Portfolio product is designed for larger investors with multiple properties. Specifically, these loans are useful for consolidating multiple rental property mortgages into a single loan. These loans have fixed coupons that typically range from 5.0% - 6.2%, with 5 and 10-year balloon structures, as well as a 30 year structure. This product is valued using a discounted cash flow model. The Company classifies these mortgage loans as Level 3 assets within the GAAP hierarchy.

The Company utilized the following weighted average assumptions in estimating the fair value of Portfolio mortgage loans held for sale for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Prepayment rate (CPR)	0.0% - 15.0%	5.8%	0% - 15.0%	9.3%
Discount rate	NM	4.1%	NM	4.9%
Default rate (CDR)	1.0% - 30.2%	1.9%	1.0% - 42.7%	2.0%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

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Due to limited sales activity and periodically unobservable prices in certain of the Company's markets, certain mortgage loans held for sale portfolios may transfer from Level 2 to Level 3 in future periods.

**Fix & Flip**

The Fix & Flip loans are short-term loans for individual real estate investors, with terms ranging from 9-18 months. This product is valued using a discounted cash flow model. The Company classifies these mortgage loans as Level 3 assets within the GAAP hierarchy.

The Company utilized the following weighted average assumptions in estimating the fair value of fix & flip mortgage loans for the periods indicated:

	December 31, 2020	
	Range of Input	Weighted Average of Input
Prepayment rate (SMM)	NM	12.4%
Discount rate	6.7% - 10.0%	7.2%
Loss frequency <sup>(1)</sup>	NM	0.8%

"NM" - these "Not Meaningful" inputs do not have an applicable range, as they are a single derived input.

(1) Loss frequency represents the frequency of losses associated with loans that are liquidated through a foreclosure sale, net of claim proceeds.

As of March 2021, management made the decision to change the classification of fix & flip loans from mortgage loans held for sale, at fair value, to mortgage loans held for investment, at fair value.

**Mortgage Servicing Rights**

As of March 31, 2021 and December 31, 2020, the Company valued mortgage servicing rights internally. The significant assumptions utilized to determine fair value are projected prepayments using the Public Securities Association Standard Prepayment Model, discount rates, and projected servicing costs that vary based on the loan type and delinquency. The Company classifies these valuations as Level 3 since they are dependent on unobservable inputs.

Fair value is derived through a discounted cash flow analysis and calculated using a computer pricing model. This computer valuation is based on the objective characteristics of the portfolio (loan amount, note rate, etc.) and commonly used industry assumptions (PSAs, etc.). The assumptions taken into account by the pricing model are those which many active purchasers of servicing employ in their evaluations of portfolios for sale in the secondary market. The unique characteristics of the secondary servicing market often dictate adjustments to parameters over short periods of time.

Subjective factors are also considered in the derivation of fair values, including levels of supply and demand for servicing, interest rate trends, and perception of risk not incorporated into prepayment assumptions.

Fair value is defined as the estimated price at which the servicing would change hands in the marketplace between a willing buyer and seller. The valuation assumes that neither party would be under any compulsion to buy or sell and that each has reasonably complete and accurate knowledge of all relevant aspects of the offered servicing. The fair values represented in this analysis have been derived under the assumptions that sufficient time would be available to market the portfolio.

The following tables summarize certain information regarding the servicing portfolio of retained MSR for the periods indicated:

	March 31, 2021	December 31, 2020
Capitalization servicing rate	1.0%	0.8%
Capitalization servicing multiple	4.0	3.2
Weighted-average servicing fee (in basis points)	25	25

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The significant assumptions used in estimating the fair value of MSR were as follows (in annual rates):

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Weighted-average prepayment speed (CPR)	8.5% - 18.1%	8.6%	6.6% - 24.9%	12.1%
Discount rate	NM	11.4%	NM	12.1%
Weighted-average delinquency rate	1.1% - 9.3%	1.3%	1.2% - 9.2%	1.3%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

The following table summarizes the estimated change in the fair value of MSR from adverse changes in the significant assumptions (in thousands):

	March 31, 2021		
	Weighted Average Prepayment Speed	Discount Rate	Weighted Average Delinquency Rate
Impact on fair value of 10% adverse change	\$ (8,881)	\$(11,234)	\$ (195)
Impact on fair value of 20% adverse change	(17,195)	(21,550)	(390)

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a 10% variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

***Derivative Assets and Liabilities***

Some of the derivatives held by the Company are exchange-traded or traded within highly active dealer markets. In order to determine the fair value of these instruments, the Company utilizes the exchange price or dealer market price for the particular derivative contract; therefore, these contracts are classified as Level 1. In addition, the Company enters into IRLCs with prospective borrowers. Commitments to fund residential mortgage loans with potential borrowers are a binding agreement to lend funds to these potential borrowers at a specified interest rate within a specified period of time. The fair value of IRLCs is derived from the fair value of similar mortgage loans or bonds, which is based on observable market data. Changes to the fair value of IRLCs are recognized based on changes in interest rates, changes in the probability that the commitment will be exercised (pull through factor), and the passage of time. The expected net future cash flows related to the associated servicing of the loan are included in the fair value measurement of IRLCs. The Company adjusts the outstanding IRLCs with prospective borrowers based on an expectation that it will be exercised and the loan will be funded. Given the unobservable nature of the pull through factor, IRLCs are classified as Level 3.

In addition, the Company executes derivative contracts, including forward commitments, TBAs, interest rate swaps, and interest rate swap futures, as part of its overall risk management strategy related to its reverse mortgage and commercial loan portfolios. The value of the forward commitments is estimated using current market prices for HMBS and are considered Level 3 in the fair value hierarchy. TBAs are valued based on forward dealer marks from the Company’s approved counterparties and are considered Level 2 in the fair value hierarchy. The value of interest rate swaps and interest rate swap futures is based on the exchange price or dealer market prices. The Company classifies interest rate swaps as Level 2 in the fair value hierarchy. The Company classifies interest rate swap futures as Level 1 in the fair value hierarchy. The value of the forward MBS is based on forward prices with dealers in such securities or internally-developed third party models utilizing observable market inputs. The Company classifies forward MBS as Level 2 in the fair value hierarchy.

***Investments, at Fair Value***

The Company invests in the equity of other companies in the form of common stock, preferred stock, or other in-substance equity interests. To the extent market prices are not observable, the Company engages third-party

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valuation experts to assist in determining the fair value of these investments. The values are determined utilizing a market approach which estimates fair value based on what other participants in the market have paid for reasonably similar assets that have been sold within a reasonable period from the valuation date. The Company classifies these valuations as Level 3 in the fair value disclosures.

***HMBS Related Obligations, at Fair Value***

The HMBS related obligation valuation considers the obligation to pass FHA insured cash flows through to the beneficial interest holders (repayment of secured borrowing) of the HMBS securities and the servicer and issuer obligations of the Company.

The valuation of the obligation to repay the secured borrowing is estimated using Level 3 unobservable market inputs. The estimated fair value is based on the net present value of projected cash flows over the estimated life of the liability. The estimated fair value of the HMBS related obligations also includes the consideration required by a market participant to transfer the HECM and HMBS servicing obligations including exposure resulting from shortfalls in FHA insurance proceeds.

The Company's valuation considers assumptions that it believes a market participant would consider in valuing the liability, including, but not limited to, assumptions for repayment, costs to transfer servicing obligations, shortfalls in FHA insurance proceeds, and discount rates. The significant unobservable inputs used in the measurement include:

Borrower Repayment Rates - the conditional repayment rate curve considers borrower age and gender is based on historical termination rates.

Discount Rate - derived based on an assessment of current market yields and spreads that a market participant would consider for entering into an obligation to pass FHA insured cash flows through to holders of the HMBS beneficial interests. Yield spread applied over interpolated benchmark curve or as a spread over collateral forward curve.

The following table presents the weighted average significant unobservable inputs used in the fair value measurement of HMBS related obligations for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Conditional repayment rate	NM	20.7%	NM	19.9%
Discount rate	NM	1.9%	NM	1.4%

"NM" - these "Not Meaningful" inputs do not have an applicable range, as they are a single derived input.

***Nonrecourse Debt***

***Reverse Mortgage Loans***

Outstanding notes issued that are securitized by nonrecourse debt are paid using the cash flows from the underlying reverse mortgage loans, which serve as collateral for the debt. Nonrecourse debt is estimated using Level 3 unobservable market inputs. The estimated fair value is based on the net present value of projected cash flows over the estimated life of the liability. The significant unobservable inputs used in the measurement include:

Weighted Average Remaining Life - the projected remaining life is based on the expected conditional prepayment rate, which is utilized to determine future terminations.

Borrower Repayment Rates - the conditional repayment rate curve considers borrower age and gender is based on historical termination rates.

Discount Rate - derived based on an assessment of current market yields and spreads that a market participant would consider for entering into an obligation to pass FHA insured cash flows through to holders of the HMBS beneficial interests. Yield spread applied over interpolated benchmark curve or as a spread over collateral forward curve.

The Company's valuation considers assumptions that it believes a market participant would consider in valuing the liability, including, but not limited to, assumptions for prepayment and discount rates. The following table presents



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the weighted average significant unobservable inputs used in the fair value measurements of nonrecourse debt for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
<b>Performing/Nonperforming HECM securitizations</b>				
Weighted-average remaining life (in years)	0.9 - 1.3	1.1	0.2 - 1.5	1.0
Conditional repayment rate	20.6% - 32.0%	25.7%	34.3% - 56.3%	42.8%
Discount rate	NM	2.2%	NM	3.1%
<b>Securitized Non-Agency Reverse</b>				
Weighted-average remaining life (in years)	0.1 - 2.6	1.9	0.3 - 2.7	2.1
Conditional repayment rate	20.5% - 100.0%	28.2%	19.6% - 35.8%	23.9%
Discount rate	NM	2.3%	NM	2.2%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

**Commercial Mortgage Loans**

Outstanding nonrecourse notes issued that are securitized by loans held for investment, subject to nonrecourse debt, are paid using the cash flows from the underlying mortgage loans. The fair value of nonrecourse debt is estimated using Level 3 unobservable market inputs. The estimated fair value is based on the net present value of projected cash flows over the estimated life of the liability.

The Company’s valuation considers assumptions that it believes a market participant would consider in valuing the liability, including, but not limited to, assumptions for prepayment and discount rates. The Company estimates prepayment speeds giving consideration that the Company may in the future transfer additional loans to the trust, subject to the availability of funds provided for within the trust. The following table presents the significant unobservable inputs used in the fair value measurements of nonrecourse debt for the periods indicated:

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
<b>Nonrecourse debt</b>				
Weighted-average remaining life (in months)	1.2 - 2.6	2.2	1.9 - 4.1	3.4
Weighted-average prepayment speed (SMM)	23.3% - 43.0%	29%	17.7% - 32.0%	21.4%
Discount rate	NM	6.5%	NM	5.8%

“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.

**Deferred Purchase Price Liabilities**

Deferred purchase price liabilities are measured using a present value of future payments which considers various assumptions, including future loan origination volumes, projected earnings and discount rates. As of March 31, 2021 and December 31, 2020, the Company utilized discount rates ranging from 12% to 21% to value the deferred purchase price liabilities. As this value is largely based on unobservable inputs, the Company classifies this liability as Level 3 in the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given asset or liability is based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

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**Nonrecourse MSR Financing Liability, at Fair Value**

The Company has agreed to sell to certain third parties the right to receive all excess servicing and ancillary fees related to identified mortgage servicing rights in exchange for an upfront payment equal to the entire purchase price of the identified mortgage servicing rights.

Consistent with the underlying mortgage servicing rights, fair value is derived through a discounted cash flow analysis and calculated using a computer pricing model. This computer valuation is based on the objective characteristics of the portfolio (loan amount, note rate, etc.) and commonly used industry assumptions (PSAs, etc.). The assumptions taken into account by the pricing model are those which many active purchasers of servicing employ in their evaluations of portfolios for sale in the secondary market. The unique characteristics of the secondary servicing market often dictate adjustments to parameters over short periods of time.

Subjective factors are also considered in the derivation of fair values, including levels of supply and demand for servicing, interest rate trends, and perception of risk not incorporated into prepayment assumptions.

The Company classifies the valuations of the nonrecourse MSR financing liability as Level 3 in the fair value disclosures.

The significant assumptions used in estimating the fair value of the outstanding nonrecourse MSR financing liability were as follows (in annual rates):

	March 31, 2021		December 31, 2020	
	Range of Input	Weighted Average of Input	Range of Input	Weighted Average of Input
Weighted average prepayment speed (CPR)	5.7% - 12.3%	8.9%	6.9% - 12.7%	11.6%
Discount rate	10.8% - 11.1%	11.0%	11.7% - 12.0%	12.0%
Weighted average delinquency rate	NM	0.9%	NM	1.8%

*“NM” - these “Not Meaningful” inputs do not have an applicable range, as they are a single derived input.*

The following table summarizes the estimated change in the fair value of the nonrecourse MSR financing liability, at fair value from adverse changes in the significant assumptions (in thousands):

	March 31, 2021		
	Weighted Average Prepayment Speed	Discount Rate	Weighted Average Delinquency Rate
Impact on fair value of 10% adverse change	\$ (740)	\$ (921)	\$ (10)
Impact on fair value of 20% adverse change	(1,433)	(1,768)	(20)

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a 10% variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

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The following table provides a summary of the recognized assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	March 31, 2021			
	Total Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>				
Reverse mortgage loans held for investment, subject to HMBS related obligations	\$10,071,192	\$ —	\$ —	\$10,071,192
Mortgage loans held for investment, subject to nonrecourse debt:				
Reverse mortgage loans	5,089,469	—	—	5,089,469
Fix & flip mortgage loans	201,975	—	—	201,975
Mortgage loans held for investment:				
Reverse mortgage loans	897,800	—	—	897,800
Fix & flip mortgage loans	78,290	—	—	78,290
Agricultural loans	124,454	—	—	124,454
Mortgage loans held for sale:				
Residential mortgage loans	2,021,964	—	2,004,679	17,285
SRL	73,178	—	—	73,178
Portfolio	45,219	—	—	45,219
Mortgage servicing rights	267,364	—	—	267,364
Investments	9,470	—	—	9,470
Derivative assets:				
Forward commitments, TBAs, and Treasury Futures	22,362	18	21,401	943
IRLCs	37,631	—	—	37,631
Interest rate swap futures	56,487	56,487	—	—
Total assets	<u>\$18,996,855</u>	<u>\$56,505</u>	<u>\$2,026,080</u>	<u>\$16,914,270</u>
<b>Liabilities</b>				
HMBS related obligation	\$ 9,926,132	\$ —	\$ —	\$ 9,926,132
Nonrecourse debt	5,205,892	—	—	5,205,892
Deferred purchase price liabilities	3,214	—	—	3,214
Nonrecourse MSR financing liability	22,051	—	—	22,051
Derivative liabilities:				
Forward MBS	664	—	664	—
Forward commitments, TBAs, and Treasury Futures	954	18	—	936
Interest rate swap futures	1,702	1,702	—	—
Total liabilities	<u>\$15,160,609</u>	<u>\$ 1,720</u>	<u>\$ 664</u>	<u>\$15,158,225</u>

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	December 31, 2020			
	Total Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>				
Reverse mortgage loans held for investment, subject to HMBS related obligations	\$ 9,929,163	\$ —	\$ —	\$ 9,929,163
Mortgage loans held for investment, subject to nonrecourse debt:				
Reverse mortgage loans	5,057,624	—	—	5,057,624
Fix & flip mortgage loans	338,543	—	—	338,543
Mortgage loans held for investment:				
Reverse mortgage loans	661,790	—	—	661,790
Agricultural loans	69,031	—	—	69,031
Mortgage loans held for sale:				
Residential mortgage loans	2,080,585	—	2,069,957	10,628
SRL	60,467	—	—	60,467
Portfolio	38,850	—	—	38,850
Fix & flip mortgage loans	42,909	—	—	42,909
Mortgage servicing rights	180,684	—	—	180,684
Investments	18,934	—	—	18,934
Derivative assets:				
Forward commitments and TBAs	1,806	—	722	1,084
IRLCs	87,576	—	—	87,576
Interest rate swaps and interest rate swap futures	2,683	186	2,497	—
Total assets	<u>\$18,570,645</u>	<u>\$2,683</u>	<u>\$2,070,679</u>	<u>\$16,497,283</u>
<b>Liabilities</b>				
HMBS related obligation	\$ 9,788,668	\$ —	\$ —	\$ 9,788,668
Nonrecourse debt	5,257,754	—	—	5,257,754
Deferred purchase price liabilities	3,842	—	—	3,842
Nonrecourse MSR financing liability	14,088	—	—	14,088
Derivative liabilities:				
Forward MBS	18,634	—	18,634	—
Forward commitments and TBAs	1,332	—	248	1,084
Interest rate swaps and interest rate swap futures	755	186	569	—
Total liabilities	<u>\$15,085,073</u>	<u>\$ 711</u>	<u>\$ 18,926</u>	<u>\$15,065,436</u>

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Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3, in thousands):

	Assets					
	Mortgage loans held for investment	Mortgage loans held for investment, subject to nonrecourse debt	Mortgage loans held for sale	Derivative assets	Mortgage servicing rights	Investments
<b>March 31, 2021</b>						
Beginning balance	\$ 10,659,984	\$ 5,396,167	\$ 152,854	\$ 88,660	\$ 180,684	\$ 18,934
Total gain or losses included in earnings	132,499	(37,757)	2,764	(50,040)	20,349	(9,464)
Purchases, settlements and transfers:						
Purchases and additions, net	1,143,109	21,064	175,551	—	74,978	—
Sales and settlements	(534,738)	(360,128)	(152,579)	(46)	(8,647)	—
Transfers in/(out) between categories	(229,118)	272,098	(42,909)	—	—	—
Ending balance	<u>\$ 11,171,736</u>	<u>\$ 5,291,444</u>	<u>\$ 135,681</u>	<u>\$ 38,574</u>	<u>\$ 267,364</u>	<u>\$ 9,470</u>

	Liabilities				
	HMBS related obligations	Derivative liabilities	Deferred purchase price liability	Nonrecourse debt	Nonrecourse MSR financing liability
<b>March 31, 2021</b>					
Beginning balance	\$ (9,788,668)	\$ (1,084)	\$ (3,842)	\$ (5,257,754)	\$ (14,088)
Total gain or losses included in earnings	(41,434)	\$ —	(29)	(30,770)	390
Purchases, settlements and transfers:					
Purchases and additions, net	(602,172)	—	—	(575,668)	(8,353)
Sales and settlements	506,142	148	657	658,300	—
Ending balance	<u>\$ (9,926,132)</u>	<u>\$ (936)</u>	<u>\$ (3,214)</u>	<u>\$ (5,205,892)</u>	<u>\$ (22,051)</u>

	Assets						
	Mortgage loans held for investment	Mortgage loans held for investment, subject to nonrecourse debt	Mortgage loans held for sale	Derivative assets	Mortgage servicing rights	Debt securities	Investments
<b>December 31, 2020</b>							
Beginning balance	\$ 10,894,577	\$ 3,511,212	\$ 182,973	\$ 14,008	\$ 2,600	\$ 102,260	\$ 20,508
Total gain or losses included in earnings	627,251	304,663	(2,158)	74,470	4,562	2,288	(5,512)
Purchases, settlements and transfers:							
Purchases and additions, net	3,616,667	136,838	409,467	182	173,522	24,489	3,938
Sales and settlements	(1,536,977)	(1,285,902)	(605,018)	—	—	(129,037)	—
Transfers in/(out) between categories	(2,941,534)	2,729,356	167,590	—	—	—	—
Ending balance	<u>\$ 10,659,984</u>	<u>\$ 5,396,167</u>	<u>\$ 152,854</u>	<u>\$ 88,660</u>	<u>\$ 180,684</u>	<u>\$ —</u>	<u>\$ 18,934</u>

	Liabilities				
	HMBS related obligations	Derivative liabilities	Deferred purchase price liability	Nonrecourse debt	Nonrecourse MSR Financing Liability
<b>December 31, 2020</b>					
Beginning balance	\$ (9,320,209)	\$ (68)	\$ (4,300)	\$ (3,490,196)	\$ —
Total gain or losses included in earnings	(359,951)	(834)	(3,014)	(294,802)	798
Purchases, settlements and transfers:					
Purchases and additions, net	(2,051,953)	(182)	(138)	(3,110,368)	(15,101)
Sales and settlements	1,943,445	—	3,610	1,637,612	215
Ending balance	<u>\$ (9,788,668)</u>	<u>\$ (1,084)</u>	<u>\$ (3,842)</u>	<u>\$ (5,257,754)</u>	<u>\$ (14,088)</u>

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**Fair Value Option**

Presented in the tables below are the fair value and unpaid principal balance (“UPB”) at March 31, 2021 and December 31, 2020, of assets and liabilities for which the Company has elected the fair value option (in thousands):

<b>March 31, 2021</b>	<b>Estimated Fair Value</b>	<b>Unpaid Principal Balance</b>
<b>Assets at fair value under the fair value option</b>		
Reverse mortgage loans held for investment, subject to HMBS related obligations	\$ 10,071,192	\$ 9,179,190
Mortgage loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	5,089,469	4,587,435
Commercial mortgage loans	201,975	199,485
Mortgage loans held for investment:		
Reverse mortgage loans	897,800	773,841
Commercial mortgage loans	202,744	200,443
Mortgage loans held for sale:		
Residential mortgage loans	2,021,964	1,984,564
Commercial mortgage loans	118,397	114,967
<b>Liabilities at fair value under the fair value option</b>		
HMBS related obligations	9,926,132	9,179,190
Nonrecourse debt	5,205,892	5,110,698
Nonrecourse MSR financing liability	22,051	22,051
<b>December 31, 2020</b>	<b>Estimated Fair Value</b>	<b>Unpaid Principal Balance</b>
<b>Assets at fair value under the fair value option</b>		
Reverse mortgage loans held for investment, subject to HMBS related obligations	\$ 9,929,163	\$ 9,045,104
Mortgage loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	5,057,624	4,457,805
Commercial mortgage loans	338,543	333,344
Mortgage loans held for investment:		
Reverse mortgage loans	661,790	589,429
Commercial mortgage loans	69,031	69,127
Mortgage loans held for sale:		
Residential mortgage loans	2,080,585	2,000,795
Commercial mortgage loans	142,226	140,693
<b>Liabilities at fair value under the fair value option</b>		
HMBS related obligations	9,788,668	9,045,104
Nonrecourse debt	5,257,754	5,155,017
Nonrecourse MSR financing liability	14,088	14,088

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***Net Fair Value Gains on Mortgage Loans and Related Obligations***

Provided in the table below is a summary of the components of net fair value gains on mortgage loans and related obligations (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Net fair value gains (losses) on mortgage loans and related obligations:		
Interest income on mortgage loans	\$ 160,568	\$ 183,672
Change in fair value of mortgage loans	(51,346)	(98,566)
Change in fair value of mortgage backed securities	—	2,287
<b>Net fair value gains on mortgage loans</b>	<b>109,222</b>	<b>87,393</b>
Interest expense on related obligations	(119,201)	(134,357)
Change in fair value of derivatives	43,972	(14,310)
Change in fair value of related obligations	42,670	74,654
<b>Net fair value losses on related obligations</b>	<b>(32,559)</b>	<b>(74,013)</b>
<b>Net fair value gains on mortgage loans and related obligations</b>	<b>\$ 76,663</b>	<b>\$ 13,380</b>

As the cash flows on the underlying mortgage loans will be utilized to settle the outstanding obligations, the Company's own credit risk would not impact the fair value on the outstanding HMBS liabilities and nonrecourse debt.

***Fair Value of Other Financial Instruments***

As of March 31, 2021 and December 31, 2020, all financial instruments were either recorded at fair value or the carrying value approximated fair value. For financial instruments that were not recorded at fair value, such as Cash and cash equivalents including restricted cash, servicer advances and other financing lines of credit, the carrying value approximates fair value due to the short-term nature of such instruments.

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**6. Reverse Mortgages Portfolio Composition**

The table below summarizes the Company's serviced reverse mortgage portfolio composition and the remaining UPBs of the reverse mortgage loan portfolio (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Reverse mortgage loans:</b>		
<b>Reverse mortgage loans held for investment, subject to HMBS related obligations</b>	<b>\$ 9,179,190</b>	<b>\$ 9,045,104</b>
<b>Reverse mortgage loans held for investment:</b>		
Non-agency reverse mortgages	462,935	215,688
Loans not securitized(1)	239,979	168,292
Unpoolable loans(2)	63,875	197,395
Unpoolable tails	7,053	8,054
<b>Total reverse mortgage loans held for investment</b>	<b>773,842</b>	<b>589,429</b>
<b>Reverse mortgage loans held for investment, subject to nonrecourse debt:</b>		
Performing HECM buyouts	275,084	141,691
Nonperforming HECM buyouts	651,987	538,768
Non-agency reverse mortgages	3,660,364	3,777,346
<b>Total reverse mortgage loans held for investment, subject to nonrecourse debt</b>	<b>4,587,435</b>	<b>4,457,805</b>
Total owned reverse mortgage portfolio	14,540,467	14,092,338
Loans reclassified as government guaranteed receivable	51,030	49,255
Loans serviced for others	18,894	123,324
<b>Total reverse mortgage loans serviced</b>	<b>\$ 14,610,391</b>	<b>\$ 14,264,917</b>

(1) Loans not securitized represent primarily newly originated loans.

(2) Unpoolable loans represent primarily loans that have reached 98% of their MCA.

The table below summarizes the owned reverse mortgage portfolio by product type (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Fixed rate loans	\$ 5,136,564	\$ 5,010,659
Adjustable rate loans	9,403,903	9,081,679
<b>Total owned reverse mortgage portfolio</b>	<b>\$ 14,540,467</b>	<b>\$ 14,092,338</b>



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**7. Reverse Mortgage Loans Held for Investment, Subject to HMBS Related Obligations, at Fair Value**

Reverse mortgage loans held for investment, subject to HMBS related obligations, at fair value, consisted of the following for the dates indicated (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Reverse mortgage loans held for investment, subject to HMBS related obligations - UPB	\$ 9,179,190	\$ 9,045,104
Fair value adjustments	892,002	884,059
<b>Total reverse mortgage loans held for investment, subject to HMBS related obligations, at fair value</b>	<b>\$ 10,071,192</b>	<b>\$ 9,929,163</b>

**8. Mortgage Loans Held for Investment, Subject to Nonrecourse Debt, at Fair Value**

Mortgage loans held for investment, subject to nonrecourse debt, at fair value, consisted of the following for the dates indicated (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Mortgage loans held for investment, subject to nonrecourse debt - UPB:</b>		
Reverse mortgage loans	\$ 4,587,435	\$ 4,457,805
Commercial mortgage loans	199,485	333,344
Fair value adjustments	504,524	605,018
<b>Total mortgage loans held for investment, subject to nonrecourse debt, at fair value</b>	<b>\$ 5,291,444</b>	<b>\$ 5,396,167</b>

The table below shows the total amount of mortgage loans held for investment, subject to nonrecourse debt that were greater than 90 days past due and on non-accrual status (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Loans 90 days or more past due and on non-accrual status</b>		
<b>Mortgage loans held for sale:</b>		
<b>Fair value:</b>		
Commercial mortgage loans	\$ 29,041	\$ 32,377
<b>Total fair value</b>	<b>29,041</b>	<b>32,377</b>
<b>Aggregate UPB:</b>		
Commercial mortgage loans	\$ 30,044	33,888
<b>Total aggregate UPB</b>	<b>30,044</b>	<b>33,888</b>
<b>Difference</b>	<b>\$ (1,003)</b>	<b>\$ (1,511)</b>

**9. Mortgage Loans Held for Investment, at Fair Value**

Mortgage loans held for investment, at fair value, consisted of the following for the dates indicated (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Mortgage loans held for investment - UPB:</b>		
Reverse mortgage loans	\$ 773,841	\$ 589,429
Commercial mortgage loans	200,443	69,127
Fair value adjustments	126,260	72,265
<b>Total mortgage loans held for investment, at fair value</b>	<b>\$ 1,100,544</b>	<b>\$ 730,821</b>

**Finance of America Equity Capital LLC and Subsidiaries**  
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**10. Mortgage Loans Held for Sale, at Fair Value**

Mortgage loans held for sale, at fair value, consisted of the following for the dates indicated (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Mortgage loans held for sale - UPB:</b>		
Residential mortgage loans	\$ 1,984,564	\$ 2,000,795
Commercial mortgage loans	114,967	140,693
Fair value adjustments	40,830	81,323
<b>Total mortgage loans held for sale, at fair value</b>	<b>\$ 2,140,361</b>	<b>\$ 2,222,811</b>

The table below shows the total amount of mortgage loans held for sale that were greater than 90 days past due and on non-accrual status (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Loans 90 days or more past due and on non-accrual status</b>		
<b>mortgage loans held for sale:</b>		
<b>Fair value:</b>		
Residential mortgage loans	\$ 17,250	\$ 10,628
Commercial mortgage loans	3,248	5,051
<b>Total fair value</b>	<b>20,498</b>	<b>15,679</b>
<b>Aggregate UPB:</b>		
Residential mortgage loans	19,445	13,236
Commercial mortgage loans	3,408	5,317
<b>Total aggregate UPB</b>	<b>22,853</b>	<b>18,553</b>
<b>Difference</b>	<b>\$ (2,355)</b>	<b>\$ (2,874)</b>

The Company originates or purchases and sells mortgage loans in the secondary mortgage market without recourse for credit losses. However, the Company at times maintains continuing involvement with the loans in the form of servicing arrangements and the liability under representations and warranties it makes to purchasers and insurers of the loans.

The following table summarizes cash flows between the Company and transferees as a result of the sale of mortgage loans in transactions where the Company maintains continuing involvement with the mortgage loans (in thousands):

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<u>2021</u>	<u>2020</u>
<b>Cash flows:</b>		
Sales proceeds	\$ 6,387,933	\$ 237,406
Fair value of retained beneficial interest <sup>(1)</sup>	66,400	1,355
Gross servicing fees received	13,877	280
Repurchases	(4,144)	(5,167)
Gain	284,948	9,247

<sup>(1)</sup> Fair value of retained beneficial interest includes retained servicing rights and other beneficial interests retained as of the statement of financial condition date.

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**11. Mortgage Servicing Rights, at Fair Value**

The servicing portfolio associated with capitalized servicing rights consists of the following (in thousands):

	March 31, 2021	December 31, 2020
Fannie Mae/Freddie Mac	\$ 26,055,580	\$ 20,501,504
Ginnie Mae	583,660	1,727,831
Private investors	36,118	40,027
<b>Total UPB</b>	<b>\$ 26,675,358</b>	<b>\$ 22,269,362</b>
Weighted average interest rate	3.0%	3.1%

The activity in the loan servicing portfolio associated with capitalized servicing rights consisted of (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Beginning balance	\$ 22,269,362	\$ 288,057
Originated MSR	6,312,227	136,387
Purchased MSR	866,806	—
Payoffs, sales and curtailments	(2,773,037)	(21,592)
<b>Total UPB</b>	<b>\$ 26,675,358</b>	<b>\$ 402,852</b>

The activity in the mortgage servicing rights asset consisted of the following (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Beginning balance	\$ 180,684	\$ 2,600
Originations	65,964	1,294
Purchases	9,014	—
Sale of servicing rights	(8,647)	—
Changes in fair value due to:		
Changes in market inputs or assumptions used in valuation model	35,109	(675)
Changes in fair value due to portfolio runoff and other	(14,760)	(100)
Ending balance	<b>\$ 267,364</b>	<b>\$ 3,119</b>

The value of MSRs is driven by the net cash flows associated with servicing activities. The cash flows include contractually specified servicing fees, late fees, and other ancillary servicing revenue. The fees were \$13.0 million and \$0.1 million for the three months ended March 31, 2021 and 2020, respectively. These fees are recorded within fee income on the Consolidated Statements of Operations and Comprehensive Income.

**Finance of America Equity Capital LLC and Subsidiaries**  
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The following table provides a summary of non-performing loans:

	March 31, 2021		December 31, 2020	
	Number of Loans	Unpaid Balance	Number of Loans	Unpaid Balance
Portfolio delinquency (1)				
30 days	0.3%	0.3%	0.5%	0.5%
60 days	0.1%	0.0%	0.1%	0.1%
90 or more days	0.1%	0.1%	0.2%	0.1%
Total	<u>0.5%</u>	<u>0.4%</u>	<u>0.8%</u>	<u>0.7%</u>
Foreclosure/real estate owned	0.0%	0.0%	0.0%	0.0%

(1) Represents the loan servicing portfolio delinquencies as a percentage of the total number of loans and the total unpaid balance of the portfolio.

## 12. Derivatives and Risk Management Activities

The Company's principal market exposure is to interest rate risk, specifically long-term U.S. Treasury and mortgage interest rates, due to their impact on mortgage-related assets and commitments. The Company is also subject to changes in short-term interest rates, such as LIBOR, due to their impact on certain variable rate asset-backed debt such as warehouse lines of credit. Various financial instruments are used to manage and reduce this risk, including forward delivery commitments on mortgage-backed securities or whole loans and interest rate swaps.

The Company did not have any derivative instruments designated as hedging instruments or subject to master netting and collateral agreements as of March 31, 2021 and December 31, 2020 and for the three months ended March 31, 2021 and 2020.

The following tables summarize the amounts recorded in derivative assets and payables and other liabilities, related to derivative liabilities, in the Consolidated Statements of Financial Condition for the periods indicated (in thousands):

	March 31, 2021					
	Derivative assets			Derivative liabilities		
	Fair value	Notional amount	Unrealized gains (losses)	Fair value	Notional amount	Unrealized gains (losses)
Interest rate lock commitments	\$ 37,631	\$ 4,463,913	\$ (49,945)	\$ —	\$ —	\$ —
Forward commitments, TBAs securities, and treasury futures	22,362	4,139,074	20,556	954	1,365,057	378
Interest rate swaps and futures contracts	56,487	1,463,000	53,804	1,702	588,700	(947)
Forward MBS	—	—	—	664	348,000	17,971
<b>Net fair value of derivative financial instruments</b>	<u>\$116,480</u>	<u>\$10,065,987</u>	<u>\$ 24,415</u>	<u>\$3,320</u>	<u>\$2,301,757</u>	<u>\$ 17,402</u>

  

	December 31, 2020					
	Derivative assets			Derivative liabilities		
	Fair value	Notional amount	Unrealized gains (losses)	Fair value	Notional amount	Unrealized gains (losses)
Interest rate lock commitments	\$87,576	\$2,897,479	\$ 73,568	\$ —	\$ 13,822	\$ 68
Forward commitments, TBAs securities, and treasury futures	1,806	399,612	968	1,332	389,422	(1,248)
Interest rate swaps and futures contracts	2,683	1,386,400	2,324	755	744,500	(617)
Forward MBS	—	—	(348)	18,635	3,187,000	(16,587)
<b>Net fair value of derivative financial instruments</b>	<u>\$92,065</u>	<u>\$4,683,491</u>	<u>\$ 76,512</u>	<u>\$20,722</u>	<u>\$4,334,744</u>	<u>\$ (18,384)</u>

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The Company is exposed to risk in the event of non-performance by counterparties in their derivative contracts. In general, the Company manages such risk by evaluating the financial position and creditworthiness of counterparties, monitoring the amount of exposure and/or dispersing the risk among multiple counterparties. While the Company does not presently have master netting arrangements with its derivative counterparties, it does either maintain or deposit cash as margin collateral with its clearing broker to the extent the relative value of its derivatives are above or below their initial strike price. The Company pledged deposits of \$0.1 million and \$12.0 million as of March 31, 2021 and December 31, 2020, respectively. Total margin collateral is included in other assets, net, in the Company's Consolidated Statements of Financial Condition.

**13. Goodwill**

Goodwill consisted of the following (in thousands):

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 121,233	\$ 121,137
Additions from acquisitions	7,517	—
Ending balance	<u>\$ 128,750</u>	<u>\$ 121,137</u>

The Company did not identify any impairment for the three months ended March 31, 2021 and 2020. Goodwill is reviewed for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. The Company completed an annual impairment test for goodwill as of October 1, 2020 and determined that it was more likely than not that no impairment of goodwill existed as of the evaluation date.

The amount of goodwill allocated to each reporting unit consisted of the following (in thousands):

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Reporting units:</b>		
Mortgage Originations	\$ 51,946	\$ 44,429
Commercial Originations	43,113	43,113
Lender Services	25,247	25,247
Portfolio Management	8,444	8,444
<b>Total Goodwill</b>	<u>\$ 128,750</u>	<u>\$ 121,233</u>

**Finance of America Equity Capital LLC and Subsidiaries**  
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**14. Intangible Assets, Net**

Intangible assets, net, consisted of the following (in thousands):

March 31, 2021	Amortization Period (Years)	Cost	Accumulated Amortization	Net
<i>Non-amortizing Intangibles</i>				
Domain name	N/A	\$ 5,422	\$ —	\$ 5,422
<b>Total non-amortizing intangibles</b>		<b>\$ 5,422</b>	<b>\$ —</b>	<b>\$ 5,422</b>
<i>Amortizing Intangibles</i>				
Customer list	5 - 12	\$12,754	\$ (5,410)	\$ 7,344
Broker relationships	10	7,627	(5,661)	1,966
Trade names	5 - 20	2,495	(1,544)	951
Technology assets	5	805	(186)	619
<b>Total amortizing intangibles</b>		<b>\$23,681</b>	<b>\$ (12,801)</b>	<b>\$10,880</b>
<b>Total intangibles</b>		<b>\$29,103</b>	<b>\$ (12,801)</b>	<b>\$16,302</b>
December 31, 2020	Amortization Period (Years)	Cost	Accumulated Amortization	Net
<i>Non-amortizing Intangibles</i>				
Domain name	N/A	\$ 5,422	\$ —	\$ 5,422
<b>Total non-amortizing intangibles</b>		<b>\$ 5,422</b>	<b>\$ —</b>	<b>\$ 5,422</b>
<i>Amortizing Intangibles</i>				
Customer list	5 - 12	\$12,754	\$ (5,100)	\$ 7,654
Broker relationships	10	7,627	(5,429)	2,198
Trade names	5 - 20	2,495	(1,487)	1,008
Technology assets	5	805	(156)	649
<b>Total amortizing intangibles</b>		<b>\$23,681</b>	<b>\$ (12,172)</b>	<b>\$11,509</b>
<b>Total intangibles</b>		<b>\$29,103</b>	<b>\$ (12,172)</b>	<b>\$16,931</b>

Amortization expense was \$0.6 million for the three months ended March 31, 2021 and 2020.

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The estimated amortization expense for each of the five succeeding fiscal years and thereafter as of March 31, 2021 is as follows (in thousands):

<i>Year Ending December 31,</i>	<b>Amount</b>
2021	\$ 1,850
2022	2,464
2023	1,638
2024	1,270
2025	999
Thereafter	2,659
<b>Total future amortization expense</b>	<b>\$ 10,880</b>

**15. Other Assets, Net**

Other assets, net, consisted of the following (in thousands):

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Receivables, net of allowance of \$1,271 and \$788, respectively	\$ 85,664	\$ 67,011
Government guaranteed receivables	46,552	46,481
Right-of-use assets	43,162	46,609
Loan subject to repurchase from GNMA	26,368	42,148
Prepaid expenses	18,298	17,536
Investments, at fair value	9,470	18,934
Servicer advances, net of allowance of \$2,087 and \$1,661, respectively	5,920	5,795
Deposits	3,300	14,188
Receivable from clearing organization	2,042	2,043
Other	37,387	37,328
<b>Total other assets, net</b>	<b>\$ 278,163</b>	<b>\$ 298,073</b>

As of March 31, 2021 and December 31, 2020, there were \$365.3 million and \$380.3 million, respectively, of foreclosure proceedings in process, which are included in mortgage loans held for investment, at fair value, on the Consolidated Statements of Financial Condition.

**16. HMBS Related Obligations, at Fair Value**

HMBS related obligations represent the issuance of pools of HMBS, which are guaranteed by GNMA, to third-party security holders. The Company accounts for the transfers of these advances in the related HECM loans as secured borrowings, retaining the initial HECM loans in its Consolidated Statements of Financial Condition as reverse mortgage loans held for investment, subject to HMBS related obligations, and recording the pooled HMBS as HMBS related obligations. Monthly cash flows generated from the HECM loans are used to service the outstanding HMBS.

HMBS related obligations, at fair value, consisted of the following as of the periods indicated (in thousands):

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
GNMA loan pools - UPB	\$ 9,179,190	\$ 9,045,104
Fair value adjustments	746,942	743,564
<b>Total HMBS related obligations, at fair value</b>	<b>\$ 9,926,132</b>	<b>\$ 9,788,668</b>
Weighted average remaining life	4.2	4.5
Weighted average interest rate	2.8%	3.0%

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The Company was servicing 1,728 and 1,693 GNMA loan pools at March 31, 2021 and December 31, 2020, respectively.

**17. Nonrecourse Debt, at Fair Value**

Nonrecourse debt, at fair value, consisted of the following for the dates indicated (in thousands):

	Issue Date	Class of Note	Final Maturity Date	Interest Rate	Original Issue Amount	March 31, 2021	December 31, 2020
Securitization of nonperforming HECM loans:							
2021 FAHB 1	February 2021	A, M1, M2, M3, M4, M5	February 2031	0.9% - 9.0%	\$571,448	\$ 563,882	\$ —
2020 FASST HB2	July 2020	A, M1, M2, M3, M4, M5	July 2030	1.71% - 7.75%	594,171	458,700	476,147
2020 FASST HB1	February 2020	A, M1, M2, M3, M4, M5	February 2030	2.0% - 6.0%	373,912	—	298,883
Securitization of proprietary jumbo reverse loans:							
2019 FASST JR2	June 2019	A, A2	June 2069	2.0%	499,000	425,874	440,141
2018 FASST JR1	May 2018	A	May 2068	4.3%	559,197	420,820	428,671
2019 FASST JR3	September 2019	A	September 2069	2.0%	450,104	385,133	404,057
2020 FASST JR3	August 2020	A, A2	August 2025	2.0% - 3.0%	360,713	333,291	337,099
2019 FASST JR4	November 2019	A	November 2069	2.0%	365,685	321,422	335,945
2019 FASST JR1	March 2019	A	March 2069	2.0%	347,000	295,489	309,840
2020 FASST JR2	May 2020	A1A, A1B, A2	May 2023	0.0% - 2.0%	305,658	288,812	291,827
2018 FASST JR2	December 2018	A	December 2068	4.5%	280,400	248,848	253,325
2020 FASST JR1	April 2020	A, A2	April 2023	2.0%	254,805	233,112	240,563
2020 FASST JR4	October 2020	A, A2	August 2025	2.0% - 3.0%	241,664	203,105	217,385
Securitization of proprietary Select jumbo reverse loans:							
2020 FASST S2	June 2020	A1, A2	March 2025	2.0%	320,460	293,824	299,401
2020 FASST S3	December 2020	A1, A2	December 2025	1.5% - 2.5%	313,357	289,735	297,871
2020 FASST S1	March 2020	A1, A2	March 2025	2.0% - 3.7%	199,000	175,657	181,059
Securitization of Fix & Flip loans:							
2020 RTL1 ANTLR	May 2020	A1, A2	May 2022 (A1, A2)	6.9% - 8.0%	306,517	90,444	140,072
2018 RTL1 ANTLR	September 2018	A1, A2, A-VFN, M	July 2022 (A1, A2); March 2023 (M)	4.3% - 7.4%	210,296	43,658	80,949
2019 RTL1 ANTLR	March 2019	A1, A2, A-VFN, M	June 2022 (A1, A2); January 2023 (M)	4.5% - 6.9%	217,100	38,892	121,772
<b>Total nonrecourse debt</b>						<b>5,110,698</b>	<b>5,155,007</b>
<b>Nonrecourse MSR financing liability, at fair value</b>						<b>22,051</b>	<b>14,088</b>
Fair value adjustments						<b>95,194</b>	<b>102,747</b>
<b>Total nonrecourse debt, at fair value</b>						<b>\$5,227,943</b>	<b>\$ 5,271,842</b>



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**Nonrecourse MSR Financing Liability, at Fair Value**

The Company has agreements with third parties to sell beneficial interests in the servicing fees generated from certain of its originated or acquired mortgage servicing rights. Under these agreements, the Company has agreed to sell to the third parties the right to receive all excess servicing and ancillary fees related to the identified MSRs in exchange for an upfront payment equal to the entire purchase price of the identified mortgage servicing rights. These transactions are accounted for as financings under ASC 470, *Debt* and included in payables and other liabilities in the Consolidated Statements of Financial Condition.

The Company elected to measure the outstanding financings related to the nonrecourse MSR financing liability, at fair value, as permitted under ASC 825 *Financial Instruments*, with all changes in fair value recorded as a charge or credit to fee income in the Consolidated Statements of Operations and Comprehensive Income. The fair value on the nonrecourse MSR financing liability is based on the present value of expected future cash flows to be paid to the third parties with the discount rate approximating current market value for similar financial instruments. See Note 30 - Related Parties for additional information regarding the nonrecourse MSR financing liability.

**18. Other Financing Lines of Credit**

The following summarizes the components of other financing lines of credit (dollars in thousands):

<u>Facility</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Collateral Pledged</u>	<u>Total Capacity<sup>(1)</sup></u>	<u>Outstanding Borrowings at</u>	
					<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Mortgage Lines:</b>						
March 2026 \$150M Facility - MSR	March 2026	LIBOR + applicable margin	MSRs	150,000	<b>89,298</b>	—
March 2022 \$200M Facility	March 2022	LIBOR + applicable margin	First Lien Mortgages	200,000	<b>118,041</b>	97,225
March 2022 \$200M Facility	March 2022	LIBOR + applicable margin	First Lien Mortgages	200,000	<b>171,598</b>	302,877
March 2022 \$225M Facility	March 2022	LIBOR + applicable margin	First Lien Mortgages	225,000	<b>189,820</b>	154,097
March 2022 \$300M Facility	March 2022	LIBOR + applicable margin	First Lien Mortgages	300,000	<b>166,592</b>	182,015
February 2022 \$300M Facility	February 2022	LIBOR + applicable margin	First Lien Mortgages	300,000	<b>5,080</b>	—
November 2021 \$150M Facility <sup>(2)</sup>	November 2021	LIBOR + applicable margin	First Lien Mortgages	150,000	<b>118,611</b>	109,463

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Facility	Maturity Date	Interest Rate	Collateral Pledged	Total Capacity <sup>(1)</sup>	Outstanding Borrowings at	
					March 31, 2021	December 31, 2020
October 2021 \$250M Facility	October 2021	LIBOR + applicable margin	First Lien Mortgages	250,000	227,789	170,174
August 2021 \$200M Facility	August 2021	LIBOR + applicable margin	First Lien Mortgages	200,000	122,513	126,047
August 2021 \$300M Facility	August 2021	LIBOR + applicable margin	First Lien Mortgages	300,000	69,587	15,719
July 2021 \$150M Facility <sup>(2)</sup>	July 2021	LIBOR + applicable margin	First Lien Mortgages	150,000	137,486	122,075
May 2021 \$250M Facility <sup>(2)</sup>	May 2021	LIBOR + applicable margin	First Lien Mortgages	250,000	215,401	225,837
April 2021 \$350M Facility <sup>(2)</sup>	April 2021	LIBOR + applicable margin	First Lien Mortgages	350,000	244,633	283,821
February 2021 \$50M Facility - MSR <sup>(2)</sup>	February 2021	Prime + applicable margin; 5.00% floor	MSRs	—	—	50,000
October 2021 \$200M Facility	October 2021	LIBOR + applicable margin	First Lien Mortgages	200,000	120,156	158,114
<b>Subtotal mortgage lines of credit</b>				<b>\$3,225,000</b>	<b>\$1,996,605</b>	<b>\$ 1,997,464</b>
Reverse Lines:						
\$200M Repo Facility	N/A	Bond accrual rate + applicable margin	Mortgage Related Assets	200,000	168,187	174,578
\$1.2M Repo Facility	N/A	LIBOR + applicable margin	Mortgage Related Assets	1,215	1,215	1,188
April 2021 \$250M Facility <sup>(2)</sup>	April 2021	LIBOR + applicable margin	First Lien Mortgages	250,000	163,787	173,484
April 2021 \$200M Facility <sup>(2)</sup>	April 2021	LIBOR + applicable margin	First Lien Mortgages	200,000	19,422	128,723
April 2021 \$50M Facility <sup>(2)</sup>	April 2021	Prime + applicable margin; 6.00% floor	Unsecuritized Tails	50,000	40,820	37,442
June 2021 \$75M Facility	June 2021	LIBOR + applicable margin	First Lien Mortgages	75,000	51,173	11,423
August 2021 \$50M Facility	August 2021	LIBOR + applicable margin	First Lien Mortgages	50,000	—	2,860
October 2021 \$400M Facility	October 2021	LIBOR + applicable margin	First Lien Mortgages	400,000	367,253	84,124
December 2021 \$100M Facility	December 2021	LIBOR + applicable margin	First Lien Mortgages	100,000	56,777	61,220

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Facility	Maturity Date	Interest Rate	Collateral Pledged	Total Capacity <sup>(1)</sup>	Outstanding Borrowings at March 31, 2021	December 31, 2020
March 2022 \$100M Facility	March 2022	LIBOR + applicable margin	First Lien Mortgages	100,000	15,726	15,803
April 2022 \$52.5M Facility	April 2022	LIBOR + applicable margin	Mortgage Related Assets	52,500	52,500	50,239
April 2022 \$45M Facility	April 2022	9.00%	Mortgage Related Assets	45,000	24,853	26,875
February 2024 \$90M Facility	February 2024	LIBOR + applicable margin	MSRs	90,000	80,754	—
<b>Subtotal reverse lines of credit</b>				<u>\$1,613,715</u>	<u>\$1,042,467</u>	<u>\$ 767,959</u>
Commercial Lines:						
\$2M Securities Repo Line	N/A	Distributed Bond Interest + 50 bps	Mortgage Related Assets	2,048	2,048	6,411
April 2023 \$145M Facility	April 2023	LIBOR + applicable margin	First Lien Mortgages	145,000	106,575	100,070
August 2021 \$45M Facility	August 2021	10.00%	Second Lien Mortgages	45,000	25,000	21,475
September 2022 \$150M Facility	September 2022	LIBOR + applicable margin	Encumbered Agricultural Loans	150,000	88,124	52,300
November 2021 \$50M Facility	November 2021	LIBOR + applicable margin	First Lien Mortgages	50,000	28,520	28,064
February 2022 \$150M Facility	February 2022	LIBOR + applicable margin	First Lien Mortgages	150,000	22,572	—
February 2022 \$150M Facility	February 2022	LIBOR + applicable margin	First Lien Mortgages	150,000	14,534	—
August 2022 \$75M	August 2022	2.50% - 3.25%	Encumbered Agricultural Loans	75,000	13,900	—
<b>Subtotal commercial lines of credit</b>				<u>\$ 767,048</u>	<u>\$ 301,273</u>	<u>\$ 208,320</u>
<b>Total other financing lines of credit</b>				<u>\$5,605,763</u>	<u>\$3,340,345</u>	<u>\$ 2,973,743</u>

- (1) Capacity is dependent upon maintaining compliance with, or obtaining waivers of, the terms, conditions and covenants of the respective agreements, including asset-eligibility requirements. Capacity amounts presented are as of March 31, 2021.
- (2) See Note 32 - Subsequent Events for additional information on facility amendments.

As of March 31, 2021 and December 31, 2020, the weighted average outstanding interest rates on outstanding debt of the Company were 3.17% and 3.15%, respectively.

The Company's borrowing arrangements and credit facilities contain various financial covenants which primarily relate to required tangible net worth amounts, liquidity reserves, leverage requirements, and profitability requirements. As a result of market disruptions and fair value accounting adjustments taken in March 2020 resulting from the COVID-19 pandemic, FACo was in violation of its first, second, and third quarter 2020 profitability covenants with two of its warehouse lenders. The Company received waivers of these covenants violations from both lenders as well as amendments to profitability covenants for the remaining quarters of 2020. As of March 31, 2021, the Company was in compliance with all financial covenants.

The terms of the Company's financing arrangements and credit facilities contain covenants, and the terms of the Company's GSE/seller servicer contracts contain requirements that may restrict the Company and its subsidiaries

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from paying distributions to its members. These restrictions include restrictions on paying distributions, whenever the payment of such distributions would cause FoA to no longer be in compliance with any of its financial covenants or GSE requirements. Further, the Company is generally prohibited under Delaware law from making a distribution to a member to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of the Company (with certain exceptions) exceed the fair value of its assets. Subsidiaries of the Company are generally subject to similar legal limitations on their ability to make distributions to FoA.

As of March 31, 2021, the maximum allowable distributions available to the Company based on the most restrictive of such financial covenant ratios is presented in the table below (in thousands, except for ratios):

<b>Financial Covenants</b>	<b>Requirement</b>	<b>March 31, 2021</b>	<b>Maximum Allowable Distribution (1)</b>
<b>FAM</b>			
Adjusted Tangible Net Worth	\$ 150,000	\$ 401,736	\$ 251,736
Liquidity	40,000	168,405	128,405
Leverage Ratio	15:1	6.4:1	230,599
Material Decline in Lender Adjusted Net Worth:			
<i>Lender Adjusted Tangible Net Worth (Quarterly requirement)</i>	\$ 211,546	\$ 384,955	\$ 173,409
<i>Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement)</i>	210,428	384,955	174,527
<b>FACo</b>			
Adjusted Tangible Net Worth	\$ 85,000	\$ 128,513	\$ 43,513
Liquidity	20,000	48,211	28,211
Leverage Ratio	6:1	2.5:1	74,218
<b>FAR</b>			
Adjusted Tangible Net Worth	\$ 300,000	\$ 406,382	\$ 106,382
Liquidity	20,000	49,445	29,445
Leverage Ratio	5.5:1	3.6:1	135,882
Material Decline in Lender Adjusted Net Worth:			
<i>Lender Adjusted Tangible Net Worth (Quarterly requirement)</i>	\$ 354,344	\$ 403,895	\$ 49,551
<i>Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement)</i>	314,091	403,895	89,804

(1) *The Maximum Allowable Distribution for any of the originations subsidiaries is the lowest of the amounts shown for the particular originations subsidiary.*

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As of December 31, 2020, the maximum allowable distributions available to the Company based on the most restrictive of such financial covenant ratios is presented in the table below (in thousands, except for ratios):

<b>Financial Covenants</b>	<b>Requirement</b>	<b>December 31, 2020</b>	<b>Maximum Allowable Distribution (1)</b>
<b>FAM</b>			
Adjusted Tangible Net Worth	\$ 125,000	\$ 289,163	\$ 164,163
Liquidity	40,000	56,775	16,775
Leverage Ratio	15:1	9.3:1	110,267
Material Decline in Lender Adjusted Net Worth:			
<i>Lender Adjusted Tangible Net Worth (Quarterly requirement)</i>	\$ 210,428	\$ 282,062	\$ 71,634
<i>Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement)</i>	93,763	282,062	188,299
<b>FACo</b>			
Adjusted Tangible Net Worth	\$ 85,000	\$ 126,672	\$ 41,672
Liquidity	20,000	46,385	26,385
Leverage Ratio	6:1	1.7:1	90,782
<b>FAR</b>			
Adjusted Tangible Net Worth	\$ 300,000	\$ 474,128	\$ 174,128
Liquidity	20,000	36,425	16,425
Leverage Ratio	5.5:1	2.5:1	258,615
Material Decline in Lender Adjusted Net Worth:			
<i>Lender Adjusted Tangible Net Worth (Quarterly requirement)</i>	\$ 314,091	\$ 472,458	\$ 158,367
<i>Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement)</i>	205,619	472,458	266,839

(1) *The Maximum Allowable Distribution for any of the originations subsidiaries is the lowest of the amounts shown for the particular originations subsidiary.*

**19. Payables and Other Liabilities**

Payables and other liabilities consisted of the following (in thousands):

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Accrued liabilities	\$ 173,553	\$ 82,779
Accrued compensation expense	124,124	150,214
Lease liabilities	44,452	48,250
GNMA reverse mortgage buy-out payable	26,490	32,317
Liability for loans eligible for repurchase from GNMA	26,368	42,148
Repurchase reserves	10,076	10,529
Due to investors	3,717	648
Derivative liabilities	3,320	20,722
Deferred purchase price liabilities	3,214	3,842
Estimate of claim losses	10,003	8,609
<b>Total payables and other liabilities</b>	<b>\$ 425,317</b>	<b>\$ 400,058</b>

**Finance of America Equity Capital LLC and Subsidiaries**  
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**20. Notes Payable, Net**

**Senior Unsecured Notes**

In November 2020, FOAF issued \$350.0 million aggregate principal amount of senior unsecured notes (the “Notes”). Interest is payable semi-annually in arrears on May 15 and November 15 beginning on May 15, 2021. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by FoA and each of FoA’s material existing and future wholly-owned domestic subsidiaries, excluding FOAF and subsidiaries.

At any time prior to November 15, 2022, FOAF may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount thereof, plus the applicable premium as of the redemption date under the terms of the indenture and accrued and unpaid interest. The redemption price during each of the twelve-month periods following November 15, 2022, November 15, 2023 and at any time after November 15, 2024 is 103.938%, 101.969% and 100.000%, respectively, of the principal amount plus accrued and unpaid interest thereon. At any time prior to November 15, 2022, FOAF may also redeem up to 40% of the aggregate principal amount of the notes at a redemption price equal to 107.875% of the aggregate principal amount of the senior unsecured notes redeemed, with an amount equal to or less than the net cash proceeds from certain equity offerings, plus accrued and unpaid interest.

Upon the occurrence of a change of control, the holders of the Notes will have the right to require FOAF to make an offer to repurchase each holder’s Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest.

The Notes contain covenants limiting, among other things, FOAF and its restricted subsidiaries’ ability to incur additional debt or issue certain preferred shares, incur liens, make certain distributions, investments and other restricted payments, engage in certain transactions with affiliates, and merge or consolidate or sell, transfer, lease or otherwise dispose of all or substantially all of FOAF’s assets. These incurrence based covenants are subject to exceptions and qualifications. Many of these covenants will cease to apply during any time that the Notes have investment grade ratings and no default has occurred and continuing. The Company was in compliance with all required covenants related to the Notes as of March 31, 2021.

**Financing Agreements**

As a part of the Company’s acquisitions of certain subsidiaries, the Company entered into various note agreements with the sellers. In addition, in 2017, the Company entered into an agreement for the purchase of computer hardware and equipment which was financed by notes payable to the seller with monthly payments through January 2021.

A summary of the outstanding notes payable, net, is presented in the table below (in thousands):

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Senior Unsecured Notes	November 2025	7.9%	\$ 350,000	\$ 350,000
Financing Agreement	January 2021	5.5%	\$ —	\$ 9
Total aggregate principle amount			\$ 350,000	\$ 350,009
Less: Debt issuance costs			\$ (13,704)	\$ (13,436)
<b>Total notes payable and other debt, net</b>			<b>\$ 336,296</b>	<b>\$ 336,573</b>

The interest expense for the three months ended March 31, 2021 and 2020 was \$7.7 million and \$0.4 million, respectively.

**21. Leases**

The Company’s lease portfolio is comprised primarily of real estate and equipment agreements. Operating leases in which the Company is the lessee are recorded as operating lease ROU assets and operating lease liabilities, included in other assets, net, and payables and other liabilities, respectively, on the Consolidated Statements of Financial Condition, as of March 31, 2021 and December 31, 2020. The Company does not currently have any finance leases in which it is the lessee. Operating lease ROU assets represent the Company’s right to use an underlying asset during the lease term and operating lease liabilities represent the Company’s obligation to make lease payments arising from the lease.

For operating leases, the lease liabilities are initially recognized based on the present value of the remaining lease payments using a discount rate that represents the Company’s incremental borrowing rate at the lease

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commencement date. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. This incremental borrowing rate is the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment and given similar credit risk. The lease term for all of the Company's leases includes the noncancellable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease. The Company includes these options in the lease term when it is reasonably certain of exercising them.

ROU assets are further adjusted for lease incentives. Operating lease expense is recognized on a straight-line basis over the lease term and is recorded in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income. The Company recognizes variable lease payments associated with the Company's leases when the variability is resolved. Variable lease payments are recorded in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income along with expenses arising from fixed lease payments.

The table below summarizes the Company's operating lease portfolio (in thousands):

	March 31, 2021	December 31, 2020
Right-of-use assets	\$ 43,162	\$ 46,609
Lease liabilities	\$ 44,452	\$ 48,250
Weighted-average remaining lease term (in years)	3.28	3.61
Weighted-average discount rate	7.13%	7.42%

The table below summarizes the Company's net operating lease cost:

	For the three months ended	
	March 31,	
	2021	2020
Operating lease cost	\$ 5,490	\$ 6,612
Short-term lease cost	1,035	2,031
Total operating and short term lease cost	6,525	8,643
Variable lease cost	1,808	704
Sublease income	(464)	(696)
<b>Net lease cost</b>	<b>\$ 7,869</b>	<b>\$ 8,651</b>

The table below summarizes other information related to the Company's operating leases:

	For the three months ended	
	March 31,	
	2021	2020
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows from operating leases	\$ 5,423	\$ 6,285
Leased assets obtained in exchange for new operating lease liabilities	\$ 701	\$ 3,464

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The following table presents a maturity analysis of our operating leases and a reconciliation of the undiscounted cash flows to our lease liabilities as of March 31, 2021:

2021	<b>\$14,869</b>
2022	<b>14,358</b>
2023	<b>9,983</b>
2024	<b>6,185</b>
2025	<b>3,172</b>
2026	<b>880</b>
Thereafter	<b>554</b>
<b>Total undiscounted lease payments</b>	<b>50,001</b>
Less amounts representing interest	<b>(5,549)</b>
<b>Total lease liabilities</b>	<b><u>\$44,452</u></b>

## 22. Litigation

The Company's business is subject to legal proceedings, examinations, investigations and reviews by various federal, state and local regulatory and enforcement agencies as well as private litigants such as the Company's borrowers or former employees. At any point in time, the Company may have open investigations with regulators or enforcement agencies, including examinations and inquiries related to its loan servicing and origination practices. These matters and other pending or potential future investigations, examinations, inquiries or lawsuits may lead to administrative or legal proceedings, and possibly result in remedies, including fines, penalties, restitution, or alterations in business practices, and in additional expenses and collateral costs.

As a litigation or regulatory matter develops, the Company, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. If, at the time of evaluation, the loss contingency is not both probable and reasonably estimable, the matter will continue to be monitored for further developments that would make such loss contingency both probable and reasonably estimable. Once the matter is deemed to be both probable and reasonably estimable, the Company will establish an accrued liability and record a corresponding amount to litigation related expense. The Company will continue to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established. Legal expenses, which includes, among other things, settlements and the fees paid to external legal service providers, of \$4.2 million and \$3.5 million for the three months ended March 31, 2021 and 2020, respectively, were included in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income.

For certain matters, the Company may consider a loss to be probable or reasonably possible but cannot provide a precise estimate of losses. For these matters, the Company may be able to estimate a range of possible loss. In determining whether it is possible to provide an estimate of loss or range of possible loss, the Company reviews and evaluates its material litigation and regulatory matters on an ongoing basis, in conjunction with any outside counsel handling the matter. As of March 31, 2021, there were no matters that the Company considered to be probable or reasonably possible for which they could provide a reasonable range of estimated losses.



## **23. Commitments and Contingencies**

### ***Servicing of Mortgage Loans***

#### ***Sub-Servicing***

The Company has contracted with third-party providers to perform specified servicing functions on its behalf. These services include maintaining borrower contact, facilitating borrower advances, generating borrower statements, and facilitating loss-mitigation strategies in an attempt to keep defaulted borrowers in their homes. Defaults on reverse mortgages leading to foreclosures may occur if borrowers fail to meet maintenance obligations, such as payment of taxes or home insurance premiums. When a default cannot be cured, the sub-servicers manage the foreclosure process and the filing of any insurance claims with HUD. The sub-servicers have responsibility for remitting timely advances and statements to borrowers and timely and accurate claims to HUD, including compliance with local, state and federal regulatory requirements.

Additionally, the sub-servicers are also responsible for remitting payments to investors, including interest accrued and interest shortfalls and funding advances such as taxes and home insurance premiums. Advances are typically remitted by the Company to the sub-servicers on a daily basis. Although the Company has outsourced its servicing function, as the issuer the Company has responsibility for all aspects of servicing of the HECM loans and related HMBS beneficial interests under the terms of the servicing contracts, state laws and regulations.

Contractual sub-servicing fees related to sub-servicer arrangements are generally based on a fixed dollar amount per loan and are included in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income.

#### ***Unfunded Commitments***

The Company is required to fund further borrower advances (where the borrower has not fully drawn down the HECM or fix & flip loan proceeds available to them), and to additionally fund the payment of the borrower's obligation to pay the FHA their monthly insurance premium.

The outstanding unfunded commitments available to borrowers related to HECM loans were approximately \$2.3 billion as of March 31, 2021. The outstanding unfunded commitments available to borrowers related to fix & flip loans were approximately \$13.8 million as of March 31, 2021. This additional borrowing capacity is primarily in the form of undrawn lines of credit.

The Company also has commitments to purchase and sell loans totaling \$21.6 million and \$111.7 million, respectively, at March 31, 2021.

#### ***Mandatory Repurchase Obligation***

The Company is required to repurchase reverse loans out of the GNMA securitization pools once the outstanding principal balance of the related HECM is equal to or greater than 98% of the MCA. Performing repurchased loans are conveyed to HUD and nonperforming repurchased loans are generally liquidated in accordance with program requirements. Loans are considered nonperforming upon events such as, but not limited to, the death of the mortgagor, the mortgagor no longer occupying the property as their principal residence, or the property taxes or insurance not being paid.

As an issuer of HMBS, the Company also has the option to repurchase reverse loans out of the GNMA securitization pools without GNMA prior approval in certain instances. These situations include the borrower requesting an additional advance that causes the outstanding principal balance to be equal or greater than 98% of the MCA; the borrower's loan becoming due and payable under certain circumstances; the borrower not occupying the home for greater than twelve consecutive months for physical or mental illness and the home is not the residence of another borrower; or the borrower failing to perform in accordance with the terms of the loan.

For each HECM loan that the Company securitizes into Agency HMBS, the Company is required to covenant and warrant to GNMA, among other things, that the HECM loans related to each participation included in the Agency HMBS are eligible under the requirements of the National Housing Act and the GNMA Mortgage-backed Securities Guide, and that the Company will take all actions necessary to ensure the HECM loan's continued eligibility. The GNMA HMBS program requires that the Company removes the participation related to any HECM loan that does not meet the requirements of the GNMA Mortgage-backed Securities Guide. In addition to securitizing HECM loans into Agency HMBS, the Company may sell HECM loans to third parties and the agreements with such third parties include standard representations and warranties related to such loans, which if breached, may require the Company

to repurchase the HECM loan and/or indemnify the purchaser for losses related to such HECM loans. In the case where the Company repurchases the loan, the Company bears any subsequent credit loss on the loan. To the extent that the Company is required to remove a loan from an Agency HMBS, purchase a loan from a third party or indemnify a third party, the potential losses suffered by the Company may be reduced by any recourse the Company has to the originating broker and/or correspondent lender, if applicable, to the extent such entity breached similar or other representations and warranties. Under most circumstances, the Company has the right to require the originating broker/correspondent to repurchase the related loan from the Company and/or indemnify the Company for losses incurred. The Company seeks to manage the risk of repurchase and associated credit exposure through the Company's underwriting and quality assurance practices.

#### ***IRLCs***

The Company enters into IRLCs with prospective borrowers whereby the Company commits to lend a certain loan amount under specific terms and interest rates to the borrower. The Company also enters into LPCs with prospective sellers. These loan commitments are treated as derivatives and are carried at fair value. See Note 12 - Derivative and Risk Management Activities for more information.

#### ***Leases***

See Note 21 - Leases for a listing of the Company's current lease obligations under ASC 842 and Note 22 - Litigation for information regarding current litigation matters.

#### **24. Long-Term Incentive Plan**

On January 1, 2015, the Company established a long-term incentive plan (the "Plan") to compensate key employees. Any distributions are based on distributions received by equity holders of the Company in excess of the contributed equity capital, plus a designated return on contributed equity capital (the "Hurdle").

The phantom units are accounted for as a profit-sharing arrangement under ASC Topic 710, Compensation – General ("ASC 710") as they do not represent a substantive form of equity and are not indexed to the price of UFG common units. A total of 1,250 Phantom Units were approved under the Plan, with 1,077 units issued and outstanding as of March 31, 2021.

In connection with the closing of the Proposed Business Combination further described in Note 32 - Subsequent Events, which occurred on April 1, 2021, the holders of Phantom Units will receive a one-time lump sum cash payment of \$24.0 million as it relates to the anticipated achievement of the Hurdle being met under the original terms of the Plan. The balance of the Company's obligation under the Plan will be replaced by the issuance of replacement restricted stock units as governed by the Amended and Restated Management Long-Term Incentive Plan. See Note 32 – Subsequent Events.

The cash payment of \$24.0 million relates to prior services provided solely for the benefit of the Company and not for ongoing services to be provided in the future that would benefit the post-combination entity. Given that the payment was triggered by the distributions made in connection with the successful closing of the Business Combination, the payment of \$24.0 million is considered to have been incurred "on the line".

#### **25. Changes in Contingently Redeemable Noncontrolling Interest**

The Company has determined that the Class B interests of FACo Holdings issued to Buy to Rent Platform Holdings, L.P. ("B2R") meet the definition of CRNCI. Under the FACo Holdings Agreement, the Class B Units may be redeemed upon sale of FACo by FACo Holdings, sale of FAH, or sale of UFG Holdings LLC, which would require FAH to purchase the outstanding Class B Units. The Company has determined that the legal provisions in the FACo Holdings Agreement in which there is a noncontrolling interest represent a substantive profit-sharing arrangement, where the allocation to the members differs from the stated ownership percentages. The Company utilizes the hypothetical liquidation at book value, or HLBV, method for the allocation of profits and losses each period. Under the HLBV method, the amounts of income and loss attributed to the noncontrolling interests in the Consolidated Statements of Operations and Comprehensive Income reflects changes in the amounts each member would hypothetically receive at each Consolidated Statement of Financial Condition date under the liquidation provisions of the FACo Holdings Agreement, assuming the net assets of the FACo Holdings were liquidated at their respective recorded amounts. Allocations of profits and losses in the Consolidated Statements of Operations and

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Comprehensive Income is determined based on the hypothetical amounts that would be distributed to members after taking into account any capital transactions between FACo Holdings and its members as follows:

- Distributions up to Hurdle Amount of \$202.0 million (subject to certain adjustments defined in the FACo Holdings Agreement) - 100% to Class B Members;
- Distributions of the next \$150.0 million - 95% to Class A Members and 5% to Class B Members, and;
- Thereafter - 75% to Class A Members and 25% to Class B Members.

In connection with the closing of the Business Combination disclosed in Note 1, FoA will cause Finance of America Holdings LLC to exercise its right under the FACo Holdings Agreement to purchase all of the outstanding Class B Units held by B2R for a redemption price of \$203.2 million in satisfaction of the applicable Hurdle Amount under the FACo Holdings Agreement. As of March 31, 2021, the carrying value of the CRNCI has been accreted to the agreed upon redemption price. See Note 32 - Subsequent Events within the notes to unaudited consolidated financial statements for the implications of the Business Combination on CRNCI.

The changes in CRNCI are as follows (in thousands):

	March 31, 2021	December 31, 2020
<b>Balance, beginning of period</b>	<b>\$ 166,231</b>	<b>\$ 187,981</b>
Accretion to redemption price	32,725	—
Net income (loss)	4,260	(21,750)
<b>Balance, end of period</b>	<b>\$ 203,216</b>	<b>\$ 166,231</b>

**26. General and Administrative Expenses**

General and administrative expenses consisted of the following (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Professional fees	\$ 23,794	\$ 4,899
Title and closing	25,061	15,995
Loan origination expenses	20,503	20,447
Loan portfolio expenses	15,200	9,177
Communications and data processing	11,324	6,302
Business development	10,607	8,269
Securitization expenses	6,944	—
Other expenses	2,985	1,955
Depreciation and amortization	3,484	3,469
Office expense	2,738	2,345
Licensing and insurance	2,487	1,792
Travel and entertainment	2,060	3,854
Fair value change in deferred purchase price liability	30	62
<b>Total general and administrative expenses</b>	<b>\$ 127,217</b>	<b>\$ 78,566</b>

**27. Business Segment Reporting**

The Company has identified six reportable segments: Portfolio Management, Forward Originations, Reverse Originations, Commercial Originations, Lender Services and Corporate/Other.

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*Mortgage Originations*

The Mortgage Originations segment originates mortgage loans through FAM. This segment generates revenue through fee-based mortgage loan origination services and the origination and sale of mortgage loans into the secondary market. The Mortgage Originations segment includes three channels: distributed retail lending, direct-to-consumer lending, and third-party-originator lending.

*Reverse Originations*

The Reverse Originations segment originates or acquires reverse mortgage loans through FAR. This segment originates HECMs which are insured by the FHA, and proprietary jumbo reverse mortgages. The segment originates reverse mortgage loans through the following channels: retail and third-party-originator. Reverse mortgage lending activities primarily consist of the origination and securitization of mortgage loans to GNMA and other private investors.

*Commercial Originations*

The Commercial Originations segment originates or acquires commercial mortgage loans through FACo. The segment provides business purpose lending solutions for residential real estate investors in two principal ways: short-term loans to provide rehab and construction of investment properties meant to be sold upon completion, and investor rental loans collateralized by either a single asset or portfolio of properties. The segment originates commercial mortgage loans through the following channels: retail and third-party-originator. Commercial mortgage lending activities primarily consist of the origination and securitization of commercial mortgages to private investors.

*Portfolio Management*

The Portfolio Management segment provides product development, loan securitization, loan sales, risk management, asset management and servicing oversight services to the enterprise and third-party funds.

*Lender Services*

The Lender Services segment provides ancillary business services, title agency and title insurance services, MSR valuation and trade brokerage, and appraisal management services to customers in the residential mortgage, student lending, and commercial lending industries. The segment also operates a foreign branch in the Philippines for fulfillment transactional and administrative support.

*Corporate and Other*

Corporate and other consists of the Business Excellence Office (“BXO”) and other corporate services groups. The Company’s segments are based upon the Company’s organizational structure which focuses primarily on the services offered. Corporate functional expenses are allocated to individual segments based on actual cost of services performed based on a direct resource utilization, estimate of percentage use for shared services or headcount percentage for certain functions. Non-allocated corporate expenses include administrative costs of executive management and other corporate functions that are not directly attributable to the Company’s operating segments. Revenues generated on inter-segment services performed are valued based on similar services provided to external parties. To reconcile the Company’s consolidated results, certain inter-segment revenues and expenses are eliminated in the “Eliminations” column in the following tables.

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The following tables are a presentation of financial information by segment for the periods indicated (in thousands):

	For the three months ended March 31, 2021								
	Mortgage Originations	Reverse Originations	Commercial Originations	Portfolio Management	Lender Services	Operating Segments	Corporate and Other	Elim	Total
<b>REVENUES</b>									
Gain on sale of loans, net	\$ 286,481	\$ —	\$ —	\$ 5,065	\$ —	\$ 291,546	\$ —	\$ (212)	\$ 291,334
Net fair value gains	—	68,449	5,431	2,750	—	76,630	—	33	76,663
Fee income	32,731	558	9,079	37,086	76,385	155,839	(9,464)	6,134	152,509
Net interest expense	891	—	—	(14,816)	(36)	(13,961)	(7,744)	—	(21,705)
<b>Total revenues</b>	<b>320,103</b>	<b>69,007</b>	<b>14,510</b>	<b>30,085</b>	<b>76,349</b>	<b>510,054</b>	<b>(17,208)</b>	<b>5,955</b>	<b>498,801</b>
<b>Total expenses</b>	<b>224,246</b>	<b>23,693</b>	<b>13,391</b>	<b>24,406</b>	<b>62,970</b>	<b>348,706</b>	<b>18,683</b>	<b>5,955</b>	<b>373,344</b>
<b>Net income (loss) before taxes</b>	<b>\$ 95,857</b>	<b>\$ 45,314</b>	<b>\$ 1,119</b>	<b>\$ 5,679</b>	<b>\$ 13,379</b>	<b>\$ 161,348</b>	<b>\$ (35,891)</b>	<b>\$ —</b>	<b>\$ 125,457</b>
Depreciation and amortization	\$ 1,423	\$ 151	\$ 125	\$ 146	\$ 1,268	\$ 3,113	\$ 371	\$ —	\$ 3,484
Total assets	2,425,529	35,861	82,375	17,378,088	125,317	\$20,047,170	379,562	(326,313)	\$20,100,419

	For the three months ended March 31, 2020								
	Mortgage Originations	Reverse Originations	Commercial Originations	Portfolio Management	Lender Services	Operating Segments	Corporate and Other	Elim	Total
<b>REVENUES</b>									
Gain on sale of loans, net	\$ 127,291	\$ —	\$ —	\$ 5,617	\$ —	\$ 132,908	\$ —	\$ (2,224)	\$ 130,684
Net fair value gains	—	34,589	8,561	(31,356)	—	11,794	—	1,586	13,380
Fee income	20,527	603	10,836	961	41,258	74,185	—	(4,229)	69,956
Net interest expense	486	—	—	(24,773)	9	(24,278)	(1,416)	(67)	(25,761)
<b>Total revenues</b>	<b>148,304</b>	<b>35,192</b>	<b>19,397</b>	<b>(49,551)</b>	<b>41,267</b>	<b>194,609</b>	<b>(1,416)</b>	<b>(4,934)</b>	<b>188,259</b>
<b>Total expenses</b>	<b>138,191</b>	<b>18,584</b>	<b>15,890</b>	<b>17,372</b>	<b>38,595</b>	<b>228,632</b>	<b>6,649</b>	<b>(4,934)</b>	<b>230,347</b>
<b>Net income (loss) before taxes</b>	<b>\$ 10,113</b>	<b>\$ 16,608</b>	<b>\$ 3,507</b>	<b>\$ (66,923)</b>	<b>\$ 2,672</b>	<b>\$ (34,023)</b>	<b>\$ (8,065)</b>	<b>\$ —</b>	<b>\$ (42,088)</b>
Depreciation and amortization	\$ 1,567	\$ 169	\$ 164	\$ 12	\$ 1,055	\$ 2,967	\$ 502	\$ —	\$ 3,469
Total assets	\$1,510,668	\$ 94,153	\$ 80,063	\$15,746,423	\$73,669	\$17,504,976	\$681,986	\$(984,261)	\$17,202,701

**28. Liquidity and Capital Requirements**

**FAM**

In addition to the covenant requirements of FAM mentioned in Note 18 - Other Financing Lines of Credit, FAM is subject to various regulatory capital requirements administered by HUD as a result of their mortgage origination and servicing activities. HUD governs non-supervised, direct endorsement mortgagees, and GNMA, FNMA and FHLMC, which sponsor programs that govern a significant portion of FAM's mortgage loans sold and servicing activities. Additionally, FAM is required to maintain minimum net worth requirements for many of the states in which it sells and services loans. Each state has its own minimum net worth requirement; however, none of the state requirements are material to the Company's Consolidated Financial Statements.

Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary remedial actions by regulators that, if undertaken, could: (i) remove FAM's ability to sell and service loans to or on behalf of the Agencies; and (ii) have a direct material effect on FAM's financial statements, results of operations and cash flows.

**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

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In accordance with the regulatory capital guidelines, FAM must meet specific quantitative measures of cash, assets, liabilities, profitability and certain off-balance sheet items calculated under regulatory accounting practices. Further, changes in regulatory and accounting standards, as well as the impact of future events on FAM's results, may significantly affect the FAM's net worth adequacy.

Among FAM's various capital requirements related to its outstanding mortgage origination and servicing agreements, the most restrictive of these requires FAM to maintain a minimum adjusted net worth balance of \$163.2 million as of March 31, 2021. FAM's adjusted net worth was \$402.1 million as of March 31, 2021. The Company was therefore in compliance with all net worth requirements.

In addition, FAM is required to maintain both fidelity bond and errors and omissions insurance coverage at tiered levels based on the aggregate UPB of the loans serviced by FAM throughout the year. FAM is required to conduct compliance testing at least quarterly to ensure compliance with the foregoing requirements. As of March 31, 2021, FAM was in compliance with applicable requirements.

***FAR***

As an issuer of HMBS, FAR is required by GNMA to maintain minimum net worth, liquidity and capitalization levels as well as minimum insurance levels.

The net worth required is \$5.0 million plus 1% of FAR's commitment authority from GNMA. The liquidity requirement is for 20% of FAR's required net worth be in the form of cash or cash equivalent assets. FAR is required to maintain a ratio of 6% of net worth to total assets.

In addition, FAR is required to maintain both fidelity bond and errors and omissions insurance coverage at tiered levels based on the aggregate UPB of the loans serviced by FAR throughout the year. FAR is required to conduct compliance testing at least quarterly to ensure compliance with the foregoing requirements. As of March 31, 2021, FAR was in compliance with applicable requirements.

At March 31, 2021, FAR was in compliance with the minimum net worth, liquidity and insurance requirements of GNMA and had received a permanent waiver for its capital requirement. The minimum tangible net worth required of FAR by GNMA at March 31, 2021 was \$98.3 million. FAR's actual net worth calculated based on GNMA guidance at March 31, 2021 was \$393.1 million.

***Incenter***

Incenter Securities Group LLC ("ISG"), one of the operating subsidiaries of Incenter, operates in a highly regulated environment and is subject to federal and state laws, SEC rules and Financial Industry Regulatory Authority ("FINRA") rules and guidance. Applicable laws and regulations, among other things, restrict permissible activities and require compliance with a wide range of financial and customer-related protections. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions. In addition, ISG is subject to comprehensive examination by its regulators. These regulators have broad discretion to impose restrictions and limitations on the operations of the Company and to impose sanctions for noncompliance. ISG is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1) ("the Rule"), which requires the maintenance of minimum net capital. ISG computes net capital under the alternative method. Under this method, the required minimum net capital is equal to \$0.3 million. At March 31, 2021, ISG had met the minimum net capital requirement amounts.

Additionally, ISG claims the exemption provision of SEC Rule 15c3-3(k)(2)(ii). ISG does not hold customer funds or safekeep customer securities. The Company introduces and clears its customers' transactions through a third-party on a fully-disclosed basis.

Agents National Title Insurance Company, an operating subsidiary of Incenter, has additional capital requirements. The State of Missouri and State of Alabama require domestic title insurance underwriters maintain minimum capital and surplus of \$1.6 million and \$0.2 million, respectively. Failure to comply with these provision may result in various actions up to and including surrender of the certificate of authority. Additionally, in October 2019, Agents entered into a capital maintenance agreement in conjunction with the approval for the certificate of authority for California. This agreement requires Agents to maintain a minimum of \$8.0 million in policyholder surplus. If Agents falls below this requirement in any given quarter, Incenter must contribute cash, cash equivalents securities or other instruments to bring Agents to compliance. The Company's insurance company subsidiaries met the existing minimum statutory capital and surplus requirements as of March 31, 2021.

The Company is also required to maintain bonds, certificates of deposit and interest bearing accounts in accordance with applicable state regulatory requirements. The total requirement was \$3.8 million across all states as of March 31, 2021. The Company was in compliance with these requirements as of March 31, 2021.

## **29. Concentrations of Risk**

The Company's activities are subject to significant risks and uncertainties, including the ability of management to adequately develop its service lines, acquire adequate customer and revenue bases, and overall market demand for its services. In addition, the Company engages in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Financial instruments, which potentially subject the Company to credit risk, consist of cash and cash equivalents, derivatives, loans held for sale, and loans held for investment.

The Company invests its excess cash balances that may exceed federal insured limits with financial institutions evaluated as being creditworthy, primarily in money market accounts which are exposed to minimal interest rate and credit risk. The balances of these accounts are insured by the Federal Deposit Insurance Corporation, subject to certain limitations.

Credit risk is reduced by the Company's underwriting standards, monitoring pledged collateral and other in-house monitoring procedures performed by management. The Company's credit exposure for amounts due from investors and derivative related receivables is minimized since its policy is to sell mortgages only to highly reputable and financially sound financial institutions.

Mortgage loans are sold or financed through one of the following methods: (i) sales or financing securitizations to or pursuant to programs sponsored by FNMA, FHLMC, and GNMA, or (ii) sales or financing securitizations issued to private investors. The Company sold \$7,696.6 million and \$3,576.3 million in mortgage loans to FNMA, FHLMC and GNMA for the three months ended March 31, 2021 and 2020, respectively. The Company sold to or securitized with private investors \$1,724.3 million and \$1,500.8 million in mortgage loans for the three months ended March 31, 2021 and 2020, respectively. For the three months ended March 31, 2021, the sales or financing securitizations issued to private investors consisted of 33.1% nonperforming repurchased loans and 66.9% other. For the three months ended March 31, 2020, the sales or financing securitizations issued to private investors consisted of 13.3% non-agency reverse mortgage loans, 24.8% nonperforming repurchased loans, 11.4% third-party financial institutions, and 50.5% other.

Through FoA's parent, the Company is owned by Libman Family Holdings, LLC, certain investment funds affiliated with Blackstone and other co-investors. In the ordinary course of conducting business, a portion of these mortgage loans sold or financed relate to certain commercial transactions that the Company enters into with a counterparty that is a non-affiliated company separately owned by certain other investment funds affiliated with Blackstone. The nature of its business interactions with this counterparty may allow the Company to negotiate preferential terms of commercial transactions that may not be available for other parties on an arm's-length basis. These commercial transactions include the transfer of certain residential mortgage loans, in which the Company may receive an ongoing service fee. The Company sold \$84.6 million and \$98.7 million in mortgage loans to non-affiliated Blackstone portfolio companies for the three months ended March 31, 2021 and 2020, respectively. In addition, the Company is also contracted by certain non-affiliated Blackstone portfolio companies to provide sub-advisor services in areas such as asset management and administrative oversight, in which the Company receives an advisory fee. The Company has recognized gains on the sale of mortgages related to transactions with non-affiliated Blackstone portfolio companies of \$4.0 million and \$4.7 million for the three months ended March 31, 2021 and 2020, respectively.

In May 2020, the Company entered into an uncommitted Master Repurchase Agreement with a non-affiliated company, separately owned by other investment funds affiliated with Blackstone, with no stated maturity with a financial institution, under which the Company may enter into transactions, for an aggregate amount of \$18.6 million, in which the Company agrees to transfer to the non-affiliated company certain mortgage-backed securities against the transfer of funds by the non-affiliated company, with a simultaneous agreement by the non-affiliated company to transfer such mortgage-backed securities to the Company at a certain date, or on demand, against the transfer of funds by the Company. As of March 31, 2021 and December 31, 2020, the Company had no outstanding borrowings.

**Finance of America Equity Capital LLC and Subsidiaries**  
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In July 2017, the Company entered into a \$45.0 million mezzanine financing agreement with a non-affiliated company, separately owned by other investment funds affiliated with Blackstone, secured by a junior lien in mortgage assets pledged to certain senior secured warehouse facilities. This facility was structured as a loan and security agreement. The funds advanced are generally repaid using collections from the underlying assets to the extent remaining after the payment of any senior debt or the proceeds from the sale or securitization of the underlying assets or distribution from underlying securities, although prior payment may be required based on, among other things, certain breaches of representations and warranties or other events of default. As of March 31, 2021 and December 31, 2020, the Company had outstanding borrowings of \$25.0 million and \$21.5 million, respectively.

Residential Mortgages

The mortgaged properties securing the residential loans that we service are geographically dispersed throughout the United States. Certain states may experience future weakened economic conditions or greater rates of decline in real estate values than the United States in general. In addition, certain states may change their licensing or other regulatory requirement to make servicing loans in these states cost-prohibitive.

The table below provides the percentage of residential mortgage loans serviced by the location in which the home securing the loan is located and is based on the outstanding UPB. "Other" consists of loans in states in which concentration individually represents less than 5% of total remaining UPB.

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
California	36%	37%
Oregon	8	7
Washington	8	8
Arizona	6	6
New Jersey	5	5
Other	37	37
	<u>100%</u>	<u>100%</u>

Reverse Mortgages

FAR originates, buys and sells HECMs, commonly referred to as reverse mortgages, and securitizes and sells the HECMs as HMBS. FAR is subject to approval of, and is heavily regulated by, federal and state regulatory agencies as a mortgage lender, GNMA issuer, broker and servicer.

The secondary market for the FHA insured HECM loans is not assured; to the extent the program requires Congressional appropriations in future years, which are not forthcoming, the program could be jeopardized; and/or, consumer demand could be reduced if FHA actions result in a reduction of initial principal limit available to borrowers.

FAR depends on its ability to securitize reverse mortgages, subsequent draws, mortgage insurance premiums and servicing fees, and would be adversely affected if the ability to access the secondary market were to be limited.

Concentrations of credit risk associated with reverse mortgage loans are limited due to the large number of customers and their dispersion across many geographic areas. The table below provides the percentage of reverse loans in the Company's Consolidated Statements of Financial Condition by the location in which the home securing the loan is located and is based on their remaining UPBs. "Other" consists of loans in states in which concentration individually represents less than 5% of total remaining UPB.



**Finance of America Equity Capital LLC and Subsidiaries**  
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	<u>March 31, 2021</u>	<u>December 31, 2020</u>
California	44%	44%
New York	8	8
Florida	5	5
Texas	5	5
Other	38	38
	<u>100%</u>	<u>100%</u>

A significant portion of the Company's proprietary Jumbo products are originated within the state of California. The Company's non-agency reverse mortgage production is concentrated by location is presented in the following table. The Company's total origination volume in any other states did not exceed 5% of the total origination volume, and were included in the "Other" balance.

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
California	83%	84%
Other	17	16
	<u>100%</u>	<u>100%</u>

Loans previously repurchased out of a HMBS pool ("HECM Buyouts") that were subsequently securitized also contain concentrations of credit risk as they are limited due to the dispersion across many geographic areas. The table below provides the percentage of securitized nonperforming HECM buyouts in the Company's Consolidated Statements of Financial Condition by the location in which the home securing the loan is located and is based on their remaining UPBs. "Other" consists of loans in states in which concentration individually represents less than 5% of total remaining UPB.

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Puerto Rico	17%	21%
New York	16	15
California	11	9
Texas	10	9
New Jersey	5	5
Other	41	41
	<u>100%</u>	<u>100%</u>

Puerto Rico's economy has been in a serious recession since the second quarter of 2006, and its economic downturn has been generally much worse than that of the United States. Further, Hurricane Maria in 2017 has further stressed the economy and infrastructure in Puerto Rico, resulting in extensive loss of water supplies and electricity.

Regulatory agencies require all properties in affected areas to be inspected for "acceptable" condition prior to any transaction occurring with or on behalf of the GSEs or HUD (including foreclosure sale, property conveyance, sale/ funding/transfers of originated loans to third parties, etc.). This required inspection may cause delays in foreclosures and settlement of claims. Additionally, in certain circumstances when there are uninsured losses, the Company may be responsible for repairs to the properties if not done by the homeowner.

In its determination of fair value amounts for loans that are in disaster impacted areas, the Company has provided for increased expectations of loss severities due to delays in processing claims and uninsured losses. These estimates are based on management's best estimates of anticipated losses. Actual results may differ from the estimates due to external factors.

**Finance of America Equity Capital LLC and Subsidiaries**  
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*Commercial Mortgages*

The economies of states where mortgage properties are concentrated may be adversely affected to a greater degree than the economies of other areas of the country. In recent years, certain regions of the United States have experienced significant downturns in the market value of real estate. The table below provides the percentage of loans on the Company's Consolidated Statements of Financial Condition by the location in which the home securing the loan is located and is based on their remaining UPBs. "Other" consists of loans in states in which concentration individually represents less than 5% of total remaining UPB.

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Illinois	9%	7%
Minnesota	9	5
New Jersey	9	9
New York	7	7
California	6	9
Connecticut	6	5
Florida	5	6
Texas	5	5
Other	44	47
	<u>100%</u>	<u>100%</u>

*Incenter*

The Company had two major referral partners accounting for approximately 21% and 29% of the Company's title and closing revenue for the three months ended March 31, 2021 and 2020, respectively.

Ratings have always been an important factor in establishing the competitive position of insurance companies. Ratings reflect the opinion of a rating agency with regard to an insurance company's or insurance holding company's financial strength, operating performance and ability to meet its obligations to policyholders and are not evaluations directed to investors. The Company's insurance subsidiary is rated by Demotech and as of March 31, 2021 the rating assigned was A (Exceptional). The Company is subject to continued periodic review by the rating agency and the continued retention of the rating cannot be assured. If the rating is reduced from the current level or the ratings of the Company's insurance title underwriter are downgraded, the results of operations could be adversely affected.

### **30. Related Party Transactions**

The Company transacts with various related parties as a part of normal day-to-day operations. Outstanding receivables from related parties were \$1.5 million and \$2.6 million as of March 31, 2021 and December 31, 2020, respectively.

#### Promissory Notes

In June 2019, the Company executed two Revolving Working Capital Promissory Note Agreements (the “2019 Promissory Notes”) with BTO Urban Holdings and Libman Family Holdings, LLC, which are deemed affiliates of the Company. The 2019 Promissory Notes accrued interest monthly at a rate of 10.0% per annum and matured and were paid in full in June 2020. For the three months ended March 31, 2020, the Company paid interest of \$0.4 million related to the outstanding balances during the period on the 2019 Promissory Notes. For the three months ended March 31, 2021, the Company paid no interest related to the 2019 Promissory Notes.

#### Agricultural Loans

In 2019, the Company entered into an Amended and Restated Limited Liability Company Agreement with FarmOp Capital Holdings, LLC (“FarmOps”) in which the Company acquired an equity investment in FarmOps. Subsequent to this agreement, the Company agreed to purchase originated agricultural loans from FarmOps. For the three months ended March 31, 2021 and 2020, the Company purchased \$83.0 million and \$64.7 million of agricultural loans and had a total funded draw amounts of \$82.1 million and \$55.6 million, respectively.

The Company had promissory notes outstanding with FarmOps of \$3.3 million and \$0.8 million as of March 31, 2021 and December 31, 2020, respectively.

#### Cloudvirga

In 2017 and 2019, certain subsidiaries of the Company purchased preferred and common stock investments in Cloudvirga, Inc. (“Cloudvirga”). Subsequent to its investment, the Company entered into a software development arrangement in which Cloudvirga agreed to develop software in addition to providing certain technology services for the Company. As of March 31, 2021, \$1.7 million was capitalized related to the development of the software and will be amortized over a 12 month period from the date placed in service. For the three months ended March 31, 2021 and 2020, \$0.6 million in professional fees were paid to Cloudvirga in exchange for the technology services provided.

In May 2021, the Company was notified of the merger of Cloudvirga with an unaffiliated third party, effectively liquidating all of the preferred equity held by certain subsidiaries of the Company. As such, the fair value assumptions used to determine the holding value of such preferred equity were updated by the Company and resulted in an impairment of the equity investment of \$9.3 million. See Note 32 - Subsequent Events for additional detail on the merger of Cloudvirga.

#### Nonrecourse MSR Financing Liability, at Fair Value

In 2020, the Company entered into a nonrevolving facility commitment with various investors of UFG, the parent company of FoA, to sell beneficial interests in the servicing fees generated from its originated or acquired MSRs. Under these agreements, the Company has agreed to sell to these parties the right to receive all servicing fees in excess of the cost to service and ancillary fees related to the identified MSRs in exchange for an upfront payment equal to the purchase price or fair value of the identified MSRs. These transactions are accounted for as financings under ASC 470, *Debt*.

As of March 31, 2021 and December 31, 2020, the Company had an outstanding advance of \$22.4 million and \$14.9 million against this commitment for the purchase of MSRs with a fair value of \$22.1 million and \$14.1 million, respectively.

The Company has also entered into Investment Management Agreements with these third parties to serve as the investment manager, in which the Company performs various advisory services to the investors in exchange for a management fee.

#### Senior Notes

Related parties of FoA purchased notes in the high-yield debt offering in November 2020 in an aggregate principal amount of \$135.0 million.

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**31. Condensed Financial Information of Registrant (Parent Company Only)**

**Finance of America Equity Capital LLC**  
**(Parent company only)**  
**Condensed Statements of Financial Condition**  
(Dollars in thousands)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Fixed assets and leasehold improvements, net	\$ 22	\$ 23
Investment in subsidiaries	647,930	638,866
Other assets, net	1,853	2,184
<b>TOTAL ASSETS</b>	<b>\$ 649,805</b>	<b>\$ 641,073</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Payables and other liabilities	8,635	13,033
<b>TOTAL LIABILITIES</b>	<b>8,635</b>	<b>13,033</b>
<b>TOTAL MEMBER'S EQUITY</b>	<b>641,170</b>	<b>628,040</b>
<b>TOTAL LIABILITIES, CRNCI, AND MEMBER'S EQUITY</b>	<b>\$ 649,805</b>	<b>\$ 641,073</b>

**Finance of America Equity Capital LLC**  
**(Parent Company Only)**  
**Condensed Statements of Operations and Comprehensive Income**  
(Dollars in thousands)

	For the three months ended March 31,	
	2021	2020
<b>REVENUES</b>		
Equity income (loss) from subsidiaries	\$ 128,925	\$ (39,491)
Interest expense	(46)	(1,124)
<b>TOTAL REVENUES</b>	<b>128,879</b>	<b>(40,615)</b>
<b>EXPENSES</b>		
Salaries and benefits	4,041	1,101
Occupancy and equipment rentals	161	169
General and administrative	357	521
<b>TOTAL EXPENSES</b>	<b>4,559</b>	<b>1,791</b>
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>124,320</b>	<b>(42,406)</b>
<b>NET INCOME (LOSS)</b>	<b>124,320</b>	<b>(42,406)</b>
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 124,320</b>	<b>\$ (42,406)</b>

As disclosed in Note 2, FoA is a holding company and wholly owned subsidiary of UFG that was formed in July 2020. FoA did not have any cash as of March 31, 2021, accordingly Condensed Statements of Cash Flows have not been presented. Management determined which assets and liabilities were to be used by the operating subsidiaries, and these amounts have been appropriately excluded from the parent company Condensed Statements of Financial Position of FoA presented above. Changes in these balances are reflected as additional contributions and distributions from UFG in the period in which they occur, and had no impact on any cash balances that may have otherwise been maintained at FoA.

***Basis of Presentation***

The parent company financial statements should be read in conjunction with the Company's Consolidated Financial Statements and the accompanying notes thereto. The parent company follows the same accounting policies as disclosed in Note 2 to the Company's Consolidated Financial Statements. For purposes of this condensed financial information, the Company's wholly owned and majority owned subsidiaries are recorded based upon its proportionate share of the subsidiaries net assets (similar to presenting them on the equity method).

Since restricted net assets of FoA and its subsidiaries exceed 25% of the consolidated net assets of the Company and its subsidiaries, the accompanying condensed parent company financial statements have been prepared in accordance with Rule 12-04 Schedule 1 of Regulation S-X.

***Dividends from Subsidiaries***

There were \$75.0 million cash dividends paid to FoA from the Company's consolidated subsidiaries for the three months ended March 31, 2021. There were no cash dividends paid to FoA from the Company's consolidated subsidiaries for the three months ended March 31, 2020.

**32. Subsequent Events**

The Company has evaluated subsequent events from the date of the Consolidated Financial Statements of March 31, 2021 through May 17, 2021, the date these Consolidated Financial Statements were issued. No events or transactions were identified that would have an impact on the financial position or results of operations of the Company as of March 31, 2021 as reported herein. However, management of the Company believes disclosure of the following events is appropriate.

***Business Combination***

On April 1, 2021, the Company was acquired in the Business Combination pursuant to the Transaction Agreement described in Note 1 - Organization and Description of Business. The Business Combination will be accounted for using the acquisition method with New Pubco as the accounting acquirer. Under the acquisition method of accounting, New Pubco's assets and liabilities will be recorded at carrying value and the assets and liabilities associated with the Company will be recorded at estimated fair value as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired, if applicable, will be recognized as goodwill. For accounting purposes, the acquirer is the entity that has obtained control of another entity and, thus, consummated a business combination. The determination of whether control has been obtained begins with the evaluation of whether control should be evaluated based on the variable interest or voting interest model pursuant to ASC Topic 810, Consolidation ("ASC 810"). If the acquiree is a variable interest entity, the primary beneficiary would be the accounting acquirer. The Company meets the definition of a variable interest entity and New Pubco was determined to be the primary beneficiary. Therefore, New Pubco will be the accounting acquirer.

In connection with the Business Combination, the New Pubco also entered into Tax Receivable Agreements ("TRAs") that provide for the payment by the New Pubco to certain owners of FoA prior to the Business Combination of 85% of the cash tax benefits, if any, that the Company is deemed to realize based on certain attributes as defined in the TRAs.

In conjunction with the Business Combination, UFG adopted the Amended and Restated UFG Holdings LLC Management Long-Term Incentive Plan (the "A&R MLTIP"), effective as of the date the Business Combination was executed, contingent upon the occurrence of the Closing. Under the terms of the A&R MLTIP, it is expected that participants (including each of our named executive officers) will be entitled to receive (i) a cash payment promptly following the Closing (see Note 24), (ii) a grant of restricted stock units under the Incentive Plan and (iii) the right to receive additional shares of Class A Common Stock upon the occurrence of specified earnout conditions. The Replacement RSUs will be effectively vested on the Closing Date. The Replacement RSUs will be 25% vested on the RSU Closing Date and the remaining 75% will vest in equal installments on each of the first three anniversaries of the Closing Date, subject to continued employment. The Replacement RSUs are not subject to any other conditions which affect their vesting. The first 25% of Replacement RSUs will not be delivered to the participants until 180 days after Closing.

**Finance of America Equity Capital LLC and Subsidiaries**  
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In connection with the closing of the Business Combination, FoA caused Finance of America Holdings LLC to exercise its right under the FACo Holdings Agreement to purchase all of the outstanding Class B Units held by B2R for a redemption price of \$203.2 million in satisfaction of the applicable Hurdle Amount under the FACo Holdings Agreement.

**Parkside Acquisition**

On April 6, 2021, the Company entered into an agreement to acquire certain assets (primarily workforce) of Parkside Lending, LLC (“Parkside”) a wholesale, retail and correspondent mortgage lender. The transaction closed on May 4, 2021. The Company purchased certain key contracts and real property leases, and assumed the post-closing liabilities thereunder, as well as proprietary materials and intellectual property, for a purchase price equal to the sum of (a) \$20.0 million paid at closing, (b) an additional contingent premium of \$5.0 million payable six months after the closing date only to the extent certain conditions are met, and (c) additional annual earn out amounts based upon certain specified profitability metrics as of the first, second and third anniversaries of the closing date and payable in six (6) month increments during such three (3) year period. The Company also extended offers to certain identified employees. Additionally, the Company agreed to provide limited interim support obligations and to act as the purchaser of last resort for Parkside’s mortgage loan pipeline to the extent such pipeline loans are not sold by Parkside to third party purchasers within one hundred and twenty (120) days after the closing date.

Additional disclosures required by ASC 805, Business Combinations, with respect to the acquisition have been omitted because the information needed for the disclosures is not currently available due to the close proximity of closing of this transaction with the date these consolidated financial statements are being issued.

**Securitizations**

**Investor Purpose Asset Securitization**

In April 2021, the Company securitized approximately \$336.5 million of its investor purpose residential mortgage assets, through the issuance of approximately \$268.5 million of mortgage backed notes, which accrue interest at an annual rate of 2.12% - 5.44% on a weighted average based on the principal balance of the notes and have a scheduled final maturity dates occurring between November 2024 and May 2025, based on the applicable class of notes. The principal and interest on the outstanding notes will be paid using the cash flows from the related investor purpose residential mortgage assets, which serve as collateral for the debt. The securitization is callable by the Company with the optional redemption date being any date after the 24th monthly payment date (occurring in May 2023). This securitization will be accounted for as a secured financing in the Company’s Consolidated Statements of Financial Condition. Certain of the investor purposes residential mortgage assets included in the April 2021 securitization were from three of the Company’s prior securitizations. The Company exercised its optional redemption right relating to such prior securitizations in April 2021. In connection with its optional redemptions in April 2021, the Company paid off notes secured by investor purpose residential mortgage assets with an aggregate outstanding principal balance of \$236.8 million. The notes were paid off at the related redemption price, which was par.

**Reverse Loan Securitization**

In April 2021, the Company securitized approximately \$435.6 million of its reverse mortgage loans, through the issuance of approximately \$562.5 million of mortgage backed notes, which accrue interest at an annual rate of 1.6% on a weighted average based on the principal balance of the notes and have a scheduled final maturity date occurring in April 2051. The principal and interest on the outstanding notes will be paid using the cash flows from the related reverse mortgage loans, which serve as collateral for the debt. The securitization is callable by the Company with the optional redemption date being any date beginning with the payment date occurring in April 2024. This securitization will be accounted for as a secured financing in the Company’s Consolidated Statements of Financial Condition. Certain of the reverse mortgage loans included in the April 2021 securitization were from the Company’s prior securitization. The optional redemption for the prior securitization was exercised by the Company in April 2021. In connection with its optional redemption in April 2021, the Company paid off notes secured by reverse mortgage loans with an aggregate outstanding principal balance of \$251.7 million. The notes were paid off at the related redemption price, which was par plus 5%.

**Financing Lines of Credit**

**Mortgage Lines**

The May 2021 \$250.0 million facility was amended in April 2021. Under the terms of the new amended agreement, the maturity date was extended to April 2022.

The July 2021 \$150.0 million facility was amended in April 2021. Under the terms of the new amended agreement, the borrowing capacity was increased from \$150.0 million to \$200.0 million.

The November 2021 \$150.0 million facility was amended in May 2021. Under the terms of the new amended agreement, the borrowing capacity was increased from \$150.0 million to \$200 million and the maturity date was extended to May 2022.

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**Finance of America Equity Capital LLC and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**

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The April 2021 \$350.0 million facility was amended in May 2021. Under the terms of the new amended agreement, the maturity date was extended to May 2022.

The February 2021 \$50M facility - MSR was paid off and terminated in February 2021.

Reverse Lines

The April 2021 \$250.0 million facility was amended in April 2021. Under the terms of the new amended agreement, the maturity date was extended to March 2022.

Other Secured

In April 2021, the Company entered into a securities repurchase facility for \$4.4 million with rolling one-month maturity dates beginning on May 28, 2021.

The April 2021 \$50.0 million facility was amended in April 2021. Under the terms of the new amended agreement, the maturity date was extended to April 2022.

The April 2021 \$200.0 million facility was amended in April 2021. Under the terms of the new amended agreement, the maturity date was extended to May 2021.

***Related Party Transactions***

FAM Third Party MSR Fund

In February 2021, FAM entered into a \$350.0 million nonrevolving facility commitment with unaffiliated third party investors. Repayment of amounts drawn from the facility are repaid from excess servicing fees as well as net operating cash flows from certain identified MSRs. During April 2021, advances of \$37.6 million were received by the Company.

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion of our financial condition and results of operations ("MD&A") should be read together with our consolidated financial statements and related notes. This discussion and analysis contains forward-looking statements that involve risk, uncertainties and assumptions. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors. Except where the context otherwise requires, the terms "Finance of America Companies," "Finance of America," "FOA Equity Capital," "FoA," "we," "us," or "our" refer to the business of Finance of America Equity Capital LLC and its consolidated subsidiaries.*

**Overview**

Finance of America is a vertically integrated, diversified lending platform that connects borrowers with investors. We offer a diverse set of high quality consumer loan products and distribute financial risk to investors for an up-front cash profit and typically some future performance-based participation. We believe we have a differentiated, less volatile strategy than mono-line mortgage lenders who focus on originating interest rate sensitive traditional mortgages and retain significant portfolios of mortgage servicing rights with large potential future advancing obligations. In addition to our profitable lending operations, we provide a variety of services to lenders through our Lender Services segment, which augments our lending profits with an attractive fee-oriented revenue stream. Our differentiated strategy is built upon a few key fundamental factors:

- We operate in a diverse set of lending markets that benefit from strong, secular tailwinds and are each influenced by different demand drivers, which we believe results in stable and growing earnings with lower volatility and lower mortgage market correlation than a traditional mortgage company.
- We seamlessly connect borrowers with investors. Our consumer-facing business leaders interact directly with the investor-facing professionals in our Portfolio Management segment, facilitating the development of attractive lending solutions for our customers with the confidence that the loans we generate can be efficiently and profitably sold to a deep pool of investors. While we often retain a future performance-based participation in the underlying cash flows of our loan products, we seek to programmatically and profitably monetize most of our loan products through a variety of investor channels, which minimizes capital at risk.
- We distribute our products through multiple channels, and utilize flexible technology platforms and a distributed workforce in order to scale our businesses and manage costs efficiently. Our businesses are supported by a centralized business excellence office ("BXO"), providing all corporate support, including IT, Human Resources, Legal, Risk and Compliance. This platform enables us to be product agnostic, with the ability to focus our resources as the opportunity set evolves while not being overly reliant on any individual product. As borrower demands for lending products change, we are able to change with them and continue to offer desirable lending solutions.

Today, we are principally focused on (1) residential mortgage loan products throughout the U.S., offering traditional mortgage loans, reverse mortgage loans, and (2) business purpose loans to real estate investors. We have built a distribution network that allows our customers to interact with us through their preferred method: in person, via a broker or digitally. Our product offering diversity makes us resilient in varying rate and origination environments, and differentiates us from traditional mortgage lenders. Our Lender Services segment supports a range of financial institutions, including our lending companies, with services such as title insurance and settlement services, appraisal management, valuation and brokerage services, fulfillment services, and technology platforms for student loans, consumer loans and home sharing services. In addition to creating recurring third-party revenue streams, these service business lines allow us to better serve our lending customers and maximize our revenue per lending transaction. Furthermore, our Portfolio Management segment provides structuring and product development expertise, allowing innovation and improved visibility of execution for our originations, as well as a broker/dealer and institutional asset management capabilities. These capabilities allowed us to complete profitable sales of our loan products via securitization, including 10 securitizations during an otherwise volatile 2020, demonstrating the high quality and liquidity of the loan products we originate, the deep relationships we have with our investors and the resilience of our business model in any market environment.



## The Business Combination

On October 12, 2020, FOA and Replay Acquisition Corp. (“Replay Acquisition”), a publicly traded special purpose acquisition company, agreed to a business combination that will result in Finance of America becoming a publicly listed company. FoA, Replay Acquisition, Finance of America Companies Inc., a Delaware corporation and wholly owned subsidiary of Replay (“New Pubco”); RPLY Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of New Pubco (“Replay Merger Sub”); RPLY BLKR Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of New Pubco (“Blocker Merger Sub”); Blackstone Tactical Opportunities Fund (Urban Feeder) – NQ L.P., a Delaware limited partnership (“Blocker”); Blackstone Tactical Opportunities Associates – NQ L.L.C., a Delaware limited liability company (“Blocker GP”); BTO Urban Holdings L.L.C., a Delaware limited liability company (“BTO Urban”), Blackstone Family Tactical Opportunities Investment Partnership – NQ – ESC L.P., a Delaware limited partnership (“ESC”), Libman Family Holdings LLC, a Connecticut limited liability company (“Family Holdings”), The Mortgage Opportunity Group LLC, a Connecticut limited liability company (“TMO”), L and TF, LLC, a North Carolina limited liability company (“L&TF”), UFG Management Holdings LLC, a Delaware limited liability company (“Management Holdings”), and Joe Cayre (each of BTO Urban, ESC, Family Holdings, TMO, L&TF, Management Holdings and Joe Cayre, a “Seller” and, collectively, the “Sellers” or the “Continuing Unitholders”); and BTO Urban and Family Holdings, solely in their joint capacity as the representative of the Sellers pursuant to Section 12.18 of the Transaction Agreement (as defined below) (the “Seller Representative”), entered into a Transaction Agreement (the “Transaction Agreement”) pursuant to which Replay agreed to combine with FoA in a series of transactions (collectively, the “Business Combination”) that will result in New Pubco becoming a publicly-traded company on the New York Stock Exchange (the “NYSE”) as of April 1, 2021, with trading beginning on April 5, 2021 under the ticker symbol ‘FOA’ and controlling FoA in an “UP-C” structure. For a description of the Business Combination, see “Proposal No. 1 – The Business Combination Proposal” in Replay Acquisition’s Form S-4/A filed with the SEC on February 20, 2021. Replay Acquisition’s central index key number is 0001763731.

Capitalized terms used and not defined herein have the meanings assigned to them in the Proxy Statement/ Prospectus.

## Our Segments

We manage our Company in five reportable segments: Portfolio Management, Mortgage Originations, Reverse Originations, Commercial Originations, and Lender Services. A description of the business conducted by each of these segments is provided below:

### *Portfolio Management*

Our Portfolio Management segment provides product development, loan securitization, loan sales, risk management, asset management and servicing oversight services to the enterprise and third-party funds. The team is primarily based in St. Paul, MN and New York, NY.

As part of the vertical integration of our business, our Portfolio Management team acts as the connector between borrowers and investors. The direct connections to investors complete the lending lifecycle in a way that allows us to innovate and manage risk through better price and product discovery. Given our scale, we are able to “do our own deals” and where appropriate, retain assets on balance sheet for attractive return opportunities. These retained investments are a source of growing and recurring earnings.

The retained asset portfolio generally consists of two classifications of assets: short-term investments and long-term investments. Short-term investments are primarily proprietary whole loans and securities that are held for sale and loans bought out from home equity conversion mortgages (“HECM”) securitizations prior to assignment to Government National Mortgage Association (“Ginnie Mae”). Long-term investments are primarily made up of mortgage servicing rights, securitized HECM loans, securitized proprietary whole loans (including retained securities and residual interests in securitization trusts), and whole loans not yet securitized.

The retained assets are initially recorded to the portfolio at a designated fair-value-based transfer price, if originated by any of the Company’s origination segments (“Net origination gains” recognized by the origination segments), or at the price purchased from external parties. Retained financial assets are subsequently recorded at their current fair value on an ongoing basis.

The Portfolio Management segment generates revenue and earnings in the form of gain on sale of loans, fair value gains, interest income, servicing income, fees for underwriting, advisory and valuation services and other ancillary fees.

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### *Mortgage Originations*

Our Mortgage Originations segment originates residential mortgage loans through our Finance of America Mortgage LLC (“FAM”) subsidiary. This segment generates revenue through fee-based mortgage loan origination services and the origination and sale of mortgage loans into the secondary market. We generally sell all originated mortgage loans into the secondary market within 30 days of origination and elect whether to sell or retain the rights to service the underlying mortgage loans based on the economics in the market and Company portfolio investment strategies. Whether the Company elects to sell or retain the rights to service the underlying loans, the Mortgage Originations segment realizes the fair value of the mortgage servicing rights in gain on sale. Performance of the retained mortgage servicing rights after origination are accounted for within the Portfolio Management segment results.

The Mortgage Originations segment includes three channels:

- **Distributed Retail** - Our distributed retail lending channel relies on mortgage advisors in retail branch locations across the country to acquire, interact with, and serve customers.
- **Direct to Consumer** - Our direct-to-consumer lending channel relies on our call centers, website and mobile apps to interact with customers. Our primary focus is to assist our customers with a refinance or home purchase by providing them with a needs-based approach to understanding their current mortgage options.
- **TPO** - Our third-party-originator (“TPO”) lending channel works with mortgage brokers to source loans which are underwritten and funded by us in our name. Counterparty risk is mitigated through quality and compliance monitoring, and all brokers are subject to our eligibility requirements coupled with an annual recertification process.

Our mortgage lending activities primarily consist of the origination and sale of residential mortgage loans to the government sponsored entities (“GSEs”), Federal National Mortgage Association (“Fannie Mae” or “FNMA”), Federal Home Loan Mortgage Corporation (Freddie Mac or (FHLMC)), and Ginnie Mae, as well as private investors. The Mortgage Originations segment generates revenue and earnings in the form of gain on sale of loans, fair value gains, interest income, servicing income, and origination fees earned on the successful origination of mortgage loans.

### *Reverse Originations*

Our Reverse Originations segment originates or acquires reverse mortgage loans through our Finance of America Reverse LLC (“FAR”) subsidiary. This segment originates HECMs, and proprietary jumbo reverse mortgages, referred to as “non-agency reverse mortgages.”

We securitize HECMs into Home Equity Conversion Mortgage-Backed Securities (“HMBS”), which Ginnie Mae guarantees, and sell them in the secondary market while retaining the rights to service. Non-agency reverse mortgages, which compliment the Federal Housing Administration (“FHA”) HECM for higher value homes, may be sold as whole loans to investors or held for investment and pledged as collateral to securitized nonrecourse debt obligations. Non-agency reverse mortgage loans are not insured by the FHA.

We originate reverse mortgage loans through the following channels:

- **Retail** - Our retail channel consists of a centralized retail platform, which includes a telephone based platform with multiple loan officers in one location. Our retail network controls all of the loan origination process, including sourcing the borrower, processing the application, setting the interest rate, ordering appraisal and underwriting, processing, closing and funding the loan.
- **TPO** - Our TPO channel originates through third-party mortgage brokers and correspondent lenders. Our wholesale channel reviews and underwrites the application submitted by our mortgage brokers and correspondent lenders and approves or denies the application and sets the interest rate.

Our reverse mortgage lending activities primarily consist of the origination and securitization of mortgage loans to Ginnie Mae and other private investors. The Reverse Originations segment generates revenue and earnings in the form of fair value gains at the time of origination (“Net origination gains”) and origination fees earned on the successful origination of mortgage loans.

### *Commercial Originations*

Our Commercial Originations segment originates or acquires commercial mortgage loans through our Finance of America Commercial LLC (“FACo”) subsidiary. The segment provides business purpose lending solutions for residential real estate investors in two principal ways: short-term loans to provide rehab and construction of

investment properties meant to be sold upon completion, and investor rental loans collateralized by either a single asset or portfolio of properties. The segment does not provide financing for consumer-purpose, owner occupied loans or non-residential purpose commercial lending.

We originate commercial mortgage loans through the following channels:

- Retail - Our retail channel consists of sales team members located throughout the United States with concentrations in Charlotte, NC, Chicago, IL, and Irvine, CA. Our retail network controls all of the loan origination process, including sourcing the borrower, processing the application, setting the interest rate, ordering appraisal and underwriting, processing, closing and funding the loan.
- TPO - Our TPO channel originates through third-party mortgage brokers and correspondent lenders. Our wholesale channel reviews and underwrites the application submitted by our mortgage brokers and correspondent lenders and approves or denies the application and sets the interest rate.

Our commercial mortgage lending activities primarily consist of the origination, sale or securitization of commercial mortgages to private investors. The Commercial Originations segment generates revenue and earnings in the form of fair value gains at the time of origination (“Net origination gains”) and origination fees earned on the successful origination of mortgage loans.

#### *Lender Services*

Our Lender Services segment provides ancillary business services, title agency and title insurance services, mortgage servicing rights (“MSR”) valuation and trade brokerage, and appraisal management services to customers in the residential mortgage, student lending, and commercial lending industries. The segment also operates a foreign branch in the Philippines for fulfillment transactional and administrative support.

Our Lender Services business typically generates revenue and earnings in the form of fee-for-service revenue or commissions on successful MSR trades.

#### **Business Trends and Conditions**

There are a number of key factors and trends affecting our results of operations. A summary of key factors impacting our revenue include:

- prevailing interest rates which impact loan origination volume, with declining interest rates leading to increases in refinance volume, and an increasing interest rate environment leading to decreases in the refinance volume;
- housing market trends which also impact loan origination volume, with a strong housing market leading to higher loan origination volume, and a weak housing market leading to lower loan origination volume;
- demographic and housing stock trends which impact the addressable market size of mortgage, reverse and commercial loan originations;
- increases in loan modifications, delinquency rates, delinquency status and prepayment speeds; and
- broad economic factors such as the strength and stability of the overall economy, including the unemployment level and real estate values which have been substantially affected by the COVID-19 pandemic, further discussed below. The COVID-19 outbreak poses unique challenges to our business and the effects of the pandemic could adversely impact our ability to originate and service mortgages, manage our portfolio of assets and provide lender services and could also adversely impact our counterparties, liquidity and employees.

Other factors that may affect our cost base include trends in salaries and benefits costs, sales commissions, technology, rent, legal, compliance and other general and administrative costs. Management continually monitors these costs through operating plans.

#### **Impact of COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

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The COVID-19 pandemic adversely impacted global financial markets and contributed to significant volatility in market liquidity and yields required by market investors in the type of financial instruments originated by the Company's primary operating subsidiaries. In the U.S., significant fiscal stimulus measures, monetary policy actions and other relief measures have helped to moderate the negative economic impacts of COVID-19, and have supported the economic recovery which began in 2020 and continues into 2021. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted into law. In March 2021, the U.S. federal government passed a \$1.9 trillion American Rescue Plan Act ("ARPA"), which together with the CARES Act and other fiscal stimulus measures put in place in 2020, provide for, among other things, funding to state and local governments, direct payments to households, support for small businesses, renter assistance and funding for transport, airlines, healthcare and education. Monetary policy decisions have included quantitative easing and the provision of liquidity to financial institutions and credit markets. In addition, housing measures, such as forbearance on mortgages and suspension of foreclosures and evictions, and various executive orders have helped to provide relief.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. The Company's management is actively monitoring the global situation and its effect on the Company's financial condition, liquidity, operations, industry, and workforce. Further, the Company cannot estimate the length or gravity of the impact that the COVID-19 pandemic on the residential mortgage and commercial lending industries. As of March 31, 2021, the COVID-19 pandemic continues to impact the economic environment in which the Company conducts business, but did not had a material impact to the Company's consolidated financial statements for three months ended March 31, 2021. See "—Results of Operations" in this MD&A.

The economic impacts of the COVID-19 pandemic may continue to into 2021, including for example the implementation of the ARPA and the cessation of forbearance options and eviction moratoria. These continuing economic impacts, and the continuation of the pandemic itself, may have an adverse effect on the Company's results of future operations, financial position, intangible assets and liquidity in fiscal year 2021.

For further discussion on the potential impacts of the COVID-19 pandemic reference "Risk Factors—Risks Related to the Business of New Pubco—Risks Related to COVID-19" in our Super 8-K filed with the SEC on April 7, 2021.

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## **Reorganization Transactions**

New Pubco was incorporated in October 2020 and is a holding corporation, the principal asset of which is a controlling interest in FoA. The business, property and affairs of FoA are managed by a board of managers, appointed by New Pubco in its sole discretion. In periods subsequent to the April 1, 2021 closing of the Business Combination, New Pubco will consolidate FoA in its Consolidated Financial Statements and will report a non-controlling interest related to the FoA Units held by the the Continuing Unitholders in New Pubco's Consolidated Financial Statements.

In connection with the consummation of the Business Combination, we executed several reorganization transactions, as a result of which the limited liability company agreement of FoA was amended and restated to, among other things, reclassify its outstanding limited liability company units into a single new class of units that are referred to as "FoA Units." New Pubco appointed in its sole discretion the members of the FoA board of managers. For a description of the reorganization transactions, see "Certain Agreements Related to the Business Combination," in the Proxy Statement/Prospectus.

New Pubco, FoA and the Continuing Unitholders will enter into into an exchange agreement under which they (or certain permitted transferees) have the right (subject to the terms of the exchange agreement) to exchange their FoA Units for shares of New Pubco Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications.

The Continuing Unitholders hold all of the issued and outstanding shares of FoA's Class B Common Stock. The shares of Class B Common Stock have no economic rights, but entitle each holder, without regard to the number of shares of Class B Common Stock held by such holder, to a number of votes that is equal to the aggregate number of FoA Units held by such holder on all matters on which stockholders of New Pubco are entitled to vote generally. Holders of shares of FoA's Class B Common Stock vote together with holders of FoA's Class A Common Stock as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law.

## **Factors Affecting the Comparability of our Results of Operations**

As a result of a number of factors, our historical results of operations are not comparable from period to period and may not be comparable to our financial results of operations in future periods. Set forth below is a brief discussion of the key factors that may impact the comparability of our results of operations in future operations.

### ***Impact of the Business Combination***

New Pubco is a corporation for U.S. federal and state income tax purposes. FoA, was and is treated as a flow-through entity for U.S. federal income tax purposes, and as such, has generally not been subject to U.S. federal income tax at the entity level. Accordingly, other than for certain consolidated subsidiaries of FoA that are structured as corporations and unless otherwise specified, the historical results of operations and other financial information presented does not include any provision for U.S. federal income tax.

Following the consummation of the Business Combination, New Pubco (together with certain corporate subsidiaries through which it owns its interest in FoA) will pay U.S. federal and state income taxes as a corporation on its share of our taxable income. The Business Combination may be accounted for as a business combination using the acquisition method of accounting. Accordingly, the assets and liabilities of FoA would be recorded at their fair values at the date of the consummation of the Business Combination, with any excess of the purchase price over the estimated fair value recorded as goodwill. The application of business combination accounting requires the use of significant estimates and assumptions.

As a result of the application of business combination accounting, the historical Consolidated Financial Statements of FoA are not necessarily indicative of FoA's future results of operations, financial position and cash flows. For example, increased tangible and intangible assets resulting from adjusting the basis of tangible and intangible assets to their fair value would result in increased depreciation and amortization expense in the periods following the consummation of the Business Combination, and in the future New Pubco may need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets that are adjusted to fair value."

Additionally, in connection with the Business Combination, New Pubco will enter into Tax Receivable Agreements with the TRA Parties that provide for the payment by New Pubco to such owners of 85% of the benefits that New Pubco is deemed to realize as a result of (i) tax basis adjustments that will increase the tax basis of the tangible and intangible assets of New Pubco as a result of sales or exchanges of FoA Units in connection with or after the Business Combination or distributions with respect to the FoA Units prior to or in connection with the Business Combination, (ii) New Pubco's utilization of certain tax attributes attributable to the Blocker or the Blocker Shareholders, and (iii) certain other tax benefits related to entering into the Tax Receivable Agreements, including tax benefits attributable to payments under the Tax Receivable Agreements.

### ***Impact of Becoming a Public Company***

Following the completion of the Business Combination, we expect to incur additional costs associated with operating as a public company. We expect that these costs will include additional personnel, legal, consulting, regulatory, insurance, accounting, investor relations and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as rules adopted by the SEC and national securities exchanges, requires public companies to implement specified corporate governance practices that were previously inapplicable to us as a private company. These additional rules and regulations will increase our legal, regulatory and financial compliance costs and will make some activities more time-consuming and costly.

### **Components of Our Results of Operations**

#### ***Revenue***

Our primary sources of revenue include gains on sale and other income from mortgage loans held for sale, net, net fair value gains on mortgage loans and related obligations, fee income and net interest income (expense).

#### ***Gain on sale and other income from mortgage loans held for sale, net***

Net gain on sale and other income from mortgage loans held for sale include realized and unrealized gains and losses on loans held for sale, interest rate lock commitments, hedging derivatives, and retained mortgage servicing rights. The Company sells mortgage loans into the secondary market, including sales to the GSEs on a servicing-released basis, where the loans are sold to an investor with the associated MSRs transferred to the investor or to a separate third-party investor. In addition, the Company may opportunistically sell loans on a servicing-retained basis, where the loan is sold and retain the rights to service that loan are retained. Unrealized gains and losses include fair value gains and losses resulting from changes in fair value in the underlying mortgages, interest rate lock commitments, hedging derivatives, and purchases of and retained MSRs, from the time of origination to the ultimate sale of the loan or other settlement of those financial instruments.

#### ***Net fair value gains on mortgage loans and related obligations***

The majority of our outstanding financial instruments are carried at fair value. The yield recognized on these financial instruments and any changes in estimated fair value are recorded as a component of net fair value gains on mortgage loans and related obligations. See Note 5 - Fair Value within our consolidated financial statements for a discussion of fair value measurements.

#### ***Fee Income***

We earn various fees from our customers during the process of origination and servicing of loans, as well as providing services to third party customers. These fees include loan servicing and origination fees, title and closing service fees, title underwriting servicing fees, settlement fees, appraisal fees and broker fees. Revenue is recognized when the performance obligations have been satisfied, which is typically at the time of loan origination.

#### ***Net interest income (expense)***

We earn interest income on mortgage, reverse and commercial loans held for sale. Interest expense incurred on warehouse lines of credit and non-funding debt is included in net interest income (expense). Interest income and interest expense also accrues to loans held for investment, including securitized loans subject to HMBS and other nonrecourse debt. Interest income and expense on loans held for investment and their related obligations are recorded to net fair value gains on mortgage loans and related obligations.

### **Operating Expenses**

Our operating expenses include salaries, benefits and related expenses, occupancy, equipment rentals and other office related expenses, and general and administrative expenses.

#### *Salaries, benefits and related expenses*

Salaries, benefits and related expenses includes commissions, bonuses, salaries, benefits, taxes and all payroll related expenses for our employees.

#### *Occupancy, equipment rentals and other office related expenses*

Occupancy, equipment rentals and other office related expenses includes rent expense on office space, equipment and other related occupancy costs.

#### *General and administrative expenses*

General and administrative expenses primarily include loan origination fees, loan portfolio expenses, professional service fees, business development costs, communications and data processing costs, legal costs such as title and closing, depreciation and amortization and other expenses.

### **Income Taxes**

FoA is currently treated as a flow-through entity for U.S. federal income tax purposes. As a result, entity level taxes at FoA are not significant. Provision for income taxes consists of tax expense primarily related to certain of the consolidated subsidiaries of FoA that are structured as corporations and subject to U.S. federal income taxes as well as state taxes.

After consummation of the Business Combination, New Pubco (together with certain corporate subsidiaries through which it owns its interest in FoA) will be treated as a U.S. corporation for U.S. federal and state income tax purposes and, in periods following the Business Combination, will be subject to U.S. federal income taxes with respect to its allocable share of any taxable income of FoA and will be taxed at the prevailing corporate tax rates. Accordingly, a provision for income taxes will be recorded for the anticipated tax consequences of our reported results of operations for federal income taxes. In addition to tax expenses, we will also incur expenses related to our operations, as well as payments under the Tax Receivable Agreements, which we expect to be significant. We intend to cause FoA to make distributions in an amount sufficient to allow New Pubco to pay its tax obligations and operating expenses, including distributions to fund any payments due under the Tax Receivable Agreements. See "Certain Agreements Related to the Business Combination—Tax Receivable Agreements." However, our ability to make such distributions may be limited due to, among other things, restrictive covenants in our financing lines of credit and senior notes. New Pubco is a holding company and its only material asset in periods following the Business Combination is its direct and indirect interest in FoA. New Pubco is accordingly dependent upon distributions from FoA to pay taxes, make payments under the Tax Receivable Agreements and pay dividends.

### **Results of Operations**

#### **Consolidated Results**

The following table summarizes our consolidated operating results for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Gain on sale and other income from mortgage loans held for sale, net	\$ 291,334	\$ 130,684
Net fair value gains on mortgage loans and related obligations	76,663	13,380
Fee income	152,509	69,956
Net interest expense	(21,705)	(25,761)
<b>Total revenue</b>	<b>498,801</b>	<b>188,259</b>
<b>Total expenses</b>	<b>373,344</b>	<b>230,347</b>
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>\$ 125,457</b>	<b>\$ (42,088)</b>

*Net fair value gains on mortgage loans and related obligations*

In the table below is a summary of the components of net fair value gains on mortgage loans and related obligations for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Interest income on loans	\$ 160,568	\$ 183,672
Change in fair value of loans	(51,346)	(98,566)
Change in fair value of mortgage backed securities	—	2,287
<b>Net fair value gains on mortgage loans</b>	<b>109,222</b>	<b>87,393</b>
Interest expense on related obligations	(119,201)	(134,357)
Change in fair value of derivatives	43,972	(14,310)
Change in fair value of related obligations	42,670	74,654
<b>Net fair value losses on related obligations</b>	<b>(32,559)</b>	<b>(74,013)</b>
<b>Total net fair value gains on mortgage loans and related obligations</b>	<b>\$ 76,663</b>	<b>\$ 13,380</b>

Principally all of our outstanding financial instruments are carried at fair value. The yield recognized on these financial instruments and any changes in estimated fair value are recorded as a component of net fair value gains on mortgage loans and related obligations in the Consolidated Statements of Operations and Comprehensive Income. However, for certain of our outstanding financing lines of credit, we have not elected to account for these liabilities under the fair value option. Accordingly, interest expense is presented separately on our Consolidated Statements of Operations and Comprehensive Income. Accordingly, interest income on collateralized loans may be reflected in net fair value gains on mortgage loans and related obligations on the Consolidated Statements of Operations and Comprehensive Income, while the associated interest expense on the pledged loans will be included as a component of net interest expense. We evaluate net interest margin (“NIM”) for our outstanding investments through an evaluation of all components of interest income and interest expense.

Certain of our financial instruments, are valued utilizing a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment and repayment assumptions used in the model are based on various factors, with the key assumptions being prepayment and repayment speeds, credit loss frequencies and severity, and discount rate assumptions. Any changes in fair value on these financials instruments is recorded as a gain or loss in net fair value gains on mortgage loans and related obligations on the Consolidated Statement of Operations and Comprehensive Income.

The following table provides an analysis of all components of NIM for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Interest income on commercial and reverse loans	\$ 160,568	\$ 183,672
Interest expense on HBMS and nonrecourse obligations	(119,201)	(134,357)
<b>Net interest margin included in net fair value gains on mortgage loans<sup>(1)</sup></b>	<b>41,367</b>	<b>49,315</b>
Interest income on mortgage loans held for sale	12,621	8,093
Interest expense on warehouse lines of credit	(26,546)	(32,449)
Non-funding debt interest expense	(7,756)	(1,417)
Other interest income	40	78
Other interest expense	(64)	(66)
<b>Net interest expense</b>	<b>(21,705)</b>	<b>(25,761)</b>
<b>NET INTEREST MARGIN</b>	<b>\$ 19,662</b>	<b>\$ 23,554</b>

(1) *Net interest margin included in fair value gains on mortgage loans includes interest income and expense on all commercial and reverse loans and their related nonrecourse obligations. Interest income on mortgage loans and warehouse lines of credit are classified in net interest expense. See Note 2 - Summary of Significant Accounting Policies within the consolidated financial statements for additional information on the Company's accounting related to commercial and reverse mortgage loans.*



*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Net income before taxes increased \$167.5 million or 398.1% primarily as a result of higher gains on loans held for sale, fee income on originated mortgage loans, and fee income from our Lender Services segment, offset partially by higher expenses.

- Gain on sale and other income from mortgage loans held for sale, net, increased \$160.7 million or 122.9% as a result of higher sales volume during the three months ended March 31, 2021 partially offset by decreased margins on sold volume. We sold \$8,399.2 million in mortgage loans for the three months ended March 31, 2021 compared to \$4,018.6 million for the comparable 2020 period. Weighted average margins on sold loans were 2.4% for the three months ended March 31, 2021 compared to 3.4% for the comparable 2020 period. Gain on sale margins decrease primarily due to the impact of significant increases in market interest rates between the time of loan origination and loan sale during the period and a reduction in overall market loan origination margins.
- Net fair value gains on mortgage loans and related obligations increased by \$63.3 million primarily as a result of \$70.5 million in fair value losses from assumption changes taken in the first quarter of 2020 driven largely by unfavorable shocks to fair value yields during the early months of the COVID-19 outbreak. This compares to \$2.1 million of fair value losses from assumption changes taken in the first quarter of 2021. See Note 5 - Fair Value within the consolidated financial statements for additional information on assumptions impacting the value of our loans held for investment.
- Fee income increased \$82.6 million or 118.0% as a result of our higher loan origination volumes and growth in fee income from our Lender Services segment.
- Net interest expense decreased \$4.1 million or 15.7% in 2021 due primarily to a lower average cost of funds on our financing lines of credit, offset by increases in interest income on mortgage loans held for sale and non-funding debt interest expense for the three months ended March 31, 2021 compared to the same period 2020.
- Total expenses increased \$143.0 million or 62.1% due to higher salaries, benefits and related expenses combined with increases in general and administrative expenses primarily as a result of our higher loan origination volumes during the 2021 period and overall enterprise growth.

**SEGMENT RESULTS**

Revenue generated on inter-segment services performed are valued based on estimated market value. Revenue and fees are directly allocated to their respective segments at the time services are performed. Expenses directly attributable to the operating segments are expensed as incurred. Other expenses are allocated to individual segments based on the estimated value of services performed, total revenue contributions, personnel headcount or the equity invested in each segment based on the type of expense allocated. Expenses for enterprise-level general overhead, such as executive administration, are not allocated to the business segments.

### **Portfolio Management Segment**

The following table summarizes our Portfolio Management segment results for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
<b>Gain on sale and other income from mortgage loans held for sale, net</b>	<b>\$ 5,065</b>	<b>\$ 5,617</b>
Net fair value gains	2,750	(31,356)
Net interest expense	(14,816)	(24,773)
Fee income	37,086	961
<b>Total revenue</b>	<b>30,085</b>	<b>(49,551)</b>
<b>Total expenses</b>	<b>24,406</b>	<b>\$ 17,372</b>
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>\$ 5,679</b>	<b>\$ (66,923)</b>

Our Portfolio Management segment generates its revenues primarily from the sale and securitization of residential mortgages into the secondary market, fair value gains and losses on loans and MSR's that we hold to maturity, and mortgage advisory fees earned on various investment and trading activities we provide our internal and external customers. The fair value gains and losses include the yield we recognize on the contractual interest income that is expected to be collected based on the stated interest rates of the loans and related liabilities, and any contractual service fees earned while servicing these assets.

Fair value gains and losses in our Portfolio Management segment includes fair value adjustments related to the following assets and liabilities:

- Loans held for investment, subject to HMBS liabilities, at fair value
- Loans held for investment, subject to nonrecourse debt, at fair value
- Loans held for investment, at fair value
- Mortgage servicing rights, at fair value
- Loans held for sale, at fair value<sup>(1)</sup>
- HMBS liabilities, at fair value; and
- Nonrecourse debt, at fair value.

(1) *Fair value gains and losses in our Portfolio Management segment for loans held for sale only include fair value adjustments related to loans originated in the Commercial Originations segment.*

### **For the three months ended March 31, 2021 versus the three months ended March 31, 2020**

Net income before taxes improved primarily as a result of a reduction in the negative FV adjustments realized in the first quarter of 2021 compared to the 2020 period. This was \$68.4 million lower market and model assumption-driven losses in 2021. In the first quarter of 2020, Capital markets were affected by the COVID-19 outbreak, with investors requiring significantly increased cost of funds. Due to the higher cost of funds, a write down to the securitized assets in inventory was required, coupled with hedge losses realized during the same quarter of 2020. Capital markets demand and spreads have since returned to more normal levels, and we have adjusted the product guidelines and pricing to reflect the market requirements to produce desired yields. See Note 5 - Fair Value within the consolidated financial statements for additional information.

**KEY METRICS**

The following table provides a trend in the assets and liabilities under management by our Portfolio Management segment (in thousands):

	March 31, 2021	December 31, 2020
Restricted cash	302,937	\$ 303,925
Loans held for investment, subject to HMBS liabilities, at fair value	10,071,192	9,929,163
Loans held for investment, subject to nonrecourse debt, at fair value	5,291,444	5,396,167
Loans held for investment, at fair value	1,100,544	730,821
Mortgage servicing rights, at fair value	267,364	180,684
Other assets, net	178,263	165,810
<b>Total long-term investment assets</b>	<b>17,211,744</b>	<b>16,706,570</b>
Loans held for sale, at fair value	118,397	142,226
<b>Total earning assets</b>	<b>\$17,330,141</b>	<b>\$16,848,796</b>
HMBS liabilities, at fair value	\$ 9,926,132	\$ 9,788,668
Nonrecourse debt, at fair value	5,227,943	5,271,842
Other secured financing	1,343,739	1,010,669
Other liabilities	101,515	96,762
<b>Total financing of portfolio</b>	<b>16,599,329</b>	<b>16,167,941</b>
<b>Net equity in earning assets</b>	<b>\$ 730,812</b>	<b>\$ 680,855</b>

The following table provides a summary of some of our Portfolio Management segment's key metrics (dollars in thousands):

	March 31,	
	2021	2020
<b>Mortgage Servicing Rights Portfolio</b>		
Loan count	83,032	1,813
Ending unpaid principal balance ("UPB")	\$26,675,358	\$ 402,852
Average unpaid principal balance	\$ 321	\$ 222
Weighted average coupon	3.05%	4.18%
Weighted average age (in months)	5	30
Weighted average FICO credit score	759	729
90+ day delinquency rate	0.11%	0.22%
Total prepayment speed	8.6%	16.0%
<b>Reverse Mortgages</b>		
Loan count	58,786	58,731
Active UPB	\$13,622,100	\$12,488,508
Due and payable	\$ 577,422	\$ 263,295
Foreclosure	\$ 341,011	\$ 374,501
Claims pending	\$ 69,858	\$ 123,897
Ending unpaid principal balance	\$14,610,391	\$13,250,201
Average unpaid principal balance	\$ 249	\$ 226
Weighted average coupon	4.1%	5.1%
Weighted average age (in months)	44.5	43.7
Percentage in foreclosure	2.3%	2.8%
<b>Commercial (SRL/Portfolio/Fix &amp; Flip)</b>		
Loan count	1,675	3,970
Ending unpaid principal balance	\$ 391,538	\$ 886,419
Average unpaid principal balance	\$ 234	\$ 223
Weighted average coupon	7.90%	8.30%
Weighted average loan age (in months)	11	6
SRL conditional prepayment rate	3.2%	— %
SRL non-performing (60+ DPD)	2.7%	2.0%
F&F single month mortality	13.3%	7.4%
F&F non-performing (60+ DPD)	15.9%	3.5%
<b>Agricultural Loans</b>		
Loan count	58	32
Ending unpaid principal balance	\$ 123,356	\$ 63
Average unpaid principal balance	\$ 2,127	\$ 2
Weighted average coupon	7.2%	8.0%
Weighted average loan age (in months)	3	1
Conditional prepayment rate	1.0%	1.0%
Conditional default rate	2.0%	2.0%

	For the three months ended	
	March 31,	
	2021	2020
<b>Investment and Trading</b>		
Number of structured deals	1	2
Structured deals (size in notes)	\$ 571,448	\$ 572,912
Number of whole loan trades	8	2
UPB of whole loan trades	\$ 195,929	\$ 124,165

### Revenue

In the table below is a summary of the components of our Portfolio Management segment's total revenue for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
<b>REVENUE</b>		
Gain on sale and other income from mortgage loans held for sale, net	\$ 5,065	\$ 5,617
Interest income	149,875	162,838
Interest expense (nonrecourse)	(114,910)	(127,850)
Net fair value losses on portfolio assets	(32,215)	(66,344)
Net fair value gains	2,750	(31,356)
Net interest expense	(14,816)	(24,773)
Servicing income (MSR)	33,698	104
Underwriting, advisory and valuation fees	997	90
Asset management fees	9	511
Other fees	2,382	256
Fee income	37,086	961
Total revenue	\$ 30,085	\$ (49,551)

Principally all of our outstanding financial instruments are carried at fair value. The yield recognized on these financial instruments and any changes in estimated fair value are recorded as a component of net fair value gains on mortgage loans and related obligations in the Consolidated Statements of Operations and Comprehensive Income. However, for certain of our outstanding financing lines of credit, we have not elected to account for these liabilities under the fair value option. Accordingly, interest expense is presented separately on our Consolidated Statements of Operations and Comprehensive Income. We evaluate net interest margin ("NIM") for our outstanding investments through an evaluation of all components of interest income and interest expense.

Certain of our financial instruments, are valued utilizing a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment and repayment assumptions used in the model are based on various factors, with the key assumptions being prepayment speeds, credit loss frequencies and severity, and discount rate assumptions. Any changes in fair value on these financial instruments is recorded as a gain or loss in net fair value gains on mortgage loans and related obligations on the Consolidated Statement of Operations and Comprehensive Income.

The following table provides an analysis of all components of NIM for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Interest income on commercial and reverse loans	\$ 149,875	\$ 162,838
Interest expense on HBMS and nonrecourse obligations	(114,910)	(127,850)
<b>Net interest margin included in net fair value gains on mortgage loans (1)</b>	<b>34,965</b>	<b>34,988</b>
Interest income on mortgage loans held for sale	138	174
Interest expense on warehouse lines of credit	(14,954)	(24,951)
Other interest income	—	4
<b>Net interest expense</b>	<b>(14,816)</b>	<b>(24,773)</b>
<b>NET INTEREST MARGIN</b>	<b>\$ 20,149</b>	<b>\$ 10,215</b>

- (1) *Net interest margin included in fair value gains on mortgage loans includes interest income and expense on all commercial and reverse loans and their related nonrecourse obligations. Interest income on mortgage loans and warehouse lines of credit are classified in net interest expense. See Note 2 - Summary of Significant Accounting Policies within the consolidated financial statements for additional information on the Company's accounting related to commercial and reverse mortgage loans.*

In addition, the company measures the performance of the portfolio management assets, excluding ancillary service fees, as follows:

	For the three months ended	
	March 31,	
	2021	2020
<b>REVENUE</b>		
<b>Gain on sale and other income from mortgage loans held for sale, net</b>	<b>\$ 5,065</b>	<b>\$ 5,617</b>
<b>Net interest expense</b>	<b>(14,816)</b>	<b>(24,773)</b>
Interest income	149,875	162,838
Interest expense (nonrecourse)	(114,910)	(127,850)
Servicing income (MSR)	33,698	104
Net fair value losses on portfolio assets	(32,215)	(66,344)
<b>Net gain on portfolio assets</b>	<b>\$ 26,697</b>	<b>\$ (50,408)</b>

*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total revenue increased \$79.6 million or 161% as a result of negative fair value adjustments recognized during the three months ended March 31, 2020 primarily driven by higher required cost of funds for securitizations during the COVID-19 outbreak. These losses were partially offset by \$10.0 million decrease in warehouse interest expense.

- Interest income decreased \$13.0 million due to the weighted average coupon decreasing on our portfolio of loans for the three months ended 2021 compared to the same period in 2020.
- Interest expense on nonrecourse debt decreased \$12.9 million due to issuances of nonrecourse debt in a favorable interest rate environment during the three months ended March 31, 2021 and retirement of nonrecourse debt issued in prior periods.
- Net interest expense on our warehouse lines decreased \$10.0 million due primarily to a lower average cost of funds on our financing lines of credit.
- Net fair value losses on portfolio assets decreased \$34.1 million primarily as a result of higher fair value losses incurred in the first quarter of 2020 primarily driven by higher required cost of funds for securitizations during the COVID-19 pandemic. Financial markets were significantly disrupted resulting in significant negative fair value mark-to-market adjustments during 2020.

## Expenses

In the table below is a summary of the components of our Portfolio Management segment's total expenses for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Salaries and bonuses	\$ 5,650	\$ 4,731
Other salary related expenses	497	369
Total salaries, benefits and related expenses	6,147	5,100
Securitization expenses	4,459	3,333
Servicing related expenses	8,651	5,392
Other general and administrative expenses	4,887	3,393
Total general and administrative expenses	17,997	12,118
Occupancy and equipment rentals	262	154
<b>Total expenses</b>	<b>\$ 24,406</b>	<b>\$ 17,372</b>

### *For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total expenses increased \$7.0 million or 40% as a result of higher salaries, benefits and related expenses combined with an increase in general and administrative expenses.

- Salaries, benefits and related expenses increased \$1.0 million or 21%, primarily due to an increase in production related compensation as a result of increased loan originations across our portfolio segments.
- General and administrative expenses increased \$5.9 million or 49% primarily due to increases in fees related to the securitization of assets into nonrecourse securitizations and increased loan portfolio expenses related to the increase in subservicing expense on the retained MSR portfolio, which are included in servicing related expenses above.

### ***Mortgage Originations Segment***

The following table summarizes our Mortgage Origination segment's results for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Gain on sale and other income from mortgage loans held for sale, net	\$ 286,481	\$ 127,291
Fee income	32,731	20,527
Net interest income	891	486
<b>Total revenue</b>	<b>320,103</b>	<b>148,304</b>
<b>Total expenses</b>	<b>224,246</b>	<b>138,191</b>
<b>NET INCOME BEFORE TAXES</b>	<b>\$ 95,857</b>	<b>\$ 10,113</b>

Our Mortgage Originations segment generates its revenues primarily from the origination and sale of residential mortgages, including conforming mortgages, government mortgages insured by the FHA, VA and USDA, non-conforming products such as jumbo mortgages, non-qualified mortgages, and closed-end second mortgages into the secondary market. Revenue from our Mortgage Originations segment includes cash gains recognized on the sale of mortgages, net of any estimated repurchase obligations, realized hedge gains and losses, fair value adjustments on loans held for sale, and any fair value adjustments on our outstanding interest rate lock pipeline and derivatives utilized to mitigate interest rate exposure on our outstanding mortgage pipeline. We also earn origination fees on the successful origination of mortgage loans which are recorded at the time of origination of the associated loans.

We utilize forward loan sale commitments, TBAs, and other forward delivery securities to fix the forward sales price that we will realize in the secondary market and to mitigate the interest rate risk to loan prices that we may be exposed to from the date we enter into rate locks with our customers until the date the loan is sold. We realize hedge gains and losses based on the value of the change in price in the underlying securities. When the position is closed, these amounts are recorded as realized hedge gains and losses.

*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Net income before taxes increased \$85.7 million or 847.9% as a result of higher loan originations, and a general widening in margins related to GSE and government-guaranteed loan products.

- Our Mortgage Originations segment had \$8,405.3 million in net rate lock volume related to mortgage loans for the three months ended March 31, 2021 compared to \$6,216.3 million for the comparable 2020 period. Additionally, our margin on originated mortgage loans increased to 3.4% for the three months ended March 31, 2021 compared to 2.1% for the comparable 2020 period.
- Fee income increased \$12.2 million or 59.5% as a result of higher origination volume during the three months ended March 31, 2021.
- Total expenses increased \$86.1 million or 62.3% as a result of variable expenses related to higher loan origination volume during the three months ended March 31, 2021.

**KEY METRICS**

The following table provides a summary of some of our Mortgage Origination segment's key metrics (dollars in thousands):

	For the three months ended	
	March 31,	
	2021	2020
<b>Loan origination volume (dollars)</b>		
Conforming	\$5,397,708	\$2,599,040
Government	1,068,650	794,813
Non-conforming	1,937,860	826,659
Total loan origination volume	\$8,404,218	\$4,220,512
<b>Loan origination volume by channel (dollars)</b>		
Retail	\$5,622,487	\$3,210,787
Wholesale/Correspondent	1,706,365	541,378
Consumer direct	1,075,366	468,347
Total loan origination volume by channel	\$8,404,218	\$4,220,512
<b>Loan origination volume by type (dollars)</b>		
Purchase	\$2,664,493	\$1,698,392
Refinance	5,739,725	2,522,120
Total loan origination volume by type	\$8,404,218	\$4,220,512



<b>Loan origination volume (units)</b>		
Conforming	18,090	9,366
Government	3,426	2,869
Non-conforming	2,472	1,182
Total loan origination volume	23,988	13,417
<b>Loan origination volume by channel (units)</b>		
Retail	16,123	10,585
Wholesale/Correspondent	4,745	1,470
Consumer direct	3,120	1,362
Total loan origination volume by channel	23,988	13,417
<b>Loan origination volume by type (units)</b>		
Purchase	7,534	6,071
Refinance	16,454	7,346
Total loan origination volume by type	23,988	13,417
<b>Loan sales by investor (dollars)</b>		
Agency	\$ 7,246,418	\$ 3,260,543
Private	1,152,810	758,103
Total loan sales by investor	\$ 8,399,228	\$ 4,018,646
<b>Loan sales by type (dollars)</b>		
Servicing released	\$ 2,086,550	\$ 3,882,965
Servicing retained	6,312,678	135,681
Total loan sales by type	\$ 8,399,228	\$ 4,018,646
Net rate lock volume	\$ 8,405,313	\$ 6,216,254
Mortgage originations margin (including servicing margin) <sup>(1)</sup>	3.4%	2.1%
Capitalized servicing rate (in bps)	89.1	94.9

<sup>(1)</sup> Calculated for each period as Gain on sale and other income from mortgage loans held for sale, net, divided by Net rate lock volume.

## Revenue

In the table below is a summary of the components of our Mortgage Origination segment's total revenue for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Gain on sale, net	\$ 200,874	\$ 137,414
Provision for repurchases	(2,258)	(2,125)
Realized hedge gains (losses)	74,823	(49,562)
Changes in fair value of loans held for sale	(41,485)	22,301
Changes in fair value of interest rate locks	(49,946)	56,345
Changes in fair value of derivatives/hedges	104,473	(37,082)
<b>Gain on sale and other income from mortgage loans held for sale, net</b>	<b>286,481</b>	<b>127,291</b>
Origination related fee income	32,731	20,527
Net interest income	891	486
<b>Total revenue</b>	<b>\$ 320,103</b>	<b>\$ 148,304</b>

Net interest income was comprised of the following (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Interest income	\$ 12,483	\$ 7,918
Interest expense	(11,592)	(7,432)
Net interest income	\$ 891	\$ 486
WAC - loans held for sale	2.9%	3.5%
WAC - warehouse lines of credit	3.0%	3.9%

### For the three months ended March 31, 2021 versus the three months ended March 31, 2020

Total revenue increased \$171.8 million or 115.8% as a result of higher mortgage origination volume and overall higher mortgage originations margin.

- Gain on sale, net, increased \$63.5 million or 46.2% as a result of higher sales volume during the three months ended March 31, 2021 partially offset by decreased margins on sold volume. We sold \$8,399.2 million in mortgage loans for the three months ended March 31, 2021 compared to \$4,018.6 million for the comparable 2020 period. Weighted average margins on sold loans were 2.4% for the three months ended March 31, 2021 compared to 3.4% for the comparable 2020 period. Gain on sale margins decreased primarily due to the impact of significant increases in market interest rates between the time of loan origination and loan sale during the period and a reduction in overall market loan origination margins.
- Changes in fair value of loans held for sale decreased \$63.8 million or 286.0% as a result of lower net change in the end-of-period mark to market of our higher outstanding originated loan production not yet sold or securitized combined with lower margins on our unsold loan pipeline. The unsold pipeline decreased from \$2.0 billion with a weighted average margin of 4.2% at December 31, 2020 to \$1.9 billion and 2.1% at March 31, 2021. Comparatively, the unsold pipeline increased from \$1.0 billion with a weighted average margin of 2.9% at January 1, 2020 to \$1.2 billion and 4.3% at March 31, 2020.
- Changes in fair value of interest rate locks decreased \$106.3 million or 188.6% as a result of lower net change in our interest rate lock pipeline. The fair value of the interest rate lock pipeline decreased from \$87.6 million at December 31, 2020 to \$37.6 million at March 31, 2021. Comparatively, the fair value of the interest rate lock pipeline increased from \$13.9 million at January 1, 2020 to \$56.3 million at March 31, 2020.

- Origination related fee income increased \$12.2 million or 59.5% as a result of higher loan origination volume during the three months ended March 31, 2021.
- The decreases to gain on sale and fair value gains on loans sold, loans held for sale and interest rate lock pipeline driven by increases to market interest rates while those loans were in the pipeline during the three months ended March 31, 2021 were offset by realized and unrealized hedge gains. Conversely, increases to gain on sale and fair value gains on loans sold, loans held for sale and interest rate lock pipeline driven by increases to market interest rates while those loans were in the pipeline during the comparable 2020 period were offset by realized and unrealized hedge losses.

### Expenses

In the table below is a summary of the components of our Mortgage Originations segment's total expenses for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Commissions and bonus	\$ 111,766	\$ 58,829
Salaries	46,232	30,707
Other salary related expenses	18,451	12,450
Total salaries, benefits and related expenses	176,449	101,986
Loan origination fees	14,003	9,125
Loan processing expenses	5,462	2,593
Other general and administrative expenses	23,112	19,109
Total general and administrative expenses	42,577	30,827
Occupancy, equipment rentals and other office related expenses	5,220	5,378
<b>Total expenses</b>	<b>\$ 224,246</b>	<b>\$ 138,191</b>

### *For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total expenses increased \$86.1 million or 62.3% as a result of higher salaries, benefits and related expenses combined with an increase in general and administrative expenses.

- Salaries, benefits and related expenses increased \$74.5 million or 73.0%, primarily due to a \$52.9 million increase in commissions and bonus expense as a result of the 99.1% increase in origination volume during the three months ended March 31, 2021. Our average headcount increased from 2,540 for the three months ended March 31, 2020 to 3,058 for the 2021 period in order to originate and fulfill the increase in loan origination volume.
- General and administrative expenses increased \$11.8 million or 38.1% primarily due to an increase in loan origination fees as a result of higher origination volumes. Additionally, other general and administrative expenses increased by \$4.0 million, primarily attributable to increases in business development and communications and data processing, with a slight offset through a reduction in travel and entertainment expenses.

### ***Reverse Originations Segment***

The following table summarizes our Reverse Originations segment's results for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Net origination gains	\$ 68,449	\$ 34,589
Fee income	558	603
<b>Total revenue</b>	<b>69,007</b>	<b>35,192</b>
<b>Total expenses</b>	<b>23,693</b>	<b>18,584</b>
<b>NET INCOME BEFORE TAXES</b>	<b>\$ 45,314</b>	<b>\$ 16,608</b>

Our Reverse Originations segment generates its revenues primarily from the origination of reverse mortgage loans, including loans insured by FHA, and non-agency jumbo reverse mortgage loans. Revenue from our Reverse Originations segment include both our initial estimate of fair value gains on the date of origination ("Net origination gains"), which is determined by utilizing quoted prices on similar securities or internally-developed models utilizing observable market inputs, in addition to fees earned at the time of origination of the associated loans. We elect to account for all originated loans at fair value. The loans are immediately transferred to our Portfolio Management segment, and any future fair value adjustments, including interest earned, on these originated loans are reflected in revenues of our Portfolio Management segment until final disposition.

#### *For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Net income before taxes increased \$28.7 million or 172.8% as a result of higher net origination gains on originated reverse mortgage loans.

- During 2021, the weighted average margin on production was 8.90% compared to 5.27% in 2020. The Reverse Originations segment originated \$768.8 million of reverse mortgage loans for the three months ended March 31, 2021 compared to \$656.3 million for the 2020 period. The higher loan origination volume is attributable to the favorable interest rate environment and increased market penetration in 2021.
- Total expenses increased \$5.1 million or 27.5% as a result of higher loan origination volume during the three months ended March 31, 2021 compared to the 2020 period.

## KEY METRICS

The following table provides a summary of some of our Reverse Originations segment's key metrics (dollars in thousands):

	For the three months ended	
	March 31,	
	2021	2020
<b>Loan origination volume</b>		
Total loan origination volume - New originations - dollars <sup>(1)</sup>	\$ 768,795	\$ 656,277
Total loan origination volume - Tails - dollars <sup>(2)</sup>	120,775	129,985
Total loan origination volume - dollars	\$ 889,570	\$ 786,262
Total loan origination volume - units	2,864	2,296
<b>Loan origination volume by channel (dollars)<sup>(3)</sup></b>		
Retail	\$ 127,679	\$ 72,624
TPO	641,116	583,653
Total loan origination volume by channel	\$ 768,795	\$ 656,277

(1) New loan origination volumes consist of initial reverse mortgage loan borrowing amounts.

(2) Tails consist of subsequent borrower advances, mortgage insurance premiums, service fees and advances which we are able to subsequently pool into a security.

(3) Loan origination volumes by channel consist of initial reverse mortgage loan borrowing amounts, exclusive of subsequent borrower advances, mortgage insurance premiums, service fees and advances which we are able to subsequently pool into a security.

## Revenue

In the table below is a summary of the components of our Reverse Originations segment's total revenue for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
<b>Net origination gains</b>		
Retail	\$ 16,913	\$ 6,489
TPO	99,678	68,098
Acquisition costs	(48,142)	(39,998)
<b>Total net origination gains</b>	68,449	34,589
Fee income	558	603
<b>Total revenue</b>	\$ 69,007	\$ 35,192

### For the three months ended March 31, 2021 versus the three months ended March 31, 2020

Total revenue increased \$33.8 million or 96.1% as a result of higher net origination gains.

- Net origination gains increased \$33.9 million or 97.9% as a result of higher loan origination volume during the three months ended March 31, 2021 combined with increased margins on this origination volume. The higher origination volumes were due to the favorable interest rate environment and increased market penetration during the period. We originated \$768.8 million of reverse mortgage loans for the three months ended March 31, 2021, an increase of 17.1%, compared to \$656.3 million for the comparable 2020 period. During the three months ended March 31, 2021, the weighted average margin on production was 8.90% compared to 5.27% in 2020, an increase of 68.9%.

## Expenses

In the table below is a summary of the components of our Reverse Originations segment's total expenses for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Salaries and bonuses	\$ 11,692	\$ 9,703
Other salary related expenses	1,395	1,218
Total salaries, benefits and related expenses	13,087	10,921
Loan origination fees	3,258	2,619
Professional fees	2,079	2,106
Other general and administrative expenses	4,958	2,566
Total general and administrative expenses	10,295	7,291
Occupancy, equipment rentals and other office related expenses	311	372
<b>Total expenses</b>	<b>\$ 23,693</b>	<b>\$ 18,584</b>

### *For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total expenses increased \$5.1 million or 27.5% as a result of higher general and administrative expenses combined with an increase in salaries, benefits and related expenses.

- Salaries, benefits and related expenses increased \$2.2 million or 19.8%, primarily due to an increase in average headcount and production related compensation. Average headcount for the three months ended March 31, 2021 was 329 compared to 265 for the 2020 period.
- General and administrative expenses increased \$3.0 million or 41.2% primarily due to higher loan originations in 2021.

### ***Commercial Originations Segment***

The following table summarizes our Commercial Originations segment's results for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Net origination gains	\$ 5,431	\$ 8,561
Fee income	9,079	10,836
<b>Total revenue</b>	<b>14,510</b>	<b>19,397</b>
<b>Total expenses</b>	<b>13,391</b>	<b>15,890</b>
<b>NET INCOME BEFORE TAXES</b>	<b>\$ 1,119</b>	<b>\$ 3,507</b>

Our Commercial Originations segment generates its revenues primarily from the origination of loans secured by 1-8 family residential properties, which are owned for investment purposes as either long-term rentals ("SFR") or "fix and flip" properties which are undergoing construction or renovation. Revenue from our Commercial Originations segment include both our initial estimate of fair value gains on the date of origination ("Net origination gains"), which is determined by utilizing quoted prices on similar securities or internally-developed models utilizing observable market inputs, in addition to fees earned at the time of origination of the associated loans. We elect to account for all originated loans at fair value. The loans are immediately transferred to our Portfolio Management segment, and any future fair value adjustments, including interest earned, on these originated loans are reflected in revenues of our Portfolio Management segment until final disposition.

*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Net income before taxes decreased \$2.4 million or 68.1% as a result of lower net origination gains on originated loans combined with lower fee income.

- We originated \$340.9 million in loans for the 2021 period compared to \$459.1 million during the 2020 period. Lower loan origination volume is attributable to a reduction in commercial production and a decrease in capital market demand for non-GSE or government loan products since the COVID-19 outbreak began in March of 2020. Production volume and margins have been rebuilding and are approaching pre- COVID-19 levels.
- Fee income decreased \$1.8 million or 16.2% primarily as a result of the 25.7% decrease in origination volume during the 2021 period.

**KEY METRICS**

The following table provides a summary of some of our Commercial Originations segment's key metrics (dollars in thousands):

	For the three months ended	
	March 31,	
	2021	2020
<b>Loan origination volume (dollars)<sup>(1)</sup></b>		
Portfolio	\$ 59,458	\$ 39,695
SRL	104,992	89,187
Fix & flip	90,018	169,621
New construction	3,422	95,855
Agricultural	83,013	64,728
Total loan origination volume	<u>\$ 340,903</u>	<u>\$ 459,086</u>
<b>Loan origination volume (units)<sup>(1)</sup></b>		
Portfolio	71	22
SRL	643	543
Fix & flip	430	818
New construction	13	291
Agricultural	27	28
Total loan origination volume	<u>1,184</u>	<u>1,702</u>

<sup>(1)</sup> Loan originations volume and units consist of approved total borrower commitments. These amounts include amounts available to our borrowers but have not yet been drawn upon.

**Revenue**

In the table below is a summary of the components of our Commercial Originations segment's total revenue for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Net origination gains	\$ 5,431	\$ 8,561
Fee income	9,079	10,836
<b>Total revenue</b>	<u>\$ 14,510</u>	<u>\$ 19,397</u>

*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total revenue decreased \$4.9 million or 25.2% as result of lower net origination gains combined with lower fee income.

- We originated \$340.9 million in commercial loans for the three months ended March 31, 2021 compared to \$459.1 million during the 2020 period. Lower loan origination volume is attributable to reduced production volume due to the COVID-19 outbreak and impact to capital markets demand for non-GSE or government loan products in 2020. Production volumes and margins have been rebuilding from the temporary deferment of commercial production in March to May of 2020 and are approaching pre-COVID-19 levels.
- Fee income decreased \$1.8 million or 16.2% primarily as a result of a 25.7% decrease in loan origination volume during the three months ended March 31, 2021.

**Expenses**

In the table below is a summary of the components of our Commercial Originations segment's total expenses for the periods indicated (in thousands):

	For the three months ended March 31,	
	2021	2020
Salaries	\$ 4,769	\$ 4,127
Commissions and bonus	2,092	2,820
Other salary related expenses	797	947
Total salaries, benefits and related expenses	7,658	7,894
Loan origination fees	3,140	4,542
Professional fees	891	1,449
Other general and administrative expenses	1,164	1,833
Total general and administrative expenses	5,195	7,824
Occupancy, equipment rentals and other office related expenses	538	172
<b>Total expenses</b>	<b>\$ 13,391</b>	<b>\$ 15,890</b>

*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total expenses decreased \$2.5 million or 15.7% primarily as a result of lower general and administrative expenses.

- General and administrative expenses decreased \$2.6 million or 33.6% primarily due to the decrease in loan origination fees as a result of the 25.7% decrease in loan origination volume during the three months ended March 31, 2021.

**Lender Services Segment**

The following table summarizes our Lender Services segment's results for the periods indicated (in thousands):

	For the three months ended March 31,	
	2021	2020
Fee income	\$ 76,385	\$ 41,258
Net interest (expense) income	(36)	9
<b>Total revenue</b>	<b>76,349</b>	<b>41,267</b>
<b>Total expenses</b>	<b>62,970</b>	<b>38,595</b>
<b>NET INCOME BEFORE TAXES</b>	<b>\$ 13,379</b>	<b>\$ 2,672</b>



*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Net income before taxes increased \$10.7 million or 400.7% as a result of increased fee income, primarily driven by an increase in title insurance underwriting, increased title agent closings in a lower interest rate environment and a larger client base.

- Fee income increased or \$35.1 million or 85.1% as a result of higher title insurance underwriting, title insurance orders, and title agent closings during the three months ended March 31, 2021 compared to the 2020 period.
- Total expenses increased \$24.4 million or 63.2% as a result of higher salaries and benefits combined with higher general and administrative expenses as a result of the 272.9% increase in title insurance underwriting and 118.1% increase in residential mortgage loan closings in 2021.

**KEY METRICS**

The following table provides a summary of some of our Lender Services segment's key metrics:

	For the three months ended	
	March 31,	
	2021	2020
Incenter Title Agent Orders	54,960	34,615
Incenter Title Agent Closings	46,991	21,550
Total appraisals	7,427	4,021
Title Insurance Underwriter Policies	48,814	13,092
FTE Count for Fulfillment Revenue	858	704
Total MSR valuations performed	124	134

**Revenue**

In the table below is a summary of the components of our Lender Services segment's total revenue for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Title agent and closing services	\$ 31,750	\$ 23,531
Insurance underwriting services	33,322	9,022
Student and consumer loan origination services	2,012	2,922
Fulfillment services	6,779	3,806
MSR trade brokerage, valuation and other services	2,462	1,974
Other income	60	3
Net interest (expense) income	(36)	9
<b>Total revenue</b>	<b>\$ 76,349</b>	<b>\$ 41,267</b>

*For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total revenue increased \$35.1 million or 85.0% as a result of higher title agent closings, and an increase in insurance underwriting services.

- In 2021, we acted as title agent on 46,991 loan closings, compared to 21,550 loan closings in the 2020 period, an increase of 118.1%. We underwrote 48,814 policies during the three months ended March 31, 2021, compared to 13,092 underwritten policies for the 2020 period, an increase of 272.9%. These increases were primarily the result of the favorable interest rate environment during the three months ended March 31, 2021 compared to 2020.

- MSR trade brokerage, valuation and other services increased \$0.5 million or 24.7% for the three months ended March 31, 2021 compared to 2020, respectively. In 2021, we acted as broker for over \$8,750.4 million in co-issue MSR sales, compared to \$664.1 million inco-issue MSR sales in 2020.

### Expenses

In the table below is a summary of the components of our Lender Services segment's total expenses for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Salaries	\$ 16,715	\$ 8,713
Commissions and bonus	7,045	3,952
Other salary related expenses	4,001	2,911
Total salaries, benefits and related expenses	27,761	15,576
Title and closing	25,062	15,995
Communication and data processing	2,960	1,929
Fair value change in deferred purchase price liability	—	69
Other general and administrative expenses	6,040	4,136
Total general and administrative expenses	34,062	22,129
Occupancy, equipment rentals and other office related expenses	1,147	890
<b>Total expenses</b>	<b>\$ 62,970</b>	<b>\$ 38,595</b>

### *For the three months ended March 31, 2021 versus the three months ended March 31, 2020*

Total expenses increased \$24.4 million or 63.2% as a result of higher salaries, benefits and related expenses combined with an increase in general and administrative expenses.

- Salaries, benefits and related expenses increased \$12.2 million or 78.2%, primarily due to the staffing required to support the 118.1% increase in title agent closings and 272.9% increase in title insurance underwriting policies. Commissions and bonus expense increased \$3.1 million in conjunction with the increase in revenue.
- General and administrative expenses increased \$11.9 million or 53.9% primarily due to higher title and closing expenses incurred associated with the 118.1% increase in title agent closings and 272.9% increase in title insurance underwriting policies.

### ***Corporate and Other***

Our Corporate and Other segment consists of our BXO and other corporate services groups. These groups support our operating segments, and the cost of services directly supporting the operating segments are allocated to those operating segments on a cost of service basis. Enterprise-focused Corporate and Other expenses that are not incurred in direct support of the operating segments are kept unallocated within our Corporate and Other segment.

The following table summarizes our Corporate and Other segment's results for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Net interest expense	\$ (7,744)	\$ (1,416)
Other expense	(9,464)	—
<b>Total interest and other expense</b>	<b>(17,208)</b>	<b>(1,416)</b>
<b>Total expenses</b>	<b>18,683</b>	<b>6,649</b>
<b>NET LOSS</b>	<b>\$ (35,891)</b>	<b>\$ (8,065)</b>

In the table below is a summary of the components of our Corporate and Other segment's total expenses for the periods indicated (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
Salaries and bonuses	\$ 22,779	\$ 10,501
Other salary related expenses	3,306	1,721
Shared services - payroll allocations	(18,657)	(9,321)
Total salaries, benefits and related expenses	7,428	2,901
Communication and data processing	3,015	1,334
Professional fees	10,334	1,415
Other general and administrative expenses	1,481	1,358
Shared services - general and administrative allocations	(3,694)	(796)
Total general and administrative expenses	11,136	3,311
Occupancy, equipment rentals and other office related expenses	119	437
<b>Total expenses</b>	<b>\$ 18,683</b>	<b>\$ 6,649</b>

### ***For the three months ended March 31, 2021 versus the three months ended March 31, 2020***

Net loss increased \$27.8 million or 345.0% as a result of higher interest expense on non-funding corporate debt, fair value adjustment to minority investments, higher general and administrative expenses, net of allocations, combined with higher salaries, benefits and related expenses, net of allocations.

- Total interest and other expense increased \$15.8 million or 1,115.3% as a result of a \$9.5 million decrease in the fair value of minority investments combined with \$7.7 million of interest expense related to the senior unsecured notes issued in November 2020.
- General and administrative expenses, net of shared services allocations, increased \$7.8 million or 236.3% due to higher professional fees, including legal and accounting advisory fees related to the Business Combination.
- Salaries, benefits, and related expenses, net of allocations, increased \$4.5 million or 156.1% primarily due to an increase in average headcount and bonus compensation. Average headcount for the three months ended March 31, 2021 was 353 compared to 263 for the 2020 period.

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## NON-GAAP FINANCIAL MEASURES

The presentation of non-GAAP measures is used to enhance the investors' understanding of certain aspects of our financial performance. This discussion is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). These key financial measures provide an additional view of our performance over the long-term and provide useful information that we use in order to maintain and grow our business.

### *Adjusted EBITDA*

We define Adjusted EBITDA as earnings before change in fair value of loans and securities held for investment due to assumption changes, interest on non-funding debt, depreciation, amortization and other impairments, change in fair value of earnouts, share-based compensation, change in fair value of minority investments and certain non-recurring costs. We manage our Company by each of our operating and non-operating segments: Loan Originations (made up of Mortgage, Reverse, and Commercial Originations segments), Portfolio Management, Lender Services and Corporate and Other. We evaluate the performance of our segments through the use of Adjusted EBITDA as a non-GAAP measure. Management considers Adjusted EBITDA important in evaluating our business segments and the Company as a whole. Adjusted EBITDA is a supplemental metric utilized by our management team to assess the underlying key drivers and operational performance of the continuing operations of the business and our operating segments. In addition, analysts, investors, and creditors may use these measures when analyzing our operating performance. Adjusted EBITDA is not a presentation made in accordance with GAAP and our use of this measure and term may vary from other companies in our industry.

Adjusted EBITDA provides visibility to the underlying operating performance by excluding the impact of certain items, including income taxes, interest expense on non-funding debt, depreciation of fixed assets, amortization of intangible assets and other impairments, share-based compensation, changes in fair value of loans and securities held for investment due to assumption changes, change in fair value of earnouts and minority investments, and other non-recurring costs that management does not believe are representative of our core earnings. Adjusted EBITDA may also include other adjustments, as applicable based upon facts and circumstances, consistent with our intent of providing a supplemental means of evaluating our operating performance.

Adjusted EBITDA should not be considered as an alternate to (i) net income (loss) or any other performance measures determined in accordance with GAAP or (ii) operating cash flows determine in accordance with GAAP. Adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations of this metric are:

- cash expenditures for future contractual commitments;
- cash requirements for working capital needs;
- cash requirements for certain tax payments; and
- all non-cash income/expense items reflected in the Consolidated Statements of Cash Flows.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or distribute to stockholders. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as a supplement. Users of our financial statements are cautioned not to place undue reliance on Adjusted EBITDA.

The following table provides a reconciliation of our net income (loss) before taxes to adjusted EBITDA (in thousands):

	For the three months ended	
	March 31,	
	2021	2020
<b>Net income (loss) before taxes to Adjusted EBITDA Reconciliation</b>		
Net income (loss) before taxes	\$ 125,457	\$ (42,088)
Adjustments for:		
Change in fair value of loans and securities held for investment due to assumption changes <sup>(1)</sup>	2,143	70,532
Interest expense on non-funding debt	7,706	1,076
Depreciation, amortization and other impairments	2,792	2,373
Change in fair value of earnouts <sup>(2)</sup>	30	273
Change in fair value of minority investments <sup>(3)</sup>	9,464	—
Certain non-recurring costs <sup>(4)</sup>	6,719	2,829
<b>Adjusted EBITDA</b>	<b>\$ 154,311</b>	<b>\$ 34,995</b>

(1) *Change in Fair Value of Loans and Securities Held for Investment due to Assumption Changes* -This adjustment relates to changes in the significant market or model input components of the fair value for loans and securities which are held for investment, net of related liabilities. We include an adjustment for the significant market or model input components of the change in fair value because, while based on real observable and/or predicted changes in drivers of the valuation of assets, they may be mismatched in any given period with the actual change in the underlying economics or when they will be realized in actual cash flows. We do not record this change as a separate component in our financial records, but have generated this information based on modeling and certain assumptions. Changes in Fair Value of Loans and Securities Held for Investment due to Assumption Changes includes changes in fair value for the following mortgage servicing rights, loans held for investment, and related liabilities:

1. Reverse mortgage loans held for investment, subject to HMBS related obligations, at fair value;
2. Mortgage loans held for investment, subject to nonrecourse debt, at fair value;
3. Mortgage loans held for investment, at fair value;
4. Debt Securities;
5. Mortgage servicing rights, at fair value;
6. HMBS related obligations, at fair value; and
7. Nonrecourse debt, at fair value.

The adjustment for changes in fair value of loans and securities held for investment due to assumption changes is calculated based on changes in fair value associated with the above assets and liabilities calculated in accordance with GAAP, excluding the period-to-date estimated impact of the change in fair value attributable to current period additions and the change in fair value attributable to portfolio run-off, net of hedge gains and losses and any securitization expenses incurred in securitizing our mortgage loans held for investment, subject to nonrecourse debt. This adjustment represents changes in accounting estimates that are measured in accordance with US GAAP. Actual results may differ from those estimates and assumptions due to factors such as changes in the economy, interest rates, secondary market pricing, prepayment assumptions, home prices or discrete events affecting specific borrowers, and such differences could be material. Accordingly, this number should be understood as an estimate and the actual adjustment could vary if our modeling is incorrect.

- (2) *Change in Fair Value of Earnouts* - We are obligated to pay contingent consideration to sellers of acquired businesses based on future loan originations and profits. Change in fair value of earnouts represents impacts to revenue or expense due to changes in the estimated fair value of expected payouts as a result of changes in various assumptions, including future loan origination volumes, projected earnings and discount rates.
- (3) *Change in Fair Value of Minority Investments*- The adjustment to minority equity investments and debt investments is based on the change in fair value, which is an item that management believes should be excluded when discussing our ongoing and future operations. Although the change in fair value of minority equity investments and debt investments is a recurring part of our business, we believe the adjustment is appropriate as the fair value fluctuations from period to period make it difficult to analyze core-operating trends.
- (4) *Certain Non-Recurring Costs* - This adjustment relates to various one-time expenses and adjustments that management believes should be excluded as they do not relate to a recurring part of the core business operations. These items include certain one-time charges including estimated settlements for legal and regulatory matters, acquisition related expenses and other one-time charges.

## Liquidity and Capital Resources

### Impact of the Business Combination

New Pubco is a holding company and has no material assets other than its direct and indirect ownership of FoA Units. New Pubco has no independent means of generating revenue. FoA makes distributions to its holders of FoA Units, including New Pubco and the Continuing Unitholders, in an amount sufficient to cover all applicable taxes at assumed tax rates, payments under the Tax Receivable Agreements and dividends, if any, declared by it.

Deterioration in the financial condition, earnings or cash flow of FoA and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, the terms of our financing arrangements, including financing lines of credit and senior notes, contain covenants that may restrict FoA and its subsidiaries from paying such distributions, subject to certain exceptions. In addition, one of our subsidiaries, FAM, is subject to various regulatory capital and minimum net worth requirements as a result of their mortgage origination and servicing activities. Further, FoA is generally prohibited under Delaware law from making a distribution to a member to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of FoA (with certain exceptions) exceed the fair value of its assets. Subsidiaries of FoA are generally subject to similar legal limitations on their ability to make distributions to FoA.

Our cash flows from operations, borrowing availability and overall liquidity are subject to risks and uncertainties. We may not be able to obtain additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and to fund our capital requirements are dependent on our future financial performance, which is subject to general economic, financial, and other factors that are beyond our control. Accordingly, our business may not generate sufficient cash flow from operations and future borrowings may not be available from additional indebtedness or otherwise to meet our liquidity needs. Although we have no specific current plans to do so, if we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions, which would result in additional expenses or dilution.

#### ***Tax Receivable Agreements***

New Pubco will enter into Tax Receivable Agreements with certain of FoA's existing owners that provides for the payment by New Pubco to such existing owners of 85% of the benefits, if any, that New Pubco is deemed to realize as a result of (i) tax basis adjustments that increased the tax basis of the tangible and intangible assets of FoA as a result of sales or exchanges of FoA Units in connection with or after the Business Combination or distributions with respect to the FoA Units prior to or in connection with the Business Combination, (ii) New Pubco's utilization of certain tax attributes attributable to the Blockers or the Blocker Shareholders, and (iii) certain other tax benefits related to entering into the Tax Receivable Agreements, including tax benefits attributable to payments under the Tax Receivable Agreements. These increases in tax basis generated over time may increase (for tax purposes) New Pubco's depreciation and amortization deductions and, therefore, these adjustments and other tax attributes may reduce the amount of tax that New Pubco would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis or other tax attributes, and a court could sustain such a challenge. The anticipated tax basis adjustments upon exchanges of FoA Units for shares of Class A Common Stock may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets. Actual tax benefits realized by New Pubco may differ from tax benefits calculated under the Tax Receivable Agreements as a result of the use of certain assumptions in the Tax Receivable Agreements, including the use of an assumed weighted-average state and local income tax rate to calculate tax benefits. The payment obligation under the Tax Receivable Agreements is an obligation of New Pubco and not of FoA. New Pubco expects to benefit from the remaining 15% of cash tax benefits, if any, it realizes from such tax benefits. For purposes of the Tax Receivable Agreements, the cash tax benefits will be computed by comparing the actual income tax liability of New Pubco to the amount of such taxes that New Pubco would have been required to pay had there been no tax basis adjustments of the assets of New Pubco as a result of sales or exchanges and no utilization of certain tax attributes attributable to the Blockers or Blocker Shareholders, and had New Pubco not entered into the Tax Receivable Agreements. The term of the Tax Receivable Agreements will continue until all such tax benefits have been utilized or expired, unless (i) New Pubco exercises its right to terminate the Tax Receivable Agreements for an amount based on the agreed payments remaining to be made under the Tax Receivable Agreements, or (ii) New Pubco breaches any of its material obligations under the Tax Receivable Agreements or certain change of control events occur, in which case all obligations generally will be accelerated and due as if New Pubco had exercised its right to terminate the Tax Receivable Agreements. Estimating the amount of payments that may be made under the Tax Receivable Agreements is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The anticipated tax basis adjustments, as well as the amount and timing of any payments under the Tax Receivable Agreements, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A Common Stock at the time of the exchange, the extent to which such exchanges are taxable, the amount of tax attributes, changes in tax rates and the amount and timing of our income.

The payments that New Pubco may make under the Tax Receivable Agreements are expected to be substantial. The payments under the Tax Receivable Agreements are not conditioned upon continued ownership of New Pubco or FoA by the Continuing Unitholders.

We anticipate that New Pubco will account for the effects of these increases in tax basis and associated payments under the Tax Receivable Agreements arising from exchanges in connection with or after the Business Combination as follows:

- New Pubco will record an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted federal and state tax rates at the date of the exchange;
- to the extent we estimate that New Pubco will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, our expectation of future earnings, New Pubco will reduce the deferred tax asset with a valuation allowance; and
- New Pubco will record 85% of the estimated realizable tax benefit (which is the recorded deferred tax asset less any recorded valuation allowance) as an increase to the liability due under the Tax Receivable Agreements and the remaining 15% of the estimated realizable tax benefit as an increase to additional paid-in capital.
- All of the effects of changes in any of New Pubco's estimates after the date of the exchange will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

#### **Sources and Uses of Cash**

Our primary sources of funds for liquidity include: (i) payments received from sale or securitization of loans; (ii) payments from the liquidation or securitization of our outstanding participating interests in loans; and (iii) advance and warehouse facilities, other secured borrowings and the unsecured senior notes.

Our primary uses of funds for liquidity include: (i) funding of borrower advances and draws on outstanding loans; (ii) originations of loans; (iii) payment of operating expenses; (iv) repayment of borrowings and repurchases or redemptions of outstanding indebtedness, and (v) distributions to shareholders for the estimated taxes on pass-through taxable income.

Our cash flows from operating activities, as well as capacity through existing facilities, provide adequate resources to fund our anticipated ongoing cash requirements. We rely on these facilities to fund operating activities. As the facilities mature, we anticipate renewal of these facilities will be achieved. Future debt maturities will be funded with cash and cash equivalents, cash flow from operating activities and, if necessary, future access to capital markets. We continue to optimize the use of balance sheet cash to avoid unnecessary interest carrying costs.

#### **Cash Flows**

Our cash increased \$113.7 million for the three months ended March 31, 2021 and decreased \$38.1 million for three months ended March 31, 2020. The increase in cash flows for the 2021 period was primarily driven by an increase in proceeds on our loan sales of mortgage loans held for sale, net of origination activity. These cash inflows were partially offset by payments on our outstanding HMBS liabilities, net of new HMBS issuances.

#### **Operating Cash Flow**

Net cash provided by (used in) operating activities totaled \$118.0 million and \$(133.4) million for the three months ended March 31, 2021 and 2020, respectively.

Cash provided by operating activities increased \$251.4 million for the three months ended March 31, 2021 compared to three months ended March 31, 2020. The increase was primarily attributable to higher gain on sale, net, as a result of higher sales volume during the period combined with increased realized hedge gain proceeds. We sold \$8,399.2 million in residential mortgage loans held for sale during the period compared to \$4,018.6 million in the prior period. Weighted average margins on sold loans were 2.4% for 2021 compared to 3.40% for 2020. Cash proceeds from the higher sales volumes were partially offset by an increase in cash used for originations of residential mortgage loans during the period. We originated \$8,404.2 million in residential mortgage loans during the period compared to \$4,220.5 million in the prior period.

### Investing Cash Flow

Net cash used in investing activities totaled \$312.0 million and \$452.1 million for the three months ended March 31, 2021 and 2020, respectively.

The decrease of \$140.0 million in cash used in our investing activities during the three months ended March 31, 2021, compared to three months ended March 31, 2020, was primarily attributable to higher proceeds on mortgage loans held for investment and mortgage loans held for investment, subject to nonrecourse debt during the 2021 compared to 2020. These amounts were partially offset by higher loan origination volumes on loans held for investment, primarily for reverse mortgage loans. We originated \$889.6 million of reverse mortgage loans during 2021 compared to \$786.3 million in 2020. Reverse mortgage loans originated consist of initial reverse mortgage loan borrowing amounts, and additional participations and accretions of reverse mortgage loans, including subsequent borrower advances, mortgage insurance premiums, service fees and advances for which we are able to subsequently pool into a security.

### Financing Cash Flow

Net cash provided by financing activities totaled \$307.7 million and \$547.4 million for the three months ended March 31, 2021 and 2020, respectively.

The decrease of \$239.7 million in cash provided by our financing activities during the three months ended March 31, 2021, compared to the three months ended March 31, 2020, was primarily attributable to a decrease in net proceeds from our financing lines of credit of \$367.1 million compared to \$466.3 million, respectively, a decrease in net proceeds from nonrecourse debt of \$(78.8) million compared to \$115.3 million, respectively, and member distributions of \$75.0 million in 2021. The decrease in net proceeds provided from our financing lines of credit was partially offset by higher net proceeds on issuance of securitization of reverse mortgage loans subject to HMBS obligations of \$96.0 million in 2021 compared to \$(33.9) million in 2020.

### Financial Covenants

Our credit facilities contain various financial covenants, which primarily relate to required tangible net worth amounts, liquidity reserves, leverage ratio requirements, and profitability requirements. These covenants are measured at our operating subsidiaries. As of March 31, 2021, we were in compliance with all of our required financial covenants.

### Seller/Servicer Financial Requirements

We are also subject to net worth, capital ratio and liquidity requirements established by the Federal Housing Finance Agency ("FHFA") for Fannie Mae and Freddie Mac Seller/Servicers, and Ginnie Mae for single family issuers. In both cases, these requirements apply to our operating subsidiaries, FAM and FAR, which are licensed sellers/ servicers of the respective GSEs. As of March 31, 2021, we were in compliance with all of our seller/servicer financial requirements for FHA and Ginnie Mae. For additional information see Note 28 - Liquidity and Capital Requirements within the consolidated financial statements.

### Minimum Net Worth

The minimum net worth requirement for Fannie Mae and Freddie Mac is defined as follows:

- Base of \$2.5 million plus 25 basis points of outstanding UPB for total loans serviced.
- Tangible Net Worth comprises of total equity less goodwill, intangible assets, affiliate receivables and certain pledged assets.

The minimum net worth requirement for Ginnie Mae is defined as follows:

- The sum of (i) base of \$2.5 million plus 35 basis points of the issuer's total single-family effective outstanding obligations, and (ii) base of \$5 million plus 1% of the total effective HMBS outstanding obligations.
- Tangible Net Worth is defined as total equity less goodwill, intangible assets, affiliate receivables and certain pledged assets. Effective for fiscal year 2020, under the Ginnie Mae MBS Guide, the issuers will no longer be permitted to include deferred tax assets when computing the minimum net worth requirement.

### Minimum Capital Ratio

- In addition to the minimum net worth requirement, we are also required to hold a ratio of Tangible Net Worth to Total Assets (excluding HMBS securitizations) greater than 6%.



- FAR received a permanent waiver for the minimum outstanding capital requirements from Ginnie Mae.

#### *Minimum Liquidity*

The minimum liquidity requirement for Fannie Mae and Freddie Mac is defined as follows:

- 3.5 basis points of total Agency Mortgage Servicing, plus
- Incremental 200 basis points times the sum of the following:
- The total UPB of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that is not in forbearance, plus
- The total UPB of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that is in forbearance and which were delinquent at the time it entered forbearance, plus
- 30% of the UPB of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that is in forbearance and which were current at the time it entered forbearance
- This liquidity must only be maintained to the extent this sum exceeds 6% of the total Agency Mortgage Servicing UPB.
- Allowable assets for liquidity may include: cash and cash equivalents (unrestricted), available for sale or held for trading investment grade securities (e.g., Agency MBS, Obligations of GSEs, US Treasury Obligations); and unused/available portion of committed servicing advance lines.

The minimum liquidity requirement for Ginnie Mae is defined as follows:

- Maintain liquid assets equal to the greater of \$1.0 million or 10 basis points of our outstanding single-family MBS.
- Maintain liquid assets equal to at least 20% of our net worth requirement for HECM MBS.

#### **Summary of Certain Indebtedness**

The following description is a summary of certain material provisions of our outstanding indebtedness. As of March 31, 2021, our debt obligations were approximately \$18,663.0 billion. This summary does not restate the terms of our outstanding indebtedness in its entirety, nor does it describe all of the material terms of our indebtedness.

#### ***Warehouse Lines of Credit***

##### Mortgage facilities

As of March 31, 2021, our Mortgage Originations segment had \$3.1 billion in warehouse lines of credit collateralized by first lien mortgages with \$1.9 billion aggregate principal amount drawn through 13 funding facility arrangements with 13 active lenders. These facilities are generally structured as master repurchase agreements under which ownership of the related eligible loans is temporarily transferred to a lender or as participation arrangements pursuant to which the lender acquires a participation interest in the related eligible loans. The funds advanced to us are generally repaid using the proceeds from the sale or securitization of the loans to, or pursuant to, programs sponsored by Fannie Mae, Freddie Mac, and Ginnie Mae or to private secondary market investors, although prior payment may be required based on, among other things, certain breaches of representations and warranties or other events of default.

When we draw on these facilities, we generally must transfer and pledge eligible loans to the lender, and comply with various financial and other covenants. The facilities generally have one-year terms and expire at various times during 2021. Under our facilities, we generally transfer the loans at an advance rate less than the principal balance or fair value of the loans (the "haircut"), which serves as the primary credit enhancement for the lender. Since the advances to us are generally for less than 100% of the principal balance of the loans, we are required to use working capital to fund the remaining portion of the principal balance of the loans. The amount of the advance that is provided under the various facilities ranges from 94% to 100% of the market value or principal balance of the loans. Upon expiration, management believes it will either renew its existing warehouse facilities or obtain sufficient additional lines of credit. The interest rate on all outstanding facilities is LIBOR plus applicable margin.

The following table presents additional information about our Mortgage Originations segment's warehouse facilities as of March 31, 2021 (in thousands):

<u>Mortgage Warehouse Facilities</u>	<u>Maturity Date</u>	<u>Total Capacity</u>	<u>March 31, 2021</u>
April 2021 \$350M Facility <sup>(1)</sup>	April 2021	\$ 350,000	\$ 244,633
May 2021 \$250M Facility <sup>(1)(2)</sup>	May 2021	250,000	215,401
July 2021 \$150M Facility <sup>(1)</sup>	July 2021	150,000	137,486
August 2021 \$300M Facility <sup>(2)</sup>	August 2021	300,000	69,587
August 2021 \$200M Facility <sup>(2)</sup>	August 2021	200,000	122,513
October 2021 \$250M Facility <sup>(2)</sup>	October 2021	250,000	227,789
October 2021 \$200M Facility <sup>(2)</sup>	October 2021	200,000	120,156
November 2021 \$150M Facility <sup>(1)</sup>	November 2021	150,000	118,611
February 2022 \$300M Facility <sup>(2)</sup>	February 2022	300,000	5,080
March 2022 \$300M Facility <sup>(2)</sup>	March 2022	300,000	166,592
March 2022 \$225M Facility	March 2022	225,000	189,820
March 2022 \$200M Facility <sup>(2)</sup>	March 2022	200,000	171,598
March 2022 \$200M Facility <sup>(2)</sup>	March 2022	200,000	118,041
<b>Total mortgage warehouse facilities</b>		<b>\$ 3,075,000</b>	<b>\$ 1,907,307</b>

(1) See Note 32 - Subsequent Events within the consolidated financial statements for additional information on facility amendments.

(2) Denotes uncommitted facilities

#### Reverse mortgage facilities

As of March 31, 2021, our Reverse Originations segment had \$1.2 billion in warehouse lines of credit collateralized by first lien mortgages with \$0.7 billion million aggregate principal amount drawn through 7 funding facility arrangements with 8 active lenders. These facilities are generally structured as master repurchase agreements under which ownership of the related eligible loans is temporarily transferred to a lender, or as participation arrangements pursuant to which the lender acquires a participation interest in the related eligible loans. The funds advanced to us are generally repaid using the proceeds from the sale or securitization of the loans to, or pursuant to, programs sponsored by Ginnie Mae or private secondary market investors, although prior payment may be required based on, among other things, certain breaches of representations and warranties or other events of default.

When we draw on these warehouse lines of credit, we generally must transfer and pledge eligible loans, and comply with various financial and other covenants. The facilities generally have one-year terms and expire at various times during 2021. Under our facilities, we generally transfer the loans at a haircut which serves as the primary credit enhancement for the lender. Since the advances to us are generally for less than the acquisition cost of the loans, we are required to use working capital to fund the remaining portion of the funding required for the loan. The amount of the advance that is provided under the various facilities ranges from 90 to 104% of the market value or principal balance of the loans. Upon expiration, management believes it will either renew its existing facilities or obtain sufficient additional lines of credit. The interest rate on all outstanding facilities is LIBOR plus applicable margin.

The following table presents additional information about our Reverse Origination segment's warehouse facilities as of March 31, 2021 (in thousands):

<u>Reverse Warehouse Facilities</u>	<u>Maturity Date</u>	<u>Total Capacity</u>	<u>March 31, 2021</u>
April 2021 \$250M Facility <sup>(1)(2)</sup>	April 2021	\$ 250,000	\$ 163,787
April 2021 \$200M Facility <sup>(1)</sup>	April 2021	200,000	19,422
June 2021 \$75M Facility	June 2021	75,000	51,173
August 2021 \$50M Facility <sup>(2)</sup>	August 2021	50,000	—
October 2021 \$400M Facility	October 2021	400,000	367,253
December 2021 \$100M Facility <sup>(2)</sup>	December 2021	100,000	56,777
March 2022 \$100M Facility <sup>(2)</sup>	March 2022	100,000	15,726
<b>Total reverse warehouse facilities</b>		<b>\$ 1,175,000</b>	<b>\$ 674,138</b>

(1) See Note 32 - Subsequent Events within the consolidated financial statements for additional information on facility amendments.

(2) Denotes uncommitted facilities

## Commercial loan facilities

As of March 31, 2021, our Commercial Originations segment had \$0.7 billion in warehouse lines of credit collateralized by first lien mortgages and encumbered agricultural loans with \$0.3 billion aggregate principal amount drawn through 6 funding facility arrangements with 6 active lenders. These facilities are either structured as master repurchase agreements under which ownership of the related eligible loans is temporarily transferred to a lender, as loan and security agreements pursuant to which the related eligible assets are pledged as collateral for the loan from the related lender or are collateralized by first lien loans or crop loans. The funds advanced to us are generally repaid using the proceeds from the sale or securitization of the loans to private secondary market investors, although prior payment may be required based on, among other things, certain breaches of representations and warranties or other events of default.

When we draw on these facilities, we must transfer and pledge eligible loan collateral, and comply with various financial and other covenants. The facilities generally have one-year terms and expire at various times during 2021. Under our facilities, we generally transfer the loans at a haircut, which serves as the primary credit enhancement for the lender. One of our warehouse lines of credit is also guaranteed by our wholly-owned subsidiary, Finance of America Holdings LLC ("FAH"), the parent holding company to the commercial lending business. Since the advances to us are generally for less than 100% of the principal balance of the loans, we are required to use working capital to fund the remaining portion of the principal balance of the loans. The amount of the advance that is provided under the various facilities generally ranges from 70% to 85% of the principal balance of the loans. Upon expiration, management believes it will either renew its existing facilities or obtain sufficient additional lines of credit. The interest rate on all outstanding facilities is LIBOR plus applicable margin.

The following table presents additional information about our Commercial Origination segment's warehouse facilities as of March 31, 2021 (in thousands):

<b>Commercial Warehouse Facilities</b>	<b>Maturity Date</b>	<b>Total Capacity</b>	<b>March 31, 2021</b>
November 2021 \$50M Facility	November 2021	\$ 50,000	\$ 28,520
February 2022 \$150M Facility <sup>(1)</sup>	February 2022	150,000	22,572
February 2022 \$150M Facility	February 2022	150,000	14,534
August 2022 \$75M	August 2022	75,000	13,900
September 2022 \$150M Facility	September 2022	150,000	88,124
April 2023 \$145M Facility	April 2023	145,000	106,575
<b>Total commercial warehouse facilities</b>		<b>\$ 720,000</b>	<b>\$ 274,225</b>

<sup>(1)</sup> Denotes uncommitted facilities

### General

With respect to each of our warehouse facilities, we pay certain up-front and/or ongoing fees which can be based on our utilization of the facility. In some instances, loans held by a lender for a contractual period exceeding 45 to 60 calendar days after we originate such loans are subject to additional fees and interest rates.

Certain of our warehouse facilities contain sub-limits for "wet" loans, which allow us to finance loans for a minimal period of time prior to delivery of the note collateral to the lender. "Wet" loans are loans for which the collateral custodian has not yet received the related loan documentation. "Dry" loans are loans for which all the sale documentation has been completed at the time of funding. Wet loans are held by a lender for a contractual period, typically between five and ten business days and are subject to a reduction in the advance amount.

Interest is generally payable at the time the loan is settled off the line or monthly in arrears and principal is payable upon receipt of loan sale proceeds or transfer of a loan to another line of credit. The facilities may also require the outstanding principal to be repaid if a loan remains on the line longer than a contractual period of time, which ranges from 45 to 365 calendar days.

Interest on our warehouse facilities vary by facility and may depend on the type of asset that is being financed. Interest is based on an applicable margin over the London Inter-Bank Offered Rate (“LIBOR”) or the prime rate as illustrated in the tables in this section above.

Loans financed under certain of our warehouse facilities are subject to changes in market valuation and margin calls. The market value of our loans depends on a variety of economic conditions, including interest rates and market demand for loans. Under certain facilities, if the market value of the underlying loans declines below the outstanding asset balance on such loans or if the UPB of such loans falls below a threshold related to the repurchase price for such loans, we could be required to (i) repay cash in an amount that cures the margin deficit or (ii) supply additional eligible assets or rights as collateral for the underlying loans to compensate for the margin deficit. Certain warehouse facilities allow for the remittance of cash back to us if the value of the loan exceeds the principal balance.

Our warehouse facilities require each of our borrowing subsidiaries to comply with various customary operating and financial covenants, including, without limitation, the following tests:

- minimum tangible or adjusted tangible net worth;
- maximum leverage ratio of total liabilities (which may include off-balance sheet liabilities) or indebtedness to tangible or adjusted tangible net worth;
- minimum liquidity or minimum liquid assets; and
- minimum net income or pre-tax net income.

In the event we fail to comply with the covenants contained in any of our warehouse lines of credit, or otherwise were to default under the terms of such agreements, we may be restricted from paying dividends, reducing or retiring our equity interests, making investments or incurring more debt. As a result of market disruptions and fair value accounting adjustments taken in March 2020 resulting from the COVID-19 outbreak, our commercial loan origination subsidiary was in violation of its first, second, and third quarter 2020 profitability covenants with two of its warehouse lenders. We received waivers of the covenant violations from both lenders as well as amendments to profitability covenants for the remaining quarter of 2020. As of March 31, 2021, we were in compliance with all financial covenants.

#### ***Other Secured Lines of Credits***

As of March 31, 2021, our Mortgage, Reverse, and Commercial Originations segments collectively had \$0.6 billion in additional secured facilities with \$0.5 billion aggregate principal amount drawn through credit agreements or master repurchase agreements with 7 active lenders. These facilities are secured by, among other things, eligible asset-backed securities, MSRs, and HECM tails. In certain instances, these assets are subject to existing first lien warehouse financing, in which case these facilities (i.e., mezzanine facilities) are secured by the equity in these assets exceeding first lien warehouse financing. One of our facilities was with Blackstone Residential Operating Partnership LP, an affiliate of our sponsor, Blackstone, as lender. These facilities are generally structured as master repurchase agreements under which ownership of the related eligible assets are temporarily transferred to a lender. The funds advanced to us are generally repaid using the proceeds from the sale or securitization of the underlying assets or distribution from underlying securities, although prior payment may be required based on, among other things, certain breaches of representations and warranties or other events of default.

When we draw on these facilities, we generally must transfer and pledge eligible assets to the lender, and comply with various financial and other covenants. Under our facilities, we generally transfer the assets at a haircut which serves as the primary credit enhancement for the lender. Three of these facilities are guaranteed by our wholly-owned subsidiary, FAH, the parent holding company to the mortgage, reverse mortgage and commercial lending businesses, and one of these also benefits from a pledge of equity of our wholly-owned subsidiary, FAR. Upon expiration, management believes it will either renew these facilities or obtain sufficient additional lines of credit.

The following table presents additional information about our other secured lines of credit for our Mortgage, Reverse and Commercial Originations segments as of March 31, 2021 (in thousands):

<b>Other Secured Lines of Credit</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Total Capacity</b>	<b>March 31, 2021</b>
April 2021 \$50M Facility <sup>(1)</sup>	April 2021	Prime + applicable margin; 6.00% floor	\$ 50,000	\$ 40,820
August 2021 \$45M Facility	August 2021	10%	45,000	25,000
April 2022 \$52.5M Facility	April 2022	LIBOR + applicable margin	52,500	52,500
April 2022 \$45M Facility	April 2022	9.00%	45,000	24,853
February 2024 \$90M Facility	February 2024	LIBOR + applicable margin	90,000	80,754
March 2026 \$150M Facility - MSR	March 2026	LIBOR + applicable margin	150,000	89,298
\$200M Repo Facility	N/A	Bond accrual rate + applicable margin	200,000	168,187
\$2M Securities Repo Line	N/A	Distributed Bond Interest + 50 bps	2,048	2,048
\$1.2M Repo Facility	N/A	LIBOR + applicable margin	1,215	1,215
<b>Total other secured lines of credit</b>			<u>\$635,763</u>	<u>\$484,675</u>

<sup>(1)</sup> See Note 32 - Subsequent Events within the consolidated financial statements for additional information on facility amendments.

We pay certain up-front and ongoing fees based on our utilization with respect to many of these facilities. We pay commitment fees based upon the limit of the facility and unused fees are paid if utilization falls below a certain amount.

Interest is payable either at the time the loan or securities are settled off the line or monthly in arrears and principal is payable upon receipt of asset sale proceeds, principal distributions on the underlying pledged securities or transfer of assets to another line of credit and upon the maturity of the facility.

Under these facilities, we are generally required to comply with various customary operating and financial covenants. The financial covenants are similar to those under the warehouse lines of credit. We were in compliance with all of these covenants as of March 31, 2021.

#### **HMBS related obligations**

FAR is an approved issuer of HMBS securities that are guaranteed by Ginnie Mae and collateralized by participation interests in HECMs insured by the FHA. We originate HECMs insured by the FHA. Participations in the HECMs are pooled into HMBS securities which are sold into the secondary market with servicing rights retained. We have determined that loan transfers in the HMBS program do not meet the accounting definition of a participating interest because of the servicing requirements in the product that require the issuer/servicer to absorb some level of interest rate risk, cash flow timing risk and incidental credit risk due to the buyout of HECM assets as discussed below. As a result, the transfers of the HECMs do not qualify for sale accounting, and we, therefore, account for these transfers as financings. Holders of participating interests in the HMBS have no recourse against assets other than the underlying HECM loans, remittances, or collateral on those loans while they are in the securitization pools, except for standard representations and warranties and our contractual obligation to service the HECMs and the HMBS.

Remittances received on the reverse loans, if any, and proceeds received from the sale of real estate owned and our funds used to repurchase reverse loans are used to reduce the HMBS related obligations by making payments to the securitization pools, which then remit the payments to the beneficial interest holders of the HMBS. The maturity of the HMBS related obligations is directly affected by the liquidation of the reverse loans or liquidation of real estate owned and events of default as stipulated in the reverse loan agreements with borrowers. As an HMBS issuer, FAR assumes certain obligations related to each security it issues. The most significant obligation is the requirement to purchase loans out of the Ginnie Mae securitization pools once they reach certain limits set at loan origination for the maximum UPB allowed. Performing repurchased loans are generally conveyed to HUD and nonperforming repurchased loans are generally liquidated in accordance with program requirements.

As of March 31, 2021, we had HMBS-related borrowings of \$9,926.1 million and HECMs pledged as collateral to the pools of \$10,071.2 million, both carried at fair value.

Additionally, as the servicer of reverse loans, we are obligated to fund additional borrowing capacity primarily in the form of undrawn lines of credit on floating rate reverse loans. We rely upon our operating cash flows to fund these additional borrowings on a short-term basis prior to securitization. The additional borrowings are generally securitized within 30 days after funding. The obligation to fund these additional borrowings could have a significant impact on our liquidity.

### ***Nonrecourse Debt***

We securitize and issue interests in pools of loans that are not eligible for the Ginnie Mae securitization program. These include reverse mortgage loans that were previously repurchased out of an HMBS pool (“HECM Buyouts”), fix & flip securitized loans, and non FHA-insured non-agency reverse mortgages (“non-agency reverse mortgages-Securitized”). The transactions provide investors with the ability to invest in these pools of assets. The transactions provide us with access to liquidity for these assets, ongoing servicing fees, and potential residual returns for the residual securities we retain at the time of securitization. The transactions are structured as secured borrowings with the loan assets and liabilities, respectively, included in the Consolidated Statements of Financial Condition as mortgage loans held for investment, subject to nonrecourse debt, at fair value, and nonrecourse debt, at fair value. As of March 31, 2021, we had nonrecourse debt-related borrowings of \$5,227.9 million.

### ***Nonrecourse MSR Financing Liability, at Fair Value***

In 2020, the Company entered into a nonrevolving facility commitment with various investors of FoA to pay an amount based on monthly cashflows received in respect of servicing fees generated from certain of the Company’s originated or acquired MSRs. Under these agreements, the Company has agreed to pay an amount to these parties equal to excess servicing and ancillary fees related to the identified MSRs in exchange for an upfront payment equal to the entire purchase price of the identified acquired or originated MSRs. These transactions are accounted for as financings under ASC 470, *Debt*.

As of March 31, 2021, the Company had an outstanding advance against this commitment of \$22.4 million, with a fair value of \$22.1 million, for the purchase of MSRs. The Company accrued for excess servicing and ancillary fees against the outstanding advances in the amount of \$1.1 million to these investors for the three months ended March 31, 2021.

### ***Senior Unsecured Notes***

On November 5, 2020, Finance of America Funding LLC, a consolidated subsidiary of the Company, issued \$350.0 million aggregate principal amount of senior unsecured notes due November 15, 2025. The senior unsecured notes bear interest at a rate of 7.875% per year, payable semi-annually in arrears on May 15 and November 15 beginning on May 15, 2021. The 7.875% senior unsecured notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by FoA and each of FoA’s material existing and future wholly-owned domestic subsidiaries (other than Finance of America Funding LLC and subsidiaries that cannot guarantee the notes for tax, contractual or regulatory reasons).

At any time prior to November 15, 2022, Finance of America Funding LLC may redeem some or all of the 7.875% senior unsecured notes at a redemption price equal to 100% of the principal amount thereof, plus the applicable premium as of the redemption date under the terms of the indenture and accrued and unpaid interest. The redemption price during each of the twelve-month periods following November 15, 2022, November 15, 2023, and at any time after November 15, 2024 is 103.938%, 101.969% and 100.000%, respectively, of the principal amount plus accrued and unpaid interest thereon. At any time prior to November 15, 2022, Finance of America Funding LLC may also redeem up to 40% of the aggregate principal amount of the notes at a redemption price equal to 107.875% of the aggregate principal amount of the senior unsecured notes redeemed, with an amount equal to or less than the net cash proceeds from certain equity offerings, plus accrued and unpaid interest.

Upon the occurrence of a change of control, the holders of the 7.875% senior unsecured notes will have the right to require Finance of America Funding LLC to make an offer to repurchase each holder’s 7.875% senior unsecured notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest. The consummation of the Business Combination did not result in a change of control for purposes of Finance of America Funding LLC’s 7.875% senior unsecured notes.

The 7.875% senior unsecured notes contain covenants limiting, among other things, Finance of America Funding LLC’s and its restricted subsidiaries’ ability to incur certain types of additional debt or issue certain preferred shares, incur liens, make certain distributions, investments and other restricted payments, engage in certain transactions with affiliates, and merge or consolidate or sell, transfer, lease or otherwise dispose of all or

substantially all of Finance of America Funding LLC's assets. These incurrence based covenants are subject to important exceptions and qualifications (including any relevant exceptions for the Business Combination). Many of these covenants will cease to apply with respect to the 7.875% senior unsecured notes during any time that the 7.875% senior unsecured notes have investment grade ratings from either Moody's Investors Service, Inc. or Fitch Ratings Inc. and no default with respect to the 7.875% senior unsecured notes has occurred and is continuing.

FoA's existing owners or their affiliated entities, including Blackstone and Brian L. Libman, FoA's founder and chairman, purchased notes in the offering in an aggregate principal amount of \$135.0 million.

### Contractual Obligations and Commitments

The following table provides a summary of obligations and commitments outstanding as of March 31, 2021 (in thousands). The information below does not give effect to the Business Combination or the use of proceeds therefrom.

	Total	Less than 1 year	1- 3 years	3 - 5 years	More than 5 years
<b>Contractual cash obligations:</b>					
Warehouse lines of credit	\$2,753,646	\$2,647,071	\$ 106,575	\$ —	\$ —
MSR line of credit	170,052	—	80,754	89,298	—
Other secured lines of credit	416,647	65,820	179,377	—	171,450
Nonrecourse debt	5,110,698	1,229,167	3,881,531	—	—
Notes payable	336,296	—	—	336,296	—
Operating leases	50,001	14,869	30,526	4,052	554
<b>Total</b>	<u>\$8,837,340</u>	<u>\$3,956,927</u>	<u>\$4,278,763</u>	<u>\$429,646</u>	<u>\$ 172,004</u>

In addition to the above contractual obligations, we have also been involved with several securitizations of HECM loans, which were structured as secured borrowings. These structures resulted in us carrying the securitized loans on the Consolidated Statements of Financial Condition and recognizing the asset-backed certificates acquired by third parties as HMBS obligations. The timing of the principal payments on this nonrecourse debt is dependent on the payments received on the underlying mortgage loans and liquidation of real estate owned REO. The outstanding principal balance of loans held for investment, subject to HMBS related obligations was \$9,179.0 million as of March 31, 2021.

In addition to the above contractual obligations, we have also been involved in the sale of a portion of the excess servicing and/or an agreement to pay certain amounts based on excess servicing cashflows generated on our owned mortgage servicing rights. These transactions are treated as structured financings in the Consolidated Statements of Financial Condition with the recognized proceeds being recorded as nonrecourse MSR financing liability. The timing of the payments of the nonrecourse MSR financing liability is dependent on the payments received on the underlying mortgage servicing rights.

The payments that we will be required to make under the Tax Receivable Agreements that was entered into in connection with the Business Combination may be significant and are not reflected in the contractual obligations tables set forth above.

### Off Balance Sheet Arrangements

In the ordinary course of business, we may engage in certain activities that are not reflected on the Consolidated Statements of Financial Condition, generally referred to as off-balance sheet arrangements. These activities typically involve transactions with unconsolidated variable interest entities ("VIEs").

For all VIEs in which we are involved, we assess whether we are the primary beneficiary of the VIE on an ongoing basis. In circumstances where we have both the power to direct the activities that most significantly impact the VIEs' performance and the obligation to absorb losses or the right to receive the benefits of the VIE that could be significant, we would conclude that we are the primary beneficiary of the VIE, and would consolidate the VIE (also referred to as on-balance sheet). In situations where we are not deemed to be the primary beneficiary of the VIE, we do not consolidate the VIE and only recognize our interests in the VIE (also referred to as off-balance sheet).

We do not have any other off-balance sheet arrangements with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes as of March 31, 2021.

## CRITICAL ACCOUNTING POLICIES

Various elements of our accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In particular, we have identified several policies that, due to the judgment, estimates and assumptions inherent in those policies, are critical to an understanding of the consolidated financial statements. These policies relate to fair value measurements, particularly those determined to be Level 3 as discussed in Note 5 - Fair Value within the consolidated financial statements. We believe that the judgment, estimates and assumptions used in the preparation of the consolidated financial statements are appropriate given the factual circumstances at the time. However, given the sensitivity of the consolidated financial statements to these critical accounting policies, the use of other judgments, estimates and assumptions could result in material differences in our results of operations or financial condition. Fair value measurements considered to be Level 3 representing estimated values based on significant unobservable inputs include (i) the valuation of loans held for investment, subject to HMBS related obligations at fair value (ii) the valuation of loans held for investment, subject to nonrecourse debt, at fair value (iii) the valuation of loans held for investment, at fair value (iv) the valuation of HMBS related obligations, at fair value and (v) valuation of nonrecourse debt, at fair value.

### *Fair Value Measurements*

#### *Reverse Mortgage Loans Held for Investment, at Fair Value*

We have elected to account for all outstanding reverse mortgage loans held for investment at fair value. Outstanding reverse mortgage loans held for investment, at fair value include originated reverse mortgage loans that are expected to be sold or securitized in the secondary market, reverse mortgage loans that were previously securitized into either an HMBS or private securitization, or repurchased reverse loans out of Ginnie Mae securitization pools.

We have determined that HECM loans transferred under the current Ginnie Mae HMBS securitization program do not meet the requirements for sale accounting and are not derecognized upon date of transfer. The Ginnie Mae HMBS securitization program includes certain terms that do not meet the participating interest requirements and require or provide an option for the Company to reacquire the loans prior to maturity. Due to these terms, the transfer of the loans does not meet the requirements of sale accounting. As a result, the Company accounts for HECM loans transferred into HMBS securitizations as secured borrowings and continues to recognize the loans as held for investment, along with the corresponding liability for the HMBS related obligations.

As a jumbo reverse mortgage, non-agency reverse mortgage loans are designated for homeowners aged 62 or older with higher priced homes. The minimum home value is \$0.5 million and the maximum loan amount is \$4.0 million. Non-agency reverse mortgage loans are not insured by the FHA and will not be placed into a Ginnie Mae HMBS. However, the Company may transfer or pledge these assets as collateral for securitized nonrecourse debt obligations.

Reverse mortgage loans held for investment, at fair value also include claims receivable that have been submitted to HUD awaiting reimbursement. These amounts are recorded net of amounts the Company does not expect to recover through outstanding claims.

As an issuer of HMBS, we are required to repurchase reverse loans out of the Ginnie Mae securitization pools once the outstanding principal balance of the related HECM is equal to or greater than 98% of the maximum claim amount ("MCA") (referred to as unpoolable loans). Performing repurchased loans are conveyed to HUD and payment is received from HUD typically within 75 days of repurchase. Nonperforming repurchased loans are generally liquidated through foreclosure, subsequent sale of the real estate owned, and claim submissions to HUD.

We recognize reverse mortgage loans held for investment at fair value with all changes in fair value recorded as a charge or credit to net fair value gains on mortgage loans and related obligations in the Consolidated Statements of Operations and Comprehensive Income. We estimate the fair value of these loans using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being prepayment, borrower mortality, borrower draw, home price appreciation, and discount rate assumptions.



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#### Commercial Loans Held for Investment, at Fair Value

We have elected to account for all outstanding commercial loans held for investment at fair value. Outstanding commercial loans include originated Fix & Flip loans, consisting of short-term loans for individual real estate investors, with terms ranging from 9-18 months for which we intend to hold to maturity.

We recognize commercial loans held for investment at fair value with all changes in fair value recorded as a charge or credit to net fair value gains on loans in the Consolidated Statements of Operations and Comprehensive Income. We estimate the fair value of these loans using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions used in the model are based on various factors, with the key assumptions being prepayment, default rate, and discount rate assumptions.

#### Mortgage Servicing Rights, at Fair Value

We account for retained and acquired MSRs in accordance with ASC 860, *Transfers and Servicing*. Under this method, servicing assets are measured at fair value on a recurring basis with changes in fair value recorded through earnings in the period of the change as a component of fee income in the Consolidated Statements of Operations and Comprehensive Income.

The fair value of the MSRs is based upon the present value of the expected future net cash flows related to servicing these loans. For MSRs that we have current commitments to sell to third parties, the fair value is based on the outstanding commitment price. We receive a base servicing fee based on the remaining outstanding principal balances of the loans, which are collected from borrowers on a monthly basis. We determine the fair value of the MSRs by the use of a discounted cash flow model that incorporates prepayment speeds, delinquencies, discount rate, ancillary revenues and other assumptions (including costs to service) that management believes are consistent with the assumptions other similar market participants use in valuing the MSRs.

#### HMBS Obligations, at Fair Value

We have elected to account for all outstanding HMBS obligations at fair value. The HMBS obligation considers the obligation to pass FHA insured cash flows through to the beneficial interest holders (repayment of the secured borrowings) of the HMBS securities and the servicer and issuer obligations of the Company.

As issuer and servicer of the HMBS security, we are required to perform various servicing activities, including processing borrower payments, maintaining borrower contact, facilitating borrower advances, generating borrower statements, and facilitating loss-mitigation strategies in an attempt to keep defaulted borrowers in their homes.

We recognize HMBS obligations at fair value with all changes in fair value recorded as a charge or credit to net fair value gains on loans in the Consolidated Statements of Operations and Comprehensive Income. We estimate the fair value of these loans using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being prepayment, borrower mortality, and discount rate assumptions.

#### Nonrecourse Debt, at Fair Value

We have elected to account for all outstanding nonrecourse debt at fair value. We issued nonrecourse debt securities, at fair value secured by loans made to real estate investors, which provides the Company with access to liquidity for the loans and ongoing management fees. The principal and interest on the outstanding certificates are paid using the cash flows from the underlying securitized loans, which serve as collateral for the debt.

We recognize our outstanding nonrecourse debt at fair value with all changes in fair value recorded as a charge or credit to net fair value gains on loans in the Consolidated Statements of Operations and Comprehensive Income. We estimate the fair value of these loans using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being prepayment, borrower mortality, and discount rate assumptions.

We use various internal financial models that use market participant data to value these loans. These models are complex and use asset specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of loans are complex because of the high number of variables that drive cash flows associated with the loans. Even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. On a quarterly basis, we obtain external market valuations from independent third party valuation experts in order to validate the reasonableness of our internal valuation.

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### ***Business Combinations and Goodwill***

Acquisitions that qualify as a business combination are accounted for using the acquisition method of accounting. The fair value of consideration transferred for an acquisition is allocated to the assets acquired and liabilities assumed based on their fair value as of the acquisition date. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and identified intangible assets, net acquired under a business combination.

Under the acquisition method of accounting, we complete valuation procedures for an acquisition to determine the fair value of the assets acquired and liabilities assumed. These valuation procedures require management to make assumptions and apply significant judgment to estimate the fair value of the assets acquired and liabilities assumed. If the estimates or assumptions used should significantly change, the resulting differences could materially affect the fair value of net assets. We estimate the fair value of the intangible assets acquired generally through a combination of a discounted cash flow analysis (the income approach) and an analysis of comparable market transactions (the market approach). For the income approach, we base the inputs and assumptions used to develop these estimates on a market participant perspective which include estimates of projected revenue, discount rates, economic lives and income tax rates, among others, all of which require significant management judgment. For the market approach, we apply judgment to identify the most comparable market transactions to the transaction. Finite lived intangible assets, net, which are primarily comprised of customer relationships and technology, are amortized over their estimated useful lives using the straight-line method, or on a basis more representative of the time pattern over which the benefit is derived, and are assessed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

Goodwill is not amortized, but is reviewed for impairment annually as of October 1st and monitored for interim triggering events on an ongoing basis. Goodwill is reviewed for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. If we choose to perform a qualitative assessment and determines the fair value more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where we perform the quantitative goodwill impairment test, we compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value, the difference would be recognized as an impairment loss.

### ***New Accounting Pronouncements***

Refer to Note 2 - Summary of Significant Accounting Policies within the consolidated financial statements for a summary of recently adopted and recently issued accounting standards and their related effects or anticipated effects on the Consolidated Statements of Operations and Comprehensive Income and Consolidated Statements of Financial Condition.

### **Quantitative and Qualitative Disclosures about Market Risk**

Our principal market risk is to interest rate risk, primarily to changes in long-term Treasury rates and mortgage interest rates due to their impact on mortgage-related assets and commitments. Changes in short-term interest rates will also have an impact on our warehouse financing lines of credit.

#### **Interest Rate Risk**

Changes in interest rates will impact our operating segments as follows:

#### *Portfolio Management*

- an increase in interest rates could generate an increase in delinquency, default and foreclosure rates resulting in an increase in both higher servicing costs and interest expense on our outstanding debt.
- an increase in interest rates and market spreads may cause a reduction in the fair value of our long-term assets.
- a decrease in interest rates may generally increase prepayment speeds of our long-term assets which would lead a reduction in the fair value of our long-term assets.

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*Originations (Mortgage, Reverse and Commercial)*

- an increase in prevailing interest rates could adversely affect our loan origination volume as refinancing activity will be less attractive to existing borrowers.
- an increase in interest rates will lead to a higher cost of funds on our outstanding warehouse lines of credit.

*Lender Services*

- an increase in interest rates will lead to lower origination volumes which would negatively impact the amount of title and insurance clients we are able to service and the number of title policies that we are able to underwrite.
- lower origination volumes from an increase in interest rates may lead to a reduction in our fulfillment services as we process fewer loans for our clients.
- an increase in interest rates may lead to fewer student loan applications that we are asked to process for our clients.

We actively manage the risk profile of Interest Rate Lock Commitments (“IRLCs”) and loans held for sale on a daily basis and enter into forward sales of MBS in an amount equal to IRLCs expected to close assuming no change in mortgage interest rates.

Earnings on our held for investment assets depend largely on our interest rate spread, represented by the relationship between the yield on our interest-earning assets, primarily securitized assets, and the cost of our interest-bearing liabilities, primarily securitized borrowings. Interest rate spreads are impacted by several factors, including forward interest rates, general economic factors, and the quality of the loans in our portfolio.

**Consumer Credit Risk**

We are exposed to credit risk in the event that certain of our borrowers are unable to pay their outstanding mortgage balances. We manage this credit risk by actively managing delinquencies and defaults through our servicers. We provide servicing oversight of our servicers to ensure they perform loss mitigation, foreclosure and collection functions according to standard acceptable servicing practices and in accordance with our various pooling and servicing agreements. We estimate the fair values on our outstanding mortgage loans using a combination of historical loss frequency and loss experience.

We principally sell our mortgage loans on a nonrecourse basis. We provide representations and warranties to purchasers of the loans sold over the life of the loan. Whenever there is a breach of these representation and warranties we will be required to repurchase the loan or indemnify the purchaser, and any subsequent loss on the loan will be borne by us. If there is no breach of the representation and warranty provision, we have no obligation to indemnify or repurchase the investor against loss. The outstanding UPB plus any premiums on the purchased loans represent the maximum potential exposure on outstanding representation and warranties that we are exposed to.

We estimate a reserve for losses on repurchased loans and indemnifications for future breaches of representation and warranties on any sold loans. This estimate is based on historical data on loan repurchase and indemnity activity, actual losses on repurchase loans and other factors.

**Counterparty Credit Risk**

We are exposed to counterparty credit risk in the event of nonperformance by counterparties to various agreements. We monitor the credit ratings of counterparties and do not anticipate material losses due to counterparty nonperformance.

**Sensitivity Analysis**

We utilize a sensitivity analysis to assess our market risk associated with changes in interest rates. This sensitivity analysis attempts to assess the potential impact to earnings based on hypothetical changes in interest rates.

The fair value of certain of our outstanding mortgage loans and related liabilities, MSR, and certain investments are valued utilizing a discounted cash flow analysis. The primary assumptions we utilize in these models include prepayment speeds, market discount rates, and credit default rates.

Our total market risk is impacted by a variety of other factors including market spreads and the liquidity of the markets. There are certain limitations inherent in the sensitivity analysis presented, including the necessity to conduct the analysis based on a single point in time.

The sensitivities presented are hypothetical and should be evaluated with care. The effect on fair value of a 25 bps variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

	March 31, 2021	
	Down 25 bps	Up 25 bps
	(in thousands)	
<b>Increase (decrease) in assets</b>		
Reverse mortgage loans held for investment, subject to HMBS related obligations	\$ 31,560	\$ (29,178)
Mortgage loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	63,332	(60,879)
Fix & flip mortgage loans	311	(215)
Mortgage loans held for investment:		
Reverse mortgage loans	8,127	(7,435)
Fix & flip mortgage loans	179	(179)
Agricultural loans	169	(169)
Mortgage loans held for sale:		
Residential mortgage loans	29,284	(37,274)
SRL	644	(948)
Portfolio	600	(588)
Mortgage servicing rights	(10,687)	8,921
Other assets	3	(3)
Derivative assets:		
Forward commitments and TBAs	101	(81)
Forward MBS	(32,543)	37,455
IRLCs	14,202	(18,077)
Total assets	<u>\$ 105,282</u>	<u>\$ (108,650)</u>
<b>Increase (decrease) in liabilities</b>		
HMBS related obligation	\$ 28,800	\$ (26,435)
Nonrecourse debt	22,126	(22,143)
Derivative liabilities:		
Forward MBS	473	(545)
Interest rate swaps and futures contracts	23,163	(23,163)
Total liabilities	<u>\$ 74,562</u>	<u>\$ (72,286)</u>