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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

OR

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

For the transition period from __________ to __________

Commission file number 001-40308

FINANCE OF AMERICA COMPANIES INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**85-3474065** (I.R.S. Employer Identification No.)
5830 Granite Parkway, Suite 400, Plano, Texas (Address of Principal Executive Offices)	**75024** (Zip Code)

(877) 202-2666
Registrant's telephone number, including area code

909 Lake Carolyn Parkway
Suite 1550
Irving, Texas 75039
(Address of Former Principal Executive Offices)

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**	**The New York Stock Exchange**
Warrants to purchase shares of Class A Common Stock	**FOA.WS**	**The New York Stock Exchange**

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of August 5, 2022, there were 62,642,931 shares of the registrant's Class A Common Stock and 15 shares of the registrant's Class B Common Stock issued and outstanding.

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Quarterly Report on Form 10-Q
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Part I—Financial Information

Cautionary Note Regarding Forward-Looking Statements and Risk Factor Summary

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts or statements of current conditions, but instead represent only management's beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that our actual results, financial condition and liquidity may differ, possibly materially, from the anticipated results, financial condition and liquidity in these forward-looking statements. The Company's actual results may differ from its expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions (or the negative versions of such words or expressions) are intended to identify such forward-looking statements. The Company cautions readers not to place undue reliance upon any forward-looking statements, which are current only as of the date of this report. Results for any specified period are not necessarily indicative of the results that may be expected for any future period. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions, or circumstances on which any such statement is based, except as required by law. Unless the context otherwise requires, all references to "we," "us," "our," "Finance of America," "FoA," or the "Company" refer to Finance of America Companies Inc. and its consolidated subsidiaries. References to "FoA Equity" are to Finance of America Equity Capital LLC, a Delaware limited liability company, that the Company controls in an "UP-C" structure. Such forward-looking statements are subject to various risks and uncertainties including, but not limited to:

- the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors in our markets;
- our ability to obtain sufficient capital to meet the financing requirements of our business;
- our ability to finance and recover costs of our reverse servicing operations;
- changes in our business relationships or changes in servicing guidelines with Fannie Mae, Freddie Mac and Ginnie Mae;
- the COVID-19 pandemic and its 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;
- our business is significantly impacted by interest rates, and changes in prevailing interest rates or U.S. monetary policies that affect interest rates may have a detrimental effect on our business;
- our geographic concentration, which could materially and adversely affect us if the economic conditions in our current markets should decline or we could face losses in concentrated areas due to natural disasters;
- We use estimates in measuring or determining the fair value of the majority of our assets and liabilities. If our estimates prove to be incorrect, we may be required to write down the value of these assets or write up the value of these liabilities, which could adversely affect our business, financial condition and results of operations;
- our inability to obtain sufficient capital to meet the financing requirements of our business, or if we fail to comply with our debt agreements, our business, financing activities, financial condition and results of operations will be adversely affected;
- disruptions in the secondary home loan market, including the mortgage-backed securities ("MBS") market, could have a detrimental effect on our business;

- Finance of America Reverse LLC's ("FAR") status as an approved non-supervised Federal Housing Administration ("FHA") mortgage and an approved Government National Mortgage Association ("Ginnie Mae" or "GNMA") issuer, and Finance of America Mortgage LLC's ("FAM") status as an approved seller-servicer for Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corp. ("Freddie Mac"), an approved Ginnie Mae issuer and an approved non-supervised FHA and U.S. Department of Veterans Affairs ("VA") mortgage, continued compliance with each of their respective guidelines and other conditions such agencies may impose, the failure of which to meet such guidelines and conditions could have a material adverse effect on our overall business and our financial position, results of operations and cash flows;
- the engagement of our Lender Services business by our loan originator businesses may give the appearance of a conflict of interest;
- third party customers of our Lender Services Businesses concerns about conflicts of interest within our Lender Services Businesses, due to their affiliation with the Company;
- our Lender Services business operations in the Philippines, that could be adversely affected by changes in political or economic stability or by government policies;
- our mortgage loan origination and servicing activities (including lender services) operating in heavily regulated industries, which expose us to risks of noncompliance with an increasing and inconsistent body of complex laws and regulations at the U.S. federal, state and local levels;
- our being subject to legal proceedings, federal or state governmental examinations and enforcement investigations from time to time, some of which matters are highly complex and slow to develop, with results that are difficult to predict or estimate;
- unlike competitors that are national banks, our lending subsidiaries being subject to state licensing and operational requirements that result in substantial additional compliance costs;
- our substantial leverage, which could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry or our ability to pay our debts, which could divert our cash flow from operations to debt payments;
- the Company's holding company structure, with its only material asset being its interest in FoA Equity, which makes it dependent upon distributions from FoA Equity to pay taxes, make payments under the Tax Receivable Agreements (as defined below) and pay dividends;
- the Company status on the NYSE as a "controlled company" within the meaning of NYSE rules, which qualifies it for exemptions from certain corporate governance requirements, which means that the stockholders of the Company do not have the same protections afforded to stockholders of companies that are subject to such requirements;
- our substantial number of shares of common stock issuable upon conversion of FoA Equity Units, which may dilute your investment, and the sale of which could cause significant downward pricing pressure on our stock; and
- the brief trading history of our common stock has been characterized by low trading volume, which may result in an inability to sell your shares at a desired price, if at all.

All of these factors as well as other risks and uncertainties set forth in the section entitled "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021, originally filed with the Securities and Exchange Commission (the "SEC) on March 15, 2022, as such factors may be further updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in the Company's other filings with the SEC.

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Website Disclosure

The Company may use its website as a distribution channel of material company information. Financial and other important information regarding the Company is routinely posted on and accessible through the Company's investor relations website at https://www.financeofamerica.com/investors. In addition, you may automatically receive email alerts and other information about the Company when you enroll your email address by visiting "Email Alerts" under the "News & Events" tab of our investor relations website. Information on the Company's website is not incorporated by reference herein and is not a part of this Form 10-Q.

Item 1. Financial Statements and Supplementary Data

Condensed Consolidated Financial Statements (Unaudited)

Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Financial Condition
(In thousands, except share data)

	June 30, 2022 (unaudited)	December 31, 2021
ASSETS		
Cash and cash equivalents	**$ 219,033**	$ 141,238
Restricted cash	**354,803**	322,403
Loans held for investment, subject to Home Equity Conversion Mortgage-Backed Securities ("HMBS") related obligations, at fair value	**10,882,441**	10,556,054
Loans held for investment, subject to nonrecourse debt, at fair value	**6,600,762**	6,218,194
Loans held for investment, at fair value	**1,058,410**	1,031,328
Loans held for sale, at fair value	**1,229,594**	2,052,378
Mortgage servicing rights ("MSRs"), at fair value, $143,382 and $142,435, subject to nonrecourse MSRs financing liability, respectively	**359,006**	427,942
Derivative assets	**55,186**	48,870
Fixed assets and leasehold improvements, net	**29,805**	29,256
Intangible assets, net	**575,284**	602,900
Other assets, net	**371,902**	358,383
TOTAL ASSETS	**$21,736,226**	$ 21,788,946
LIABILITIES AND EQUITY		
HMBS related obligations, at fair value	**$10,745,879**	$ 10,422,358
Nonrecourse debt, at fair value	**6,752,084**	6,111,242
Other financing lines of credit	**2,593,290**	3,347,442
Payables and other liabilities	**428,768**	471,511
Notes payable, net	**353,005**	353,383
TOTAL LIABILITIES	**20,873,026**	20,705,936
Commitments and Contingencies (Note 16)		
EQUITY (Note 22)		
Class A Common Stock, $0.0001 par value; 6,000,000,000 shares authorized; 62,474,553 shares issued and outstanding at June 30, 2022	**6**	6
Class B Common Stock, $0.0001 par value; 1,000,000 shares authorized, 15 shares issued and outstanding at June 30, 2022	**—**	—
Additional paid-in capital	**860,232**	831,620
Accumulated deficit	**(492,786)**	(443,613)
Accumulated other comprehensive loss	**(262)**	(110)
Noncontrolling interest	**496,010**	695,107
TOTAL EQUITY	**863,200**	1,083,010
TOTAL LIABILITIES AND EQUITY	**$21,736,226**	$ 21,788,946

See accompanying notes to unaudited condensed consolidated financial statements

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Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Financial Condition
(In thousands)

The following table presents the assets and liabilities of the Company's consolidated variable interest entities ("VIEs"), which are included on the Condensed Consolidated Statements of Financial Condition above, and excludes intercompany balances, retained bonds and beneficial interests that eliminate in consolidation.

	June 30, 2022 (unaudited)	December 31, 2021
ASSETS		
Restricted cash	$ 342,575	$ 311,652
Loans held for investment, subject to nonrecourse debt, at fair value	6,433,638	6,099,607
Other assets, net	68,239	67,593
TOTAL ASSETS	$ 6,844,452	$ 6,478,852
LIABILITIES		
Nonrecourse debt, at fair value	$ 6,447,237	$ 5,857,069
Payables and other liabilities	598	428
TOTAL LIABILITIES	$ 6,447,835	$ 5,857,497
Net carrying value of assets subject to nonrecourse debt	$ 396,617	$ 621,355

See accompanying notes to unaudited condensed consolidated financial statements

Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands, except share data)

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
REVENUES				
Gain on sale and other income from loans held for sale, net	**$ 71,805**	**$ 190,157**	$ 187,577	$ 291,334
Net fair value gains on loans and related obligations	**1,613**	**12,048**	131,151	76,663
Fee income	**88,681**	**246,286**	90,864	161,371
Net interest expense:				
Interest income	**15,853**	**29,726**	13,151	12,661
Interest expense	**(36,834)**	**(69,664)**	(33,626)	(34,366)
Net interest expense	**(20,981)**	**(39,938)**	(20,475)	(21,705)
TOTAL REVENUES	**141,118**	**408,553**	389,117	507,663
EXPENSES				
Salaries, benefits and related expenses	**194,294**	**403,370**	274,731	238,530
Occupancy, equipment rentals and other office related expenses	**7,262**	**15,100**	6,720	7,597
General and administrative expenses	**123,457**	**256,080**	119,301	127,187
TOTAL EXPENSES	**325,013**	**674,550**	400,752	373,314
OTHER, NET	**15,132**	**19,904**	(2,103)	(8,892)
NET INCOME (LOSS) BEFORE INCOME TAXES	**(168,763)**	**(246,093)**	(13,738)	125,457
Provision (benefit) for income taxes	**(940)**	**(14,275)**	1,086	1,137
NET INCOME (LOSS)	**(167,823)**	**(231,818)**	(14,824)	124,320
Contingently Redeemable Noncontrolling Interest ("CRNCI")	**—**	**—**	—	4,260
Noncontrolling interest	**(127,143)**	**(182,645)**	(17,089)	201
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	**$ (40,680)**	**$ (49,173)**	$ 2,265	$ 119,859
EARNINGS PER SHARE (Note 21)				
Basic weighted average shares outstanding	**62,379,041**	**61,580,900**	59,881,714	N/A
Basic net earnings (loss) per share	**$ (0.65)**	**$ (0.80)**	$ 0.04	N/A
Diluted weighted average shares outstanding	**187,818,225**	**188,629,076**	191,200,000	N/A
Diluted net loss per share	**$ (0.70)**	**$ (1.00)**	$ (0.05)	N/A

See accompanying notes to unaudited condensed consolidated financial statements

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Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(In thousands)

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
NET INCOME (LOSS)	**$ (167,823)**	**$ (231,818)**	$ (14,824)	$ 124,320
COMPREHENSIVE INCOME (LOSS) ITEM:				
Impact of foreign currency translation adjustment	**(163)**	**(152)**	(27)	(11)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(167,986)**	**(231,970)**	(14,851)	124,309
Less: Net income (loss) attributable to the noncontrolling interest and CRNCI	**(127,253)**	**(182,748)**	(17,108)	4,461
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	**$ (40,733)**	**$ (49,222)**	$ 2,257	$ 119,848

See accompanying notes to unaudited condensed consolidated financial statements

Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Equity (Unaudited)
(In thousands)

	FoA Equity Capital LLC Member's Equity	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total
Predecessor:				
Balance at December 31, 2020	$ 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	119,859	—	201	120,060
Accretion of CRNCI to redemption price	(32,725)	—	—	(32,725)
Foreign currency translation adjustment	—	(11)	—	(11)
Balance at March 31, 2021	$ 641,736	$ (2)	$ (564)	$641,170

See accompanying notes to unaudited condensed consolidated financial statements

Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Equity (Unaudited)
(In thousands, except share data)

	Class A Common Stock		Class B Common Stock					Noncontrolling Interest		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Class A LLC Units	Amount	Total Equity
Successor:										
Balance at April 1, 2021	59,881,714	$ 6	7	$ —	$758,243	$ (71,813)	$ —	131,318,286	$1,658,545	$2,344,981
Net income (loss)	—	—	—	—	—	2,265	—	—	(17,089)	(14,824)
Noncontrolling interest contributions	—	—	—	—	—	—	—	—	24	24
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	(137)	(137)
Equity based compensation, net	—	—	—	—	49,278	—	—	—	—	49,278
Foreign currency translation adjustment	—	—	—	—	—	—	(27)	—	—	(27)
Balance at June 30, 2021	59,881,714	$ 6	7	$ —	$807,521	$ (69,548)	$ (27)	131,318,286	$1,641,343	$2,379,295
Balance at December 31, 2021	**60,755,069**	**$ 6**	**15**	**$ —**	**$831,620**	**$ (443,613)**	**$ (110)**	**128,693,867**	**$ 695,107**	**$1,083,010**
Net loss	**—**	**—**	**—**	**—**	**—**	**(49,173)**	**—**	**—**	**(182,645)**	**(231,818)**
Noncontrolling interest contributions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**42**	**42**
Noncontrolling interest distributions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(192)**	**(192)**
Equity based compensation, net	**—**	**—**	**—**	**—**	**20,883**	**—**	**—**	**—**	**—**	**20,883**
Conversion of LLC Units for Class A Common Stock (Note 22— Equity)	**108,113**	**—**	**—**	**—**	**424**	**—**	**—**	**(108,113)**	**(540)**	**(116)**
Settlement of LTIP RSUs, net (Note 21—Earnings Per Share)	**3,172,247**	**—**	**—**	**—**	**11,011**	**—**	**—**	**(3,172,247)**	**(15,762)**	**(4,751)**
Settlement of other RSUs (Note 21—Earnings Per Share)	**93,455**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Cancellation of shares to fund employee tax withholdings (Note 22—Equity)	**(1,654,331)**	**—**	**—**	**—**	**(3,706)**	**—**	**—**	**—**	**—**	**(3,706)**
Foreign currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**(152)**	**—**	**—**	**(152)**
Balance at June 30, 2022	**62,474,553**	**$ 6**	**15**	**$ —**	**$860,232**	**$ (492,786)**	**$ (262)**	**125,413,507**	**$ 496,010**	**$ 863,200**

Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Equity (Unaudited)
(In thousands, except share data)

	Class A Common Stock		Class B Common Stock					Noncontrolling Interest		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Class A LLC Units	Amount	Total Equity
Balance at March 31, 2022	**60,815,569**	**$ 6**	**15**	**$ —**	**$ 845,002**	**$ (452,106)**	**$ (99)**	**128,633,367**	**$ 639,292**	**$ 1,032,095**
Net loss	—	—	—	—	—	**(40,680)**	—	—	**(127,143)**	**(167,823)**
Noncontrolling interest contributions	—	—	—	—	—	—	—	—	**42**	**42**
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	**(192)**	**(192)**
Equity based compensation, net	—	—	—	—	**7,779**	—	—	—	—	**7,779**
Conversion of LLC Units for Class A Common Stock (Note 22 - Equity)	**58,417**	—	—	—	**194**	—	—	**(58,417)**	**(285)**	**(91)**
Settlement of LTIP RSUs, net (Note 21—Earnings Per Share)	**3,161,443**	—	—	—	**10,963**	—	—	**(3,161,443)**	**(15,704)**	**(4,741)**
Settlement of other RSUs (Note 21—Earnings Per Share)	**93,455**	—	—	—	—	—	—	—	—	—
Cancellation of shares to fund employee tax withholdings (Note 22—Equity)	**(1,654,331)**	—	—	—	**(3,706)**	—	—	—	—	**(3,706)**
Foreign currency translation adjustment	—	—	—	—	—	—	**(163)**	—	—	**(163)**
Balance at June 30, 2022	**62,474,553**	**$ 6**	**15**	$ —	**$ 860,232**	$ **(492,786)**	$ **(262)**	**125,413,507**	$ **496,010**	**$ 863,200**

See accompanying notes to unaudited condensed consolidated financial statements

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Finance of America Companies Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor		Predecessor
Operating Activities			
Net income (loss)	**$ (231,818)**	$ (14,824)	$ 124,320
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	**986,478**	5,172	(6,277)
Net cash provided by (used in) operating activities	**754,660**	(9,652)	118,043
Investing Activities			
Purchases and originations of loans held for investment	**(3,776,445)**	(1,241,085)	(1,151,925)
Proceeds/payments received on loans held for investment	**1,278,493**	689,215	677,777
Purchases and origination of loans held for investment, subject to nonrecourse debt	**(58,549)**	(12,319)	(12,247)
Proceeds/payments on loans held for investment, subject to nonrecourse debt	**1,160,149**	251,152	217,452
Purchases of debt securities	**(6,848)**	(1,449)	(557)
Proceeds/payments on debt securities	**912**	1,888	2,096
Purchases of MSRs	**—**	(61)	(9,014)
Proceeds on sale of MSRs	**191,707**	—	7,765
Acquisition of subsidiaries, net of cash acquired	**—**	(20,000)	(749)
Acquisition of fixed assets	**(7,425)**	(4,915)	(4,178)
Payments on deferred purchase price liability	**(8,000)**	(311)	(657)
Debtor in possession (“DIP”) Financing	**—**	—	(35,260)
Other investing activities, net	**88**	—	(2,550)
Net cash used in investing activities	**(1,225,918)**	(337,885)	(312,047)
Financing Activities			
Proceeds from issuance of HMBS related obligations	**1,933,150**	795,334	602,172
Payments of HMBS related obligations	**(1,438,537)**	(597,892)	(506,142)
Proceeds from issuance of nonrecourse debt	**1,929,163**	600,595	579,518
Payments on nonrecourse debt	**(1,082,466)**	(498,966)	(658,300)
Proceeds from other financing lines of credit	**14,315,000**	8,758,149	10,027,696
Payments on other financing lines of credit	**(15,069,153)**	(8,620,873)	(9,660,588)
Debt issuance costs	**(373)**	(580)	(2,467)
Payment of withholding taxes relating to equity based compensation	**(5,029)**	—	—
Member distributions	**—**	—	(75,000)
Settlement of CRNCI	**—**	(203,216)	—
Other financing activities, net	**(150)**	(114)	806
Net cash provided by financing activities	**581,605**	232,437	307,695
Foreign currency translation adjustment	**(152)**	**(1)**	**(7)**
Net increase (decrease) in cash and restricted cash	**110,195**	(115,101)	113,684
Cash and restricted cash, beginning of period	**463,641**	626,827	539,363
Cash and restricted cash, end of period	**$ 573,836**	$ 511,726	$ 653,047
Supplementary Cash Flows Information			
Cash paid for interest	**$ 117,351**	$ 68,186	$ 50,071
Cash paid for income taxes, net	**25**	1,521	63
Loans transferred to loans held for investment, at fair value, from loans held for investment, subject to nonrecourse debt, at fair value	**488,649**	242,650	283,428
Loans transferred to loans held for investment, subject to nonrecourse debt, at fair value, from loans held for investment, at fair value	**2,540,338**	505,378	272,098
Loans transferred to loans held for investment, subject to HMBS, at fair value, from loans held for investment, at fair value	**1,646,710**	701,375	42,909

See accompanying notes to unaudited condensed consolidated financial statements

Notes to Condensed Consolidated Financial Statements (Unaudited)

Finance of America Companies Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Organization and Description of Business

Finance of America Companies Inc. ("FoA", "Company", or "Successor") was incorporated in Delaware on October 9, 2020. 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 has a controlling financial interest in Finance of America Equity Capital LLC ("FoA Equity" or "Predecessor"). FoA Equity owns all of the outstanding equity interests in Finance of America Funding LLC ("FOAF"). FOAF wholly owns Finance of America Holdings LLC ("FAH") and Incenter LLC ("Incenter" and collectively, with FoA Equity, FOAF and FAH, known as "holding company subsidiaries").

The Company, through its FAH holding company subsidiary, operates two lending companies, FAM and FAR (collectively, the "operating lending subsidiaries"). Effective January 1, 2022, the Company's operating lending subsidiary Finance of America Commercial LLC ("FACo"), which previously operated as a separate operating lending subsidiary under FAH, merged with FAM, with FAM being the surviving operating lending subsidiary. Through FAM and FAR, the Company originates, purchases, sells, and securitizes conventional (conforming to the underwriting standards of Fannie Mae ("FNMA") or Freddie Mac ("FHLMC"); collectively referred to as government sponsored entities ("GSEs")), government-insured (FHA), government guaranteed (VA), and proprietary non-agency residential and reverse mortgages. FAM (prior to January 1, 2022 through FACo) also originates or acquires a variety of commercial mortgage loans made to owners and investors of single and multi-family residential rental properties, as well as government-insured agricultural loans made to farmers to fund their inputs and operating expenses for the upcoming growing season. Additionally, FAM originates or acquires secured and unsecured home improvement loans or receivables. The Company, through its Incenter holding company subsidiary, has operating service companies (the "operating service subsidiaries" and together with the operating lending subsidiaries, the "operating subsidiaries") which provide lender services, title services, secondary markets advisory services, 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.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements comprise the financial statements of FoA and its controlled subsidiaries for the Successor three and six months ended June 30, 2022, three months ended June 30, 2021, and the financial statements of FoA Equity and its controlled subsidiaries for the Predecessor three months ended March 31, 2021. The condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial statements and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The accompanying financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of its financial condition as of June 30, 2022 and its results of operations and cash flows for the Successor three and six months ended June 30, 2022, three months ended June 30, 2021, and the Predecessor three months ended March 31, 2021. The Condensed Consolidated Statement of Financial Condition at December 31, 2021 was derived from audited financial statements but does not contain all of the footnote disclosures from the annual financial statements. Operating results for the interim period are not necessarily indicative of the results that may be expected for any future period or for the full year. The condensed consolidated financial statements, including the significant accounting policies, should be read in conjunction with the consolidated financial statements and notes for the period ended December 31, 2021 within the Company's Annual Report Form 10-K. There have not been any material changes to our critical accounting policies and estimates as disclosed in the Annual Report on Form 10-K.

The significant accounting policies, together with the other notes that follow, are an integral part of the condensed consolidated financial statements.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions due to factors such as changes in the economy, uncertainties due to the COVID-19 pandemic, interest rates, secondary market pricing, prepayment assumptions, home prices or discrete events affecting specific borrowers, and such differences could be material.

Recently Adopted Accounting Guidance

Standard	Description	Effective Date	Effect on Condensed Consolidated Financial Statements
ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation(Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity—Classified Written Call Options	The amendments in this Update affect all entities that issue freestanding written call options that are classified in equity. Specifically, the amendments affect those entities when a freestanding equity-classified written call option is modified or exchanged and remains equity classified after the modification or exchange. The amendments that relate to the recognition and measurement of EPS for certain modifications or exchanges of freestanding equity-classified written call options affect entities that present EPS in accordance with the guidance in Topic 260, Earnings Per Share.	January 1, 2022	The adoption of this standard did not have a material impact on the Company’s condensed consolidated financial statements and related disclosures, as the Company does not currently issue freestanding written call options.

Recently Issued Accounting Guidance, Not Yet Adopted as of June 30, 2022

Standard	Description	Date of Planned Adoption	Effect on Condensed Consolidated Financial Statements
ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ASU 2021-01, Reference Rate Reform (Topic 848): Codification Clarification	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. 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. In April 2022, FASB released a proposed ASU that would amend the guidance on reference rate reform in ASC Topic 848 and ASC 815. Specifically, the proposal would defer the effective date of the guidance's sunset date provision to December 31, 2024 (originally December 31, 2022), thereby extending the period over which entities can apply the guidance in ASU 2020-04,8 which provides "optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued." In addition, the proposal would amend the definition of the secured overnight financing rate ("SOFR"), as used in ASU 2018-16,9 to "include other versions of SOFR, such as SOFR term, as a benchmark interest rate under Topic 815."	TBD	This ASU is effective from March 12, 2020 through December 31, 2022. The Company continues to monitor the impact associated with reference rate reform, and will apply the amendments in this update to account for contract modifications due to changes in reference rates once those occur. The adoption of this standard is not expected to have a material impact on our condensed consolidated financial statements and related disclosures.

Standard	Description	Date of Planned Adoption	Effect on Condensed Consolidated Financial Statements
ASU 2021-08, Business Combinations (Topic 805) Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	In October 2021, the FASB issued ASU 2021-08 to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to the following: (1) Recognition of an acquired contract liability and (2) Payment terms and their effect on subsequent revenue recognized by the acquirer. The amendments in this ASU require that an entity (acquirer) recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The amendments in this ASU do not affect the accounting for other assets or liabilities that may arise from revenue contracts with customers in accordance with Topic 606, such as refund liabilities, or in a business combination, such as customer-related intangible assets and contract-based intangible assets.	January 1, 2023	This ASU is effective for all business combinations occurring after January 1, 2023. The adoption of this standard is not expected to have a material impact on our condensed consolidated financial statements and related disclosures.
ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	The amendments in this Update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments in this Update also require the following disclosures for equity securities subject to contractual sale restrictions: 1. The fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet 2. The nature and remaining duration of the restriction(s) 3. The circumstances that could cause a lapse in the restriction(s).	January 1, 2024	This ASU is effective for fiscal years beginning after December 15, 2023. The adoption of this standard is not expected to have a material impact on our condensed consolidated financial statements and related disclosures.

3. Variable Interest Entities and Securitizations

The Company determined that the special purpose entities ("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.

Consolidated VIEs

FAR

FAR securitizes certain of its interests in nonperforming 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.

In February 2022, FAR executed its optional redemption of outstanding securitized notes related to outstanding nonperforming home equity conversion mortgage ("HECM") securitizations. As part of the optional redemption, FAR paid off notes with an outstanding principal balance of $488.2 million. The notes were paid off at par. As a result of the optional redemption, FAR is no longer required to consolidate this securitization trust and the outstanding loans with unpaid principal balance of $506.6 million were included in loans held for investment, at fair value, in the Condensed Consolidated Statements of Financial Condition unless included in a subsequent securitization.

FAM

FAM (prior to January 1, 2022, through FACo) securitizes certain of its interests in fix & flip mortgages. The transactions provide debt security holders the ability to invest in a pool of loans secured by an investment in 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.

Servicing Securitized Loans

In their capacity as servicer of the securitized loans, FAM (prior to January 1, 2022, through FACo) and FAR retain the power to direct the VIE's activities that most significantly impact the VIE's economic performance. FAM (prior to January 1, 2022, through FACo) and FAR also retain certain beneficial interests in these trusts which provide exposure to potential gains and losses based on the performance of the trust. As FAM (prior to January 1, 2022, through FACo) and FAR have 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 definition of primary beneficiary is met and the trusts are consolidated by the Company through its FAM (prior to January 1, 2022, through FACo) and FAR subsidiaries.

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. There were no charge-offs associated with these transferred mortgage loans related to the standard securitization representations and warranties obligations for the Successor three and six months ended June 30, 2022, three months ended June 30, 2021 or the Predecessor period three months ended March 31, 2021.

The following table presents the assets and liabilities of the Company's consolidated VIEs, which are included in the Condensed Consolidated Statements of Financial Condition, and excludes intercompany balances, except for retained bonds and beneficial interests (in thousands):

	June 30, 2022	December 31, 2021
ASSETS		
Restricted cash	**$ 342,575**	$ 311,652
Loans held for investment, subject to nonrecourse debt, at fair value	**6,433,638**	6,099,607
Other assets, net	**68,239**	67,593
TOTAL ASSETS	**$ 6,844,452**	$ 6,478,852
LIABILITIES		
Nonrecourse debt, at fair value	**$ 6,717,649**	$ 6,088,298
Payables and other liabilities	**598**	428
TOTAL VIE LIABILITIES	**6,718,247**	6,088,726
Retained bonds and beneficial interests eliminated in consolidation	**(270,412)**	(231,229)
TOTAL CONSOLIDATED LIABILITIES	**$ 6,447,835**	$ 5,857,497

Unconsolidated VIEs

FAM

Hundred Acre Wood Trust ("HAWT")

FAM securitizes certain of its interests in agency-eligible residential mortgage loans. The transactions provide investors with the ability to invest in a pool of mortgage loans secured by one-to-four-family residential properties and provide FAM with access to liquidity for these assets and ongoing servicing fees. The principal and interest on the outstanding certificates are paid using the cash flows from the underlying mortgage loans, which serve as collateral for the debt. In 2021, FAM executed certain securitizations, where FAM's beneficial interest in the securitization is limited to its U.S. Risk Retention Certificates, a 5% eligible vertical interest in the Trust. The Company determined that the securitization structures meets the definition of a VIE and concluded that the Company does not hold a significant variable interest in the securitizations and that the contractual role as servicer is not a variable interest. The transfer of the loans to the VIEs was determined to be a sale. The Company derecognized the mortgage loans and did not consolidate the trusts.

FAM's continuing involvement with and exposure to loss from the VIE includes the carrying value of the retained bond, the servicing asset recognized in the sale of the loans, servicing advances in the role as servicer, and obligations under representations and warranties contained in the loan sale agreements. Creditors of the VIE have no recourse to FAM's assets or general credit. The underlying performance of the mortgage loans transferred has a direct impact on the fair values and cash flows of the beneficial interests held and the servicing asset recognized.

The following table presents a summary of the outstanding collateral and certificate balances for securitization trusts for which the Company was the transferor and that were not consolidated by the Company (in thousands):

	June 30, 2022	December 31, 2021
Unconsolidated securitization trusts:		
Total collateral balances—Unpaid Principal Balance ("UPB")	**$ 1,031,095**	$ 1,085,340
Total certificate balances	**$ 1,031,095**	$ 1,085,340

As of June 30, 2022 and December 31, 2021, there were $1.1 million and $0.4 million, respectively, of mortgage loans transferred by the Company to unconsolidated securitization trusts that are 90 days or more past due.

Cavatica Asset Participation Trust ("CAPT")

In December 2021, CAPT was established for the purpose of securitizing agricultural loans, where its beneficial interest in the securitization is limited to its Issuer Residual Interest Certificates, a 5% eligible vertical interest in the trust. The Company determined that the securitization structure meets the definition of a VIE and concluded that the Company does not hold a significant variable interest in the securitizations and the Company does not have the power to direct the activities that most significantly affect the economic performance of the VIEs. However, the transfer of the loans to the VIEs was determined not to be a sale. As such, the Company continues to recognize and consolidate the loans and the related nonrecourse liability, with the retained bonds being eliminated against the nonrecourse liability in consolidation. The Company's continuing involvement with and exposure to loss from the VIE includes the carrying value of the retained bond, the retained loans, debt servicing of the related nonrecourse liability, servicing advances in the role as servicer, and obligations under representations and warranties contained in the loan sale agreements. Creditors of the VIE have no recourse to the Company's assets or general credit. The underlying performance of the mortgage loans held has a direct impact on the fair values and cash flows of the beneficial interests held.

As of June 30, 2022, the consolidated balance of the agricultural loans transferred to the VIE and the related nonrecourse liability had a fair value of $167.1 million and $162.5 million, respectively. As of December 31, 2021, the consolidated balance of the agricultural loans transferred to the VIE and the related nonrecourse liability had a fair value of $118.6 million and $111.7 million, respectively.

4. Fair Value

Fair value is 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). In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. 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.

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 of the fair value hierarchy:

Level 1 Inputs: Quoted prices for identical instruments in active markets.

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 and liabilities 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 Successor three and six months ended June 30, 2022, three months ended June 30, 2021, or for the Predecessor three months ended March 31, 2021.

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. Within the assumption tables presented, not meaningful ("NM") refers to a range of inputs that is too broad to provide meaningful information to the user or to an input that has no range and consists of a single data point.

Loans Held for Investment, Subject to HMBS Related Obligations, at Fair Value

HECM loans securitized into Ginnie Mae HMBS are not actively traded in open markets with readily observable market prices.

The Company values HECM loans securitized into Ginnie Mae HMBS utilizing a present value methodology that discounts estimated projected cash flows over the life of the loan portfolio using prepayment, loss frequency and severity, borrower mortality, borrower draw, and discount rate assumptions management believes a market participant would use in estimating fair value.

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 assumptions used in the fair value measurement of loans held for investment, subject to HMBS related obligations, for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Conditional repayment rate	**NM**	**23.0%**	NM	20.8%
Loss frequency	**NM**	**3.9%**	NM	4.5%
Loss severity	**2.4% - 6.9%**	**2.6%**	3.1% - 7.7%	3.3%
Discount rate	**NM**	**4.2%**	NM	2.4%
Average draw rate	**NM**	**1.2%**	NM	1.1%

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.

Loans Held for Investment, Subject to Nonrecourse Debt, at Fair Value

Reverse Mortgage Loans

Reverse mortgage loans held for investment, subject to nonrecourse debt,at fair value, include HECM loans previously purchased out of Ginnie Mae 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.

The Company values nonperforming securitized HECM buyouts, performing securitized HECM buyouts, and securitizednon-agency reverse mortgage loans utilizing a present value methodology that discounts estimated projected cash flows over the life of the portfolio.

The Company aggregates loan portfolios based upon the underlying securitization trust and values these loans using these aggregated pools. The range of inputs provided are based upon the range of inputs utilized for each securitization trust.

HECM Buyouts—Securitized (Nonperforming)

The following table presents the weighted average significant unobservable assumptions used in the fair value measurement of nonperforming securitized HECM buyouts for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Conditional repayment rate	**NM**	**39.7%**	NM	41.2%
Loss frequency	**23.1% - 100.0%**	**51.4%**	25.0% - 100%	59.5%
Loss severity	**2.4% - 6.9%**	**3.7%**	3.1% - 7.7%	4.3%
Discount rate	**NM**	**7.7%**	NM	4.1%

HECM Buyouts—Securitized (Performing)

The following table presents the weighted average significant unobservable assumptions used in the fair value measurement of performing securitized HECM buyouts for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Weighted average remaining life (in years)	**NM**	**9.0**	NM	9.0
Conditional repayment rate	**NM**	**13.4%**	NM	13.3%
Loss severity	**2.4% - 6.9%**	**5.7%**	3.1% - 7.7%	7.7%
Discount rate	**NM**	**6.8%**	NM	3.7%

Non-Agency Reverse Mortgage—Securitized

The following table presents the significant unobservable assumptions used in the fair value measurements of securitized non-agency reverse mortgage loans for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Weighted average remaining life (in years)	**NM**	**9.3**	NM	7.5
Loan to value	**0.1% - 73.0%**	**42.9%**	0.1% - 64.7%	43.4%
Conditional repayment rate	**NM**	**14.7%**	NM	18.6%
Loss severity	**NM**	**10.0%**	NM	10.0%
Home price appreciation	**-10.1% - 11.0%**	**4.9%**	-4.6% - 14%	4.7%
Discount rate	**NM**	**6.2%**	NM	3.6%

Commercial Mortgage Loans

Fix & Flip—Securitized

The securitized Fix & Flip loans are short-term loans for individual real estate investors, with terms ranging from 9 - 24 months. This product is valued using a discounted cash flow ("DCF") 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 securitized Fix & Flip mortgage loans for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Prepayment rate (SMM)	**NM**	**10.6%**	NM	14.1%
Discount rate	**NM**	**8.9%**	NM	5.7%
Loss frequency	**NM**	**0.5%**	0.3% - 69.0%	0.6%

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.

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 Ginnie Mae HMBS ("Inventory Buyouts") that the Company intends 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 Ginnie Mae HMBS. The fair value of nonperforming unsecuritized tails is based on expected claim proceeds from the U.S Department of Housing and Urban Development ("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 Company values Inventory Buyouts utilizing a present value methodology that discounts estimated projected cash flows over the life of the portfolio.

The following table presents the weighted average significant unobservable assumptions used in the fair value measurement of Inventory Buyouts classified as loans held for investment, at fair value for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Conditional repayment rate	**NM**	**41.2%**	NM	43.2%
Loss frequency	**23.1% - 100.0%**	**47.4%**	NM	59.4%
Loss severity	**2.4% - 6.9%**	**4.7%**	3.1% - 7.7%	3.8%
Discount rate	**NM**	**7.7%**	NM	4.1%

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.

The following table presents the weighted average significant unobservable assumptions used in the fair value measurement of non-agency reverse mortgage loans classified as loans held for investment, at fair value for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Weighted average remaining life (in years)	**NM**	**10.8**	NM	9.2
Loan to value	**2.9% - 68.9%**	**47.3%**	0.2% - 68.7%	47.8%
Conditional repayment rate	**NM**	**13.1%**	NM	14.8%
Loss severity	**NM**	**10.0%**	NM	10.0%
Home price appreciation	**-10.1% - 11.0%**	**4.6%**	-4.6% - 14.0%	4.4%
Discount rate	**NM**	**6.2%**	NM	3.6%

Commercial Mortgage Loans

Fix & Flip

The Fix & Flip loans are short-term loans for individual real estate investors, with terms ranging from 9 - 24 months. This product is valued using a DCF 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 loans for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Prepayment rate (SMM)	**NM**	**11.6%**	NM	11.9%
Discount rate	**8.9% - 13.5%**	**9.0%**	5.7% - 10.0%	5.9%
Loss frequency	**NM**	**0.3%**	NM	0.4%

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 DCF model. The Company classifies these loans as Level 3 assets within the GAAP hierarchy.

The Company utilized the following assumptions in estimating the fair value of agricultural loans for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Discount rate	**NM**	**8.1%**	NM	4.8%
Prepayment rate (SMM)	**NM**	**23.1%**	9.0% - 100.0%	22.1%
Default rate (CDR)	**0.0% - 1.0%**	**1.0%**	0.0% - 0.7%	0.9%

Loans Held for Sale, at Fair Value

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.

Residential Mortgage Loans

The Company originates or purchases mortgage loans in the U.S. that it intends to sell to FNMA, FHLMC, and Ginnie Mae (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 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. The Company classifies these valuations as Level 2 assets within the GAAP hierarchy. 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. 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.

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 loans as Level 3 assets within the GAAP hierarchy.

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. This product is valued using a DCF 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:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Prepayment rate (CPR)	**18.1% - 25.0%**	**18.6%**	1.0% - 17.1%	14.2%
Discount rate	**NM**	**6.5%**	NM	3.3%
Default rate (CDR)	**NM**	**1.0%**	1.0% - 57.2%	2.2%

Portfolio Lending

The Portfolio Lending 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, with 5 and 10-year balloon structures, as well as a 30-year structure. This product is valued using a DCF 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 Lending mortgage loans held for sale for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Prepayment rate (CPR)	**0.0% - 22.1%**	**14.5%**	0.0% - 14.5%	8.7%
Discount rate	**NM**	**6.8%**	NM	3.9%
Default rate (CDR)	**NM**	**1.0%**	1.0% - 54.0%	3.2%

Fix & Flip

The Fix & Flip loans are short-term loans for individual real estate investors, with terms ranging from 9-24 months. This product is valued using a DCF model. The Company classifies these mortgage loans as Level 3 assets within the GAAP hierarchy.

MSRs

As of June 30, 2022 and December 31, 2021, the Company valued MSRs 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 assets within the GAAP hierarchy since they are dependent on unobservable inputs.

Fair value is derived through a DCF 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 (Prepayment speed assumptions (“PSA”), discount rate, 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.

Fair value is defined as the estimated price at which the servicing rights 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 MSRs for the periods indicated:

	June 30, 2022	December 31, 2021
Capitalization servicing rate	**1.2%**	1.1%
Capitalization servicing multiple	**4.9**	4.4
Weighted average servicing fee (in basis points)	**25**	25

The Company utilized the following weighted average assumptions in estimating the fair value of MSRs:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Weighted average prepayment speed (CPR)	**0.1% - 12.3%**	**6.8%**	0.0% - 12.8%	8.3%
Discount rate	**NM**	**9.6%**	NM	8.5%
Weighted average delinquency rate	**0.8% - 4.6%**	**1.4%**	0.8% - 14.3%	1.3%

The following table summarizes the estimated change in the fair value of MSRs from adverse changes in the significant assumptions (in thousands):

	June 30, 2022		
	Weighted Average Prepayment Speed	**Discount Rate**	**Weighted Average Delinquency Rate**
Impact on fair value of 10% adverse change	**$ (8,958)**	**$(15,042)**	**$ (467)**
Impact on fair value of 20% adverse change	**$ (17,439)**	**$(28,909)**	**$ (934)**

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a10% 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.

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 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.

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 the fair value hierarchy. The Company executes derivative contracts, including forward MBS commitments, To Be Announced Securities (“TBAs”), interest rate swaps, futures contracts, and loan purchase commitments (“LPCs”) as part of its overall risk management strategy related to its mortgage, reverse mortgage and commercial loan portfolios. The value of the LPCs is estimated using current market prices for HMBS and are considered Level 2 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 futures contracts 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 futures contracts 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.

In addition, the Company enters into Interest Rate Lock Commitments (“IRLCs”) with prospective borrowers. Commitments to fund residential mortgage loans with potential borrowers are a binding agreement to lend funds 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 the fair value hierarchy. The pull through factor is considered to be a significant unobservable assumption.

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 weighted average remaining life, borrower repayment rates, and discount rates.

The following table presents the weighted average significant unobservable inputs used in the fair value measurement of HMBS related obligations for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Conditional repayment rate	**NM**	**23.1%**	NM	20.8%
Discount rate	**NM**	**4.1%**	NM	2.3%

Nonrecourse Debt, at Fair Value

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. 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 significant unobservable inputs used in the measurement include borrower repayment rates and discount rates.

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 the weighted average significant unobservable assumptions used in the fair value measurements of nonrecourse debt for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Performing/Nonperforming HECM securitizations				
Weighted average remaining life (in years)	**0.3 - 0.6**	**0.5**	0.2 - 0.8	0.5
Conditional repayment rate	**20.5% - 36.2%**	**26.3%**	30.8% - 54.4%	43.5%
Discount rate	**NM**	**6.3%**	NM	2.3%
Securitized Non-Agency Reverse				
Weighted average remaining life (in years)	**0.6 - 10.5**	**4.0**	1.0 - 2.3	1.6
Conditional repayment rate	**7.6% - 37.4%**	**17.2%**	18.4% - 35.9%	28.2%
Discount rate	**NM**	**5.9%**	NM	2.2%

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 assumptions used in the fair value measurements of nonrecourse debt for the periods indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Weighted average remaining life (in months)	**NM**	**5.3**	NM	4.0
Weighted average prepayment speed (SMM)	**NM**	**13.9%**	NM	14.0%
Discount rate	**NM**	**6.3%**	NM	3.1%

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. The significant unobservable assumption is the discount rate. As of June 30, 2022 and December 31, 2021, the Company utilized a discount rate of 35% 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.

Tax Receivable Agreements ("TRA") Obligation

The fair value of the TRA obligation resulting from the exchanges at the Business Combination Closing Date is derived through the use of a DCF model. The significant unobservable assumptions used in the DCF include the ability to utilize tax attributes based on current tax forecasts, a constant U.S. federal income tax rate, an assumed weighted average state and local income tax rate, and a 20.4% and 13.5% discount rate at June 30, 2022 and December 31, 2021, respectively, applied to future payments under the Tax Receivable Agreements. The Company classifies the TRA obligation as Level 3 in the fair value hierarchy.

Nonrecourse MSR Financing Liability

The Company has sold to certain third parties the right to receive all excess servicing and ancillary fees related to identified MSRs in exchange for an upfront payment equal to the entire purchase price of the identified MSRs.

The Company has elected to account for the servicing liability using the fair value option. Consistent with the underlying MSRs, fair value is derived through a DCF 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 rights 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 Company utilized the following weighted average assumptions in estimating the fair value of the outstanding nonrecourse MSR financing liability:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Weighted average prepayment speed (CPR)	**1.0% - 7.2%**	**5.6%**	2.0% - 11.0%	7.7%
Discount rate	**9.6% - 11.6%**	**9.7%**	8.1% - 10.1%	9.1%
Weighted average delinquency rate	**NM**	**1.3%**	NM	1.3%

Retained Bonds, at Fair Value

The retained bonds, at fair value, represents the U.S. Risk Retention Certificates, a5% eligible vertical interest in the Company's unconsolidated VIEs: HAWT 2021-INV1, HAWT 2021-INV2, and HAWT 2021-INV3. The beneficial interests retained consist of an interest in each class of securities issued by the Trust. Because of the nature of the valuation inputs and due to the lack of observable market prices or data the Company classifies retained bonds as Level 3 assets within the GAAP hierarchy. Quarterly, management obtains third party valuations to assess the reasonableness of the fair value calculations provided by the internal valuation model. The following table presents the weighted average significant unobservable assumptions used in the fair value measurement of retained bonds for the period indicated:

	June 30, 2022		December 31, 2021	
Unobservable Assumptions	**Range**	**Weighted Average**	**Range**	**Weighted Average**
Weighted average remaining life (in years)	**2.5 - 24.5**	**5.0**	2.6 - 25.0	5.1
Discount rate	**-10.0% - 11.7%**	**5.7%**	1.9% - 8.2%	2.7%

Warrants

The Company has determined that the FoA warrants are subject to treatment as a liability. The warrants issued are exercisable for shares of Class A Common Stock of FoA at an exercise price of $11.50 per share. The warrants are publicly traded and are valued based on the closing market price of the applicable date of the Condensed Consolidated Statements of Financial Condition. Accordingly, the warrants are classified as Level 1 financial instruments.

Fair Value of Assets and Liabilities

The following table provides a summary of the recognized assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	June 30, 2022			
	Total Fair Value	Level 1	Level 2	Level 3
Assets				
Loans held for investment, subject to HMBS related obligations	$ 10,882,441	$ —	$ —	$ 10,882,441
Loans held for investment, subject to nonrecourse debt:				
Reverse mortgage loans	6,149,706	—	—	6,149,706
Fix & flip mortgage loans	451,056	—	—	451,056
Loans held for investment:				
Reverse mortgage loans	949,551	—	—	949,551
Fix & flip mortgage loans	77,544	—	—	77,544
Agricultural loans	31,315	—	—	31,315
Loans held for sale:				
Residential mortgage loans	996,345	—	959,472	36,873
SRL	195,615	—	—	195,615
Portfolio	37,634	—	—	37,634
MSRs	359,006	—	—	359,006
Derivative assets:				
IRLCs and LPCs	14,126	—	129	13,997
Forward MBS and TBAs	4,258	—	4,258	—
Interest rate swaps and futures contracts	36,802	36,802	—	—
Other assets:				
Investments	1,000	—	—	1,000
Retained bonds	46,593	—	—	46,593
Total assets	$ 20,232,992	$ 36,802	$ 963,859	$ 19,232,331
Liabilities				
HMBS related obligations	$ 10,745,879	$ —	$ —	$ 10,745,879
Nonrecourse debt:				
Nonrecourse debt in consolidated VIE trusts	6,447,238	—	—	6,447,238
Nonrecourse commercial loan financing liability	162,464	—	—	162,464
Nonrecourse MSR financing liability	142,382	—	—	142,382
Deferred purchase price liabilities:				
Deferred purchase price liabilities	4,852	—	—	4,852
TRA obligation	13,925	—	—	13,925
Derivative liabilities:				
Forward MBS and TBAs	7,530	—	7,530	—
Interest rate swaps and futures contracts	2,183	2,183	—	—
Warrant liability	2,301	2,301	—	—
Total liabilities	$ 17,528,754	$ 4,484	$ 7,530	$ 17,516,740

Finance of America Companies Inc. and Subsidiaries
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	December 31, 2021			
	Total Fair Value	Level 1	Level 2	Level 3
Assets				
Loans held for investment, subject to HMBS related obligations	$ 10,556,054	$ —	$ —	$ 10,556,054
Loans held for investment, subject to nonrecourse debt:				
Reverse mortgage loans	5,823,301	—	—	5,823,301
Fix & flip mortgage loans	394,893	—	—	394,893
Loans held for investment:				
Reverse mortgage loans	940,604	—	—	940,604
Fix & flip mortgage loans	62,933	—	—	62,933
Agricultural loans	27,791	—	—	27,791
Loans held for sale:				
Residential mortgage loans	1,902,952	—	1,885,627	17,325
SRL	98,852	—	—	98,852
Portfolio	50,574	—	—	50,574
MSRs	427,942	—	—	427,942
Derivative assets:				
IRLCs and LPCs	24,786	—	1,564	23,222
Forward MBS and TBAs	1,250	—	1,250	—
Interest rate swaps and futures contracts	22,834	22,834	—	—
Other assets:				
Investments	6,000	—	—	6,000
Retained bonds	55,614	—	—	55,614
Total assets	$ 20,396,380	$ 22,834	$ 1,888,441	$ 18,485,105
Liabilities				
HMBS related obligations	$ 10,422,358	$ —	$ —	$ 10,422,358
Nonrecourse debt:				
Nonrecourse debt in consolidated VIE trusts	5,857,069	—	—	5,857,069
Nonrecourse commercial loan financing liability	111,738	—	—	111,738
Nonrecourse MSR financing liability	142,435	—	—	142,435
Deferred purchase price liabilities:				
Deferred purchase price liabilities	12,852	—	—	12,852
TRA obligation	29,380	—	—	29,380
Derivative liabilities:				
Forward MBS and TBAs	1,685	—	1,685	—
Interest rate swaps and futures contracts	24,993	24,993	—	—
Warrant liability	5,497	5,497	—	—
Total liabilities	$ 16,608,007	$ 30,490	$ 1,685	$ 16,575,832

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Notes to Condensed Consolidated Financial Statements (Unaudited)

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3, in thousands):

	Successor						
	Assets						
June 30, 2022	**Loans held for investment**	**Loans held for investment, subject to nonrecourse debt**	**Loans held for sale**	**Derivative assets**	**MSRs**	**Retained bonds**	**Investments**
Beginning balance, March 31, 2022	$11,891,142	$ 6,235,990	$ 229,045	$ 2,736	$426,102	$ 50,875	$ 6,000
Total gain or losses included in earnings	(34,147)	(257,874)	(4,163)	11,261	(12,671)	(3,020)	(5,000)
Purchases, settlements and transfers:							
Purchases and additions, net	1,928,290	28,206	395,502	—	41,218	—	—
Sales and settlements	(671,743)	(573,913)	(353,460)	—	(95,643)	(1,262)	—
Transfers in/(out) between categories	(1,172,691)	1,168,353	3,198	—	—	—	—
Ending balance, June 30, 2022	$11,940,851	$ 6,600,762	$ 270,122	$ 13,997	$359,006	$ 46,593	$ 1,000

	Successor					
	Liabilities					
June 30, 2022	**HMBS related obligations**	**Deferred purchase price liabilities**	**Nonrecourse debt in consolidated VIE trusts**	**Nonrecourse commercial loan financing liability**	**Nonrecourse MSR financing liability**	**TRA Liability**
Beginning balance, March 31, 2022	$ (10,548,131)	$ (7,852)	$ (6,032,156)	$ (127,640)	$ (163,981)	$ (29,380)
Total gains or losses included in earnings	93,095	—	116,701	(66)	(337)	15,455
Purchases, settlements and transfers:						
Purchases and additions, net	(992,053)	—	(756,058)	(57,157)	(1,050)	—
Sales and settlements	701,210	3,000	224,275	22,399	22,986	—
Transfers in/(out) between categories	—	—	—	—	—	—
Ending balance, June 30, 2022	$ (10,745,879)	$ (4,852)	$ (6,447,238)	$ (162,464)	$ (142,382)	$ (13,925)

	Successor						
	Assets						
June 30, 2022	**Loans held for investment**	**Loans held for investment, subject to nonrecourse debt**	**Loans held for sale**	**Derivative assets**	**MSRs**	**Retained bonds**	**Investments**
Beginning balance, December 31, 2021	$11,587,382	$ 6,218,194	$ 166,750	$ 23,222	$ 427,942	$ 55,614	$ 6,000
Total gain or losses included in earnings	(70,042)	(571,594)	(11,203)	(9,225)	39,697	(6,309)	(5,000)
Purchases, settlements and transfers:							
Purchases and additions, net	3,776,445	58,548	791,522	—	94,662	—	—
Sales and settlements	(1,284,367)	(1,160,189)	(683,050)	—	(203,295)	(2,712)	—
Transfers in/(out) between categories	(2,068,567)	2,055,803	6,103	—	—	—	—
Ending balance, June 30, 2022	$11,940,851	$ 6,600,762	$ 270,122	$ 13,997	$ 359,006	$ 46,593	$ 1,000

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	Successor					
	Liabilities					
June 30, 2022	**HMBS related obligations**	**Deferred purchase price liabilities**	**Nonrecourse debt in consolidated VIE trusts**	**Nonrecourse commercial loan financing liability**	**Nonrecourse MSR financing liability**	**TRA Liability**
Beginning balance, December 31, 2021	**$ (10,422,358)**	**$ (12,852)**	**$ (5,857,069)**	**$ (111,738)**	**$ (142,435)**	**$ (29,380)**
Total gain or losses included in earnings	**178,677**	**—**	**222,041**	**188**	**(16,375)**	**15,455**
Purchases, settlements and transfers:						
Purchases and additions, net	**(1,940,735)**	**—**	**(1,804,557)**	**(117,815)**	**(6,792)**	**—**
Sales and settlements	**1,438,537**	**8,000**	**992,347**	**66,901**	**23,220**	**—**
Transfers in/(out) between categories	**—**	**—**	**—**	**—**	**—**	**—**
Ending balance, June 30, 2022	**$ (10,745,879)**	**$ (4,852)**	**$ (6,447,238)**	**$ (162,464)**	**$ (142,382)**	**$ (13,925)**

	Successor						
	Assets						
June 30, 2021	**Loans held for investment**	**Loans held for investment, subject to nonrecourse debt**	**Loans held for sale**	**Derivative assets**	**MSRs**	**Retained Bonds**	**Investments**
Beginning balance, March 31, 2021	$11,171,736	$ 5,291,444	$ 135,681	$ 38,574	$267,364	$ —	$ 9,470
Total gain or losses included in earnings	153,690	80,408	1,816	(3,066)	(26,536)	666	(3,470)
Purchases, settlements and transfers:							
Purchases and additions, net	1,428,976	22,041	256,438	—	50,110	15,078	—
Sales and settlements	(615,958)	(522,141)	(275,956)	(25)	—	(73)	—
Transfers in/(out) between categories	(597,327)	552,869	42,909	—	—	—	—
Ending balance, June 30, 2021	$11,541,117	$ 5,424,621	$ 160,888	$ 35,483	$290,938	$ 15,671	$ 6,000

	Successor					
	Liabilities					
June 30, 2021	**HMBS related obligations**	**Derivative liabilities**	**Deferred purchase price liabilities**	**Nonrecourse debt in VIE trusts**	**Nonrecourse MSR financing liability**	**TRA Liability**
Beginning balance, March 31, 2021	$ (9,926,132)	$ (936)	$ (3,214)	$ (5,205,892)	$ (22,051)	$ —
Total gains or losses included in earnings	(44,651)	$ —	(1,760)	(32,601)	4,123	(860)
Purchases, settlements and transfers:						
Purchases and additions, net	(795,333)	—	(7,000)	(796,376)	(47,201)	(31,950)
Settlements	597,892	(175)	311	674,266	—	—
Ending balance, June 30, 2021	$ (10,168,224)	$ (1,111)	$ (11,663)	$ (5,360,603)	$ (65,129)	$(32,810)

	Predecessor					
	Assets					
March 31, 2021	Loans held for investment	Loans held for investment, subject to nonrecourse debt	Loans held for sale	Derivative assets	MSRs	Investments
Beginning balance, December 31, 2020	$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, March 31, 2021	$11,171,736	$ 5,291,444	$ 135,681	$ 38,574	$267,364	$ 9,470

	Predecessor				
	Liabilities				
March 31, 2021	HMBS related obligations	Derivative liabilities	Deferred purchase price liability	Nonrecourse debt in VIE trusts	Nonrecourse MSR financing liability
Beginning balance, December 31, 2020	$ (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, March 31, 2021	$ (9,926,132)	$ (936)	$ (3,214)	$ (5,205,892)	$ (22,051)

Fair Value Option

The Company has elected to measure substantially all of its loans held for investment, loans held for sale, HMBS related obligations, and non-recourse debt at fair value under the fair value option provided for by ASC 825-10, *Financial Instruments-Overall.* The Company elected to apply the provisions of the fair value option to these assets and liabilities in order to align financial reporting presentation with the Company's operational and risk management strategies. Presented in the tables below are the fair value and UPB, at June 30, 2022 and December 31, 2021, of financial assets and liabilities for which the Company has elected the fair value option (in thousands):

June 30, 2022	Estimated Fair Value	Unpaid Principal Balance
Assets at fair value under the fair value option		
Loans held for investment, subject to HMBS related obligations	**$ 10,882,441**	**$ 10,468,472**
Loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	**6,149,706**	**6,053,167**
Commercial mortgage loans	**451,056**	**451,981**
Loans held for investment:		
Reverse mortgage loans	**949,551**	**871,671**
Commercial mortgage loans	**108,859**	**108,322**
Loans held for sale:		
Residential mortgage loans	**996,345**	**988,361**
Commercial mortgage loans	**233,249**	**239,108**

June 30, 2022	Estimated Fair Value	Unpaid Principal Balance
Liabilities at fair value under the fair value option		
HMBS related obligations	**10,745,879**	**10,445,730**
Nonrecourse debt:		
Nonrecourse debt in consolidated VIE trusts	**6,447,238**	**6,773,313**
Nonrecourse MSR financing liability	**142,382**	**142,382**
Nonrecourse commercial loan financing liability	**162,464**	**158,659**

December 31, 2021	Estimated Fair Value	Unpaid Principal Balance
Assets at fair value under the fair value option		
Loans held for investment, subject to HMBS related obligations	$ 10,556,054	$ 9,849,835
Loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	5,823,301	5,165,479
Commercial mortgage loans	394,893	388,788
Loans held for investment:		
Reverse mortgage loans	940,604	815,426
Commercial mortgage loans	90,724	89,267
Loans held for sale:		
Residential mortgage loans	1,902,952	1,859,788
Commercial mortgage loans	149,426	145,463
Liabilities at fair value under the fair value option		
HMBS related obligations	10,422,358	9,849,835
Nonrecourse debt:		
Nonrecourse debt in consolidated VIE trusts	5,857,069	5,709,946
Nonrecourse MSR financing liability	142,435	142,435
Nonrecourse commercial loan financing liability	111,738	107,744

Net fair value gains on loans and related obligations

Provided in the table below is a summary of the components of net fair value gains on loans and related obligations (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net fair value gains (losses) on loans and related obligations:				
Interest income on commercial and reverse loans	**$ 189,760**	**$ 353,454**	$ 173,940	$ 160,568
Change in fair value of loans	**(469,818)**	**(977,145)**	84,983	(51,346)
Net fair value gains (losses) on loans	**(280,058)**	**(623,691)**	258,923	109,222

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Interest expense on HMBS and nonrecourse obligations	**(124,603)**	**(231,246)**	(113,474)	(119,201)
Change in fair value of derivatives	**99,928**	**265,507**	(46,478)	43,972
Change in fair value of related obligations	**306,346**	**601,478**	32,180	42,670
Net fair value gains (losses) on related obligations	**281,671**	**635,739**	(127,772)	(32,559)
Net fair value gains (losses) on loans and related obligations	**$ 1,613**	**$ 12,048**	$ 131,151	$ 76,663

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 June 30, 2022 and December 31, 2021, 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. The fair value of assets and liabilities whose carrying value approximates fair value is determined using Level 3 inputs, with the exception of cash and cash equivalents including restricted cash, which are Level 1 inputs.

5. Reverse Mortgage Portfolio Composition

The table below summarizes the composition and the remaining UPB (in thousands) of the reverse mortgage loan portfolio serviced by the Company:

	June 30, 2022	December 31, 2021
Reverse mortgage loans:		
Reverse mortgage loans held for investment, subject to HMBS related obligations	**$10,468,472**	$ 9,849,835
Reverse mortgage loans held for investment:		
Non-agency reverse mortgages	**534,866**	432,144
Loans not securitized[(1)]	**230,346**	266,723
Unpoolable loans[(2)]	**97,939**	104,551
Unpoolable tails	**8,520**	12,008
Total reverse mortgage loans held for investment	**871,671**	815,426

	June 30, 2022	December 31, 2021
Reverse mortgage loans held for investment, subject to nonrecourse debt:		
Performing HECM buyouts	**291,633**	289,089
Nonperforming HECM buyouts	**603,189**	590,729
Non-agency reverse mortgages	**5,158,345**	4,285,661
Total reverse mortgage loans held for investment, subject to nonrecourse debt	**6,053,167**	5,165,479
Total owned reverse mortgage portfolio	**17,393,310**	15,830,740
Loans reclassified as government guaranteed receivable	**63,402**	48,625
Loans serviced for others	**13,569**	17,840
Total serviced reverse mortgage loan portfolio	**$ 17,470,281**	$ 15,897,205

(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 reverse mortgage portfolio owned by the Company by product type (in thousands):

	June 30, 2022	December 31, 2021
Fixed rate loans	**$ 5,891,343**	$ 5,384,865
Adjustable rate loans	**11,501,967**	10,445,875
Total owned reverse mortgage portfolio	**$ 17,393,310**	$ 15,830,740

As of June 30, 2022 and December 31, 2021, there were $546.9 million and $599.1 million, respectively, of foreclosure proceedings in process, which are included in loans held for investment, at fair value, on the Condensed Consolidated Statements of Financial Condition.

6. Loans Held for Investment, Subject to HMBS Related Obligations, at Fair Value

Loans held for investment, subject to HMBS related obligations, at fair value, consisted of the following for the dates indicated (in thousands):

	June 30, 2022	December 31, 2021
Loans held for investment, subject to HMBS related obligations—UPB	**$ 10,468,472**	$ 9,849,835
Fair value adjustments	**413,969**	706,219
Total loans held for investment, subject to HMBS related obligations, at fair value	**$ 10,882,441**	$ 10,556,054

7. Loans Held for Investment, Subject to Nonrecourse Debt, at Fair Value

Loans held for investment, subject to nonrecourse debt, at fair value, consisted of the following for the dates indicated (in thousands):

	June 30, 2022	December 31, 2021
Loans held for investment, subject to nonrecourse debt—UPB:		
Reverse mortgage loans	**$ 6,053,167**	$ 5,165,479
Commercial mortgage loans	**451,981**	388,788
Fair value adjustments	**95,614**	663,927
Total loans held for investment, subject to nonrecourse debt, at fair value	**$ 6,600,762**	$ 6,218,194

The table below shows the total amount of loans held for investment, subject to nonrecourse debt, that were greater than 90 days past due and on non-accrual status (in thousands):

	June 30, 2022	December 31, 2021
Loans 90 days or more past due and on non-accrual status		
Fair value:		
Commercial mortgage loans	**$ 17,998**	$ 26,081
Total fair value	**17,998**	26,081
Aggregate UPB:		
Commercial mortgage loans	**18,442**	26,472
Total aggregate UPB	**18,442**	26,472
Difference	**$ (444)**	$ (391)

8. Loans Held for Investment, at Fair Value

Loans held for investment, at fair value, consisted of the following for the dates indicated (in thousands):

	June 30, 2022	December 31, 2021
Loans held for investment—UPB:		
Reverse mortgage loans	**$ 871,671**	$ 815,426
Commercial mortgage loans	**108,322**	89,267
Fair value adjustments	**78,417**	126,635
Total loans held for investment, at fair value	**$ 1,058,410**	$ 1,031,328

As of June 30, 2022 and December 31, 2021, there were $2.5 million and $2.3 million, respectively, of commercial loans that were greater than 90 days past due.

As of June 30, 2022 and December 31, 2021, there were $857.8 million and $810.6 million, respectively, in loans held for investment, at fair value, pledged as collateral for financing lines of credit.

9. Loans Held for Sale, at Fair Value

Loans held for sale, at fair value, consisted of the following for the dates indicated (in thousands):

	June 30, 2022	December 31, 2021
Loans held for sale—UPB:		
Residential mortgage and home improvement loans	**$ 988,361**	$ 1,859,788
Commercial mortgage loans	**239,108**	145,463
Fair value adjustments	**2,125**	47,127
Total loans held for sale, at fair value	**$ 1,229,594**	$ 2,052,378

The table below shows the total amount of loans held for sale that were greater than 90 days past due and on non-accrual status (in thousands):

	June 30, 2022	December 31, 2021
Loans 90 days or more past due and on non-accrual status		
Fair value:		
Residential mortgage and home improvement loans	**$ 3,386**	$ 3,195
Commercial mortgage loans	**1,365**	3,163
Total fair value	**4,751**	6,358
Aggregate UPB:		
Residential mortgage loans	**3,771**	3,753
Commercial mortgage loans	**1,361**	3,323
Total aggregate UPB	**5,132**	7,076
Difference	**$ (381)**	$ (718)

The Company originates or purchases and sells 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 table below shows a reconciliation of the changes in loans held for sale for the respective periods presented below (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Beginning balance	**$ 1,709,357**	$ **2,052,378**	$ 2,140,361	$ 2,222,811
Originations/purchases/repurchases	**4,598,116**	**10,087,003**	7,109,958	8,569,575
Proceeds from sales	**(5,139,542)**	**(11,012,321)**	(7,405,296)	(8,878,131)
Loans acquired through business combinations	—	—	—	35,226
Net transfers from loans held for investment	**(2,905)**	—	17,494	—
Gain on loans held for sale, net	**67,482**	**112,354**	194,228	188,564
Net fair value gain (loss) on loans held for sale	**(2,914)**	**(9,820)**	797	2,316
Ending balance	**$ 1,229,594**	$ **1,229,594**	$ 2,057,542	$ 2,140,361

As of June 30, 2022 and December 31, 2021, there were $1.1 billion and $2.0 billion, respectively, in loans held for sale, at fair value pledged as collateral for financing lines of credit.

10. Mortgage Servicing Rights, at Fair Value

The servicing portfolio associated with capitalized servicing rights consists of the following (in thousands):

	June 30, 2022	December 31, 2021
Fannie Mae/Freddie Mac	**$27,446,915**	$ 37,079,995
Ginnie Mae	**995,944**	1,109,962
Private investors	**1,051,790**	1,109,459
Total UPB	**$29,494,649**	$ 39,299,416
Weighted average interest rate	**3.32%**	3.03%

The activity in the loan servicing portfolio associated with capitalized servicing rights consisted of the following (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Beginning UPB	**$ 34,058,558**	**$ 39,299,416**	$ 26,675,358	$ 22,269,362
Originated MSRs	**3,375,623**	**7,632,904**	5,139,859	6,312,227
Purchased MSRs	**—**	**—**	5,537	866,806
Sold MSRs	**(7,123,286)**	**(15,492,020)**	—	(1,090,267)
Portfolio runoff	**(524,107)**	**(1,329,775)**	(987,056)	(1,488,977)
Other	**(292,139)**	**(615,876)**	(241,511)	(193,793)
Ending UPB	**$ 29,494,649**	**$ 29,494,649**	$ 30,592,187	$ 26,675,358

The activity in the MSRs asset consisted of the following (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Beginning balance	**$ 426,102**	**$ 427,942**	$ 267,364	$ 180,684
Originations	**41,218**	**94,662**	50,049	65,964
Purchases	**—**	**—**	61	9,014
Sales	**(95,643)**	**(203,295)**	—	(8,647)
Changes in fair value due to:				
Changes in market inputs or assumptions used in valuation model	**(2,570)**	**61,320**	(16,051)	35,109
Changes in fair value due to portfolio runoff and other	**(10,101)**	**(21,623)**	(10,485)	(14,760)
Ending balance	**$ 359,006**	**$ 359,006**	$ 290,938	$ 267,364

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 $13.1 million, $27.4 million, and $13.7 million for the Successor three months ended June 30, 2022, six months ended June 30, 2022, and three months ended June 30, 2021, respectively; and$13.0 million for the Predecessor three months ended March 31, 2021. These fees and changes in fair value of the MSRs are recorded within fee income on the Condensed Consolidated Statements of Operations (Unaudited). As of June 30, 2022 and December 31, 2021, there were $143.4 million and $142.4 million, respectively, in MSRs, at fair value, pledged as collateral for nonrecourse debt.

The following table provides a summary of the loan servicing portfolio delinquencies as a percentage of the total number of loans and the total UPB of the portfolio:

	June 30, 2022		December 31, 2021	
	Number of Loans	Unpaid Balance	Number of Loans	Unpaid Balance
Portfolio delinquency				
30 days	**0.5%**	**0.5%**	0.4%	0.3%
60 days	**0.1%**	**0.1%**	0.1%	0.0%
90 or more days	**0.3%**	**0.3%**	0.1%	0.1%
Total	**0.9%**	**0.9%**	0.6%	0.4%
Foreclosure/real estate owned	**0.0%**	**0.0%**	0.0%	0.0%

11. Derivative 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 MBS 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 June 30, 2022 and December 31, 2021.

The following tables summarize the fair value and notional amount of derivative instruments (in thousands):

	June 30, 2022			
	Derivative assets		Derivative liabilities	
	Fair value	Notional amount	Fair value	Notional amount
IRLCs and LPCs	**$ 14,126**	**$ 1,315,810**	**$ —**	**$ —**
Forward MBS and TBAs	**4,258**	**696,000**	**7,530**	**694,500**
Interest rate swaps and futures contracts	**36,802**	**1,369,300**	**2,183**	**504,300**
Total fair value and notional amount	**$ 55,186**	**$ 3,381,110**	**$ 9,713**	**$ 1,198,800**

	December 31, 2021			
	Derivative assets		Derivative liabilities	
	Fair value	Notional amount	Fair value	Notional amount
IRLCs and LPCs	$ 24,786	$ 2,095,238	$ —	$ —
Forward MBS and TBAs	1,250	948,000	1,685	1,515,000
Interest rate swaps and futures contracts	22,834	11,977,300	24,993	12,193,100
Total fair value and notional amount	$ 48,870	$ 15,020,538	$ 26,678	$ 13,708,100

The follow table details the gains/(losses) on derivative instruments (in thousands):

Derivative activity	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
IRLCs and LPCs	**$ 10,017**	**$ (10,660)**	$ (3,536)	$ (49,557)
Forward MBS and TBAs	**94,350**	**210,967**	(40,289)	113,331
Interest rate swaps and futures contracts	**67,814**	**239,543**	(37,383)	43,935

The Company is exposed to risk in the event of nonperformance 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 counterparties to the extent the relative value of its derivatives are above or below their initial strike price. The Company held collateral from its counterparties of $67.1 million as of June 30, 2022 and had provided collateral to its counterparties of $23.2 million as of December 31, 2021. Margin collateral is included in other assets, net, when in a receivable position or in payables and other liabilities when in a payable position in the Company's Condensed Consolidated Statements of Financial Condition.

12. HMBS Related Obligations, at Fair Value

HMBS related obligations, at fair value, consisted of the following (in thousands):

	June 30, 2022	December 31, 2021
Ginnie Mae loan pools—UPB	**$10,445,730**	$ 9,849,835
Fair value adjustments	**300,149**	572,523
Total HMBS related obligations, at fair value	**$10,745,879**	$ 10,422,358
Weighted average remaining life (in years)	**4.1**	4.6
Weighted average interest rate	**3.3%**	2.5%

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 the Condensed Consolidated Statements of Financial Condition as loans held for investment, subject to HMBS related obligations, at fair value, and recording the pooled HMBS as HMBS related obligations, at fair value. Monthly cash flows generated from the HECM loans are used to service the outstanding HMBS.

The Company was servicing 1,941 and 1,849 Ginnie Mae loan pools at June 30, 2022 and December 31, 2021, respectively.

13. Nonrecourse Debt, at Fair Value

Nonrecourse debt, at fair value, consisted of the following (in thousands):

	Issue Date	Final Maturity Date	Interest Rate	Original Issue Amount	June 30, 2022	December 31, 2021
Securitization of performing / nonperforming HECM loans	July 2020 - February 2022	July 2030 - February 2032	0.88% - 9.32%	$ 1,805,528	**$ 929,541**	$ 922,970
Securitization of non-agency reverse loans	May 2018 - February 2022	May 2023 - November 2069	1.25% - 4.50%	7,205,543	**5,575,261**	4,630,203
Securitization of Fix & Flip loans	April 2021	November 2024 - May 2025	2.10% - 5.40%	$ 268,511	**268,511**	268,511
Total consolidated VIE nonrecourse debt UPB					**6,773,313**	5,821,684
Nonrecourse MSR financing liability, at fair value					**142,382**	142,435
Nonrecourse commercial loan financing liability[1]					**158,659**	107,744
Fair value adjustments					**(322,270)**	39,379
Total nonrecourse debt, at fair value					**$ 6,752,084**	$ 6,111,242

[1] *Nonrecourse commercial loan financing liability is comprised of the balance of the nonrecourse debt for the applicable period associated with the CAPT securitization. As the CAPT securitization was determined to be an unconsolidated VIE and failed sale treatment, the associated nonrecourse debt is accounted for by FoA and presented separately from the other nonrecourse debts. Refer to Note 3 - Variable Interest Entities and Securitizations for additional information.*

Future repayment of nonrecourse debt issued by securitization trusts is dependent on the receipt of cash flows from the corresponding encumbered loans receivable. As of June 30, 2022, estimated maturities for nonrecourse debt, at fair value, for the next five years and thereafter are as follows (in thousands):

Year Ending December 31,	Estimated Maturities[1]
2022	**$ 851,396**
2023	**2,925,814**
2024	**2,440,206**
2025	**714,556**
Thereafter	**—**
Total payments on nonrecourse debt	**$ 6,931,972**

[1] *Nonrecourse MSR financing liability is excluded from this balance, because the timing of the payments of the nonrecourse MSR financing liability is dependent on the payments received on the underlying MSRs, and no contractual maturity date is applicable.*

14. Other Financing Lines of Credit

The following summarizes the components of other financing lines of credit (in thousands):

Maturity Date	Interest Rate	Collateral Pledged	Total Capacity[1]	Outstanding borrowings at June 30, 2022	Outstanding borrowings at December 31, 2021
Mortgage Lines:					
August 2022 - June 2023	LIBOR / SOFR + applicable margin	First Lien Mortgages	$ 2,875,000	**$ 945,532**	$ 1,802,348
March 2026	Ameribor + applicable margin	MSRs	150,000	**120,209**	138,524
August 2022 - September 2022	SOFR + applicable margin	Mortgage Related Assets	40,821	**40,821**	55,666
Subtotal mortgage lines of credit			$ 3,065,821	**$ 1,106,562**	$ 1,996,538
Reverse Lines:					
August 2022 - June 2023	LIBOR / SOFR + applicable margin	First Lien Mortgages	$ 1,450,000	**$ 773,871**	$ 714,013
July 2022 - September 2022	Bond accrual rate + applicable margin	Mortgage Related Assets	330,000	**293,345**	297,893
September 2022	LIBOR + applicable margin	MSRs	90,000	**42,325**	78,952
May 2023	Prime + .50%; 6% floor	Unsecuritized Tails	51,877	**43,376**	38,544
Subtotal reverse lines of credit			$ 1,921,877	**$ 1,152,917**	$ 1,129,402
Commercial Lines:					
August 2022	LIBOR + applicable margin	Encumbered Agricultural Loans	$ 75,000	**$ 22,221**	$ 25,127
April 2023 - January 2024	LIBOR / SOFR + applicable margin	First Lien Mortgages	407,500	**272,690**	167,159
August 2022	10%	Second Lien Mortgages	45,000	**38,900**	24,175
N/A	LIBOR + applicable margin	Mortgage Related Assets	—	**—**	5,041
Subtotal commercial lines of credit			$ 527,500	**$ 333,811**	$ 221,502
Total other financing lines of credit			$ 5,515,198	**$ 2,593,290**	$ 3,347,442

[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 June 30, 2022.*

As of June 30, 2022 and December 31, 2021, the weighted average outstanding interest rates on outstanding financing lines of credit of the Company were 3.03% and 2.75%, respectively.

The Company's financing arrangements and credit facilities contain various financial covenants, which primarily relate to required tangible net worth amounts, liquidity reserves, leverage ratios, and profitability.

As of June 30, 2022, the Company was in compliance with its financial covenants related to required liquidity reserves. With respect to certain financial covenants related to required profitability, debt service coverage ratio and tangible net worth amounts, the Company obtained financial covenant waivers or amendments to such financial covenants effective as of June 30, 2022 in order to avoid breaching such 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 from paying distributions to its members. These restrictions include restrictions on paying distributions whenever the payment of such distributions would cause FoA or its subsidiaries 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 June 30, 2022, 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):

Financial Covenants	Requirement	June 30, 2022	Maximum Allowable Distribution[1]
FAM			
Adjusted Tangible Net Worth[2]	$ 225,000	$ 227,279	$ 2,279
Liquidity	55,000	60,080	5,080
Leverage Ratio	13:1	8.7:1	75,388
Material Decline in Lender Adjusted Net Worth:			
Lender Adjusted Tangible Net Worth (Quarterly requirement)[3]	$ 225,805	$ 227,278	$ 1,473
Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement)[3]	128,988	227,278	98,290
FAR			
Adjusted Tangible Net Worth[2]	$ 300,000	$ 361,029	$ 61,029
Liquidity	64,423	122,674	58,251
Leverage Ratio	6:1	4.2:1	106,461

(1) *The Maximum Allowable Distribution for any of the originations subsidiaries is the lowest of the amounts shown for the particular originations subsidiary.*
(2) *This amount is based on the most restrictive financing line of credit covenant.*
(3) *This amount is the covenant calculation specific to FNMA.*

As of December 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):

Financial Covenants	Requirement	December 31, 2021	Maximum Allowable Distribution[(1)]
FAM			
Adjusted Tangible Net Worth[(2)]	$ 150,000	$ 180,032	$ 30,032
Liquidity	40,000	43,734	3,734
Leverage Ratio	15:1	13.9:1	12,154
Material Decline in Lender Adjusted Net Worth:			
Lender Adjusted Tangible Net Worth (Quarterly requirement)[(3)]	$ 150,539	$ 214,979	$ 64,440
Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement)[(3)]	114,830	214,979	100,149
FACo			
Adjusted Tangible Net Worth	$ 85,000	$ 87,350	$ 2,350
Liquidity	20,000	32,728	12,728
Leverage Ratio	6:1	2.8:1	46,895
FAR			
Adjusted Tangible Net Worth	$ 417,826	$ 527,443	$ 109,617
Liquidity	20,000	23,845	3,845
Leverage Ratio	6:1	2.9:1	264,134

(1) *The Maximum Allowable Distribution for any of the originations subsidiaries is the lowest of the amounts shown for the particular originations subsidiary.*

(2) *This amount is based on the most restrictive financing line of credit covenant.*

(3) *This amount is the covenant calculation specific to FNMA.*

15. 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, alterations in business practices, or 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 establishes an accrued liability and records 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. For certain matters, the Company may consider a loss to be probable but cannot calculate 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 June 30, 2022, there were no matters that the Company considered to be probable or reasonably possible for which they could estimate losses or a reasonable range of estimated losses.

The Company is a defendant in four representative lawsuits alleging violations of the California Labor Code and brought pursuant to the California Private Attorneys General Act ("PAGA"). The cases have been coordinated and were stayed pending a ruling by the Supreme Court of the United States in Viking River Cruises, Inc. v. Moriana ("the Moriana opinion"). Since the Moriana opinion was issued, the court lifted the stay to allow the Company to file Motions to Compel Arbitration. On July 15, 2022, one of the four plaintiffs requested to voluntarily dismiss her lawsuit. Due to the unpredictable nature of litigation, generally, and the wide discretion afforded the Court in awarding civil penalties in PAGA actions, the outcome of these matters cannot be presently determined, and a range of possible losses cannot be reasonably estimated. Although the actions are being vigorously defended, the Company could, in the future, incur judgments or enter into settlements of claims that could have a negative effect on its results of operations in any particular period.

Legal expenses, which include, among other things, settlements and the fees paid to external legal service providers, were $1.7 million, $2.6 million, and $3.6 million for the Successor three and six months ended June 30, 2022 and three months ended June 30, 2021, respectively; and $4.2 million for the Predecessor three months ended March 31, 2021. These expenses are included in general and administrative expenses in the Condensed Consolidated Statements of Operations (Unaudited).

16. Commitments and Contingencies

Servicing of Mortgage Loans

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, collecting and processing payments of interest and principal and facilitating loss-mitigation strategies in an attempt to keep defaulted borrowers in their homes.

For reverse mortgages, defaults on loans 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. 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.

Additionally, the sub-servicers are responsible for remitting payments to investors, including interest accrued, 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.

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 Condensed Consolidated Statements of Operations (Unaudited).

Unfunded Commitments

The Company is required to fund further borrower advances (where the borrower has not fully drawn down the HECM, non-agency reverse mortgage, fix & flip, or agricultural loan proceeds available) and fund the payment of the borrower's obligation to pay FHA monthly insurance premiums.

The outstanding unfunded commitments available to borrowers related to agency and non-agency reverse mortgage loans were approximately $2.9 billion as of June 30, 2022, compared to $2.6 billion as of December 31, 2021. The outstanding unfunded commitments available to borrowers related to fix & flip loans were approximately $123.2 million and $94.9 million as of June 30, 2022 and December 31, 2021, respectively. This additional borrowing capacity is primarily in the form of undrawn lines of credit. The outstanding unfunded commitments available to borrowers related to agricultural loans were approximately $56.5 million and $78.5 million as of June 30, 2022 and December 31, 2021, respectively.

The Company also has commitments to purchase and sell loans totaling $4.0 million and $112.3 million, respectively, as of June 30, 2022, compared to $47.3 million and $0, respectively, as of December 31, 2021.

Mandatory Repurchase Obligation

The Company is 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"). 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 including, 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 are not being paid.

As an issuer of HMBS, the Company also has the option to repurchase reverse loans out of the Ginnie Mae securitization pools without prior approval from Ginnie Mae in certain instances. These situations include the borrower requesting an additional advance that causes the outstanding principal balance to be equal to 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 Ginnie Mae, 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 Ginnie Mae MBS Guide, and that the Company will take all actions necessary to ensure the HECM loan's continued eligibility. The Ginnie Mae HMBS program requires that the Company removes the participation related to any HECM loan that does not meet the requirements of the Ginnie Mae MBS 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.

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17. Business Segment Reporting

The following tables are a presentation of financial information by segment for the periods indicated (in thousands):

	For the three months ended June 30, 2022								
	Successor								
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management	Total Operating Segments	Corporate and Other	Elim	Total
REVENUES									
Gain on sale and other income from loans held for sale, net	$ 81,199	$ —	$ —	$ (1,125)	$ (4,740)	$ 75,334	$ —	$ (3,529)	$ 71,805
Net fair value gains on loans and related obligations	—	77,872	(3,980)	—	(72,249)	1,643	—	(30)	1,613
Fee income	18,086	2,123	16,659	58,148	1,198	96,214	—	(7,533)	88,681
Net interest income (expense)									
Interest income	13,657	—	—	587	1,515	15,759	94	—	15,853
Interest expense	(9,758)	—	—	(51)	(20,287)	(30,096)	(6,738)	—	(36,834)
Net interest income (expense)	3,899	—	—	536	(18,772)	(14,337)	(6,644)	—	(20,981)
Total revenue	103,184	79,995	12,679	57,559	(94,563)	158,854	(6,644)	(11,092)	141,118
Total expenses	138,183	44,171	24,587	63,667	34,554	305,162	30,787	(10,936)	325,013
Other, net	—	38	164	814	37	1,053	13,923	156	15,132
Net (loss) income before taxes	$ (34,999)	$ 35,862	$ (11,744)	$ (5,294)	$ (129,080)	$ (145,255)	$ (23,508)	$ —	$ (168,763)
Depreciation and amortization	$ 1,615	$ 9,708	$ 522	$ 1,650	$ 106	$ 13,601	$ 3,180	$ —	$ 16,781
Total assets	1,185,899	415,678	28,670	212,574	19,880,825	21,723,646	1,741,180	(1,728,600)	21,736,226

	For the six months ended June 30, 2022								
	Successor								
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management	Total Operating Segments	Corporate and Other	Elim	Total
REVENUES									
Gain on sale and other income from loans held for sale, net	$ 193,120	$ —	$ —	$ (914)	$ 6,187	$ 198,393	$ —	$ (8,236)	$ 190,157
Net fair value gains on loans and related obligations	—	183,627	(505)	—	(175,034)	8,088	—	3,960	12,048
Fee income	38,235	3,939	33,817	134,301	57,665	267,957	—	(21,671)	246,286
Net interest income (expense)						—			
Interest income	26,229	—	—	747	2,562	29,538	188	—	29,726
Interest expense	(19,129)	—	—	(84)	(37,010)	(56,223)	(13,441)	—	(69,664)
Net interest income (expense)	7,100	—	—	663	(34,448)	(26,685)	(13,253)	—	(39,938)
Total revenue	238,455	187,566	33,312	134,050	(145,630)	447,753	(13,253)	(25,947)	408,553
Total expenses	294,966	87,350	47,674	134,423	69,265	633,678	66,768	(25,896)	674,550
Other, net	—	3,252	288	2,478	64	6,082	13,771	51	19,904
Net (loss) income before taxes	$ (56,511)	$ 103,468	$ (14,074)	$ 2,105	$ (214,831)	$ (179,843)	$ (66,250)	$ —	$ (246,093)
									—
Depreciation and amortization	$ 4,435	$ 19,306	$ 1,036	$ 4,762	$ 197	$ 29,736	$ 3,689	$ —	$ 33,425
Total assets	1,185,899	415,678	28,670	212,574	19,880,825	21,723,646	1,741,180	(1,728,600)	21,736,226

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	For the three months ended June 30, 2021								
	Successor								
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management	Total Operating Segments	Corporate and Other	Elim	Total
REVENUES									
Gain on sale and other income from loans held for sale, net	185,386	—	—	—	7,748	$ 193,134	$ —	$ (5,557)	$ 187,577
Net fair value gains on loans and related obligations	—	94,536	10,822	—	11,223	116,581	—	14,570	131,151
Fee income	30,345	954	12,124	81,130	3,577	128,130	—	(37,266)	90,864
Net interest income (expense)									
Interest income	12,837	—	—	29	187	13,053	107	(9)	13,151
Interest expense	(10,861)	(9)	—	(44)	(16,038)	(26,952)	(6,674)		(33,626)
Net interest income (expense)	1,976	(9)	—	(15)	(15,851)	(13,899)	(6,567)	(9)	(20,475)
Total revenue	217,707	95,481	22,946	81,115	6,697	423,946	(6,567)	(28,262)	389,117
Total expenses	224,191	42,246	20,049	73,317	33,190	392,993	36,021	(28,262)	400,752
Other, net	—	104	140	83	(245)	82	(2,185)	—	(2,103)
Net (loss) income before taxes	$ (6,484)	$ 53,339	$ 3,037	$ 7,881	$ (26,738)	$ 31,035	$ (44,773)	$ —	$ (13,738)
									—
Depreciation and amortization	$ 1,433	$ (151)	$ 127	$ 2,818	$ (107)	$ 4,120	$ 12,342	$ —	$ 16,462
Total assets	2,994,779	768,229	109,434	336,687	17,996,903	$22,206,032	2,115,780	(2,093,874)	$22,227,938

	For the three months ended March 31, 2021								
	Predecessor								
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management	Total Operating Segments	Corporate and Other	Elim	Total
REVENUES									
Gain on sale and other income from loans held for sale, net	$ 286,481	$ —	$ —	$ —	$ 5,065	$ 291,546	$ —	$ (212)	$ 291,334
Net fair value gains on loans and related obligations	—	68,449	5,431	—	2,750	76,630	—	33	76,663
Fee income	32,731	524	8,930	76,383	36,191	154,759	—	6,612	161,371
Net interest income (expense)									
Interest income	12,483	—	—	28	138	12,649	12	—	12,661
Interest expense	(11,592)	—	—	(64)	(14,954)	(26,610)	(7,756)	—	(34,366)
Net interest income (expense)	891	—	—	(36)	(14,816)	(13,961)	(7,744)	—	(21,705)
Total revenue	320,103	68,973	14,361	76,347	29,190	508,974	(7,744)	6,433	507,663
Total expenses	224,246	23,693	13,391	62,970	24,406	348,706	18,683	5,925	373,314
Other, net	—	34	149	2	895	1,080	(9,464)	(508)	(8,892)
Net income (loss) before taxes	$ 95,857	$ 45,314	$ 1,119	$ 13,379	$ 5,679	$ 161,348	$ (35,891)	$ —	$ 125,457
Depreciation and amortization	$ 1,423	$ 151	$ 125	$ 1,268	$ 146	$ 3,113	$ 371	$ —	$ 3,484
Total assets	2,425,529	35,861	82,375	125,317	17,378,088	20,047,170	379,562	(326,313)	20,100,419

18. Liquidity and Capital Requirements

FAM

In addition to the covenant requirements of FAM mentioned in Note 14—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 Ginnie Mae, 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 Condensed Consolidated Financial Statements (Unaudited).

Failure to meet minimum capital requirements can result in certain mandatory remedial actions and potentially result in 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.

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 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 as of the end of the most recent fiscal quarter of $149.7 million as of June 30, 2022. FAM's adjusted net worth was $233.1 million as of June 30, 2022. FAM is also subject to requirements related to material declines in quarterly and two consecutive quarter tangible net worth. As of June 30, 2022, FAM was in compliance with these covenants.

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 June 30, 2022, FAM was in compliance with applicable requirements.

FAR

As an issuer of HMBS, FAR is required by Ginnie Mae 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 Ginnie Mae. The liquidity requirement is for 20% of FAR's required net worth to 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.

As of June 30, 2022, FAR was in compliance with the minimum net worth, liquidity, capitalization levels and insurance requirements of Ginnie Mae. The minimum net worth required of FAR by Ginnie Mae was $110.5 million as of June 30, 2022. FAR's actual net worth calculated based on Ginnie Mae guidance was $342.8 million as of June 30, 2022. The minimum liquidity required of FAR by Ginnie Mae was $22.1 million as of June 30, 2022. FAR's actual cash and cash equivalents were $121.9 million as of June 30, 2022. FAR's actual ratio of net worth to total assets was below the Ginnie Mae requirement; however, FAR received a waiver for the minimum outstanding capital requirements from Ginnie Mae. Therefore, the Company was in compliance with all Ginnie Mae requirements.

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 June 30, 2022, FAR was in compliance with applicable requirements.

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), 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. As of June 30, 2022, ISG met the minimum net capital requirement amounts and was, therefore, in compliance.

Additionally, the ISG claims the exemption provision of SEC Rule 15c3-3(k)(2)(ii). ISG does not hold customer funds or safekeep customer securities. ISG introduces and clears its customers' transactions through a third party on a fully-disclosed basis. ISG also claims the exemption provision of Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because ISG's other business activities are limited to (1) proprietary trading; (2) receiving transaction-based compensation for referring securities transactions to other broker-dealers; and (3) participating in distributions of securities (other than firm commitment underwritings) in accordance with the requirements of paragraphs (a) or (b)(2) of Rule 15c2-4.

Agents National Title Insurance Company ("ANTIC"), 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 provisions may result in various actions up to and including surrender of the certificate of authority. Additionally, in October 2019, ANTIC entered into a capital maintenance agreement in conjunction with the approval for the certificate of authority for California. This agreement requires ANTIC to maintain a minimum of $8.0 million in policyholder surplus. If ANTIC falls below this requirement in any given quarter, Incenter must contribute cash, cash equivalents securities or other instruments to bring ANTIC in compliance. The Company's insurance company subsidiaries met the existing minimum statutory capital and surplus requirements as of June 30, 2022.

ANTIC is also required to maintain bonds, certificates of deposit and interest bearing accounts in accordance with applicable state regulatory requirements. The total requirement was $4.0 million across all states as of June 30, 2022. The Company was in compliance with these requirements as of June 30, 2022.

19. Related Party Transactions

Promissory Notes

The Company had two Revolving Working Capital Promissory Note Agreements (the “2021 Promissory Notes”) outstanding with BTO Urban Holdings and Libman Family Holdings, LLC, which are deemed affiliates of the Company. Amounts under the 2021 Promissory Notes may be re-borrowed and repaid from time to time until the related maturity date. The 2021 Promissory Notes accrue interest monthly at a rate of 6.5% per annum and mature in January 2023. There were no amounts outstanding and an immaterial amount of interest paid on these notes during the Successor three and six months ended June 30, 2022, three months ended June 30, 2021, and the Predecessor three months ended March 31, 2021.

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. The Company purchased agricultural loans and had total funded draw amounts of $32.6 million and $44.8 million, respectively, for the Successor three months ended June 30, 2022, and $105.9 million and $133.5 million for the six months ended June 30, 2022. The Company purchased agricultural loans and had total funded draw amounts of $46.3 million and $53.4 million, respectively, during the three months ended June 30, 2021, and $83.0 million and $82.1 million, for the Predecessor three months ended March 31, 2021.

The Company had promissory notes outstanding with FarmOps of $4.3 million and $4.1 million, including accrued interest, as of June 30, 2022 and December 31, 2021, respectively.

Nonrecourse MSR Financing Liability, at Fair Value

In 2020, the Company entered into a nonrevolving facility commitment with various related parties, to sell beneficial interests in the servicing fees generated from its originated or acquired MSRs. Under these agreements, the Company has agreed to sell excess servicing income or pay an amount equal to excess servicing income to third parties, in each case, taking into account cost of servicing and ancillary income 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.

As of June 30, 2022 and December 31, 2021, the Company had an outstanding advance of $153.1 million and $115.4 million, respectively, against this commitment for the purchase of MSRs with a fair value of $153.4 million and $155.1 million, respectively.

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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20. Income Taxes

The components of income tax expense (benefit) were as follows:

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net income (loss) before income taxes	**$ (168,763)**	**$ (246,093)**	$ (13,738)	$ 125,457
Provision (benefit) for income taxes	**(940)**	**(14,275)**	1,086	1,137
Effective tax provision rate	**0.56%**	**5.80%**	(7.91)%	0.91%

The Company's effective tax rate for the three and six months ended June 30, 2022 differs from the U.S.'s statutory rate primarily due to anticipated state statutory income tax rates as well as the projected mix of earnings or loss attributable to the noncontrolling interest not allocable to FoA. Prior to the Business Combination, FoA Equity operated as a U.S. Partnership which, generally, are not subject to U.S. federal and state income taxes.

After the Business Combination, FoA is taxed as a corporation and is subject to U.S. federal, state and local taxes on the income allocated to it from FoA Equity, based upon FoA's economic interest in FoA Equity, as well as any stand-alone income it generates. FoA Equity and its disregarded subsidiaries are treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, FoA Equity is not subject to U.S. federal and certain state and local income taxes. FoA Equity's members, including FoA, are liable for U.S. federal, state and local income taxes based on their allocable share of FoA Equity's pass-through taxable income.

FoA Equity wholly owns certain regarded corporate subsidiaries for tax purposes. FoA Equity's regarded corporate subsidiaries are subject to U.S. federal, state and local taxes on income they generate. As such, the consolidated tax provision of FoA includes corporate taxes that it incurs based on its flow-through income from FoA Equity as well as its allocable portion of corporate taxes that are incurred by its regarded subsidiaries.

The Company recognizes deferred tax assets to the extent it believes these assets are more-likely-than-not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and recent results of operations.

The Company recognizes uncertain income tax positions when it is not more-likely-than-not a tax position will be sustained upon examination. As of June 30, 2022, the Company has recognized uncertain tax positions related to positions taken at FoA and lower tier subsidiaries. There were no significant changes to the Company's uncertain tax positions for the current period. If necessary, the Company accrues interest and penalties related to uncertain tax positions as a component of the income tax provision. No interest or penalties were recognized in income tax expense for the Successor three and six months ended June 30, 2022, three months ended June 30, 2021, or the Predecessor three months ended March 31, 2021. Tax positions taken in tax years that remain open under the statute of limitations will be subject to examinations by tax authorities. With few exceptions, the Company is no longer subject to state or local examinations by tax authorities for tax years ended December 31, 2017 or prior.

21. Earnings Per Share

Basic net income per share is based on the weighted average number of shares of Class A Common Stock issued and outstanding during the Successor period. Diluted net income per share is based on the weighted average number of shares of Class A Common Stock issued and outstanding and the effect of all dilutive common stock equivalents and potentially dilutive share based compensation awards outstanding during the Successor period.

For the Predecessor periods, FoA Equity's capital structure consisted of a single class of outstanding membership units which are held by one member, UFG. Therefore, the Company has omitted earnings per unit for the Predecessor periods presented due to the limited number of LLC unit holders.

The following tables reconcile the numerators and denominators used in the computations of both basic and diluted earnings per share for the Successor periods (in thousands, except share data and per share amounts):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Basic net earnings (loss) per share:				
Numerator				
Net loss	**$ (167,823)**	**$ (231,818)**	$ (14,824)	N/A
Less: loss attributable to noncontrolling interest[(1)]	**(127,143)**	**(182,645)**	(17,089)	N/A
Net income (loss) attributable to holders of Class A Common Stock—basic	**$ (40,680)**	**$ (49,173)**	$ 2,265	N/A
Denominator				
Weighted average shares of Class A Common Stock outstanding—basic	**62,379,041**	**61,580,900**	59,881,714	N/A
Basic net earnings (loss) per share	**$ (0.65)**	**$ (0.80)**	$ 0.04	N/A

[(1)] *The Class A LLC Units of FoA Equity, held by the Continuing Unitholders, which comprise the noncontrolling interest in the Company, represents a participating security. Therefore, the numerator was adjusted to reduce net income by the amount of net income attributable to noncontrolling interest.*

Additionally, the Class B Common Stock does not participate in earnings or losses of the Company and therefore is not a participating security. The Class B Common Stock has not been included in either the basic or diluted net income per share calculations.

Loss attributable to noncontrolling interest includes an allocation of expense related to the Amended and Restated Long-Term Incentive Plan ("A&R MLTIP").

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	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Diluted net loss per share:				
Numerator				
Net income (loss) attributable to holders of Class A Common Stock	**$ (40,680)**	**$ (49,173)**	$ 2,265	N/A
Reallocation of net income (loss) assuming exchange of Class A LLC Units [(1)]	**(90,293)**	**(139,756)**	(12,001)	N/A
Net loss attributable to holders of Class A Common Stock—diluted	**$ (130,973)**	**$ (188,929)**	$ (9,736)	N/A
Denominator				
Weighted average shares of Class A Common Stock outstanding—basic	**62,379,041**	**61,580,900**	59,881,714	N/A
Effect of dilutive securities:				
Assumed exchange of weighted average Class A LLC Units for shares of Class A Common Stock [(2)]	**125,439,184**	**127,048,176**	131,318,286	N/A
Weighted average shares of Class A Common Stock outstanding—diluted	**187,818,225**	**188,629,076**	191,200,000	N/A
Diluted net loss per share	**$ (0.70)**	**$ (1.00)**	$ (0.05)	N/A

(1) *This adjustment assumes the after-tax elimination of noncontrolling interest due to the assumed exchange of all Class A LLC Units outstanding for shares of Class A Common Stock in FoA as of the beginning of the period following the if-converted method for calculating diluted net income (loss) per share.*

Following the terms of the A&R LLC Agreement, the Class A LLC unitholders will bear approximately 85% of the cost of any vesting associated with the Replacement RSUs and Earnout Right RSUs prior to any distribution by the Company to such Class A LLC unitholders. The remaining compensation cost associated with the Replacement RSUs and Earnout Right RSUs will be born by FoA for the share attributable to Blackstone Tactical Opportunities Fund (Urban Feeder) – NQ L.P., a Delaware limited partnership ("Blocker"). As a result of the application of the if-converted method in arriving at diluted net loss per share, the entirety of the compensation cost associated with vesting of the Replacement RSUs and Earnout Right RSUs is assumed to be included in the net loss attributable to holders of the Company's Class A Common Stock.

(2) *The diluted weighted average shares outstanding of Class A Common Stock includes the effects of the if-converted method to reflect the provisions of the Exchange Agreement and assumes the Class A LLC Units held by Continuing Unitholders, representing the noncontrolling interest, exchange their units on a one-for-one basis for shares of Class A Common Stock in FoA.*

In addition to the Class A LLC Units, the Company also had RSUs outstanding during the Successor three and six months ended June 30, 2022. The effects of the RSUs following the treasury stock method have been excluded from the computation of diluted net loss per share given that the if-converted method was determined to be more dilutive.

22. Equity

Class A Common Stock

As of June 30, 2022 (Successor), there were66,733,053 shares of Class A Common Stock outstanding, consisting of 62,474,553 shares issued and outstanding and 4,258,500 unvested shares that are subject to vesting and forfeiture. The4,258,500 unvested shares of Class A Common Stock relate to the Sponsor Earnout. The 4,258,500 unvested shares of Class A Common Stock are not entitled to receive any dividends or other distributions, do not have any other economic rights until such shares are vested, and will not be entitled to receive back dividends or other distributions or any other form of economic “catch-up” once they become vested. The holders of the62,474,553 issued and outstanding shares of Class A Common Stock represent the controlling interest of the Company.

Pursuant to the Exchange Agreement, the Continuing Unitholders may elect to exchange their Class A LLC Units for shares of Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. For the three months ended June 30, 2022, in connection with FoA’s settlement of restricted stock units into shares of Class A Common Stock and pursuant to the A&R MLTIP, these equity holders delivered shares of Class A Common Stock and Class A LLC Units to the Company in satisfaction of such settlement. This delivery of shares of Class A Common Stock and Class A LLC Units to the Company offset the gross award of RSUs settled. The Company elected to retire 1,654,331 shares received offsetting RSUs withheld to fund employee payroll taxes and instead funded those taxes with operating cash. The future settlement of the Replacement RSUs and Earnout Rights outstanding as of June 30, 2022, will also be funded by the delivery of Class A Common Stock and Class A LLC Units from certain equity holders of FoA and FoA Equity pursuant to the A&R MLTIP.

Pursuant to the Exchange Agreement, the Continuing Unitholders may elect to exchange their Class A LLC Units for shares of Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. For the three months ended June 30, 2022, in connection with FoA’s settlement of the exchange of Class A LLC Units for shares of Class A Common Stock and pursuant to the Exchange Agreement, certain equity holders delivered 3,219,860 Class A LLC Units to the Company in exchange for 3,219,860 shares of Class A Common Stock in satisfaction of such settlement.

Class B Common Stock

As of June 30, 2022, there are15 shares of Class B Common Stock outstanding, all holders of which are Class A LLC Unit holders. The Class B Common Stock, par value $0.0001 per share, has no economic rights but entitles 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 Class A LLC Units held by such holder on all matters on which shareholders of the Company are entitled to vote generally.

Class A LLC Units

In connection with the Business Combination, the Company, FoA Equity and the Continuing Unitholders entered into an Exchange Agreement. The Exchange Agreement sets forth the terms and conditions upon which holders of Class A LLC Units may exchange their Class A LLC Units for shares of 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’ ownership of Class A LLC Units represents the noncontrolling interest of the Company, which is accounted for as permanent equity on the Condensed Consolidated Statements of Financial Condition. As of June 30, 2022, there were 187,888,060 Class A LLC Units outstanding. Of the 187,888,060 Class A LLC Units outstanding, 62,474,553 are held by the Class A Common Stock shareholders and 125,413,507 are held by the noncontrolling interest of the Company.

As a result of the settlement of93,455 Non-LTIP RSUs in the 2022 Successor period, the Company issued93,455 shares of Class A Common Stock and issued the same amount of Class A LLC Units for the benefit of FoA.

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," "we," "us," or "our" refer to the business of Finance of America Companies Inc. and its consolidated subsidiaries.

Overview

Finance of America Companies Inc. is a customer focused, consumer and specialty 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 often retain a 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 MSRs 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. We believe this diversification 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, Finance and Accounting, Treasury, Human Resources, Legal, Risk and Compliance. This platform enables us 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, home improvement 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 and consumer loans. 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 broker/dealer and institutional asset management capabilities. These capabilities allow us to complete profitable securitizations of our originated loans, including 2 securitizations during the Successor three months ended June 30, 2022 and 4 for the six months ended June 30, 2022. During 2021 there were 3 securitizations for the Successor period three months ended June 30, 2021 and 1 for the Predecessor three months ended March 31, 2021.

The Business Combination

On October 12, 2020, FoA, a Delaware corporation and wholly owned subsidiary of Replay, a publicly traded special purpose acquisition company, and FoA Equity agreed to a business combination that would result in FoA becoming a publicly traded company. FoA Equity, Replay, FoA; RPLY Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of FoA ("Replay Merger Sub"); RPLY BLKR Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of FoA ("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 Equity in a series of transactions (collectively, the "Business Combination") that resulted in FoA becoming a publicly-traded company on the New York Stock Exchange ("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.

Our Segments

We manage our Company in five reportable segments: Mortgage Originations, Reverse Originations, Commercial Originations, Lender Services, and Portfolio Management. A description of the business conducted by each of these segments is provided below:

Mortgage Originations

Our Mortgage Originations segment originates residential mortgage loans through our FAM subsidiary. This segment generates revenue through fee-based mortgage loan origination services and the origination and sale of agency and non-agency mortgage loans into the secondary market. We generally sell 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 MSRs in gain on sale and other income from loans held for sale, net, until the date of loan sale. Subsequent fair value changes of the retained MSRs are accounted for within fee income in the Portfolio Management segment results.

The Mortgage Originations segment includes four 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. Our distributed 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.

- 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 then underwritten and funded by us, as FoA. Counterparty risk is mitigated through quality and compliance monitoring, and all brokers are subject to our eligibility requirements coupled with an annual recertification process.
- Home Improvement—Our home improvement channel is our newest distribution channel and was created through the acquisition of the operations of Renovate America during the first quarter of 2021. This channel assists homeowners in the financing of short-term home improvement projects, such as windows, HVAC, or remodeling and relies on a network of partner contractors across the country to acquire, interact with, and serve these customers.

Our mortgage lending activities primarily consist of the origination and sale of residential mortgage loans to the GSEs, including Fannie Mae, Freddie Mac, and Ginnie Mae, as well as the origination and sale of residential mortgage loans to private investors. The Mortgage Originations segment generates revenue and earnings in the form of gains on sale of loans, fair value gains, interest income, and fees earned on the successful origination of mortgage loans.

Reverse Originations

Our Reverse Originations segment originates or acquires reverse mortgage loans through our FAR subsidiary. This segment originates HECM and non-agency reverse mortgages.

We securitize HECMs into HMBS, which Ginnie Mae guarantees, and sell them in the secondary market while retaining the rights to service. Non-agency reverse mortgages, which complement the 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 field offices and 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 lending channel works with mortgage brokers to source loans which are then underwritten and funded by us, as FoA. Counterparty risk is mitigated through quality and compliance monitoring, and all brokers are subject to our eligibility requirements coupled with an annual recertification process.

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 reverse mortgage loans.

Commercial Originations

Our Commercial Originations segment originates or acquires commercial mortgage loans through our FAM subsidiary (prior to January 1, 2022 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 property or portfolio of properties. The segment also provides government-insured agricultural lending solutions to farmers to fund their inputs and operating expenses for the upcoming growing season. 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 lending channel works with mortgage brokers to source loans which are then underwritten and funded by us, as FoA. Counterparty risk is mitigated through quality and compliance monitoring, and all brokers are subject to our eligibility requirements coupled with an annual recertification process.

The Commercial Originations segment generates revenue and earnings in the form of net origination gains and origination fees earned on the successful origination of commercial mortgage loans.

Lender Services

Our Lender Services segment provides complementary business services around the residential mortgage, student lending, and commercial lending industries. These complementary services include but are not limited to title agency and title insurance services, MSR valuation and trade brokerage, transactional fulfillment services and appraisal management services to our retail customers. The team is primarily based in St. Paul, MN and Charlotte, NC. The segment also operates a foreign branch in the Philippines for transactional fulfillment and administrative support.

- Title agency and title insurance services—Lender Services provides consumers with in house title agency and title insurance services, which contributes to a more efficient close process by eliminating the need to shop out necessary services to finalize the loan process.
- MSR valuation and trade brokerage—Lender Services provides MSR valuation services through a wholly owned subsidiary for both internal and external parties. Additionally, lender services facilitates MSR trades through the same wholly owned subsidiary.

Our Lender Services segment generates revenue and earnings in the form of fee-for-service revenue and commissions on successful MSR trades.

Portfolio Management

Our Portfolio Management segment provides product development, loan securitization, loan sales, risk management, servicing oversight, and asset management 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. Our deep experience in product development and innovation allows us to assist borrowers in new and unique ways by connecting their needs with our proprietary products. The direct connections to investors, provided by our FINRA registered broker-dealer, 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 work directly with investors and where appropriate, retain assets on balance sheet for attractive return opportunities. These retained investments are a source of growing and recurring earnings.

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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 from HECM securitizations prior to assignment to Ginnie Mae. Long-term investments are primarily made up of MSRs, 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 adjusted to their current fair value on an ongoing basis.

The Portfolio Management segment generates revenue and earnings in the form of gains on sale of loans, fair value gains on portfolio assets, interest income, and fee income related to MSRs, underwriting, advisory, valuation, and other ancillary services.

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 volume, and an increasing interest rate environment leading to decreases in 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;
- movement of market yields required by investors, with widening of investor yields generally having negative impacts on fair value of our financial assets;
- 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 inflation, the unemployment level, and real estate values which have been substantially affected by the COVID-19 pandemic, further discussed below.

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 and Other Recent Events

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") 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 (the "COVID-19 pandemic"), which continues to evolve, including with respect to current and future variants of COVID-19.

The COVID-19 pandemic has materially impacted and continues to materially impact the markets in which the Company operates. It has caused significant volatility in market liquidity as well as fluctuations in yields required by market investors in the type of financial instruments originated by the Company's primary operating subsidiaries. While vaccine availability and uptake has increased, the longer-term macro-economic effects of the pandemic on global supply chains, inflation, labor shortages and wage increases continue to impact many industries, including the industries in which our Company and its subsidiaries operate. Moreover, with the potential for new strains of COVID-19 to emerge, governments and businesses may re-impose aggressive measures to help slow its spread in the future. For this reason, among others, as the COVID-19 pandemic continues, the potential global impacts are uncertain and difficult to assess.

In the U.S., significant fiscal stimulus measures, monetary policy actions and other relief measures helped to moderate the negative economic impacts of COVID-19. 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 enacted by the federal government, provided 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 included quantitative easing (such as a decrease in the benchmark interest rates) and the provision of liquidity to financial institutions and credit markets. Many of the federal, state and local government enacted measures which provided relief in the housing market, such as forbearance on mortgages, foreclosure and eviction, however, such relief measures have since lapsed or are set to lapse in 2022.

Further, in the recent months, the Board of Governors of the Federal Reserve System (the "Federal Reserve") has shifted its monetary policies and scaled back certain of the measures it had initially put in place in response to the COVID-19 pandemic in an effort to combat inflationary pressures in the U.S. The combined disruptive impact of the COVID-19 pandemic and the conflict between Russia and the Ukraine has, among other things, caused global supply chain issues and oil and other commodity price increases. These global macroeconomic events (among others) have in turn contributed to significant increases in consumer prices in the U.S. The Consumer Price Index for All Urban Consumers ("CPI"), a widely followed inflation gauge published by the Bureau of Labor Statistics, increased 7.0% from December 2020 to December 2021, its highest rate in nearly forty (40) years. The CPI rose 9.1% in June 2022 compared with a year earlier. The general effects of inflation on the economy of the United States can be wide ranging, evidenced by rising wages and rising costs of consumer goods and necessities. On March 16, 2022, in an effort to tamp down inflationary pressures, the Federal Reserve increased interest rates for the first time since December 2018 and signaled future rate increases. Subsequently, the Federal Reserve increased rates again in May, June, and July 2022 to combat continued inflationary pressures. Additionally, the Federal Reserve has announced plans to decrease purchases of government and mortgage-related bonds. Volatility in market conditions, resulting from the foregoing events have caused and may continue to cause credit spreads to widen, which reduces, among other things, availability of credit to our Company on favorable terms, liquidity in the market and price transparency of real estate related or asset-backed assets.

Our Company is actively monitoring these events and their effects on the Company's financial condition, liquidity, operations, industry, and workforce.

These continuing economic impacts, and the continuation of the pandemic itself, may cause additional volatility in the financial markets and may have an adverse effect on the Company's results of future operations, financial position, intangible assets and liquidity in 2022 and beyond. See Results of Operations.

For further discussion on the potential impacts of the COVID-19 pandemic, the Ukraine-Russia conflict and the Federal Reserve's monetary policies, see "Risks Related to the Business of the Company—Risks Related to COVID-19", "—Our business is significantly impacted by interest rates. Changes in prevailing interest rates or U.S. monetary policies that affect interest rates may have a detrimental effect on our business", "—Our hedging strategies may not be successful in mitigating our risks associated with changes in interest rates; our Company is exposed to other credit risk." and "—Escalating global trade tensions, and the conflict between Russia and Ukraine, and the adoption or expansion of economic sanctions or trade restrictions could negatively impact us" under the section entitled "Item 1A.Risk Factors" in our Annual Report on 10-K filed with the SEC on March 15, 2022, as such risk factors may be amended or updated in our subsequent periodic reports.

Reorganization Transactions

FoA was incorporated in October 2020 and is a financial services holding corporation, the principal asset of which is a controlling interest in FoA Equity. The business, property and affairs of FoA Equity are managed by a board of managers, appointed by FoA at its sole discretion. In periods subsequent to the April 1, 2021 closing of the Business Combination, FoA consolidates FoA Equity and reports a non-controlling interest related to the Class A LLC Units held by the Continuing Unitholders in FoA'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 Equity 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 "Class A LLC Units."

FoA, FoA Equity and the Continuing Unitholders entered into an exchange agreement (the "Exchange Agreement") under which they (or certain permitted transferees) have the right (subject to the terms of the Exchange Agreement) to exchange their Class A LLC Units for shares of FoA 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 Class A LLC Units held by such holder on all matters on which shareholders of FoA 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 shareholders 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 may not be 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 periods.

Impact of the Business Combination

FoA is a corporation for U.S. federal and state income tax purposes. FoA Equity was and is treated as a flow-through entity for U.S. federal income tax purposes, and as such, entity level taxes at FoA Equity are not and have not been significant. Accordingly, provision for income taxes prior to the Business Combination consisted of tax expense related only to certain of the consolidated subsidiaries of FoA Equity that are structured as corporations and subject to U.S. federal income taxes as well as state taxes. Subsequent to the Business Combinations, FoA (together with certain corporate subsidiaries through which it owns its interest in FoA Equity) pays U.S. federal and state income taxes as a corporation on its share of FoA Equity's taxable income.

The Business Combination was accounted for as a business combination using the acquisition method of accounting. Accordingly, the assets and liabilities, including any identified intangible assets, of FoA Equity were 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 required the use of significant estimates and assumptions.

As a result of the application of business combination accounting, the historical Consolidated Financial Statements of FoA Equity are not necessarily indicative of FoA's future results of operations, financial position and cash flows. For example, increased intangible assets resulting from adjusting the basis of intangible assets to their fair value have resulted in increased amortization expense in the periods following the consummation of the Business Combination.

Additionally, in connection with the Business Combination, FoA entered into TRAs with the TRA Parties that provide for the payment by FoA to such owners of 85% of the benefits that FoA 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 FoA as a result of sales or exchanges of Class A LLC Units in connection with or after the Business Combination or distributions with respect to the Class A LLC Units prior to or in connection with the Business Combination, (ii) FoA'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 TRAs, including tax benefits attributable to payments under the TRAs.

Impact of Becoming a Public Company

We have incurred and expect to incur additional costs associated with operating as a public company. These costs 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 of 2002, as well as rules adopted by the SEC and national securities exchanges, require public companies to implement specific corporate governance and reporting practices that are not applicable to a private company. These additional rules and regulations can significantly increase our legal, regulatory and financial compliance costs and make some activities more time-consuming and costly.

Components of Our Results of Operations

Revenue

Gain on sale and other income from loans held for sale, net

Gain on sale and other income from loans held for sale, net, includes realized and unrealized gains and losses on loans held for sale, interest rate lock commitments, hedging derivatives, and originated MSRs. The Company sells mortgage loans into the secondary market, including, but not limited to, 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 the Company retains the rights to service that loan. Unrealized gains and losses include fair value gains and losses resulting from changes in fair value in the underlying mortgages, interest rate lock commitments, and hedging derivatives, from the time of origination to the ultimate sale of the loan or other settlement of those financial instruments.

Net fair value gains on 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 components of net fair value gains on loans and related obligations. See Note 4—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 or when the service to the third-party has been provided.

In addition to the fees earned from customers, we recognize the changes in fair value of MSRs as current period income (loss). To hedge against volatility in the fair value of certain MSRs, we enter into various derivative agreements, which may include but are not limited to interest rate swap futures. Changes in the fair value of such derivative instruments and the related hedging gains and losses are also included as a component of fee income.

Net interest income (expense)

We earn interest income on mortgage loans and incur interest expense on our warehouse lines of credit and non-funding debt. Interest income and interest expense also accrues to loans held for investment, including securitized loans subject to HMBS and other nonrecourse debt. Such interest is included as a component of net fair value gains on loans and related obligations.

Operating Expenses

Salaries, benefits and related expenses

Salaries, benefits and related expenses includes commissions, bonuses, equity based compensation, 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 and equipment, and other occupancy related costs.

General and administrative expenses

General and administrative expenses primarily include loan origination expenses, loan portfolio expenses, professional fees, business development costs, communications and data processing costs, title and closing costs, depreciation and amortization, and other expenses.

Other, Net

Other, net, primarily includes gains or losses on non-operating assets, revaluation of the warrant liability, and remeasurement of the TRA obligations.

Income Taxes

FoA Equity was and is treated as a flow-through entity for U.S. federal income tax purposes. As a result, entity level taxes at FoA Equity are not significant. Prior to the Business Combination, provision for income taxes consisted of tax expense related only to certain of the consolidated subsidiaries of FoA Equity that are structured as corporations and subject to U.S. federal income taxes as well as state taxes.

Subsequent to the Business Combination, FoA (together with certain corporate subsidiaries through which it owns its interest in FoA Equity) is treated as a corporation for U.S. federal and state income tax purposes and is subject to U.S. federal income taxes with respect to its allocable share of any taxable income of FoA Equity and is taxed at the prevailing corporate tax rates. FoA is a holding company and its only material asset is its direct and indirect interest in FoA Equity. Accordingly, a provision for income taxes is recorded for the anticipated tax consequences of FoA's allocable share of FoA Equity's reported results of operations for federal income taxes. In addition to tax expenses, FoA also incurs expenses related to its operations, as well as payments under the TRAs, which are significant. FoA Equity may distribute amounts sufficient to allow FoA to pay its tax obligations and operating expenses, including distributions to fund any payments due under the TRAs. See "Certain Agreements Related to the Business Combination—Tax Receivable Agreements." However, the ability of FoA Equity to make such distributions may be limited due to, among other things, restrictive covenants in its financing lines of credit and senior notes.

Results of Operations

Overview

The following tables present selected financial data for the Successor three and six months ended June 30, 2022, three months ended June 30, 2021, and for the Predecessor three months ended March 31, 2021.

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Consolidated Results

The following table summarizes our consolidated operating results for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Gain on sale and other income from loans held for sale, net	**$ 71,805**	**$ 190,157**	$ 187,577	$ 291,334
Net fair value gains on loans and related obligations	**1,613**	**12,048**	131,151	76,663
Fee income	**88,681**	**246,286**	90,864	161,371
Net interest expense	**(20,981)**	**(39,938)**	(20,475)	(21,705)
Total revenue	**141,118**	**408,553**	389,117	507,663
Total expenses	**325,013**	**674,550**	400,752	373,314
Other, net	**15,132**	**19,904**	(2,103)	(8,892)
NET INCOME (LOSS) BEFORE TAXES	**$ (168,763)**	**$ (246,093)**	$ (13,738)	$ 125,457

Net fair value gains on loans and related obligations

Certain of our financial instruments are valued utilizing a process that combines the use of a DCF 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 financial instruments is recorded as a gain or loss in net fair value gains on loans and related obligations on the Condensed Consolidated Statements of Operations (Unaudited).

The following table summarizes the components of net fair value gains on loans and related obligations for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net origination gains	**$ 73,892**	**$ 183,122**	$ 105,358	$ 73,880
Net fair value gains (losses) from portfolio activity[1]	**39,947**	**78,815**	24,371	32,386
Net fair value gains (losses) from changes in market inputs or model assumptions	**(112,226)**	**(249,889)**	1,422	(29,603)
Net fair value gains (losses) on loans and related obligations	**$ 1,613**	**$ 12,048**	$ 131,151	$ 76,663

(1) This line item includes realization of interest income and interest expense related to loans held for investment and securitization trusts, runoff, and portfolio amortization.

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 loans and related obligations in the Condensed Consolidated Statements of Operations (Unaudited). 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 Condensed Consolidated Statements of Operations (Unaudited). Further, interest income on collateralized loans may be reflected in net fair value gains on loans and related obligations on the Condensed Consolidated Statements of Operations (Unaudited), 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.

The following table provides an analysis of all components of NIM for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
		Successor		Predecessor
Interest income on commercial and reverse loans	**$ 189,760**	**$ 353,454**	173,940	$ 160,568
Interest expense on HMBS and nonrecourse obligations	**(124,603)**	**(231,246)**	(113,474)	(119,201)
Net interest margin included in net fair value gains on mortgage loans (1)	**65,157**	**122,208**	60,466	41,367
Interest income on mortgage loans held for sale	**14,011**	**26,957**	13,024	12,621
Interest expense on warehouse lines of credit	**(29,983)**	**(56,048)**	(26,908)	(26,546)
Non-funding debt interest expense	**(6,738)**	**(13,441)**	(6,644)	(7,756)
Other interest income	**1,841**	**2,768**	126	40
Other interest expense	**(112)**	**(174)**	(73)	(64)
Net interest expense	**(20,981)**	**(39,938)**	(20,475)	(21,705)
NET INTEREST MARGIN	**$ 44,176**	**$ 82,270**	$ 39,991	$ 19,662

(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 in the Company's Annual Report on Form 10-K filed with the SEC on March 15, 2022 for additional information on the Company's accounting related to commercial and reverse mortgage loans.*

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Net income (loss) before taxes decreased $155.0 million or 1,128.4% primarily as a result of the following:

- Gain on sale and other income from loans held for sale, net, decreased $115.8 million or 61.7% primarily as a result of lower volume and margin within our Mortgage Originations segment. Our Mortgage Originations segment had $3.8 billion in net rate lock volume for the three months ended June 30, 2022 compared to $6.7 billion for the comparable 2021 period, and mortgage origination margin of 2.14% for the three months ended June 30, 2022 compared to 2.78% for the comparable 2021 period. Gain on sale margins decreased primarily due to rate volatility and competitive pressure on margins in the 2022 period.
- Net fair value gains on loans and related obligations decreased by $129.5 million or 98.8% primarily as a result of fair value losses from market inputs or model assumptions and lower net origination gains from our Reverse and Commercial Originations segments, partially offset by increases to fair value gains from normal portfolio activity. Fair value losses from changes in market inputs or model assumptions were $112.2 million for the three months ended June 30, 2022 primarily due to fair value adjustments related to increases in market discount rate assumptions driven by increases in interest rates and market yield assumptions. This compares to $1.4 million in fair value gains from changes in market inputs or model assumptions for the three months ended June 30, 2021. See Note 4 - Fair Value within the condensed consolidated financial statements for additional information on assumptions impacting the value of our loans held for investment. The Reverse and Commercial Originations segments recognized $73.9 million in net origination gains on originations of $2.1 billion of reverse

and commercial mortgage loans for the three months ended June 30, 2022 compared to $105.4 million of net origination gains on $1.4 billion for the comparable 2021 period. The net origination gains from higher origination volume in the Reverse and Commercial Originations segments were offset by lower margin due to market value volatility during the three months ended June 30, 2022 that the Company was not immediately able to pass on to its customers.

- Total expenses decreased $75.7 million or 18.9% due to lower salaries, benefits and related expenses partially offset by increased general and administrative expenses. Salaries, benefits and related expenses decreased by $80.4 million or 29.3% primarily as a result of our lower loan origination volumes during the three months ended June 30, 2022, partially offset by increases in general and administrative expenses related to the Business Combination.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Net income (loss) before taxes decreased $357.8 million or 320.3% primarily as a result of the following:

- Gain on sale and other income from loans held for sale, net, decreased $288.8 million or 60.3% primarily as a result of lower Mortgage Originations segment revenue margin driven by lower origination volume and lower margins for the six months ended June 30, 2022 when compared to the 2021 period. Our margin on originated mortgage loans decreased to 2.12% for the six months ended June 30, 2022 compared to 3.13% for the comparable 2021 period. Our Mortgage Originations segment had $9.1 billion in net rate lock volume for the six months ended June 30, 2022 compared to $15.1 billion for the comparable 2021 period.

- Net fair value gains on loans and related obligations decreased $195.8 million or 94.2% primarily as a result of fair value losses from market inputs or model assumptions, partially offset by growth in net origination gains from our Reverse and Commercial Originations segments. Fair value losses from changes in market inputs or model assumptions were $249.9 million for the six months ended June 30, 2022 primarily due to fair value adjustments related to increases in discount rates on securitized mortgage assets. This compares to $28.2 million in fair value losses from changes in market inputs or model assumptions for the six months ended June 30, 2021. See Note 4 - Fair Value within the consolidated financial statements for additional information on assumptions impacting the value of our loans held for investment. The Reverse and Commercial Originations segments recognized $183.1 million in net origination gains on originations of $4.2 billion of reverse and commercial mortgage loans for the six months ended June 30, 2022 compared to $179.2 million in net origination gains on $2.5 billion for the comparable 2021 period. The net origination gains from higher origination volume in the Reverse and Commercial Originations segments were offset by lower margin due to market value volatility during the six months ended June 30, 2022 that the Company was not immediately able to pass on to its customers.

- Total expenses decreased $99.5 million or 12.9% due to lower salaries, benefits and related expenses combined with increased general and administrative expenses primarily as a result of our lower loan origination volumes during the six months ended June 30, 2022, partially offset by overall enterprise growth and general and administrative expenses related to the Business Combination.

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. The allocation methodology is reviewed annually. There were no changes to methodology during the three and six months ended June 30, 2022. Expenses for enterprise-level general overhead, such as executive administration, are not allocated to the business segments.

Mortgage Originations Segment

The following table summarizes our Mortgage Origination segment's results for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Gain on sale and other income from loans held for sale, net	**$ 81,199**	**$ 193,120**	$ 185,386	$ 286,481
Fee income	**18,086**	**38,235**	30,345	32,731
Net interest income	**3,899**	**7,100**	1,976	891
Total revenue	**103,184**	**238,455**	217,707	320,103
Total expenses	**138,183**	**294,966**	224,191	224,246
NET INCOME (LOSS) BEFORE TAXES	**$ (34,999)**	**$ (56,511)**	$ (6,484)	$ 95,857

Our Mortgage Originations segment generates its revenue 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, closed-end second mortgages, and home improvement loans 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.

KEY METRICS

The following table provides a summary of some of our Mortgage Origination segment's key metrics (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Loan origination volume (dollars)				
Conforming	**$ 2,461,253**	**$ 5,791,718**	$ 4,302,170	$ 5,397,708
Government	**782,345**	**1,487,644**	995,657	1,068,650
Non-conforming	**917,578**	**1,940,169**	1,571,895	1,937,860
Home improvement	**67,177**	**115,080**	58,928	—
Total loan origination volume	**$ 4,228,353**	**$ 9,334,611**	$ 6,928,650	$ 8,404,218

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Loan origination volume by type (dollars)				
Agency	**$ 3,215,668**	**$ 7,155,363**	$ 6,074,464	$ 7,367,044
Non-agency	**945,508**	**2,064,168**	795,258	1,037,174
Home improvement	**67,177**	**115,080**	58,928	—
Total loan origination volume by type	**$ 4,228,353**	**$ 9,334,611**	$ 6,928,650	$ 8,404,218
Loan origination volume by channel (dollars)				
Retail	**$ 2,384,928**	**$ 5,318,494**	$ 4,870,554	$ 5,622,487
Wholesale/Correspondent	**1,520,513**	**3,177,820**	1,201,503	1,706,365
Consumer direct	**255,735**	**723,217**	797,665	1,075,366
Home improvement	**67,177**	**115,080**	58,928	—
Total loan origination volume by channel	**$ 4,228,353**	**$ 9,334,611**	$ 6,928,650	$ 8,404,218
Loan origination volume by type (dollars)				
Purchase	**$ 3,335,956**	**$ 6,102,075**	$ 3,494,462	$ 2,664,493
Refinance	**825,220**	**3,117,456**	3,375,260	5,739,725
Home improvement	**67,177**	**115,080**	58,928	—
Total loan origination volume by type	**$ 4,228,353**	**$ 9,334,611**	$ 6,928,650	$ 8,404,218
Loan origination volume (units)				
Conforming	**6,870**	**16,112**	14,136	18,090
Government	**2,311**	**4,428**	3,141	3,426
Non-conforming	**942**	**2,044**	1,972	2,472
Home improvement	**5,750**	**9,757**	5,522	—
Total loan origination volume	**15,873**	**32,341**	24,771	23,988
Loan origination volume by type (units)				
Agency	**8,890**	**19,892**	18,278	22,763
Non-agency	**1,233**	**2,692**	971	1,225
Home improvement	**5,750**	**9,757**	5,522	—
Total loan origination volume by type	**15,873**	**32,341**	24,771	23,988
Loan origination volume by channel (units)				
Retail	**6,335**	**14,159**	13,737	16,123
Wholesale/Correspondent	**3,084**	**6,423**	3,005	4,745
Consumer direct	**704**	**2,002**	2,507	3,120
Home improvement	**5,750**	**9,757**	5,522	—
Total loan origination volume by channel	**15,873**	**32,341**	24,771	23,988
Loan origination volume by type (units)				
Purchase	**7,849**	**14,574**	9,328	7,534
Refinance	**2,274**	**8,010**	9,921	16,454
Home improvement	**5,750**	**9,757**	5,522	—
Total loan origination volume by type	**15,873**	**32,341**	24,771	23,988
Loan sales by investor (dollars)				
Agency	**$ 3,376,879**	**$ 7,639,614**	$ 5,807,841	$ 7,246,418
Private	**1,278,760**	**2,409,044**	1,212,318	1,152,810
Total loan sales by investor	**$ 4,655,639**	**$ 10,048,658**	$ 7,020,159	$ 8,399,228

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Loan sales by type (dollars)				
Servicing released	**$ 1,275,491**	**$ 2,758,426**	$ 2,183,584	$ 2,086,550
Servicing retained	**3,380,148**	**7,290,232**	4,836,575	6,312,678
Total loan sales by type	**$ 4,655,639**	**$10,048,658**	$ 7,020,159	$ 8,399,228
Net rate lock volume	**$ 3,800,302**	**$ 9,117,044**	$ 6,668,823	$ 8,405,313
Mortgage originations margin (including servicing margin)[(1)]	**2.14%**	**2.12%**	2.78%	3.41%
Capitalized servicing rate (in bps)	**124.9**	**124.1**	103.5	89.1

[(1)] *Calculated for each period as Gain on sale and other income from 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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Gain on sale, net	**$ 15,360**	**$ 81,520**	$ 168,821	$ 200,874
Provision for repurchases	**(4,673)**	**(6,304)**	(1,813)	(2,258)
Net realized hedge gains (losses)	**82,896**	**164,004**	(17,013)	74,823
Changes in fair value of loans held for sale	**8,802**	**(32,970)**	11,602	(41,485)
Changes in fair value of interest rate locks	**11,262**	**(9,224)**	(2,984)	(49,946)
Changes in fair value of derivatives/hedges	**(32,448)**	**(3,906)**	26,773	104,473
Gain on sale and other income from loans held for sale, net	**81,199**	**193,120**	185,386	286,481
Origination related fee income	**18,086**	**38,235**	30,345	32,731
Net interest income (expense)	**3,899**	**7,100**	1,976	891
Total revenue	**$ 103,184**	**$ 238,455**	$ 217,707	$ 320,103

Net interest income was comprised of the following (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Interest income	**$ 13,657**	**$ 26,229**	$ 12,837	$ 12,483
Interest expense	**(9,758)**	**(19,129)**	(10,861)	(11,592)
Net interest income (expense)	**$ 3,899**	**$ 7,100**	$ 1,976	$ 891
WAC—loans held for sale	**5.2%**	**4.6%**	3.2%	2.9%
WAC—warehouse lines of credit	**4.7%**	**4.1%**	3.2%	3.0%

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total revenue decreased $114.5 million or 52.6% as a result of the following:

- Gain on sale, net, decreased $153.5 million or 90.9% as a result of decreased gain on sale margins on lower volume during the three months ended June 30, 2022. We sold $4.7 billion in mortgage loans for the three months ended June 30, 2022 compared to $7.0 billion for the comparable 2021 period. Weighted average gain on sale margins on sold loans were 0.3% for the three months ended June 30, 2022 compared to 2.4% for the comparable 2021 period. Gain on sale margins decreased primarily due to rate volatility while IRLCs and loans were in the pipeline and competitive pressure on margins in the 2022 period.
- During the three months ended June 30, 2022, net realized hedge gains and changes in fair value of derivatives/hedges were $50.4 million compared to $9.8 million in the comparable 2021 period, driven by increases in average market interest rates while IRLCs and loans were in the pipeline.
- Changes in fair value of interest rate locks improved $14.2 million or 477.4% as a result of higher net change in our interest rate lock pipeline primarily due to the impact of rate fluctuations around the respective quarter ends. The fair value of the interest rate lock pipeline increased from $2.7 million at March 31, 2022 to $12.2 million at June 30, 2022. Comparatively, the fair value of the interest rate lock pipeline decreased from $37.6 million at March 31, 2021 to $33.5 million at June 30, 2021.
- Origination related fee income decreased $12.3 million or 40.4% as a result of lower loan origination volume, and a reduction in fee income per loan due to channel mix with wholesale/correspondent comprising a larger percentage of funded volume during the three months ended June 30, 2022.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total revenue decreased $299.4 million or 55.7% as a result of the following:

- Gain on sale, net, decreased $288.2 million or 77.9% as a result of decreased gain on sale margins on lower volume during the six months ended June 30, 2022. We sold $10.0 billion in mortgage loans for the six months ended June 30, 2022 compared to $15.3 billion for the comparable 2021 period. Weighted average gain on sale margins on sold loans were 0.8% for the six months ended June 30, 2022 compared to 2.4% for the comparable 2021 period. Gain on sale margins decreased primarily due to rate volatility while the related IRLCs and loans were in the pipeline during both periods and competitive pressure on margins in the 2022 period.
- Changes in fair value of interest rate locks improved $43.7 million or 82.6% as a result of lower net negative change in our interest rate lock pipeline primarily due to the impact of rate fluctuations around the respective quarter ends. The fair value of the interest rate lock pipeline decreased from $23.2 million at December 31, 2021 to $12.2 million at June 30, 2022. Comparatively, the fair value of the interest rate lock pipeline decreased from $87.6 million at December 31, 2020 to $33.5 million at June 30, 2021.
- Origination related fee income decreased $24.8 million or 39.4% as a result of lower loan origination volume and a change in channel mix with wholesale/correspondent comprising a larger percentage of funded volume during the six months ended June 30, 2022.
- During the six months ended June 30, 2022, net realized hedge gains and changes in fair value of derivatives/hedges were $160.1 million compared to $189.1 million in the comparable 2021 period, driven by differences in relative pipeline size and changes in average market interest rates while the related IRLCs and loans were in the pipeline.

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Commissions and bonuses	**$ 35,011**	**$ 78,795**	$ 103,600	$ 111,766
Salaries	**44,282**	**92,111**	55,556	46,232
Other salary related expenses	**20,991**	**42,174**	13,152	18,451
Total salaries, benefits and related expenses	**100,284**	**213,080**	172,308	176,449
Loan origination fees	**7,655**	**17,843**	14,781	14,003
Loan processing expenses	**3,104**	**7,113**	5,425	5,462
Other general and administrative expenses	**22,409**	**47,589**	27,588	23,112
Total general and administrative expenses	**33,168**	**72,545**	47,794	42,577
Occupancy, equipment rentals and other office related expenses	**4,731**	**9,341**	4,089	5,220
Total expenses	**$ 138,183**	**$ 294,966**	$ 224,191	$ 224,246

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total expenses decreased $86.0 million or 38.4% as a result of the following:

- Salaries, benefits and related expenses decreased $72.0 million or 41.8%, primarily due to a decrease of $68.6 million in commissions and bonus due to lower retail and consumer direct volume, as well as a decrease of $11.3 million in salaries due to a reduction in average headcount. This was partially offset by increases in other salary related expenses related to increases in allocated corporate expenses and severance charges which were incurred during the three months ended June 30, 2022 Commissions and bonuses decreased due to lower volume during the three months ended June 30, 2022 when compared to the same period for 2021. Average headcount for the three months ended June 30, 2022, was 2,591 compared to 3,058 for the 2021 period.

- General and administrative expenses decreased $14.6 million or 30.6% primarily due to lower origination volume and a change in channel mix with wholesale/correspondent comprising a larger percentage of funded volume which resulted in a decrease of $7.1 million in loan origination expenses and a decrease of $2.3 million in loan processing expenses.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total expenses decreased $153.5 million or 34.2% as a result of the following:

- Salaries, benefits and related expenses decreased $135.7 million or 38.9%, primarily due to a decrease of $136.6 million in commissions and bonus due to lower retail and consumer direct volume, as well as, a decrease of $9.7 million in salaries due to a reduction in average headcount. This was partially offset by increases in other salary related expenses related to increases in allocated corporate expenses and severance charges incurred during the six months ended June 30, 2022. Average headcount for the six months ended June 30, 2022 was 2,739 compared to 3,086 for the 2021 period.
- General and administrative expenses decreased $17.8 million or 19.7% primarily due to lower origination volume and a change in channel mix with wholesale/correspondent comprising a larger percentage of funded volume which resulted in a decreased of $10.9 million in loan origination fees, a decrease of $3.8 million in loan processing 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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net origination gains	**$ 77,872**	**$ 183,627**	$ 94,536	$ 68,449
Fee income	**2,123**	**3,939**	954	524
Net interest expense	**—**	**—**	(9)	—
Total revenue	**79,995**	**187,566**	95,481	68,973
Total expenses	**44,171**	**87,350**	42,246	23,693
Other, net	**38**	**3,252**	104	34
NET INCOME (LOSS) BEFORE TAXES	**$ 35,862**	**$ 103,468**	$ 53,339	$ 45,314

Our Reverse Originations segment generates its revenues primarily from the origination of reverse mortgage loans, including loans insured by FHA and non-agency 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.

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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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Loan origination volume				
Total loan origination volume—new originations[1]	**$ 1,580,258**	**$ 3,054,795**	$ 1,013,323	$ 768,795
Total loan origination volume—tails[2]	**160,157**	**317,450**	121,962	120,775
Total loan origination volume	**$ 1,740,415**	**$ 3,372,245**	$ 1,135,285	$ 889,570
Total loan origination volume—units	**4,172**	**8,546**	3,258	2,864
Loan origination volume—new originations by channel[3]				
Retail	**$ 240,987**	**$ 447,185**	$ 172,972	$ 127,679
TPO	**1,339,271**	**2,607,610**	840,351	641,116
Total loan origination volume—new originations by channel	**$ 1,580,258**	**$ 3,054,795**	$ 1,013,323	$ 768,795

(1) *New loan origination volumes consist of initial reverse mortgage loan borrowing amounts.*

(2) *Tails consist of subsequent borrower draws, mortgage insurance premiums, service fees, and other 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 draws, mortgage insurance premiums, service fees, and other advances that 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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net origination gains:				
Retail	**$ 14,179**	**$ 33,490**	$ 17,220	$ 16,913
TPO	**123,436**	**283,978**	141,386	99,678
Acquisition costs	**(59,743)**	**(133,841)**	(64,070)	(48,142)
Total net origination gains	**77,872**	**$ 183,627**	$ 94,536	68,449
Fee income	**2,123**	**3,939**	954	524
Net interest income	**—**	**—**	(9)	—
Total revenue	**$ 79,995**	**$ 187,566**	$ 95,481	$ 68,973

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total revenue decreased $15.5 million or 16.2% as a result of the following:

- Net origination gains decreased $16.7 million or 17.6% as a result of lower margins due to rising yields during the three months ended June 30, 2022, partially offset by higher volume. During the three months ended June 30, 2022, the weighted average margin on production was 4.93% compared to 9.33% during the comparable 2021 period. We originated $1.6 billion of reverse mortgage loans for the three months ended June 30, 2022, an increase of 55.9%, compared to $1.0 billion for the comparable 2021 period. The higher origination volume is attributable to home price appreciation leading to an increase in market size, more equity available to seniors, and increased refinance volumes in the three months ended June 30, 2022.

- Fee income increased $1.2 million or 122.5% as a result of higher volume and higher mix of government-insured reverse mortgage production during the three months ended June 30, 2022.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total revenue increased $23.1 million or 14.1% as a result of the following:

- Net origination gains increased $20.6 million or 12.7% as a result of higher loan origination volume partially offset by decreased margins on this origination volume during the six months ended June 30, 2022. We originated $3.1 billion of reverse mortgage loans for the six months ended June 30, 2022, an increase of 71.4%, compared to $1.8 billion for the comparable 2021 period. The higher origination volume is attributable to home price appreciation and improved interest rates leading to an increase in market size, more equity available to seniors, and increased refinance volumes in 2021. During the six months ended June 30, 2022, the weighted average margin on production was 6.01% compared to 9.33% in 2021, a decrease of 35.6% due to widening credit spreads during the three months ended June 30, 2022.
- Fee income increased $2.5 million or 166.5% as a result of higher volume and higher mix of government-insured reverse mortgage production during the six months ended June 30, 2022.

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Salaries and bonuses	**$ 21,427**	**$ 41,562**	19,845	$ 11,692
Other salary related expenses	**2,738**	**4,989**	2,008	1,395
Total salaries, benefits and related expenses	**24,165**	**46,551**	21,853	13,087
Loan origination fees	**1,846**	**4,509**	2,761	3,258
Professional fees	**1,535**	**1,665**	2,676	2,079
Other general and administrative expenses	**16,234**	**33,777**	14,491	4,958
Total general and administrative expenses	**19,615**	**39,951**	19,928	10,295
Occupancy, equipment rentals and other office related expenses	**391**	**848**	465	311
Total expenses	**$ 44,171**	**$ 87,350**	$ 42,246	$ 23,693

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total expenses increased $1.9 million or 4.6% as a result of the following:

- Salaries and bonuses and other salary related expenses increased $2.3 million or 10.6% primarily due to an increase in average headcount and production related compensation to support the increased origination volume offset by one-time initial and accelerated Replacement and Earnout Right RSU expense of $4.0 million recognized in Q2 2021. Average headcount for the three months ended June 30, 2022 was 520 compared to 362 for the 2021 period.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total expenses increased $21.4 million or 32.5% as a result of the following:

- Salaries, benefits and related expenses increased $11.6 million or 33.2% primarily due to an increase in average headcount and production related compensation to support the increased origination volume. Average headcount for the six months ended June 30, 2022 was 507 compared to 345 for the 2021 period.
- General and administrative expenses increased $9.7 million or 32.2% primarily due to the amortization of intangibles that started being expensed in the second quarter of 2021 related to the Business Combination.

Commercial Originations Segment

The following table summarizes our Commercial Originations segment's results for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net origination gains	**$ (3,980)**	**$ (505)**	$ 10,822	$ 5,431
Fee income	**16,659**	**33,817**	12,124	8,930
Total revenue	**12,679**	**33,312**	22,946	14,361
Total expenses	**24,587**	**47,674**	20,049	13,391
Other, net	**164**	**288**	140	149
NET INCOME (LOSS) BEFORE TAXES	**$ (11,744)**	**$ (14,074)**	$ 3,037	$ 1,119

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 ("SRL") or "fix and flip" properties that 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.

KEY METRICS

The following table provides a summary of some of our Commercial Originations segment's key metrics (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Loan origination volume (dollars)[1]				
Portfolio	**$ 89,626**	**$ 203,627**	$ 70,027	$ 59,458
SRL	**271,676**	**539,849**	170,442	104,992
Fix & flip	**132,250**	**226,930**	96,054	90,018
New construction	**13,864**	**36,511**	17,638	3,422
Agricultural[2]	**32,551**	**105,900**	46,309	83,013
Total loan origination volume	**$ 539,967**	**$ 1,112,817**	$ 400,470	$ 340,903
Loan origination volume (units)[1]				
Portfolio	**119**	**261**	74	71
SRL	**1,402**	**2,791**	959	643
Fix & flip	**596**	**1,026**	445	430
New construction	**31**	**80**	56	13
Agricultural[2]	**20**	**46**	24	27
Total loan origination volume	**2,168**	**4,204**	1,558	1,184

(1) *Loan origination volume and units consist of approved total borrower commitments. These amounts include amounts available to our borrowers but have not yet been drawn upon.*

(2) *Revenue from origination and management of agricultural loans is recognized in our Portfolio Management segment.*

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net origination gains	**$ (3,980)**	**$ (505)**	$ 10,822	$ 5,431
Fee income	**16,659**	**33,817**	12,124	8,930
Total revenue	**$ 12,679**	**$ 33,312**	$ 22,946	$ 14,361

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total revenue decreased $10.3 million or 44.7% as result of the following:

- Net origination gains decreased by $14.8 million or 136.8%, primarily as a result of a decrease in margin. The decrease in margin was driven by volatility in market interest rates and increased investor yield requirements not passed through to borrowers during the three months ended June 30, 2022.
- Fee income increased $4.5 million or 37.4% primarily as a result of a 34.8% increase in loan origination volume.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total revenue decreased $4.0 million or 10.7% as result of the following:

- Net origination gains decreased $16.8 million or 103.1%, primarily as a result of a decrease in margin. The decrease in margin was driven by volatility in market interest rates and increased investor yield requirements not passed through to borrowers during the six months ended June 30, 2022. We originated $1,112.8 million in commercial loans for the six months ended June 30, 2022 compared to $741.4 million during the comparable 2021 period.

- Fee income increased $12.8 million or 60.6% primarily as a result of a 50.1% increase in loan origination volume and a 4.8% increase in fee income per originated loan during the six months ended June 30, 2022 when compared to the 2021 period.

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 June 30, 2022	**For the six months ended June 30, 2022**	**For the three months ended June 30, 2021**	**For the three months ended March 31, 2021**
		Successor		**Predecessor**
Salaries	**$ 10,297**	**$ 16,929**	$ 7,643	$ 4,769
Commissions and bonus	**3,665**	**7,494**	2,881	2,092
Other salary related expenses	**1,001**	**4,030**	980	797
Total salaries, benefits and related expenses	**14,963**	**28,453**	11,504	7,658
Loan origination fees	**8,295**	**13,777**	4,939	3,140
Professional fees	**466**	**1,394**	1,332	891
Other general and administrative expenses	**508**	**3,326**	1,971	1,164
Total general and administrative expenses	**9,269**	**18,497**	8,242	5,195
Occupancy, equipment rentals and other office related expenses	**355**	**724**	303	538
Total expenses	**$ 24,587**	**$ 47,674**	$ 20,049	$ 13,391

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total expenses increased $4.5 million or 22.6% as a result of the following:

- Salaries, benefits and related expenses increased $3.5 million or 30.1% primarily due to the increase in average headcount and production related compensation to support the increased origination volume and allocation of share based compensation offset by a one-time initial and accelerated Replacement and Earnout Right RSU expense of $1.4 million recognized during the 2021 period. Salaries and other salary related expenses increased $2.7 million or 31.0% primarily due to the increase in average headcount for the three months ended June 30, 2022 of 337 compared to 216 for the 2021 period. Commissions and bonuses increased $0.8 million or 27.2% primarily as a result of a 34.8% increase in loan origination volume during the three months ended June 30, 2022 compared to the comparable 2021 period.

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- General and administrative expenses increased $1.0 million or 12.5% primarily due to the increase in loan origination fees as a result of a 34.8% increase in loan origination volume during the three months ended June 30, 2022 compared to the comparable 2021 period.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total expenses increased $14.2 million or 42.6% as a result of the following:

- Salaries, benefits and related expenses increased $9.3 million or 48.5% primarily due to the increase in average headcount and production related compensation to support the increased origination volume and allocation of share based compensation associated with the Business Combination offset by a one-time initial and accelerated Replacement and Earnout Right RSU expense of $1.4 million recognized during the 2021 period. Average headcount for the six months ended June 30, 2022 was 331 compared to 198 for the 2021 period.

- General and administrative expenses increased $5.1 million or 37.7% primarily due to the increase in loan origination fees. Loan origination fees increased $5.7 million or 70.5% primarily as a result of a 50.1% increase in loan origination volume during the six months ended June 30, 2022 compared to the comparable 2021 period.

Lender Services Segment

The following table summarizes our Lender Services segment's results for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Gain on sale and other income from loans held for sale, net	**$ (1,125)**	**$ (914)**	$ —	$ —
Fee income	**58,148**	**134,301**	81,130	76,383
Net interest income (expense)	**536**	**663**	(15)	(36)
Total revenue	**57,559**	**134,050**	81,115	76,347
Total expenses	**63,667**	**134,423**	73,317	62,970
Other, net	**814**	**2,478**	83	2
NET INCOME (LOSS) BEFORE TAXES	**$ (5,294)**	**$ 2,105**	$ 7,881	$ 13,379

Our Lender Services segment generates its revenue primarily from fee income. Revenue from our Lender Services include both the title agent closing and underwriting services. These services are directly tied to the number of closings and orders that are processed throughout the period. In addition, student and consumer loan processing, fulfillment services, and MSR valuation services all contribute to our total revenue in the Lender Services segment.

KEY METRICS

The following table provides a summary of some of our Lender Services segment's key metrics:

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Title insurance underwriter policies	**31,624**	**78,427**	56,181	48,814
Incenter title agent orders	**13,729**	**43,178**	55,435	54,960
Incenter title agent closings	**13,526**	**40,167**	43,558	46,991
Total appraisals	**11,416**	**22,209**	10,351	7,427
Full-time employee average count for fulfillment revenue	**860**	**925**	916	858
Total MSR valuations performed	**135**	**281**	137	124

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Insurance underwriting services	**$ 27,984**	**$ 63,414**	$ 34,995	$ 33,322
Title agent and closing services	**16,467**	**40,343**	33,878	31,750
Fulfillment services	**6,807**	**14,473**	6,823	6,779
MSR trade brokerage, valuation, and other services	**4,584**	**10,284**	3,850	2,462
Student and consumer loan origination services	**1,608**	**4,065**	1,500	2,012
Other income (loss), net	**(427)**	**808**	84	58
Net interest income (expense)	**536**	**663**	(15)	(36)
Total revenue	**$ 57,559**	**$ 134,050**	$ 81,115	$ 76,347

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total revenue decreased $23.6 million or 29.0% as a result of the following:

- For the three months ended June 30, 2022, title agent and closing revenue decreased $17.4 million or 51.4%, as a result of lower volume. We acted as title agent on 13,526 loan closings during the three months ended June 30, 2022, compared to 43,558 loan closings for the 2021 period, a decrease of 68.9%. Insurance underwriting services revenue also decreased $7.0 million or 20.0%, as a result of lower volume. We underwrote 31,624 policies during the three months ended June 30, 2022, compared to 56,181 underwritten policies for the comparable 2021 period, a decrease of 43.7%. The decrease in volume was primarily the result of increasing interest rates resulting in a decline in refinance volumes.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total revenue decreased $23.4 million or 14.9% as a result of the following:

- For the six months ended June 30, 2022, title agent and closing revenue decreased $25.3 million or 38.5%, as a result of lower volume. We acted as title agent on 40,167 loan closings during the six months ended June 30, 2022, compared to 90,549 loan closings for the 2021 period, a decrease of

55.6%. Insurance underwriting services revenue also decreased $4.9 million or 7.2%, as a result of lower volume. We underwrote 78,427 policies during the six months ended June 30, 2022, compared to 104,995 underwritten policies for the 2021 period, a decrease of 25.3%. The decrease in volume was primarily the result of increasing interest rates resulting in a decline in refinance volumes. These decreases were partially offset by an increase of $4.0 million or 62.9% in MSR related revenues, as a result of increased activity in the MSR market.

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Salaries	**$ 17,433**	**$ 35,932**	$ 18,351	$ 16,715
Commissions and bonus	**5,280**	**11,033**	8,690	7,045
Other salary related expenses	**6,008**	**11,836**	6,262	4,001
Total salaries, benefits, and related expenses	**28,721**	**58,801**	33,303	27,761
Title and closing	**23,017**	**49,660**	25,190	25,062
Communication and data processing	**2,913**	**6,008**	3,125	2,960
Fair value change in deferred purchase price liability	—	—	1,750	—
Other general and administrative expenses	**8,228**	**18,208**	8,935	6,040
Total general and administrative expenses	**34,158**	**73,876**	39,000	34,062
Occupancy, equipment rentals, and other office related expenses	**788**	**1,746**	1,014	1,147
Total expenses	**$ 63,667**	**$ 134,423**	$ 73,317	$ 62,970

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total expenses decreased $9.7 million or 13.2% as a result of the following:

- Salaries, benefits and related expenses decreased $4.6 million or 13.8%, primarily due to commissions and bonus expense decreasing $3.4 million or 39.2%, in conjunction with the lower title agent and closing services revenue. Our average on-shore headcount also decreased 6.1% for the three months ended June 30, 2022 compared to the 2021 period due to lower demands of the business. On-shore headcount averaged 860 for the three months ended June 30, 2022, and 916 for the comparable 2021 period.
- General and administrative expenses decreased $4.8 million or 12.4%, primarily due to lower title and closing expenses associated with the 43.7% decrease in title insurance underwriting policies and a 68.9% decrease in title agent closing volume.

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For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total expenses decreased $1.9 million or 1.4% as a result of the following:

- Salaries, benefits and related expenses decreased $2.3 million or 3.7%, primarily due to commissions and bonus expense decreasing $4.7 million or 29.9%, in conjunction with the lower title agent and closing services revenue. This decrease was partially offset by an increase in other salary related expenses of $1.6 million or 15.3%.
- General and administrative expenses increased $0.8 million or 1.1%, primarily due to the amortization of intangibles that started being expensed in the second quarter of 2021 related to the Business Combination.

Portfolio Management Segment

The following table summarizes our Portfolio Management segment results for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Gain (loss) on sale and other income from loans held for sale, net	**$ (4,740)**	**$ 6,187**	$ 7,748	$ 5,065
Net fair value gains (losses)	**(72,249)**	**(175,034)**	11,223	2,750
Fee income	**1,198**	**57,665**	3,577	36,191
Net interest expense	**(18,772)**	**(34,448)**	(15,851)	(14,816)
Total revenue	**(94,563)**	**(145,630)**	6,697	29,190
Total expenses	**34,554**	**69,265**	33,190	24,406
Other, net	**37**	**64**	(245)	895
NET INCOME (LOSS) BEFORE TAXES	**$ (129,080)**	**$ (214,831)**	$ (26,738)	$ 5,679

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 MSRs that we hold for investment, servicing fee income related to the MSRs, and mortgage advisory fees earned on various investment and capital markets services we provide to 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.

Net 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
- Loans held for sale, at fair value[(1)]
- HMBS liabilities, at fair value; and
- Nonrecourse debt, at fair value.

(1) *Net 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.*

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KEY METRICS

The following table provides a trend in the assets and liabilities under management by our Portfolio Management segment (in thousands):

	June 30, 2022	December 31, 2021
Cash and cash equivalents	**$ 43,481**	$ 43,261
Restricted cash	**352,504**	320,116
Loans held for investment, subject to HMBS liabilities, at fair value	**10,882,441**	10,556,054
Loans held for investment, subject to nonrecourse debt, at fair value	**6,600,762**	6,218,194
Loans held for investment, at fair value	**1,058,410**	1,031,328
MSRs, at fair value	**359,006**	427,942
Other assets, net	**302,549**	228,069
Total long-term investment assets	**19,599,153**	18,824,964
Loans held for sale, at fair value	**281,671**	149,425
Total earning assets	**19,880,824**	18,974,389
HMBS related obligations, at fair value	**10,768,621**	10,422,358
Nonrecourse debt, at fair value	**6,752,084**	6,111,242
Other financing lines of credit	**1,683,366**	1,525,529
Payables and other liabilities	**156,321**	96,080
Total financing of portfolio	**19,360,392**	18,155,209
Net equity in earning assets	**$ 520,432**	$ 819,180

The following table provides a summary of some of our Portfolio Management segment's key metrics (dollars in thousands):

	June 30, 2022	December 31, 2021
MSRs Portfolio		
Loan count	**89,195**	118,939
Ending unpaid principal balance	**$28,468,645**	$ 38,219,162
Average unpaid principal balance	**$ 319**	$ 321
Weighted average coupon	**3.32%**	3.01%
Weighted average age (in months)	**14**	11
Weighted average FICO credit score	**751**	756
90+ day delinquency rate	**0.3%**	0.1%
Total prepayment speed	**6.8%**	8.3%
Reverse Mortgages		
Loan count	**61,591**	59,480
Active unpaid principal balance	**$16,526,711**	$ 14,902,734
Due and payable	**308,150**	322,057
Foreclosure	**546,924**	599,087
Claims pending	**88,496**	73,327
Ending unpaid principal balance	**$17,470,281**	$ 15,897,205
Average unpaid principal balance	**$ 284**	$ 267
Weighted average coupon	**4.56%**	3.92%
Weighted average age (in months)	**40**	43
Percentage in foreclosure	**3.1%**	3.8%

	June 30, 2022	December 31, 2021
Commercial (SRL/Portfolio/Fix & Flip)		
Loan count	**3,018**	2,222
Ending unpaid principal balance	**$600,793**	$ 479,190
Average unpaid principal balance	**$ 216**	$ 216
Weighted average coupon	**7.62%**	7.43%
Weighted average loan age (in months)	**7**	**8**
SRL conditional prepayment rate	**0.1%**	1.4%
SRL non-performing (60+ days past due)	**1.2%**	1.3%
F&F single month mortality	**9.3%**	8.9%
F&F non-performing (60+ days past due)	**8.7%**	13.6%
Agricultural Loans		
Loan count	**91**	80
Ending unpaid principal balance	**$198,617**	$ 144,328
Average unpaid principal balance	**$ 1,804**	$ 1,804
Weighted average coupon	**7.08%**	7.14%
Weighted average loan age (in months)	**7**	7

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Investment and Capital Markets				
Number of structured deals	**2**	**4**	3	1
Structured deals (size in notes)	**$ 859,576**	**$ 1,949,614**	$ 1,132,531	$ 571,448
Number of whole loan trades	**9**	**24**	10	8
UPB of whole loan trades	**$ 319,713**	**$ 638,437**	$ 218,068	$ 195,929

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
REVENUE				
Gain on sale and other income from loans held for sale, net	**$ (4,740)**	**$ 6,187**	$ 7,748	$ 5,065
Net fair value gains:				
Net fair value gains from portfolio activity	**42,031**	**78,815**	24,371	32,386
Net fair value losses from changes in market inputs or model assumptions	**(120,467)**	**(260,036)**	(13,148)	(29,636)
Total net fair value gains (losses)	**(78,436)**	**(181,221)**	11,223	2,750
Net interest expense	**(18,772)**	**(34,448)**	(15,851)	(14,816)
Fee income:				
Servicing income (MSR)	**(1,666)**	**50,444**	300	33,698
Underwriting, advisory and valuation fees	**296**	**790**	1,901	997
Asset management fees	**—**	**—**	—	9
Other fees	**2,568**	**6,432**	1,376	1,487
Total fee income	**1,198**	**57,666**	3,577	36,191
Total revenue	**$ (100,750)**	**$ (151,816)**	$ 6,697	$ 29,190

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 loans and related obligations in the Condensed Consolidated Statements of Operations (Unaudited). However, for certain of our outstanding financing lines of credit, we have not elected the fair value option. Accordingly, interest expense is presented separately on our Condensed Consolidated Statements of Operations (Unaudited). Further, interest income on collateralized loans may be reflected in net fair value gains on loans and related obligations on the Condensed Consolidated Statements of Operations (Unaudited), 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.

The following table provides an analysis of all components of NIM for the periods indicated (in thousands):

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Interest income on commercial and reverse loans	**$ 189,760**	**$ 353,454**	$ 173,940	$ 160,568
Interest expense on HMBS and nonrecourse obligations	**(124,603)**	**(231,246)**	(113,474)	(119,201)
Net interest margin included in net fair value gains and losses on mortgage loans[(1)]	**65,157**	**122,208**	60,466	41,367
Interest income on mortgage loans held for sale	**303**	**630**	187	138
Interest expense on warehouse lines of credit	**(19,075)**	**(35,078)**	(16,038)	(14,954)
Net interest expense	**(18,772)**	**(34,448)**	(15,851)	(14,816)
NET INTEREST MARGIN	**$ 46,385**	**$ 87,760**	$ 44,615	$ 26,551

(1) Net interest margin included in net fair value gains and losses 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 in the Company's Annual Report on Form 10-K filed with the SEC on March 15, 2022, for additional information on the Company's accounting related to commercial and reverse mortgage loans.

Certain of our financial instruments are valued using a combination of a DCF 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 loans and related obligations on the Condensed Consolidated Statements of Operations (Unaudited).

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total revenue decreased $107.4 million or 1604.4% as a result of the following:

- Gain on sale and other income from loans held for sale, net, decreased $12.5 million primarily due to a decrease in margin on commercial loans sold during the three months ended June 30, 2022 compared to the 2021 period.
- Net fair value losses from changes in market inputs or model assumptions increased $107.3 million due to fair value adjustments related predominantly to market discount rate assumptions on securitized

mortgage assets for the three months ended June 30, 2022 compared to the 2021 period. These increased fair value losses were partially offset by a $17.7 million increase in fair value gains from normal portfolio activity for the three months ended June 30, 2022 compared to the 2021 period. The increased portfolio activity is driven by higher portfolio size and increased modeled yield.

- Net interest expense on our warehouse lines increased $3.0 million due primarily to a higher average cost of funds on our financing lines of credit as a result of higher average interest rates during the three months ended June 30, 2022 compared to the 2021 period.
- Fee income decreased $2.4 million primarily related to fair market value losses on the MSR portfolio due to downward pricing pressures in the MSR market, slightly offset by an increase in servicing fee income due to an increase of loans in the MSR portfolio for the three months ended June 30, 2022 compared to the 2021 period.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total revenue decreased $187.7 million or 523.0% as a result of the following:

- Gain on sale and other income from loans held for sale, net, decreased $6.6 million primarily due a decrease in margin on commercial loans sold during the six months ended June 30, 2022 compared to the 2021 period.
- Net fair value losses from changes in market inputs or model assumptions increased $217.3 million due to fair value adjustments related predominantly to increases in discount rates on securitized mortgage assets for the six months ended June 30, 2022 compared to the 2021 period. These increased fair value losses were partially offset by a $22.1 million increase in fair value gains from normal portfolio activity for the six months ended June 30, 2022 compared to the 2021 period. The increased portfolio activity is driven by higher portfolio size and increased modeled yield.
- Net interest expense on our warehouse lines increased $4.1 million due primarily to a higher average cost of funds on our financing lines of credit as a result of higher average interest rates during the six months ended June 30, 2022 compared to the 2021 period.
- Fee income increased $17.9 million primarily related to the increase of $16.4 million in servicing fee income as result of the increase in the MSR portfolio for the six months ended June 30, 2022 compared to the 2021 period.

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
		Successor		Predecessor
Salaries and bonuses	**$ 10,962**	**$ 21,685**	$ 15,540	$ 5,650
Other salary related expenses	**942**	**2,034**	405	497
Total salaries, benefits and related expenses	**11,904**	**23,719**	15,945	6,147
Securitization expenses	**6,245**	**13,039**	4,733	4,459
Servicing related expenses	**12,372**	**18,326**	8,825	8,651
Other general and administrative expenses	**3,843**	**13,794**	3,560	4,887
Total general and administrative expenses	**22,460**	**45,159**	17,118	17,997
Occupancy, equipment rentals and other office related expenses	**191**	**389**	127	262
Total expenses	**$ 34,555**	**$ 69,267**	$ 33,190	$ 24,406

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Total expenses increased $1.4 million or 4.1% as a result of the following:

- Salaries, benefits and related expenses decreased $4.0 million or 25.3%, primarily due to one-time initial and accelerated Replacement and Earnout Right RSU expense of $7.2 million that was recognized during the three months ended June 30, 2021, that did not recur in the three months ended June 30, 2022. This was offset by an increase in salaries, benefits and related expenses due to an increase in average headcount for the three months ended June 30, 2022 compared to the 2021 period. Average headcount was 122 for three months ended June 30, 2022 and 106 for the comparable 2021 period.
- General and administrative expenses increased $5.3 million or 31.2% primarily due to an increase in fees related to the securitization of assets into nonrecourse securitizations and an increase in loan portfolio expenses related to the subservicing expense on the retained MSR portfolio, during the three months ended June 30, 2022 compared to the 2021 period.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Total expenses increased $11.7 million or 20.3% as a result of the following:

- Salaries, benefits and related expenses increased $1.6 million or 7.4%, primarily due to an increase in average headcount offset by one-time initial and accelerated Replacement and Earnout Right RSU expense of $7.2 million that was recognized during the three months ended June 30, 2021. Average headcount was 123 for six months ended June 30, 2022 and 99 for the comparable 2021 period.
- General and administrative expenses increased $10.0 million or 28.6% primarily due to increased servicing related expenses and an increase in securitization expenses. Servicing related expenses increased as a result of an increase in loan portfolio expenses related to the subservicing expense on the retained MSR portfolio, during the six months ended June 30, 2022 compared to the 2021 period.

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Net interest expense	**$ (6,644)**	**$ (13,253)**	$ (6,567)	$ (7,744)
Total interest expense	**(6,644)**	**(13,253)**	(6,567)	(7,744)
Total expenses	**30,787**	**66,768**	36,021	18,683
Other, net	**13,923**	**13,771**	(2,185)	(9,464)
NET INCOME (LOSS) BEFORE TAXES	**$ (23,508)**	**$ (66,250)**	$ (44,773)	$ (35,891)

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 June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Salaries and bonuses	**$ 36,143**	**$ 74,843**	$ 47,029	$ 22,779
Other salary related expenses	**3,610**	**6,869**	2,232	3,306
Shared services—payroll allocations	**(25,436)**	**(46,170)**	(24,434)	(18,657)
Total salaries, benefits and related expenses	**14,317**	**35,542**	24,827	7,428
Communication and data processing	**4,945**	**9,561**	3,840	3,015
Professional fees	**6,631**	**14,478**	8,417	10,334
Other general and administrative expenses	**5,751**	**10,381**	3,480	1,481
Shared services—general and administrative allocations	**(1,663)**	**(5,246)**	(5,265)	(3,694)
Total general and administrative expenses	**15,664**	**29,174**	10,472	11,136
Occupancy, equipment rentals and other office related expenses	**806**	**2,052**	722	119
Total expenses	**$ 30,787**	**$ 66,768**	$ 36,021	$ 18,683

For the three months ended June 30, 2022 versus the three months ended June 30, 2021

Net loss decreased $21.3 million or 47.5% as a result of the following:

- Salaries, benefits, and related expenses, net of allocations, decreased $10.5 million or 42.3%, primarily due to the second quarter of 2021 including one-time initial and accelerated Replacement and Earnout Right RSU expense of $15.3 million. This was partially offset by an increase in average headcount, which was 568 for the three months ended June 30, 2022 compared to 416 for the comparable 2021 period.
- General and administrative expenses, net of shared services allocations, increased $5.2 million or 49.6%, primarily due to a $2.3 million increase in other general and administrative expenses, increased

communication and data processing expenses of $1.1 million, and less shared services allocations. These increases were partially offset by a decrease in professional fees of $1.8 million.

- Other, net increased $16.1 million primarily due to the remeasurement of the TRA obligations, partially offset by an equity investment impairment during the three months ended June 30, 2022.

For the six months ended June 30, 2022 (Successor) versus the six months ended June 30, 2021 (Successor and Predecessor)

Net loss decreased $14.4 million or 17.9% as a result of the following:

- Salaries, benefits, and related expenses, net of allocations, increased $3.3 million or 10.2%, primarily due to an increase in average headcount related to the Business Combination. Average headcount for the six months ended June 30, 2022 was 540 compared to 385 for the 2021 period. This was partially offset by a one-time initial and accelerated Replacement and Earnout Right RSU expense of $15.3 million that was recognized in the second quarter of 2021.
- General and administrative expenses, net of shared services allocations, increased $7.6 million or 35.0%, due to increased other general and administrative expenses of $5.4 million, increased communications and data processing expenses of $2.7 million, and less shared services allocations. These increases were partially offset by lower professional fees of $4.3 million due to the Business Combination in 2021.
- Other, net increased $25.4 million primarily due to the remeasurement of the TRA obligations, partially offset by an equity investment impairment during the six months ended June 30, 2022.

NON-GAAP FINANCIAL MEASURES

The Company's management evaluates performance of the Company through the use of certain non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDA and Adjusted Diluted Earnings per Share.

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 GAAP. Management believes 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.

These non-GAAP financial measures should not be considered as an alternative to (i) net income (loss) or any other performance measures determined in accordance with GAAP or (ii) operating cash flows determined in accordance with GAAP. Adjusted Net Income and Adjusted EBITDA have important limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of the limitations of these metrics are: (i) cash expenditures for future contractual commitments; (ii) cash requirements for working capital needs; (iii) cash requirements for certain tax payments; and (iv) all non-cash income/expense items.

Because of these limitations, Adjusted Net Income, Adjusted EBITDA, and Adjusted Diluted Earnings per Share should not be considered as measures of discretionary cash available to us to invest in the growth of our business or distribute to shareholders. We compensate for these limitations by relying primarily on our GAAP results and using our non-GAAP financial measures only as a supplement. Users of our condensed consolidated financial statements are cautioned not to place undue reliance on our non-GAAP financial measures.

Adjusted Net Income

We define Adjusted Net Income as consolidated net income (loss) adjusted for:

1. Changes in fair value of loans and securities held for investment due to assumption changes, deferred purchase price obligations (including earnouts and TRA obligations), warrant liability, and minority investments

2. Amortization and other impairment of goodwill and intangible assets
3. Equity based compensation
4. Certain non-recurring costs
5. Pro-forma income tax provision adjustments to apply the combined corporate statutory tax rates to adjusted consolidated pre-tax income (loss).

Management believes 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. Management considers Adjusted Net Income important in evaluating our Company as a whole. This supplemental metric is utilized by our management team to assess the underlying key drivers and operational performance of the continuing operations of the business. In addition, analysts, investors, and creditors may use this measure when analyzing our operating performance and comparability to peers. Adjusted Net Income is not a presentation made in accordance with GAAP, and our definition and use of this measure may vary from other companies in our industry.

Adjusted Net Income provides visibility to the underlying operating performance by excluding the impact of certain items that management does not believe are representative of our core earnings. Adjusted Net Income 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

We define Adjusted EBITDA as net income (loss) adjusted for:

1. Taxes
2. Interest on non-funding debt
3. Depreciation
4. Change in fair value of loans and securities held for investment due to assumption changes, deferred purchase price obligations (including earnouts and TRA obligations), warrant liability and minority investments
5. Amortization and other impairment of goodwill and intangible assets
6. Equity based compensation
7. Certain non-recurring costs

We evaluate the performance of our company and 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 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 Diluted Earnings Per Share

We define Adjusted Diluted Earnings Per Share as Adjusted Net Income (defined above) divided by the weighted average diluted shares, which includes issued and outstanding Class A Common Stock plus the Class A LLC Units owned by the noncontrolling interest on an if-converted basis.

Analysts, investors, and creditors may use this measure when analyzing our operating performance and comparability to peers. Adjusted Diluted Earnings Per Share is not a presentation made in accordance with GAAP, and our definition and use of this measure may vary from other companies in our industry.

The following table provides a reconciliation of net income to Adjusted Net Income and Adjusted EBITDA (in thousands, except for share data):

Reconciliation to GAAP

	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor			Predecessor
Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss) and Adjusted EBITDA				
Net income (loss)	**$ (167,823)**	**$ (231,818)**	$ (14,824)	$ 124,320
Add back: Benefit (provision) for income taxes	**940**	**14,275**	(1,086)	(1,137)
Net income (loss) before taxes	**(168,763)**	**(246,093)**	(13,738)	125,457
Adjustments for:				
Changes in fair value[(1)]	**110,792**	**206,565**	24,082	11,536
Amortization and impairment of goodwill and intangibles[(2)]	**13,808**	**27,616**	13,457	629
Equity-based compensation[(3)]	**7,149**	**16,619**	10,642	—
Certain non-recurring costs[(4)]	**8,818**	**17,655**	43,478	6,719
Adjusted Net Income (Loss) before taxes	**(28,196)**	**22,362**	**77,921**	**144,341**
Benefit (provision) for income taxes[(5)]	**6,435**	**(6,822)**	(20,644)	(37,529)
Adjusted Net Income (Loss)	**(21,761)**	**15,540**	**57,277**	**106,812**
Provision (benefit) for income taxes[(5)]	**(6,435)**	**6,822**	20,644	37,529
Depreciation	**2,600**	**5,120**	2,281	2,163
Interest expense on non-funding debt	**6,738**	**13,441**	6,694	7,706
Adjusted EBITDA	**$ (18,858)**	**$ 40,923**	$ 86,896	$ 154,210
GAAP PER SHARE MEASURES				
Net income (loss) attributable to controlling interest	**$ (40,680)**	**$ (49,173)**	$ 2,265	N/A
Basic weighted average shares outstanding	**62,379,041**	**61,580,900**	59,881,714	N/A
Basic net earnings (loss) per share	**$ (0.65)**	**$ (0.80)**	$ 0.04	N/A
If-converted method net income	**$ (130,973)**	**$ (188,929)**	$ (9,737)	N/A
Diluted weighted average shares outstanding	**187,818,225**	**188,629,076**	191,200,000	N/A
Diluted net loss per share	**$ (0.70)**	**$ (1.00)**	$ (0.05)	N/A
NON-GAAP PER SHARE MEASURES				
Adjusted Net Income (Loss)	**$ (21,761)**	**$ 15,540**	$ 57,277	$ 106,812
Diluted weighted average shares outstanding	**187,818,225**	**188,629,076**	191,200,000	191,200,000
Adjusted Diluted Earnings (Loss) per Share	**$ (0.12)**	**$ 0.08**	$ 0.30	$ 0.56
Book equity	**$ 863,200**	**$ 863,200**	$ 2,379,295	$ 844,386
Ending diluted shares	**187,818,225**	**188,629,076**	191,200,000	191,200,000
Book Equity per Diluted Share	**$ 4.60**	**$ 4.58**	$ 12.44	$ 4.42

(1) *Changes in Fair Value*—The adjustment for changes in fair value includes changes in fair value of loans and securities held for investment, deferred purchase price obligations, warrant liability, and minority investments.

Changes in fair value of loans and securities held for investment—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 include changes in fair value for the following MSRs, 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. MSRs, 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.

Change in Fair Value of Deferred Purchase Price Obligations—We are obligated to pay contingent consideration to sellers of acquired businesses based on future performance of acquired businesses (Earnouts) as well as realization of tax benefits from the Business Combination (TRA Obligation). Change in fair value of deferred purchase price obligations 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 performance, timing and realization of tax benefits and discount rates.

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.

(2) *Amortization and impairment of goodwill and intangible*—Successor period amortization includes amortization of intangibles recognized from the business combination with Replay.

(3) *Equity-based compensation*—Funded 85% by the non-controlling shareholders.

(4) *Certain non-recurring costs*—This adjustment relates to various one-time expenses and adjustments that management believes should be excluded as these do not relate to a recurring part of the core business operations. These items include certain one-time charges including amounts recognized for settlement of legal and regulatory matters, acquisition related expenses and other one-time charges.

(5) *Provision for income taxes*—We applied an effective combined corporate tax rate to adjusted consolidated pre-tax income (loss) for the respective period to determine the tax effect of adjusted consolidated net income (loss).

Liquidity and Capital Resources

Impact of the Business Combination

FoA is a holding company and has no material assets other than its direct and indirect ownership of Class A LLC Units. FoA has no independent means of generating revenue. FoA Equity may make distributions to its holders of Class A LLC Units, including FoA and the Continuing Unitholders, in an amount sufficient to cover all applicable taxes at assumed tax rates, payments under the TRAs and dividends, if any, declared by it. Deterioration in the financial condition, earnings, or cash flow of FoA Equity 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 Equity 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 Equity 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 Equity (with certain exceptions) exceed the fair value of its assets. Subsidiaries of FoA Equity are generally subject to similar legal limitations on their ability to make distributions to FoA Equity.

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. 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.

TRAs

In connection with the Business Combination, concurrently with the Closing, the Company entered into TRAs with certain owners of FoA Equity prior to the Business Combination (the “TRA Parties”). The TRAs generally provide for the payment by the Company to the TRA Parties of 85% of the cash tax benefits, if any, that the Company is deemed to realize as a result of (i) tax basis adjustments as a result of sales and exchanges of units in connection with or following the Business Combination and certain distributions with respect to units, (ii) the Company’s utilization of certain tax attributes attributable to Blackstone Tactical Opportunities Associates - NQ L.L.C., a Delaware limited partnership, Blocker GP, and (iii) certain other tax benefits related to entering into the TRAs, including tax benefits attributable to making payments under the TRAs. These tax basis adjustments generated over time may increase (for tax purposes) the depreciation and amortization deductions available to the Company and, therefore, may reduce the amount of U.S. federal, state, and local tax that the Company would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis, and a court could sustain such challenge. The tax basis adjustments upon sales or exchanges of units for shares of Class A Common Stock and certain distributions with respect to Class A LLC Units may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets. Actual tax benefits realized by the Company may differ from tax benefits calculated under the Tax Receivable Agreements as a result of the use of certain assumptions in the TRAs, including the use of an assumed weighted average state and local income tax rate to calculate tax benefits.

The payments that FoA may make under the TRAs are expected to be substantial. The payments under the TRAs are not conditioned upon continued ownership of FoA or FoA Equity by the Continuing Unitholders.

The Company accounts for the effects of these increases in tax basis and associated payments under the TRAs arising from exchanges in connection with the Business Combination as follows:

- records 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 the Company 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, the Company reduces the deferred tax asset with a valuation allowance; and
- initial measurement of the obligations is at fair value on the acquisition date. Subsequently, the liability will be remeasured at fair value each reporting period, with any changes in fair value recognized through earnings.

The Company records obligations under the TRAs resulting from exchanges subsequent to the Business Combination, as they occur, at the gross undiscounted amount of the expected future payments as an increase to the liability along with the deferred tax asset and valuation allowance (if any) with an offset to additional paid-in capital.

As of June 30, 2022, the Company had a liability of $23.6 million related to its projected obligations under the TRA, which is included in deferred purchase price liabilities within payables and other liabilities on the Unaudited Condensed Consolidated Statements of Financial Condition.

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) advances on 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 flow from operating activities when combined with net proceeds from our portfolio financing 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

The following table presents net cash provided by (used in) operating activities, investing activities and financing activities (in thousands) for the six months ended June 30, 2022 and the comparable 2021 period:

	For the six months ended June 30, 2022	For the three months ended June 30, 2021	For the three months ended March 31, 2021
	Successor		Predecessor
Net cash provided by (used in):			
Operating activities	**$ 754,660**	$ (9,652)	$ 118,043
Investing activities	**(1,225,918)**	(337,885)	(312,047)
Financing activities	**581,605**	232,437	307,695

Our cash increased $110.1 million for the six months ended June 30, 2022 (Successor) compared to a decrease of $1.4 million during the comparable period in 2021.

Operating Cash Flow

Net cash provided by operating activities totaled $754.7 million for the six months ended June 30, 2022 (Successor) and $108.4 million for the comparable period in 2021.

Cash flows from operating activities increased $646.3 million for the six months ended June 30, 2022 (Successor) compared to the corresponding 2021 period. The increase was primarily attributable to a $303.9 million increase in proceeds from sale of loans held for sale, net of cash used for originations, a $228.2 reduction in cash used for changes in operating assets and liabilities, and a $114.0 million increase in other operating income (loss) net of non-cash adjustments.

Investing Cash Flow

Net cash used in investing activities totaled $1,225.9 million for the six months ended June 30, 2022 (Successor) and $649.9 million for the comparable period in 2021.

The increase of $576.0 million in cash used in our investing activities during the six months ended June 30, 2022 (Successor) compared to the 2021 period was primarily attributable to a $1,383.4 million increase in purchases and originations of loans held for investment and a $34.0 million increase in purchases and origination of loans held for investment, subject to nonrecourse debt. Cash outflows from investing activities were partially offset by an increase of $603.0 million in proceeds/payments on loans held for investment and a $183.9 million increase in proceeds from the sales of mortgage servicing rights. Additionally, the increase in cash used in investing activities during the six months ended June 30, 2022 (Successor) compared to the corresponding period in 2021 was partially offset by a reduction of $56.0 million investing cash outflows related to the acquisition of subsidiaries during 2021.

Financing Cash Flow

Net cash provided by financing activities totaled $581.6 million for the six months ended June 30, 2022 (Successor) and $540.1 million for the comparable period in 2021.

The increase of $41.5 million in cash provided by our financing activities during the six months ended June 30, 2022 (Successor) compared to the 2021 period was primarily driven by an $823.9 million increase in proceeds from the issuance of nonrecourse debt, net of payments, and a $201.1 million increase in proceeds from the securitizations of loans, subject to HMBS related obligations, net of payments. Additionally, net cash provided by our financing activities increased during the six months ended June 30, 2022 (Successor) compared to the 2021 period due to a $203.2 million financing outflow related to the settlement of CRNCI in connection with the Business Combination and member distributions of $75.0 million paid in the 2021 period. Increased cash inflows from financing activities were partially offset by a $1.3 billion decrease in proceeds from other financing lines of credit, net of payments.

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. The Company was in compliance or obtained waivers or amendments to the terms of financial covenants as of June 30, 2022.

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Seller/Servicer Financial Requirements

We are also subject to net worth, capital ratio and liquidity requirements established by FHA 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 June 30, 2022 and December 31, 2021, we were in compliance with all of our seller/servicer financial requirements for FHA and Ginnie Mae. For additional information see Note 18 - Liquidity and Capital Requirements within the consolidated financial statements in the Company's Annual Report on Form 10-K filed with the SEC on March 15, 2022.

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 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 outstandingsingle-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 June 30, 2022, our debt obligations were approximately $18.0 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 June 30, 2022, our Mortgage Originations segment had $2.9 billion in warehouse lines of credit collateralized by first lien mortgages with $0.9 billion aggregate principal amount drawn through 13 funding facility arrangements with 12 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 2022 through 2023. 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 86% 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 or SOFR plus a spread or an alternative short term index plus a spread.

The following table presents additional information about our Mortgage Originations segment’s warehouse facilities as of June 30, 2022 (in thousands):

Mortgage Warehouse Facilities	Maturity Date	Total Capacity	June 30, 2022
Committed	March 2022 - November 2022	$ 475,000	**$ 293,418**
Uncommitted	March 2022 - June 2023	2,400,000	**652,113**
Total mortgage warehouse facilities		$ 2,875,000	**$ 945,531**

Reverse mortgage facilities

As of June 30, 2022, our Reverse Originations segment had $1.5 billion in warehouse lines of credit collateralized by first lien mortgages with $0.8 billion aggregate principal amount drawn through 7 funding facility arrangements with 7 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 2022 through 2023. 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 June 30, 2022 (in thousands):

Reverse Warehouse Facilities	Maturity Date	Total Capacity	June 30, 2022
Committed	June 2022 - April 2023	$ 500,000	**$ 351,210**
Uncommitted	August 2022 - May 2023	950,000	**422,661**
Total reverse warehouse facilities		$ 1,450,000	**$ 773,871**

Commercial loan facilities

As of June 30, 2022, our Commercial Originations segment had $0.5 billion in warehouse lines of credit collateralized by first lien mortgages and encumbered agricultural loans with $0.3 billion aggregate principal amount drawn through 5 funding facility arrangements with 4 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 2022 through 2024. 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 guaranteed and another warehouse line of credit is partially guaranteed by our wholly-owned subsidiary, 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 SOFR, Ameribor, or fixed rate plus a spread.

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The following table presents additional information about our Commercial Origination segment's warehouse facilities as of June 30, 2022 (in thousands):

Commercial Warehouse Facilities	Maturity Date	Total Capacity	June 30, 2022
Committed	April 2023 - November 2023	$ 245,000	**$ 202,710**
Uncommitted	August 2022 - January 2024	225,000	**79,701**
Total commercial warehouse facilities		$ 470,000	**$ 282,411**

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. The interest rate on all outstanding facilities is LIBOR plus a spread, the prime rate plus a spread or an alternative short term index plus a spread.

Loans financed under certain of our warehouse facilities are subject to changes in fair value and margin calls. The fair value of our loans depends on a variety of economic conditions, including interest rates and market demand for loans. Under certain facilities, if the fair 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.

Other Secured Lines of Credit

As of June 30, 2022, our Mortgage, Reverse, and Commercial Originations segments collectively had $0.7 billion in additional secured facilities with $0.6 billion aggregate principal amount drawn through credit agreements or master repurchase agreements with 9 funding facility arrangements and 11 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 Podium Mortgage Capital, LLC, who acts as a lender to us and is an affiliate of one our shareholders, Blackstone, Inc. 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 June 30, 2022 (in thousands):

Other Financing Lines of Credit	Maturity Date	Total Capacity	June 30, 2022
Committed	April 2022 - March 2026	$ 680,000	**$ 536,279**
Uncommitted	September 2022 - March 2026	55,198	**55,198**
Total other secured lines of credit		$ 735,198	**$ 591,477**

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. The Company obtained waivers or revisions to terms of the affected covenants for the covenant violations and was in compliance with all other financial covenants as of June 30, 2022.

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 the HUD and nonperforming repurchased loans are generally liquidated in accordance with program requirements.

As of June 30, 2022, we had HMBS-related borrowings of $10.7 billion and HECMs pledged as collateral to the pools of $10.9 billion, 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 a HMBS pool ("HECM Buyouts"), fix & flip securitized loans, securitized agricultural loans, and non FHA-insured non-agency reverse mortgages. 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 June 30, 2022, we had nonrecourse debt-related borrowings of $6.8 billion.

Nonrecourse MSR Financing Liability, at Fair Value

The Company entered into nonrevolving facility commitments with various investors 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 June 30, 2022, the Company had an outstanding advance against this commitment of $149.0 million, with a fair value of $142.4 million, for the purchase of MSRs. The Company accrued for excess servicing and ancillary fees against the outstanding advances in the amount of $4.9 million and $10.2 million, respectively, to these investors three and six months ended June 30, 2022.

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. The Company was in compliance with all required covenants related to the Notes as of June 30, 2022.

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 June 30, 2022 (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
Warehouse lines of credit	$ 1,979,592	$ 1,753,589	$ 226,003	$ —	$ —
MSR line of credit	162,534	42,325	—	120,209	—
Other secured lines of credit	451,163	145,318	42,500	—	263,345
Nonrecourse debt(1)	6,931,972	851,396	6,080,576	—	—
Notes payable	353,005	—	—	353,005	—
Operating leases	82,023	9,630	39,348	11,241	21,804
Total	$ 9,960,289	$ 2,802,258	$ 6,388,427	$ 484,455	$ 285,149

(1) Nonrecourse MSR financing liability is excluded from this balance. See below for additional details related to the nonrecourse MSR financing liability.

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 Condensed 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. The outstanding principal balance of loans held for investment, subject to HMBS related obligations, was $10,445.7 million as of June 30, 2022.

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 MSRs. These transactions are treated as structured financings on the Condensed 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 MSRs.

The payments that we will be required to make under the TRAs 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.

CRITICAL ACCOUNTING POLICIES

For a description of our critical accounting policies, see FoA's Annual Report on Form 10-K filed with the SEC on March 15, 2022.

Item 3. 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.

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, MSRs, 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. The table below is presented in thousands.

	June 30, 2022	
	Down 25 bps	**Up 25 bps**
	(in thousands)	
Increase (decrease) in assets		
Reverse mortgage loans held for investment, subject to HMBS related obligations	**$ 24,012**	**$ (23,767)**
Mortgage loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	**80,242**	**(82,281)**
Fix & flip mortgage loans	**585**	**(583)**
Agricultural loans	**211**	**(210)**
Mortgage loans held for investment:		
Reverse mortgage loans	**11,396**	**(11,204)**
Fix & flip mortgage loans	**232**	**(231)**
Agricultural loans	**1**	**(1)**
Mortgage loans held for sale:		
Residential mortgage loans	**6,492**	**(7,857)**
SRL	**796**	**(785)**
Portfolio	**387**	**(380)**
MSRs	**(5,810)**	**5,541**
Other assets	**399**	**(399)**
Derivative assets:		
Forward MBS	**(12,757)**	**2,142**
IRLCs	**7,443**	**(9,009)**
Total assets	**$ 113,629**	**$(129,024)**

	June 30, 2022	
	Down 25 bps	Up 25 bps
	(in thousands)	
Increase (decrease) in liabilities		
HMBS related obligation	$ 21,680	$(21,432)
Nonrecourse debt	33,306	(43,661)
Derivative liabilities:		
Forward MBS, net	950	(13,419)
Interest rate swaps and futures contracts	10,371	(10,371)
Total liabilities	$ 66,307	$(88,883)

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, and the information described above in this Item 4, our chief executive officer and chief financial officer concluded that, as of June 30, 2022, our disclosure controls and procedures were not effective due to the material weakness in internal control over financial reporting discussed below.

Material Weakness in Internal Controls Over Financial Reporting

As previously reported, following the Business Combination, we identified a material weakness in Replay's internal controls over the accounting for temporary and permanent equity and complex financial instruments. Replay's internal controls to evaluate the accounting for complex financial instruments, such as temporary and permanent equity and warrants issued by a SPAC, did not operate effectively to appropriately apply the provisions of Accounting Standards Codification ("ASC"), Contracts in Entity's Own Equity (ASC 815-40). This material weakness resulted in the failure to prevent a material error in the accounting for temporary and permanent equity warrants and the resulting restatement of Replay's previously issued financial statements for the year ended December 31, 2020 and periods prior thereto.

Management has concluded that the material weakness continued to exist as of June 30, 2022. We identified that the controls over the accounting for significant and unusual transactions did not operate effectively with respect to application of the provisions of ASC 740 related to the accounting for the deferred tax asset related to the full impairment of goodwill generated as part of the Company's Business Combination on April 1, 2021. While this control deficiency did not result in any revision to the financial statements included in this Quarterly Report on Form 10-Q, this deficiency, if not remediated, could have resulted in a material misstatement to our annual or interim consolidated statements that may not have been prevented or detected in a timely manner. Accordingly, we have determined that this control deficiency constitutes a material weakness.

Notwithstanding the material weakness described above, based on the additional analysis and other post-closing procedures performed, the Company believes the interim unaudited consolidated financial statements and other financial information included in this Quarterly Report on Form 10-Q, are fairly presented, in all material respects, in conformity with GAAP.

Plan of Remediation of Material Weakness in Internal Control Over Financial Reporting

As previously described in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2021, beginning in the second quarter of fiscal year 2021, we implemented the below changes to our processes to improve our internal control over financial reporting to remediate the control deficiency that gave rise to the material weakness described above:

a. While we have processes to properly identify and evaluate the appropriate technical accounting pronouncements and other literature for all significant or unusual transactions, we have enhanced these processes to ensure that the nuances of such transactions are effectively evaluated timely and correctly in the context of the increasingly complex accounting standards. We require the formalized consideration of obtaining additional technical guidance prior to concluding on all significant or unusual transactions.

b. We expanded and clarified our understanding of the Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs") issued by the SEC on April 12, 2021 (the "Staff Statement") and designed and implemented a control over the calculations of the impact of the issued warrants subject to the Staff Statement on our financial statements.

c. We acquired enhanced access to additional accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding the application of temporary and permanent equity and complex accounting transactions.

In addition to the steps described above, management has previously engaged and continues to engage athird-party tax consultant well-versed in ASC 740 to assist management in evaluating the accounting for complex tax matters. We are executing the following remediation plan that further addresses the material weakness and have implemented the changes below to our processes to improve our internal control over financial reporting:

a. Review the organization structure, resources, processes, and controls in place to measure and record income taxes related to significant and unusual transactions to enhance the effectiveness of the design and operation of those controls.

b. Evaluate and enhance the level of precision in the management review controls related to income taxes for significant and unusual transactions.

Management is committed to remediating the material weakness in a timely fashion. Management believes it has made substantial progress towards remediating the material weakness, subject to continuous management testing of the operating effectiveness of these internal controls. Given the steps outlined above, management believes such efforts will effectively remediate the material weakness. Management is continually assessing the effectiveness of the remediation efforts and may determine to take additional measures to address control deficiencies or modify the remediation plan described above.

The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control Over Financial Reporting

Other than the remediation efforts described above in this Item 4, there has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

The information required with respect to this Part II, Item 1 can be found under Note 15 - Litigation to our consolidated financial statements included in Part I, Item 1 of this Report.

Item 1A. Risk Factors

We are not aware of any material changes from the risk factors set forth under “Item 1A. Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, originally filed with the SEC on March 15, 2022, which may be amended, supplemented, or suspended from time to time by other reports we file with the SEC (the “Form 10-K”).

In addition to the other information included in this Report, you should carefully consider the factors discussed in “Item 1A. Risk Factors” included in the Form 10-K, as well as the factors identified under “Cautionary Note Regarding Forward-Looking Statements” at the beginning of Part I, Item 1 of this Quarterly Report and as may be updated in subsequent filings with the SEC, which could materially affect the Company’s business, financial condition or future results. The risks described in the Form 10-K and this Quarterly Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On May 11, 2022, the Company issued 58,417 shares of Class A common stock of the Company, par value $0.0001 per share (the “Class A Common Stock”), upon the conversion by certain LLC unitholders of the same number of Class A LLC Units of Finance of America Equity Capital LLC, pursuant to the Exchange Agreement, dated April 1, 2021, between the Company, FoA Equity and the unitholders (the “Exchange Agreement”). Pursuant to the Exchange Agreement, unitholders (as defined in the Exchange Agreement) may elect to exchange their Class A LLC Units for shares of Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. The shares of Class A Common Stock were issued in reliance upon an exemption from registration pursuant to Section 4(a)(2) of the Securities Act on the basis that the transaction did not involve a public offering. No proceeds were received by the Company as a result of the exchange.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibit No.	Description
2.1	Transaction Agreement, dated as of October 12, 2020, by and among Replay; Finance of America Equity Capital LLC; Finance of America Companies Inc.; RPLY Merger Sub LLC; RPLY BLKR Merger Sub LLC; Blackstone Tactical Opportunities Fund (Urban Feeder) – NQ L.P.; Blackstone Tactical Opportunities Associates – NQ L.L.C.; the Sellers; and the Seller Representative (incorporated by Reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 7, 2021.
2.2	Letter Agreement, dated April 1, 2021, by and among Seller Representative and Replay (incorporated by Reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on April 7, 2021 (File No. 001-40308)).
2.3	Letter Agreement, dated April 5, 2021, by and among Seller Representative and Replay (incorporated by Reference to Exhibit 2.3 to the Company's Current Report on Form 8-K filed on April 7, 2021 (File No. 001-40308)).
2.4	Letter Agreement, dated March 31, 2021, by and among Family Holdings; TMO; BTO Urban; BTO Urban Holdings II L.P.; and ESC (incorporated by Reference to Exhibit 2.4 to the Company's Current Report on Form 8-K filed on April 7, 2021 (File No. 001-40308)).
3.1	Amended and Restated Certificate of Incorporation of Finance of America Companies Inc. (incorporated by Reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on April 7, 2021).
3.2	Amended and Restated Bylaws of Finance of America Companies Inc. (incorporated by Reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed on April 7, 2021).
10.1*	Amendment to Restricted Stock Unit Award Agreement of Patricia L. Cook, dated June 20, 2022.
10.2*	Separation Agreement and General Release of all Claims, by and between Finance of America Equity Capital LLC and Patricia L. Cook, effective June 30, 2022.
10.3*	Consulting Agreement, by and between Finance of America Companies Inc. and Patricia L. Cook, dated July 1, 2022.
10.4*	Restrictive Covenant Agreement, by and between Finance of America Companies Inc. and Patricia L. Cook, effective July 1, 2022.
10.5*	Payoff and Termination Letter, by and among FACO Crop Loans LLC, as seller FACO Crop Loan Financing Trust C1, as trust subsidiary, Finance of America Mortgage LLC, as guarantor and National Founders LP, as buyer.
31.1*	Certificate of Graham A. Fleming, President and Interim Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certificate of Johan Gericke, Chief Financial Officer, pursuant to Section 302 of theSarbanes-Oxley Act of 2002.
32.1**	Certificate of Graham A. Fleming, President and Interim Chief Executive Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certificate of Johan Gericke, Chief Financial Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - this instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.

Exhibit No.	Description
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).
*	Filed herewith.
**	Furnished herewith.

Certain agreements and other documents filed as exhibits to this Form 10-Q contain representations and warranties that the parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to such agreements and may have been qualified by certain information that has been disclosed to the other parties to such agreements and other documents and that may not be reflected in such agreements and other documents. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, there can be no reliance on any such representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of any such representations and warranties may have changed since the date of such agreements and other documents.

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.

Finance of America Companies Inc.

Date:	August 9, 2022	By:	/s/ Johan Gericke
			Johan Gericke
			Executive Vice President and Chief Financial Officer
			(Authorized Signatory and Principal Financial Officer)

Exhibit 10.1

June 20, 2022

Patricia Cook
Via Email

Re: Amendment to RSU Award

Dear Patricia:

You were previously granted 1,307,195 restricted stock units (the "RSUs") by Finance of America Companies Inc. (the "Company") on June 17, 2021 under the Company's 2021 Omnibus Incentive Plan and Amended and Restated UFG Holdings LLC Management Long-Term Incentive Plan (the "A&R LTIP") pursuant to that certain award agreement entered into between you and the Company (the "Award Agreement"). As of the date hereof, 653,599 of the RSUs are unvested (the "Unvested RSUs").

In connection with your retirement from the Company effective June 30, 2022, certain terms and conditions with respect to the RSUs are hereby amended, as set forth below.

1. *RSU Acceleration Benefits*. Notwithstanding anything in the Award Agreement to the contrary, upon termination of your employment other than for Cause (as defined in the Plan) by the Company or by you following appointment of your successor, on June 30, 2022 (such termination, a "Qualifying Termination"), any then-outstanding Unvested RSUs will fully vest upon the Qualifying Termination and shall be settled in accordance with Section 3 of the Award Agreement (and for the sake of clarity, no later than two and a half months following such Qualifying Termination) (the "RSU Acceleration Benefits").

2. *Earn Out Right Benefits*. In addition, notwithstanding anything to the contrary in Section 8.1 of the A&R LTIP, any Earn Out Rights (as defined in the A&R LTIP) which relate to the RSUs shall not automatically be forfeited upon the Qualifying Termination, and such Earnout Rights shall remain eligible to vest as of the occurrence of the applicable Earnout Date (as defined in the A&R LTIP and as described in Section 7.4 of the A&R LTIP), and any vested Earnout Rights shall be settled promptly following such Earnout Date (or if such Earnout Date occurs during a Closed Window (as defined in the A&R LTIP), promptly following the end of such Closed Window) (subject to the terms and conditions set forth in Section 7.4 of the A&R LTIP) (such benefits described herein, the "Earn Out Right Benefits", and, together with the "RSU Acceleration Benefits", the "Retirement Equity Benefits").

3. *Conditions; Restrictive Covenants; Clawback*. Notwithstanding anything herein to the contrary, the Retirement Equity Benefits shall only apply if: (i) you execute the Restrictive Covenant Agreement attached hereto promptly following the date hereof and you remain in full compliance with the Restrictive Covenant Agreement and any other restrictive covenants to which are subject pursuant to any written agreement between you and the Company (or any subsidiary thereof) (collectively, the "Restrictive Covenants"), (ii) you timely execute (and do not revoke) a release of claims in favor of the Company on or following the date of your Qualifying Termination (the "Separation Date"), substantially in the form to be provided to you by the Company, (iii) you continue to be employed through the Separation Date and such Separation Date occurs on or prior to December 31, 2022, and (iv) your employment shall not have been terminated by the Company or a subsidiary for Cause (or by you when grounds for Cause exist). To the extent one or more of the conditions set forth in the immediately prior sentence is not satisfied, you shall forfeit your right to the Retirement Equity Benefits. In addition, in the event you breach any Restrictive Covenants (including those set forth in the Restrictive Covenant Agreement attached hereto), (i) any then-outstanding RSUs, or shares received upon settlement of the RSUs or in connection with the Earn Out Rights (such shares, the "Specified Shares") shall be automatically forfeited without any consideration, and (ii) you shall be required to promptly repay to the Company an amount equal to the aggregate after-tax proceeds (if any) you received upon the sale or other disposition of, or other cash consideration received in respect of, the RSUs and Specified Shares.

Except as specifically described in this letter agreement, the terms and conditions of your Award Agreement remain unchanged and your Award Agreement remains in full force and effect.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

Very truly yours,

Finance of America Companies Inc.

/s/ Graham Fleming
Name: Graham A. Fleming
Its: President

Acknowledged and Agreed:

/s/ Patricia L. Cook
Patricia L. Cook

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE OF ALL CLAIMS

This Confidential Separation Agreement and General Release of All Claims (“Agreement”) is made by and between Finance of America Equity Capital LLC and its affiliates, predecessor, successor, subsidiary and other current or future related companies (collectively, the “Company”) and Patricia L. Cook (“Employee”) (collectively the “Parties”) with respect to the following facts:

1. Separation Date. Employee agrees that Employee’s employment with Company will terminate, effective June 30, 2022 (“Separation Date”), whereupon all benefits and privileges related thereto will cease, except as set forth herein. The Parties acknowledge and agree that neither Party will be required to provide the other Party with a written notice of termination.

2. Separation Payment. In exchange for execution of this Agreement, Employee’s release of claims below, the other promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows: Subject to the terms and conditions of this Agreement, Company shall pay to Employee a total sum of One Million Three Hundred Seventy-Five Thousand Dollars and No Cents ($1,375,000.00), less applicable deductions and withholdings from wages required by law or regulation, and any outstanding premiums due for group health coverage through the Separation Date (the “Separation Payment”). In addition, the Company has agreed to accelerate the vesting of all of Employee’s unvested Restricted Stock Units (“RSU’s”) held by Employee as of the Separation Date, and settle such RSU’s in accordance with the terms of the Amendment to RSU Award Letter dated June 20, 2022 (the “Separation Consideration”).The Separation Payment shall be made within ten (10) business days after the end of the Revocation Period defined below (assuming Company receives the executed Agreement from Employee before the Revocation Period expires). The Separation Consideration shall be settled in accordance with the Amendment to the RSU Award Agreement and Section 3 of the RSU Award Agreement. Employee understands that in order to receive the consideration provided under this paragraph 2, Employee must sign and return this Agreement to employeerelations@financeofamerica.com within 21 days of the Separation Date, and fully comply with its terms. The Separation Payment and Separation Consideration are intended to qualify for the exception set forth in Section 1.409A-1(b)(9) of the Treasury Regulations and shall be interpreted and administered in accordance with this intention.

3. No Other Payments Due. Aside from the Separation Payment, Separation Consideration and salary which will accrue following payroll on June 15, 2022, Employee acknowledges that Employee has been paid all wages or other compensation, including, but not limited to, any incentives or bonuses that Employee has earned or became entitled to during Employee’s employment with Company through the Effective Date. Employee agrees that Employee does not have knowledge of any potential or actual dispute with Company about any unpaid wages, bonus, incentives, or compensation which Employee believes Employee is entitled to, but has not been paid, as of the date Employee executes this Agreement. Employee understands and acknowledges that Employee shall not be entitled to any payments or benefits from Company other than the settlement of the Replacement RSUs and those expressly set forth in paragraph 2.

4. Employee’s General Release of Company. In exchange for Company’s promises set forth herein, Employee, including Employee’s heirs, administrators, executors, spouse, if any, successors, estate representatives, and assigns, and all others claiming by or through Employee, voluntarily and knowingly releases Company, its parent companies, their subsidiaries, divisions, affiliates, related companies, predecessors, successors, partners, members, directors, officers, trustees, employees, independent contractors, consultants, stockholders, owners, attorneys, agents, benefit plans, subrogees, insurers, representatives, and assigns, whether alleged to have acted in their official capacities or personally (collectively, the “Company Released Parties”), completely and forever, from any and all claims, causes of action, suits, contracts, promises, or demands of any kind, which Employee may now have, whether known or unknown, intentional or otherwise, from the beginning of time to the Effective Date of this Agreement, except as specifically excluded below. The Effective Date of this Agreement is the date it is signed by Employee.

This release is intended to have the broadest possible application and includes, but is not limited to, any tort, contract, common law, constitutional or other statutory claims, including, but not limited to, alleged violations of Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Worker Adjustment and Retraining Notification Act, the Uniformed Services Employment and Reemployment Rights Act, the Florida Civil Rights Act – Fla. Stat. §760.01 et seq.; Florida Whistle Blower – Fla. Stat. §448.101 et seq.; Florida Statutory Provision Regarding

Retaliation/Discrimination for Filing a Workers Compensation Claim – Fla. Stat. §440.205; Florida Wage Discrimination Law – Fla. Stat. §448.07; Florida Equal Pay Law – Fla. Stat. §725.07 and Fla. Stat. Ann. §448.07; Florida AIDS Act – Fla. Stat. §110.1125, §381.00 and §760.50; Florida Discrimination on the Basis of Sickle Cell Trait Law – Fla. Stat. §448.075 et seq.; Florida OSHA – Fla. Stat. Ann. §442.018(2); Florida Wage Payment Laws; and any other federal, state or local civil, labor, pension, wage-hour or human rights law, federal or state public policy, contract or tort law; any claim arising under federal or state common law, including, but not limited to, constructive or wrongful discharge or intentional or negligent infliction of emotional distress; and any claim for costs or attorney's fees.

Specifically excluded from Employee's General Release of Company are: (1) claims arising from the Company's obligations in this Agreement; and (2) any claims by Employee for indemnification by the Company for any claims of any third party related to the Employee's alleged acts and omissions during employment in the course and scope of his employment and not arising from fraud or other intentional misconduct.

By signing this Agreement, it is Employee's intent to waive and release all claims and potential claims against the Company Released Parties that can be waived and released under law. Employee understands the release of claims contained in this Agreement does not release rights to benefits that Employee may have under the laws governing COBRA, unemployment benefits, disability insurance, and workers' compensation benefits. Employee further understands that nothing in this Agreement prohibits Employee from asserting rights to any vested benefits to which Employee may be entitled pursuant to the terms of applicable plans or law.

Employee confirms Employee has not informed Company or any of the Company Released Parties of, and is not aware of, any facts that show or lead Employee to believe that there has been (a) a violation of any law, regulation, or contract by Company or any of the Company Released Parties, or (b) conduct by Company or any of the Company Released Parties, or any related holding, parent, or subsidiary entities, or any of their affiliates, employees, directors, officers, executives, agents, attorneys, stockholders, insurers, or investors that, to Employee's knowledge, violates any government regulation, contract, or ethics requirement.

5. Company's General Release of Employee. In exchange for Employee's promises set forth herein, Company, including its parent companies, their subsidiaries, divisions, affiliates, related companies, predecessors, successors, partners, members, directors, officers, trustees, employees, independent contractors, consultants, stockholders, owners, attorneys, agents, benefit plans, subrogees, insurers, representatives, and assigns, whether alleged to have acted in their official capacities or personally, voluntarily and knowingly releases Employee, and Employee's heirs, administrators, executors, spouse, if any, successors, estate representatives, and assigns, and all others claiming by or through Employee (collectively, the "Employee Released Parties"), completely and forever, from any and all claims, causes of action, suits, contracts, promises, or demands of any kind, which Company may now have, whether known or unknown, from the beginning of time to the Effective Date of this Agreement except as specifically excluded below. The Effective Date of this Agreement is the date it is signed by Employee.

Specifically excluded from Company's General Release of Employee Company are: (1) any violation of Employee's restrictive covenants as discussed in Section 11 below; and (2) any claim, cause of action, suit, or demand arising from fraud or intentional misconduct by the Employee Released Parties.

6. **ADEA Release and Revocation Period.** Pursuant to the Older Workers Benefit

Protection Act ("OWBPA"), Employee hereby knowingly and voluntarily agrees to waive and release any right or claim under the Age Discrimination in Employment Act of 1967 ("ADEA") against the Released Parties. In this regard, Employee agrees and warrants that Employee has carefully read and fully understands the provisions of this Agreement, and that Employee is receiving consideration from Company over and above anything of value to which Employee is otherwise entitled. Employee is not waiving or releasing any right or claim that may arise under the ADEA after Employee signs this Agreement. Employee has the right to, and should, consult with an attorney before signing this Agreement.

Employee has twenty-one (21) days from the date Employee received this Agreement to consider it and sign it. If Employee chooses to sign this document, Employee has seven (7) days after signing to change Employee's mind and revoke the Agreement (the "Revocation Period"). If Employee chooses to revoke the Agreement, Employee must deliver a written notice of revocation to employeerelations@financeofamerica.com. Any such revocation must be actually received by Company within the Revocation Period or it will be null and void. Company and Employee agree this Agreement shall not become effective or enforceable until the Revocation Period has expired with no revocation taking place.

7. No Interference with Rights. The Parties agree that nothing in this Agreement shall be construed to limit Employee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local government agency or commission ("Government Agencies"). Further, the Parties agree that this Agreement does not limit Employee's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to Company. However, by signing this Agreement, Employee understands that Employee is waiving Employee's right to receive monetary relief based on claims asserted in any such agency proceeding, except where such a waiver is prohibited, such as Employee's right to receive an award for information provided to any Government Agencies.

8. Ownership of Claims. Employee represents and warrants that Employee is the sole and lawful owner of all rights, title, and interest in and to all released matters, claims, and demands referred to herein. Employee further represents and warrants that there has been no assignment or other transfer of any interest in any such matters, claims, or demands which Employee may have against the Released Parties.

9. Taxes. It is expressly agreed and understood that if the IRS or any other governmental entity or any court of competent jurisdiction determines that taxes, interest and/or penalties are due on all or a part of the Settlement Payment made to Employee as referenced herein, Employee shall be solely responsible for the full payment of such taxes, interest or penalties as may be due from Employee. It is also expressly agreed and understood that Company bears absolutely no responsibility or liability whatsoever with regard to whether all or part of the consideration for this Agreement is determined to be subject to taxation. Employee further agrees to indemnify and hold Company harmless for any liability for any and all taxes, penalties, and/or interest which is or may become due from Company and/or Employee as a result of the tax treatment of the above referenced payment.

10. Non-disparagement. Subject to the "No Interference with Rights" section above, Employee shall not make any disparaging remarks about the Released Parties, verbally or in writing, including, without limitation, posting on LinkedIn, YouTube, Facebook, Twitter, Instagram, Snapchat, TikTok, blogs, or other public forums, or otherwise take any action that could reasonably be anticipated to cause damage to the reputation, goodwill, or business of the Released Parties, or otherwise make remarks that may reflect negatively upon any of the Released Parties. Notwithstanding the foregoing provision, nothing in this Agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful and Employee may testify truthfully pursuant to compulsory process.

11. Other Covenants. Subject to the remainder of this paragraph, the Parties hereby acknowledge and agree that Employee remains subject to certain restrictive covenants that survive termination of employment, including without limitation, those restrictive covenants set forth in that certain Restrictive Covenant Agreement of even date herewith.

12. Duty to Cooperate. Subject to the "No Interference with Rights" section above, Employee agrees to reasonably cooperate with Company: (a) regarding the transition of any business matters Employee handled or had involvement with on behalf of Company; and (b) in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of any of the Released Parties that relate in any way to events or occurrences that transpired while Employee was employed by Company. Employee's cooperation in connection with such claims or actions will include, but not be limited to, being available to meet with Company's counsel to prepare for discovery or any legal proceeding, and to act as a witness on behalf of Company at mutually convenient times. Company will reimburse Employee for all reasonable, pre-approved, out-of-pocket costs and expenses (but not including attorneys' fees, costs, or compensation for time) that Employee incurs in connection with Employee's obligations under this section of the Agreement, to the extent permitted by law.

13. Confidential Information and Return of Company Property. Employee understands and agrees that as a condition of receiving the Separation Payment and Separation Consideration in paragraph 2, all Company property must be returned to Company on or before the Separation Date. By signing this Agreement, Employee represents and warrants that Employee will have returned to Company on or before the Separation Date all Company property, data, and information (including any copies) belonging to Company, and agrees that Employee will not use or disclose to others any confidential or proprietary information of Company or the Released Parties.

Employee further agrees to comply with the continuing obligations regarding confidentiality set forth in the surviving provisions of Company's confidentiality agreements. Further, Employee acknowledges and agrees that incident to Employee's employment with Company, Employee had access to and became familiar with certain proprietary, confidential, and otherwise sensitive information relating to the business or affairs of Company ("Confidential Information"). Nonexhaustive examples of Confidential Information include information not readily available to the public that Company takes reasonable steps to maintain the confidential and proprietary nature thereof, including, without limitation, personnel records, contractor records, sales figures, pricing information, financial records, profit and performance reports, projections, business plans, customer information (including the content, work product, or subject matter of any documents presented to Company by a customer, as well as customer financial information and information of a personal nature about a customer or its employees), customer lists, vendor information (including vendor contracts and costs), promotional methods, techniques and methods of operations, trade secrets, potentially patentable products and processes, information of third parties (including customers) that Company is obligated to keep confidential, and any information Company designates or deems proprietary or confidential.

Employee understands that Employee's employment with Company created a relationship of confidence and trust between Employee and Company with respect to any Confidential Information. In consideration of the Separation Payment and benefits provided in this Agreement and other good and valuable consideration, the sufficiency of which Employee hereby acknowledges, Employee agrees that Employee shall exercise Employee's best efforts to protect Company's Confidential Information. Employee further agrees that Employee will not disclose to any third party, including any prospective or new employer, or use any Confidential Information for Employee's or anyone else's benefit or profit. In the event Employee discloses or uses Confidential Information outside the scope of Employee's employment with Company, Company will be entitled to injunctive relief from a court of competent jurisdiction, in addition to all other available remedies at law or in equity. The purpose of this non-disclosure provision is to protect, to the maximum extent permitted by law, Company's protectable business interests in its Confidential Information. Nothing herein is intended to be or will be construed to prevent, impede, or interfere with Employee's right to respond accurately and fully to any question, inquiry, or request for information regarding Company or Employee's employment with Company when required by legal process, or from initiating communications directly with, or responding to any inquiry from, or providing truthful testimony and information to, any federal, state, or other regulatory authority in the course of an investigation or proceeding authorized by law and carried out by such agency. Employee is not required to contact Company regarding the subject matter of any such communications before engaging in such communications.

The federal Defend Trade Secrets Act of 2016 (the "Act") provides immunity from liability in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company "trade secrets," as defined by the Act. Specifically, Company employees, contractors, and consultants may disclose trade secrets: (1) in confidence, either directly or indirectly, to a federal, state, or local government official, or to an attorney "solely for the purpose of reporting or investigating a suspected violation of law," or (2) "in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Additionally, employees, contractors, and consultants who file lawsuits for retaliation by an employer for reporting a suspected violation of law may use and disclose related trade secrets in the following manner: (1) Employee may disclose the trade secret to Employee's attorney, and (2) Employee may use the information in the court proceeding, as long as Employee files any document containing the trade secret under seal and does not otherwise disclose a trade secret "except pursuant to court order."

Employee understands that the covenants contained in this Section 12 is a material inducement for Company in making this agreement and that, for the breach thereof, will be considered a material breach of this Agreement. Nothing in this agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee have reason to believe is unlawful.

14. Confidentiality. Subject to the "No Interference with Rights" section above, Employee and Employee's attorney and agents agree that the terms of this Agreement, including, without limitation, the amount of the Separation Payment, are to remain strictly confidential and shall not be disclosed unless required by law or the judicial process, as explained below. Notwithstanding the foregoing restriction, Employee may disclose the terms of this Agreement to Employee's spouse, tax and financial advisors, and attorneys, so long as such persons agree to be bound by the confidentiality terms of this Agreement, and to the IRS in response to an inquiry. If any Party sues to enforce the terms of this Agreement, that Party must file it under seal. If Employee is served with a court order, subpoena, or other legal process that calls for disclosure of this Agreement or its terms, Employee shall immediately provide Company with written notice thereof by first class mail and e-mail to: Finance of America Companies, ATTN: Human Resources, 1 West Elm Street, Conshohocken, PA 19428, employeerelations@financeofamerica.com (855) 850-2248, along with a copy of the order, subpoena, or other legal process. The breach of this paragraph shall not affect the continuing validity or enforceability of this Agreement.

15. No Admissions. By entering into this Agreement, Company makes no admission that they have engaged, or are now engaging, in any unlawful conduct. The Parties understand and acknowledge that this Agreement is not an admission of liability and shall not be used or construed as such in any legal or administrative proceeding.

16. Full Defense and Attorney's Fees. This Agreement may be pled as a full and complete defense to and may be used as a basis for an injunction against, any action, suit, or other proceeding that may be prosecuted, instituted, or attempted by Employee in breach hereof. In the event that any Party to this Agreement asserts a claim for breach of this Agreement or seeks to enforce its terms, the prevailing Party in any such proceeding shall be entitled to recover costs and reasonable attorney's fees, to the fullest extent permitted by law.

17. Severability. In the event any provision of this Agreement shall be found unenforceable, the unenforceable provision shall be deemed deleted and the validity and enforceability of the remaining provisions shall not be affected thereby.

18. Applicable Law and Arbitration. This Agreement, in all respects, shall be interpreted, enforced, and governed by and under the laws of the State of Florida without regard to conflict of law principles. For any action involving the validity, interpretation, or enforcement of this Agreement, or for any claim for breach of this Agreement, for damages and for other relief sought under this Agreement, the Parties agree that any such dispute must be submitted to binding arbitration in Naples, Florida before JAMS. The decision of the arbitrator shall be final and binding on the Parties to the arbitration.

19. Medicare Affirmation. Employee affirms, covenants, and warrants Employee is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time the Separation Payment is due under this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if Employee is a Medicare beneficiary, etc.), the following sentences of this paragraph apply. Employee affirms, covenants, and warrants Employee has made no claim for illness or injury against, nor is Employee aware of any facts supporting any claim against, the Released Parties under which the Released Parties could be liable for medical expenses incurred by Employee before or after the execution of this Agreement. Furthermore, Employee is aware of no medical expenses that Medicare has paid and for which the Released Parties are or could be liable, now or in the future. Employee agrees and affirms that, to the best of Employee's knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. Employee will indemnify, defend, and hold the Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights to payment, if any, including attorneys' fees, and Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) *et seq.*

20. Successors and Assigns. It is expressly understood and agreed by the Parties that this Agreement and all of its terms shall be binding upon each Parties' representatives, heirs, executors, administrators, successors, and assigns.

21. Counterparts. This Agreement can be executed in any number of counterparts, each of which shall be effective only upon delivery, and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument for the same effect as if all Parties hereto had signed the same signature page. A facsimile or e-mail copy of any Party's signature is as legally binding as the original signature.

22. Entire Agreement; Modification. This Agreement, including the surviving provisions of any confidentiality and/ornon-disclosure agreements previously executed by Employee and Company, herein incorporated by reference, is intended to be a single, integrated, written contract, expressing the entire agreement between the Parties, and supersedes and cancels any and all other and prior agreements, written or oral, between the Parties regarding this subject matter. The Parties further understand and agree that this Agreement may be amended only by a written instrument executed by all parties hereto.

23. Headings. The headings in each paragraph herein are for convenience of reference only and shall be of no legal effect in the interpretation of the terms hereof.

24. Representations and Warranties. The Parties represent and warrant that: (a) they had the option to consult with counsel of their own choosing prior to executing this Agreement and are relying upon their own or their attorney's judgment, belief, and knowledge with respect to the terms and effect of this Agreement; (b) neither of the Parties are relying on the other Party, or the other Party's attorneys, for any advice or counsel, whether same is legal, tax, or other advice; (c) they have not been induced to enter this Agreement by a statement, action, or representation of any kind or character made by the persons or entities released under this Agreement, or any person or persons representing them, other than those expressly made in this Agreement; (d) they are legally competent to execute this Agreement; (e) they have carefully read and understand this Agreement, and have executed it freely, voluntarily, and without duress; (f) they are fully and completely informed of the facts relating to the subject matter of this Agreement, and all enter into this Agreement voluntarily after having given careful and mature consideration of the making of this Agreement; (g) they fully understand and intend this Agreement to be a full, final, and complete resolution of all matters described herein; and (h) they have actual authority to execute this Agreement.

DATED: June 20, 2022

PATRICIA L. COOK

/s/ Patricia L. Cook

EMPLOYEE SIGNATURE

DATED: June 20, 2022

FINANCE OF AMERICA EQUITY CAPITAL LLC

/s/ Graham Fleming

By: Graham A. Fleming

Its: President

CONSULTING AGREEMENT

This Consulting Agreement (the "Agreement") is entered into as of June 20, 2022, and effective as of July 1, 2022, by and between Finance of America Companies Inc., a Delaware corporation (the "Company"), and Patricia L. Cook, an individual (the "Consultant").

RECITALS

WHEREAS, Consultant possesses certain skills, knowledge, and experience;

WHEREAS, Consultant is bound by certain other agreements and covenants pursuant to the certain Restrictive Covenant Agreement executed by the Company and Consultant on June 20, 2022 (the "Restrictive Covenants");

WHEREAS, without waiver of the Restrictive Covenants, the Company desires to engage Consultant to perform certain services using such skills, knowledge, and experience, and Consultant desires to be so engaged, as an independent contractor; and

WHEREAS, the Company and Consultant desire to enter into the Agreement in order to set forth the terms and conditions under which Consultant will provide such services.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein contained, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Company and Consultant hereby agree as follows:

AGREEMENT

1. Consultant's Services. Consultant shall be available and shall provide to the Company and/or its affiliates (together, the "Company Group") consulting services requested by a member of the Company Group from time to time and as more specifically set forth on Exhibit A hereto ("Consulting Services"). The Company agrees that Consultant shall have ready access to the Company Group's applicable staff and resources as necessary to perform the Consulting Services.

2. Consideration.

a. *Monthly Rate*. In consideration for the Consulting Services to be performed by Consultant under this Agreement during the Term as defined in Section 7 of this Agreement, and provided Consultant is in compliance with all Restrictive Covenants, the Company will pay Consultant at a rate of $25,000/month (the "Monthly Payment"). Payment shall be made on the last day of each month, with the first payment due July 31, 2022. To the extent Company has notified Consultant in writing that it believes in good faith Consultant has violated the terms of one or more of the Restrictive Covenants prior to any payment date, payment of the Monthly Payment may be suspended until the parties have received a final resolution from an arbitrator that Consultant has not violated any Restrictive Covenants.

b. *Expenses*. The Company shall reimburse Consultant for all out of pocket expenses to the extent (i) pre-approved by the Chief Executive Officer in writing (which may be provided via e-mail), (ii) supported by receipts or other documentation, and (iii) incurred in connection with the provision of Consulting Services and in accordance with the Company's Vendor Travel and Expense Policy provided to Consultant from time to time.

3. Independent Contractor. Nothing herein shall be construed to create an employer-employee relationship between the Company (or any other member of the Company Group) and Consultant. Consultant is an independent contractor and not an employee of the Company or any other member of the Company Group. The consideration set forth in Section 2 shall be the sole consideration due Consultant for the Consulting Services rendered hereunder. It is understood that the Company will not withhold any amounts for payment of taxes from the compensation of Consultant hereunder.

Consultant shall be responsible for providing any labor, materials, equipment, transportation, and facilities necessary or appropriate to timely and properly complete the Consulting Services in accordance with the provisions of the Agreement. It is understood that the Company Group may, from time to time, provide certain materials to Consultant in order to perform the Consulting Services, but that any such materials provided shall remain the property of the Company Group. All work product, including data, materials, documentation, computer programs, inventions, patents, ideas, discoveries, products, designs, business methods, picture, audio, and all works of authorship created by

Consultant while retained by Company and within the scope of Consultant's retention by Company, whether or not developed during working hours, shall be considered work for hire by Consultant and owned by Company. The parties understand and agree that, so long as Consultant performs the Consulting Services in accordance with the standards and other provisions set forth herein, Consultant shall control and direct the performance of the Consulting Services and shall perform the Consulting Services in an independent, timely and professional manner.

Consultant represents and warrants to the Company that it is qualified to perform the Consulting Services, and that it is under no obligation to any person, entity or corporation including but not limited to obligations of confidentiality, and has no other interest which is inconsistent or in conflict with this Agreement, or which would in any way prevent, limit or impair the performance of the Consulting Services. Any information Consultant may supply Company or utilize with respect to performing the Consulting Services will have been obtained by Consultant lawfully.

Consultant shall abide by Company's standard workplace, safety and other policies and procedures as Company deems appropriate. Consultant will treat all Company employees, customers, and other affiliates with respect and responsibility.

Consultant shall not be empowered to and shall not enter into any agreement or incur any obligations on behalf of any member of the Company Group, or commit any member of the Company Group in any manner, without the appropriate Company Group member's prior written consent, and Consultant shall indemnify and hold the Company Group harmless from and against any and all expenses, costs and damages that the Company Group may incur as a result of any breach, or alleged breach, of this covenant.

Consultant shall not be eligible to participate in any employee benefit plan, program, or policy sponsored by the Company, or otherwise made available to employees of the Company.

Consistent with Consultant's status as an independent contractor, Company will not provide Consultant with any Company, individual or group insurance policy or any other kind of insurances coverage.

4. Confidentiality. Consultant understands and agrees that in connection with the performance of the Consulting Services hereunder Consultant will acquire information of a proprietary and/or confidential nature relating to the business of the Company Group. Further, Consultant understands and agrees that the Consulting Services may include services performed on behalf of the Company Group for the benefit of a third party with whom a member of the Company Group has contracted to provide services (a "Company Counterparty"), and that, as a result of such arrangement, Consultant will acquire information of a proprietary and/or confidential nature relating to the business of any such Company Counterparty. Consultant hereby expressly agrees to maintain in strictest confidence and not to use in any way (including, without limitation, in any future business relationship of Consultant), publish, disclose, or authorize anyone else to use, publish or disclose in any way, any proprietary, confidential or other non-public information or document of any kind relating in any manner to the business or affairs of (i) the Company Group or (ii) any Company Counterparty. Notwithstanding the foregoing, Consultant may retain such professional files and utilize the forms and other documentation contained therein, provided that such utilization does not violate the foregoing obligation.

5. Assignment of Developments. Consultant agrees to, without additional compensation, promptly make full written disclosure to the Company, and Consultant will hold in trust for the sole right and benefit of the Company, all Developments (as defined below) which Consultant may solely or jointly conceive, create, develop or reduce to practice, or have solely or jointly conceived, created, developed or reduced to practice, or have caused or may cause to be conceived, created, developed or reduced to practice, before or during the term of the Consulting Services, whether or not during regular working hours. "Developments" means all developments, original works of authorship, inventions, concepts, technology, software, know-how, improvements, trade secrets, and similar proprietary rights recognized in any jurisdiction, whether or not patentable or registrable under patent, copyright or similar laws, provided, that they (i) related or relate at the time of conception, development, or reduction to practice to the Consulting Services, or the actual or anticipated research or development of the Company or any affiliate thereof; (ii) resulted or result from or relate to any work performed for the Company or any affiliate thereof; or (iii) were or are developed through the use of equipment, supplies, or facilities of the Company or any affiliate thereof, or any Confidential Information or any intellectual property rights of the Company, or in consultation with personnel of the Company or any affiliate thereof. Consultant further acknowledges that all Developments made by Consultant (solely or jointly with others) within the scope of and during the term of the Consulting Services were or are "works made for hire" (to the greatest extent permitted by applicable law) for which Consultant is, in part, compensated by Consultant's base consideration, unless regulated otherwise by law, but that, in the event any such Developments are deemed not to be a work made for hire, Consultant agrees to assign, and hereby does assign, all rights, title and interest in and to such Developments, including all related intellectual property rights worldwide, whether such Developments

were or are conceived, created, developed or reduced to practice in the past, present or future, to the Company, or its designee. If any Developments cannot be assigned or otherwise did or do not vest in the Company, Consultant hereby grants to the Company an exclusive, assignable, irrevocable, perpetual, worldwide, sublicenseable (through one or multiple tiers), royalty-free, unlimited license to use, make, modify, sell, offer for sale, reproduce, distribute, create derivative works of, publicly perform, publicly display and digitally perform and display such work in any media now known or hereafter known. Outside the scope of the Consulting Services, whether during or after the term of the Consulting Services with the Company or any affiliate thereof, Consultant agrees not to (i) modify, adapt, alter, translate, or create derivative works from any such work of authorship or (ii) merge any such work of authorship with other Developments. To the extent rights related to paternity, integrity, disclosure, and withdrawal of Developments (collectively, "Moral Rights") may not be assignable under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, Consultant hereby irrevocably waives such Moral Rights and consents to any action of the Company that would violate such Moral Rights in the absence of such consent.

6. Intellectual Property Registrations. Consultant agrees to assist the Company, or its designee, at Company's cost and expense, in every way to secure the rights of the Company in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights, and all other intellectual property rights in any jurisdiction worldwide (the "Intellectual Property Registrations") relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that the Company will deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. Consultant further agrees that Consultant's obligation to execute or cause to be executed, when it is in Consultant's power to do so, any such instrument or papers will continue after the term of the Consulting Services until the expiration of the last such intellectual property right to expire in any country of the world. If the Company is unable because of Consultant's mental or physical incapacity or unavailability for any other reason to secure Consultant's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to the Company as above, then Consultant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Consultant's agent and attorney-in-fact to act for and in Consultant's behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance, and transfer of letters patent or registrations thereon with the same legal force and effect as if originally executed by Consultant. Consultant hereby waives and irrevocably quitclaims to the Company any and all claims, of any nature whatsoever, that Consultant now or hereafter have for past, present, or future infringement of any and all proprietary rights assigned to the Company.

7. Term. This Agreement shall commence on July 1, 2022 and shall terminate on December 31, 2022, unless otherwise terminated earlier by the Company (the "Term"). Company may terminate this Agreement at any time with or without cause. Upon termination of this Agreement by Company, Consultant shall be entitled to receive any compensation which is accrued and payable under the terms of this Agreement and any expenses incurred and properly reported under the terms of this Agreement, which are unpaid as of the date of termination. For the avoidance of doubt, to the extent this Agreement is terminated by the Company prior to any month end, the Consultant shall be entitled to receive the entire Monthly Payment for such month in which the termination occurred.

If Consultant terminates the Agreement, Consultant shall provide reasonable notice of thirty days

("Notice Period"). Company will pay Consultant all amounts due to the end of the Notice Period.

8. Taxes, Liabilities and Assessments. It is understood that Consultant shall be solely responsible for the full and timely payment of any and all taxes, liabilities, and assessments of any kind in any way arising out of or relating to Consultant's receipt of compensation relating to the Agreement or the performance of Consulting Services under the Agreement, including without limitation, social security, unemployment insurance, gross receipts taxes, withholding taxes, workmen's compensation insurance, and income taxes. Consultant hereby agrees to fully and timely comply with all federal, state, and local laws, regulations, and rules relating to such taxes, liabilities, and assessments, and will furnish, upon request by the Company, satisfactory evidence of such compliance. Consultant agrees further to indemnify and hold the Company, its affiliates and their respective directors, managers, officers, employees and agents, harmless from any breach by Consultant of the provisions hereof.

9. Waiver. The waiver by either party of a breach or default of any of the provisions of this Agreement by the other party shall not be construed as a waiver of any succeeding breach or default of the same and any other provision of this Agreement, nor shall any delay or omission on the part of either party to exercise or avail itself of any right, power or privilege that it has or may have hereunder operate as a waiver of any breach or default.

10. Severability. If any provision or portion of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions or portions shall remain in full force and effect. Furthermore, if the scope of any provision of this Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its maximum extent, then such provision shall be enforced to the maximum extent permitted by law.

11. Governing Law. This Agreement will be governed and interpreted in accordance with the laws of the State of Florida, without giving effect to its principles of conflicts of law.

12. Arbitration. Company and Consultant agree to use reasonable, good faith efforts to attempt to resolve, as promptly as possible, any and all disputes arising from this Agreement. In the event that any disagreement or dispute should arise concerning this Agreement or the enforcement of the rights of either party, then the parties agree to waive trial by jury and agree that the exclusive method for resolution of any dispute shall be by JAMS arbitration in Naples, Florida before an arbitrator mutually selected by the parties, which decision shall be final and binding on the parties. Each party shall bear its own fees, costs, and expenses, and all fees owed to JAMS will be split equally between the parties.

13. Assignment. Consultant may not assign, transfer, subcontract or delegate any right or obligation under this Agreement without prior written consent of the Company. The Company may freely assign this Agreement in whole or in part.

14. No Publicity. Consultant shall not, without the prior written consent of Company, use the Company's name in any advertising or promotional literature or publish any articles relating to the Company, this Agreement, or the Consulting Services and shall not otherwise refer to the retention of Consultant or the rendering of the Consulting Services hereunder.

15. Notices. All notices shall be in writing and deemed effective when received by either email, registered certified mail, or overnight mail, at the address of the party to be notified.

16. Complete Agreement. This Agreement, together with the Restrictive Covenants, to the extent explicitly incorporated herein by reference, contain the entire agreement between the parties hereto with respect to the matters covered herein. No other agreements, representations, warranties or other matters, oral or written, purportedly agreed to or represented by or on behalf of Consultant by any of its agents, or contained in any sales materials or brochures, shall be deemed to bind the parties hereto with respect to the subject matter hereof. Consultant acknowledges that it is entering into the Agreement solely on the basis of the representations contained herein.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first above written.

COMPANY:

Finance of America Companies Inc.

By: /s/ Graham Fleming
Name: Graham A. Fleming
Title: President

CONSULTANT:

/s/ Patricia L. Cook
Patricia L. Cook

EXHIBIT A

CONSULTING SERVICES

Consultant will be available to provide consulting services to the Company's Chief Executive Officer related to enterprise-wide strategic initiatives and provide additional advisory services as requested by the Company's Chief Executive Officer on an as-needed basis for a maximum of sixty hours a month. On the last day of each month, Consultant will provide a report to Company's Chief Executive Officer with the hours worked and a description of duties performed.

Consultant primarily will provide services from her location via remote means. If Consultant is requested to travel to fulfill her duties under this Agreement, it will be based on Consultant's availability subject to reasonable advance notice. Any travel expenses will be reimbursed by the Company.

RESTRICTIVE COVENANT AGREEMENT

The promises and obligations as set forth in this Restrictive Covenant Agreement ("**Agreement**") have been made by Patricia L. Cook ("**Employee**") in exchange for good and valuable consideration provided by Finance of America Companies Inc. ("**FOA**"), including certain compensatory equity benefits.

Section 1. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in Appendix A, attached hereto.

Section 2. General. Employee acknowledges and recognizes the highly competitive nature of the business of the Company Group, that access to Confidential Information renders Employee special and unique within the industry of the Company Group, and that Employee will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, contributors and strategic partners of the Company Group during the course of and as a result of Employee's employment with or services to the Company Group. Employee recognizes and acknowledges that the restrictions and limitations set forth in this Agreement are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group.

Section 3. Confidential Information.

(a) Employee acknowledges that, during Employee's employment with the Company Group, Employee will have access to information about the Company Group and that Employee's employment or service with the Company Group shall bring Employee into close contact with Confidential Information. In recognition of the foregoing, Employee agrees, at all times during Employee's employment or service with the Company Group and thereafter, to hold in confidence, and not to use, or to disclose to any Person without written authorization of FOA, any Confidential Information.

(b) Nothing in this Agreement shall prohibit or impede Employee from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "**Governmental Entity**") with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law. Employee understands and acknowledges that an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

Section 4. Assignment of Intellectual Property.

(a) Employee agrees that Employee will, without additional compensation, promptly make full written disclosure to FOA, and will hold in trust for the sole right and benefit of the Company Group all developments, original works of authorship, inventions, concepts, know-how, improvements, trade secrets, and similar proprietary rights, whether or not patentable or registrable under copyright or similar laws, which Employee may (or has previously) solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during Employee's employment or service with the Company Group, whether or not during regular working hours, provided they either (i) relate at the time of conception or reduction to practice of the invention to the business of the Company Group, or actual or demonstrably anticipated research or development of the Company Group; (ii) result from or relate to any work performed for the Company Group; or (iii) are developed through the use of equipment, supplies, or facilities of the Company Group, or any Confidential Information, or in consultation with employees or contractors of the Company Group (collectively referred to as "**Developments**"). Employee further acknowledges that all Developments made by Employee (solely or jointly with others) within the scope of and during Employee's employment with or provision of services to the Company Group are "works made for hire" (to the greatest extent permitted by applicable law) for which Employee is, in part, compensated by Employee's base salary, unless regulated otherwise by law, but that, in the event any such Development is deemed not to be a work made for hire, Employee hereby assigns to FOA, or its designee, all Employee's right, title, and interest throughout the world in and to any such Development.

(b) Employee agrees to assist FOA, or its designee, at FOA's expense, in every way to secure the rights of the Company Group in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights, moral rights, and other intellectual property rights relating thereto in any and all countries, including the disclosure to FOA of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that FOA shall deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to the Company Group the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. Employee further agrees that Employee's obligation to execute or cause to be executed, when it is in Employee's power to do so, any such instrument or papers shall continue after the termination of Employee's employment or service with the Company Group until the expiration of the last such intellectual property right to expire in any country of the world; *provided*, *however*, FOA shall reimburse Employee for Employee's reasonable expenses incurred in connection with carrying out the foregoing obligation. If FOA is unable because of Employee's mental or physical incapacity or unavailability for any other reason to secure Employee's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to any member of the Company Group, then Employee hereby irrevocably designates and appoints FOA and its duly authorized officers and agents as Employee's agent and attorney in fact to act for and in Employee's behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance, and transfer of letters patent or registrations thereon with the same legal force and effect as if originally executed by Employee. Employee hereby waives and irrevocably quitclaims to FOA any and all claims, of any nature whatsoever, that Employee now or hereafter has for past, present, or future infringement of any and all proprietary rights assigned to FOA.

Section 5. Non-Competition. Employee shall not, directly or indirectly, during Employee's employment with the Company Group, and for the Post-Termination Non-Competition Period following the termination of Employee's employment for any reason, engage in, have any equity interest in, manage, provide services to or operate (including, but not limited to, as a sole proprietor, owner, employer, principal, director, investor, joint venturer, shareholder, associate, employee, member, consultant, contractor or otherwise) any Competitive Business or any of the affiliates, related entities, successors or assigns of any Competitive Business; *provided however*, that with respect to the equity of any Competitive Business which is or becomes publicly traded, Employee's ownership as a passive investor of less than 2% of the outstanding publicly traded stock of a Competitive Business shall not be deemed a violation of this Agreement.

Section 6. Non-Solicitation.

(a) *Clients.* During both Employee's employment with the Company Group and the Post-Termination Non-Solicitation Period, Employee shall not (i) solicit, or assist any other individual, person, firm or other entity in soliciting, the business of any Client for or on behalf of an existing or prospective Competitive Business; (ii) perform, provide or assist any other individual, person, firm or other entity in performing or providing, services similar to those provided by the Company Group for any Client or; or (iii) impede or otherwise interfere with or damage (or attempt to impede or otherwise interfere with or damage) any business relationship and/or agreement between the Company Group and a Client. For purposes of this Section 6(a), "solicit" shall mean to have any direct or indirect communication of any kind whatsoever, regardless of whom initiated, inviting, advising, encouraging or requesting any individual, person, firm or other entity, in any manner, to take or refrain from taking any action.

(b) *Employees/Former Employees.* Employee shall not, directly or indirectly, during Employee's employment with the Company Group, and for the Post-Termination Non-Solicitation Period, solicit, employ, engage or retain, or assist any other individual, person, firm or other entity in soliciting, employing, engaging or retaining, any employee or other individual service provider of the Company Group, including without limitation any former employee or other individual service provider of the Company Group who ceased working for the Company Group within the twelve-month period immediately preceding or following the date on which Employee's employment with the Company Group terminated. For purposes of this Section 6(b), "solicit" shall mean to have any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any individual, person or entity, in any manner, to terminate their employment or business relationship with the Company Group, or recommending or suggesting (including by identifying a person or entity to a third party) that a third party take any of the foregoing actions.

Section 7. Non-Disparagement. Employee agrees that, during and at any time after Employee's employment or service with the Company Group, Employee will not, directly or indirectly, make any statement (directly or through Employee's representatives) that is intended to become public, or should reasonably be expected to become public, and that criticizes, ridicules, disparages or is otherwise derogatory of any member of the Company Group or their respective employees, officers, directors, or equity holders; provided, that the limitations set forth in this Section 7 shall not apply in respect of any statement that is required to be made by applicable law and/or is the type of communication described in Section 3(b).

Section 8. Return of Property and Documents. In the event of the termination of Employee's employment with the Company Group for any reason, Employee shall deliver to FOA (and will not keep in Employee's possession, recreate, or deliver to anyone else) any and all Confidential Information and all other documents, materials, information, and property developed by Employee during Employee's employment with the Company Group otherwise belonging to the Company Group as well as other property of the Company Group including computer equipment, mobile telephones, security access passes. Further, after the termination of Employee's employment for any reason, Employee shall not use or access any subscriptions, databases or other services that are subscribed to by the Company Group using credentials associated with the Company Group's subscription, nor shall Employee share any of the Company Group's credentials or passwords with any person at any time.

Section 9. Independence; Severability. Each of the rights enumerated in this Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company Group at law or in equity. If any of the provisions of this Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Agreement, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, each of the Company Group and Employee agree that the court making such determination shall have the power to reduce the duration, scope, and/or area of such provision to the maximum and/or broadest duration, scope, and/or area permissible by law, and in its reduced form said provision shall then be enforceable.

Section 10. Arbitration; Injunctive Relief. Employee agrees that any dispute with respect to this Agreement shall be finally settled by arbitration conducted by a single arbitrator in Naples, Florida in accordance with the then-existing JAMS Employment Arbitration Rules and Procedures. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty days of the receipt of the request for arbitration, JAMS shall make the appointment. Employee expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions set forth in this Agreement may result in substantial, continuing, and irreparable injury to the Company Group. Therefore, Employee hereby agrees that, in addition to any other remedy that may be available to the Company Group, the Company Group shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Agreement. Notwithstanding any other provision to the contrary, Employee acknowledges and agrees that the calculation of the Post-Termination Non-Competition Period and/or the Post-Termination Non-Solicitation Period shall be tolled during any period of violation of any of the covenants in this Agreement and during any other period required for litigation during which the Company Group seeks to enforce such covenants against Employee if it is ultimately determined that Employee was in breach of such covenants. For the avoidance of doubt, Employee is required to comply with all such covenants during the time period that any such litigation is taking place.

Section 11. Disclosure of Agreement. As long as it remains in effect, Employee will disclose the existence of this Agreement to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such person or entity. For the avoidance of doubt, FOA and Employee agree that a copy of the provisions set forth in Sections 3 through 7 and Appendix A may be disclosed to the Employee's prospective future employer upon request in connection with Employee's application for employment.

Section 12. Section Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 13. Entire Agreement. This Agreement, together with Appendix A attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the subject matter herein and merges all prior discussions between the parties. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement. Notwithstanding anything contained in this Section 13 to the contrary, in the event that Employee is subject to similar restrictive covenants contained in any employment, director, consulting or similar agreement the Company Group ("**Other Covenants**"), the covenants contained in this Agreement shall be in addition to, and not in lieu of, any such Other Covenants, and enforcement by the Company Group of the covenants contained in this Agreement shall not preclude the Company Group from enforcing such Other Covenants in accordance with their terms.

Section 14. Governing Law. THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF FLORIDA, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS.

Section 15. Survival of Operative Sections. This Agreement shall survive any termination of Employee's employment with the Company Group for any reason to the extent necessary to give effect to the provisions thereof.

Section 16. Successors and Assigns. This Agreement will be binding upon Employee's heirs, executors, administrators, and other legal representatives and will be for the benefit of the Company Group, its successors, and its assigns. Employee expressly acknowledges and agrees that this Agreement may be assigned by FOA without Employee's consent to any affiliate of FOA as well as any purchaser of all or substantially all of the assets or stock of FOA, whether by purchase, merger, or other similar corporate transaction.

[Signature Page Follows]

IN WITNESS WHEREOF, I hereby execute this Agreement as of June 20, 2022:

/s/ Patricia L. Cook

Patricia L. Cook

Date: June 20, 2022

APPENDIX A
Definitions

"Business" shall mean residential mortgage lending including (i) traditional mortgage loans and reverse mortgage loans to consumers and business purposes loans to residential real estate investors as well as unsecured personal loans to consumers. The Company Group also offers a range of ancillary products and services for residential real estate lending such as title insurance and settlement services, appraisal management, valuation and brokerage services or any other business activities conducted by the Company Group during Employee's employment with or provision of services to the Company Group and any other businesses that the Company Group has demonstrable plans to engage in, of which the Employee has or should reasonably be expected to have knowledge.

"Client" shall mean any current or prospective client, customer, licensee, supplier, or other business relation of the Company Group, or any such relation that was a client, customer, licensee or other business relation within the prior six (6) month period, with respect to whom Employee, individuals reporting to Employee or individuals over whom Employee had direct or indirect responsibility, received Confidential Information about, or had personal contact or dealings on the Company Group's behalf during Employee's employment with or provision of services to the Company Group.

"Company Group" means FOA together with any of its direct or indirect subsidiaries.

"Competitive Business" means any Person or business that engages in any business, directly or indirectly (through a subsidiary or otherwise), which competes with the Business within the United States of America or any other jurisdiction in which any member of the Company Group engages in business derives a material portion of its revenues or has demonstrable plans to commence business activities in.

"Confidential Information" shall mean information that the Company Group has or will develop, acquire, create, compile, discover, or own, that has value in or to the business of the Company Group that is not generally known and that the Company Group wishes to maintain as confidential. Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products, research, or development of the Company Group, or to the Company Group's technical data, trade secrets, or know-how, including, but not limited to, research, plans, or other information regarding the Company Group's products or services and markets, customer lists, and customers (including, but not limited to, customers of the Company Group on whom Employee called or with whom Employee may become acquainted during Employee's employment with or provision of services to the Company Group), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company Group either directly or indirectly in writing, orally, or by drawings or inspection of premises, parts, equipment, or other Company Group property. Notwithstanding the foregoing, Confidential Information shall not include any of the foregoing items that have become publicly and widely known through no unauthorized disclosure by Employee or others who were under confidentiality obligations as to the item or items involved.

"Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

"Post-Termination Non-Competition Period" shall mean the period commencing on the date of termination of Employee's employment with the Company Group for any reason and ending on April 1, 2024 (which is the date Employee's RSU Award would have fully vested had Employee remained employed through such date).

"Post-Termination Non-Solicitation Period" shall mean the period commencing on the date of termination of Employee's employment with the Company Group for any reason and ending on April 1, 2024 (which is the date Employee's RSU Award would have fully vested had Employee remained employed through such date).

"RSU Award" means the restricted stock units granted to Employee on June 17, 2021 by FOA under the FOA 2021 Omnibus Incentive Plan.

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) it is the type of information that the issuer both customarily and actually treats as private and confidential.

EXECUTION

PAYOFF AND TERMINATION LETTER

June 17, 2022

National Founders LP
P.O. Box 1073
Wilmington, Delaware 19899

General Counsel
3715 Davinci Court, Suite 200
Norcross, GA 30092
Email: General.Counsel@credigy.net

RE: Payoff and Termination of Master Repurchase Agreement Ladies and Gentlemen:

Reference is made to that certain Master Repurchase Agreement, dated as of March 18, 2020 (as amended by that certain First Amendment to Master Repurchase Agreement, dated as of July 30, 2020, that certain Amendment No. 2 to Master Repurchase Agreement, dated as of October 21, 2020, that certain Amendment No. 3 to Master Repurchase Agreement, dated as of March 19, 2021, that certain Amendment No. 4 to Master Repurchase Agreement, dated as of September 17, 2021, that certain Amendment No. 5 to Master Repurchase Agreement, dated as of November 19, 2021, and that certain Amendment No. 6 to Master Repurchase Agreement, dated as of March 18, 2022, the "Agreement"), among NATIONAL FOUNDERS LP (the "Buyer"), PACO CROP LOANS LLC (the "Seller"), FACO CROP LOAN FINANCING TRUST Cl (the "Trust Subsidiary") and, with respect to Amendment No. 2 to Master Repurchase Agreement, Amendment No. 3 to Master Repurchase Agreement, Amendment No. 4 to Master Repurchase Agreement, Amendment No. 5 to Master Repurchase Agreement and Amendment No. 6 to Master Repurchase Agreement, FINANCE OF AMERICA MORTGAGE LLC, as successor-in-interest to FINANCE OF AMERICA COMMERCIAL LLC, as guarantor (the "Guarantor"). Capitalized terms used in this letter agreement (this "Payoff Letter") but not elsewhere defined herein shall have the respective meanings ascribed to such terms in the Agreement.

1. Notice of Payment in Full and Termination. The Buyer is hereby notified that (i) the Seller will repurchase the Purchased Assets from Buyer, (ii) the Trust Subsidiary will transfer the Contributed Crop Loans to the Seller, and (iii) and the Seller Parties and the Guarantor will pay or otherwise satisfy all Obligations due and owing to the Buyer pursuant to the Agreement and the other Transaction Documents, including paying the Repurchase Price, on June 17, 2022 by 5:00 p.m. Eastern Time (the "Payoff Date"). The Seller hereby acknowledges and agrees that the Buyer shall have no further obligation to make any Crop Loan Advances under the Agreement on or after the Payoff Date.

2. Payoff Amount. This Payoff Letter confirms that the total amount necessary to satisfy the Obligations owing to the Buyer under the Agreement and the other Transaction Documents as of the Payoff Date will be $3,536,989.76 (the "Payoff Amount") if the Payoff occurs on or before the Payoff Date, it being understood that the Payoff Date shall end at 5:01 p.m. Eastern Time on June 17, 2022.

The receipt by the Buyer of the Payoff Amount is referred to herein as the 'Payoff." If the Payoff does not occur on or prior to the Payoff Date, then all of the provisions of this Payoff Letter shall be null and void and of no further force or effect, and, as such, all Obligations shall remain due and payable in accordance with their terms, and the Buyer, the Seller, the Trust Subsidiary and the Guarantor shall be restored to their respective positions as if the notice of payment in full of the Obligations set forth in Section 1 above had not been given or this Payoff Letter had not been executed.

3. Manner of Payment of Payoff Amount. The Payoff must be made by wire transfer of immediately available funds in accordance with the funds flow memo attached hereto as Exhibit A.

4. Effect of Timely Payment; Release of Liens. Subject to Section 7 hereof, this Payoff Letter confirms that if the Payoff occurs on or before the Payoff Date, then:

(a) the Obligations owing by the Seller Parties and the Guarantor to the Buyer arising under the Agreement and the other Transaction Documents are released, discharged, and satisfied in full, including, but not limited to the Obligations set forth in Section 8(b) and Section 8(c) of the Agreement;

(b) the ownership interests of the Buyer in the Purchased Assets and any other Repurchase Assets, and any Liens and security interests held by the Buyer in the Purchased Assets and any other Repurchase Assets pursuant to the Agreement and the other Transaction Documents, are released, discharged and terminated and, to the extent applicable, the assets and property subject thereto are hereby reassigned and/or reconveyed to the Seller. The Buyer shall file or cause to be filed such UCC termination statements pertaining to such Liens or otherwise to evidence such release;

effect; and

(c) the Agreement and the Guaranty are terminated and of no further force or

(d) any requirement for notice (whether written or oral) and any other condition to be satisfied or action required to be taken in connection with the repurchase of the Purchased Assets, payment of the Obligations and the termination of the Agreement and the Guaranty is hereby waived or shall be deemed to have been satisfied.

5. Seller Acknowledgements. The Seller acknowledges and agrees that:

(a) the obligation to pay the Payoff Amount is an enforceable obligation of the Seller payable to the Buyer pursuant to the provisions of the Agreement without any deduction, offset, defense or counterclaim; and

(b) upon receipt of the Payoff Amount as of the Payoff Date, the Buyer shall have no further (i) commitment to purchase assets or provide loans or other financial accommodations under the Agreement, and (ii) obligation, duty or responsibility under the Agreement or any other document or agreement executed and/or delivered in connection therewith.

Further Actions by the Buyer. Promptly, upon receipt of the Payoff Amount on or before the Payoff Date, Buyer shall deliver (or release from escrow) (1) written notice of the termination of the Deposit Account Control Agreements dated as of October 21, 2020 (the "WAB Deposit Account Control Agreements"), by and among Buyer, Seller, Trust Subsidiary and Western Alliance Bank, pursuant to Section 10 of the WAB Deposit Account Control Agreements,

6. (2) written notice of the termination of the Deposit Account Control Agreement dated as of March 18, 2020 (the "KeyBank Deposit Account Control Agreement"), by and among Buyer, Seller, Trust Subsidiary, KeyBank National Association, and FarmOp Capital, LLC, pursuant to Section 9 of the KeyBank Deposit Account Control Agreement, and (3) written notice of the termination of the Custodial Agreement dated as of March 18, 2020 (as amended, the "Custodial Agreement"), by and among Buyer, Seller, Trust Subsidiary, and U.S. Bank National Association pursuant to Section 10(c) of the Custodial Agreement.

Following the Payoff Date, the Buyer shall take such other actions and execute such other instruments as may be reasonably necessary to terminate any agreements or instruments or otherwise release any liens or obligations relating to the Agreement, any costs of which shall be borne by the Seller and/or the Trust Subsidiary.

The Buyer agrees that following the Payoff Date, the Seller and the Guarantor may take such actions as may be reasonably necessary to wind up and terminate the Trust Subsidiary, and the Buyer shall take such other actions and execute such other instruments as may be reasonably requested in order to effect the winding up and termination of the Trust Subsidiary.

The Buyer agrees that promptly following receipt of the Payoff Price, it shall provide written confirmation to the Seller, the Trust Subsidiary and the Guarantor that it has received the Payoff Price and that the Payoff has occurred on or prior to the Payoff Date.

Survival. Notwithstanding (i) the termination of the Agreement upon Buyer's receipt of the Payoff Amount and (ii) satisfaction of the Obligations as set forth in this Payoff Letter, all obligations of the Seller under the Agreement which by their terms are specifically intended to survive the termination of the Agreement shall continue in full force and effect. The Seller acknowledges and agrees that (a) its obligations and liabilities under the Transaction Documents shall be reinstated with full force and effect if, at any time on or after the date the Buyer receives the Payoff Amount, all or any portion of the Payoff or any other amounts applied by the Buyer to the Obligations is voided or rescinded or must otherwise be returned by the Buyer to the Seller upon the Seller's insolvency, bankruptcy or reorganization or otherwise, and (b) to the extent that any payments or proceeds (or any portion thereof) received by the Buyer shall be subsequently invalidated, declared to be preferential, fraudulent, or a fraudulent conveyance, set aside or required to be repaid to a trustee, receiver, debtor-in-possession or any other party under any bankruptcy or insolvency law, state or federal law, common law or equitable cause, then to the extent that any such payments or proceeds are rescinded or must otherwise be restored by

7. Buyer, whether as a result of any bankruptcy or insolvency proceeding or otherwise, the Obligations or the part thereof which were intended to be satisfied by any such payment or proceeds shall be revived and continue to be in full force and effect, as if such payments or proceeds had never been received by the Buyer, and this Payoff Letter shall in no way impair the claims of the Buyer with respect to the revived Obligations.

8. Governing Law. This Payoff Letter will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflict of laws principles thereof (other than Sections 5-1401 and 5-1402 of the New York General Obligation Law).

9. Entire Agreement. This Payoff Letter constitutes the entire understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

10. Effectiveness. This Payoff Letter shall not be deemed effective unless it has been executed by the Buyer, the Seller, the Trust Subsidiary and the Guarantor. As noted in Section 2 above, this Payoff Letter shall be null and void and of no further force or effect, and, as such, the Agreement and the other Transaction Documents shall continue in full force and effect, all Obligations shall remain due and payable in accordance with their terms, and the parties shall be restored to their respective positions as if the notice of payment in full of the Obligations set forth in Section 1 above had not been given, if the Payoff does not occur on or before the Payoff Date.

11. Counterparts; Electronic Signatures. This Payoff Letter may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed signature page of this Payoff Letter by facsimile transmission or in a pdf or similar electronic file shall be effective as delivery of a manually executed counterpart hereof. The parties agree that this Payoff Letter 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, 15 U.S.C. §7001 et seq, Official Text of the Uniform Electronic Transactions Act as approved by the National Conference of Commissioners on Uniform State Laws at its Annual Conference on July 29, 1999 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.

[Remainder of this page intentionally left blank; signature page follows

Please acknowledge your acceptance of, and agreement to, the foregoing terms and conditions by executing this Payoff Letter where indicated below.

Very truly yours,

FACO CROP LOANS LLC, as the Seller

By: /s/ Robert Conway
Name: Robert Conway
Title: Treasurer

FACO CROP LOAN FINANCING TRUST Cl, as Trust Subsidiary

By: FACO Crop Loans LLC, as its Administrator

By: /s/ Robert Conway
Name: Robert Conway
Title: Treasurer

FINANCE OF AMERICA MORTGAGE LLC, as Guarantor

By: /s/ Robert Conway
Name: Robert Conway
Title: Treasurer

Accepted and Agreed:

NATIONAL FOUNDERS LP, as the Buyer

By: /s/ Brett M. Samsky
Name: Brett M. Samsky Title: CEO

EXHIBIT A

Wiring Instructions:

Bank: [***]

Bank Address: [***]
[***]

Account Name: [***]

Routing Number: [***]

(if remitting by wire):

Routing Number [***]

(if remitting by ACH):

Account No.: [***]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Graham A. Fleming, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 of Finance of America Companies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financing reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financing reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2022

/s/ Graham A. Fleming
Graham A. Fleming
President and Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Johan Gericke, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 of Finance of America Companies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financing reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financing reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2022

/s/ Johan Gericke
Johan Gericke
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Finance of America Companies Inc. (the “Company”) for the quarterly period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Graham A. Fleming, President and Interim Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2022

/s/ Graham A. Fleming
Graham A. Fleming
President and Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Finance of America Companies Inc. (the “Company”) for the quarterly period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Johan Gericke, Executive Vice President, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2022

/s/ Johan Gericke
Johan Gericke
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)