

---

---

**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 September 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)

5830 Granite Parkway,  
Suite 400, Plano, Texas

(Address of Principal Executive Offices)

85-3474065

(I.R.S. Employer Identification No.)

75024

(Zip Code)

(877) 202-2666

Registrant's telephone number, including area code

**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 x No o

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 x No o

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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 November 7, 2022, there were issued and outstanding 62,962,573 shares of the registrant's Class A Common Stock, par value \$0.0001, and 15 shares of the registrant's Class B Common Stock, par value \$0.0001.

Finance of America Companies Inc. and Subsidiaries  
Quarterly Report on Form 10-Q  
Table of Contents

---

	<u>Page</u>
<b><u>PART I - Financial Information</u></b>	
Item 1. Financial Statements	<a href="#">6</a>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<a href="#">74</a>
Item 3. Quantitative and Qualitative Disclosures about Market Risk	<a href="#">118</a>
Item 4. Controls and Procedures	<a href="#">120</a>
<b><u>PART II - Other Information</u></b>	
Item 1. Legal Proceedings	<a href="#">123</a>
Item 1A. Risk Factors	<a href="#">123</a>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<a href="#">123</a>
Item 3. Defaults Upon Senior Securities	<a href="#">123</a>
Item 4. Mine Safety Disclosures	<a href="#">124</a>
Item 5. Other Information	<a href="#">124</a>
Item 6. Exhibits and Financial Statement Schedules	<a href="#">125</a>
Signatures	<a href="#">127</a>

**Part I - Financial Information**

## Forward-Looking Statements

This report 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 quarter are not necessarily indicative of the results that maybe expected for the full year or 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. All subsequent written and oral forward-looking statements concerning the Company or other matters and attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. A number of important factors exist that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- the possibility that the Company may be adversely affected by other economic, business and/or competitive factors in our business markets worldwide financial markets;
- the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors in our business markets and worldwide financial markets;
- our ability to obtain sufficient capital and liquidity to meet the financing and operational requirements of our business; our ability to comply with our debt agreements and pay down our substantial debt;
- our Resource Optimization Plan and its expected benefits, anticipated cost savings, financial and accounting impact, and timing;
- our ability to manage disruptions in the secondary home loan market, including the mortgage-backed securities market;
- our ability to finance and recover costs of our reverse servicing operations;
- our ability to manage changes in our licensing status, business relationships, or servicing guidelines with Fannie Mae, Freddie Mac and Ginnie Mae or other governmental entities;
- economic, finance and public health disruptions caused by the COVID-19 pandemic and its unique challenges to our business, which 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 ability to respond to significant changes in prevailing interest rates; our geographic market concentration if the economic conditions in our current markets should decline or as a result of natural disasters;
- our use of estimates in measuring or determining the fair value of the majority of our assets and liabilities, which may require us to write down the value of these assets or write up the value of these liabilities if they prove to be incorrect;
- the engagement of our Lender Services business by our loan originator businesses may give appearance of a conflict of interest;
- third party customers of our Lender Services businesses and concerns regarding conflicts of interest within our Lender Services Businesses, due to their affiliation with the Company;
- our Lender Services business has operations in the Philippines that could be adversely affected by changes in political or economic stability or by government policies; our ability to operate in heavily regulated

industries, including our mortgage loan origination and servicing activities (including lender services), 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 ability to manage various legal proceedings, federal or state governmental examinations and enforcement investigations we are subject to from time to time, which may be highly complex and slow to develop, and results are difficult to predict or estimate; our ability to prevent cyber intrusions and mitigate cyber risks;
- our ability to compete with national banks, which are not subject to state licensing and operational requirements; our holding company status and dependency on distributions from Finance of America Equity Capital LLC;
- our “controlled company” status under New York Stock Exchange rules, which exempts us from certain corporate governance requirements and affords stockholders fewer protections;
- our substantial number of shares of Class A common stock issuable upon conversion of Finance of America Equity Capital LLC Units, which may dilute your investment, and the sale of which could cause significant downward pricing pressure on our stock; and
- our brief common stock trading history 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 are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all such factors or to assess the effect of each such new factor on our business. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and any of these statements included herein may prove to be inaccurate. Given the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements, or our objectives and plans will be achieved. Please refer to Item 1A Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations, included in this report and in 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, for further information on these and other risk factors affecting us, as such factors may be amended and updated from time to time in the Company’s subsequent periodic filings with the SEC, which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov).

## **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)

	September 30, 2022 (unaudited)	December 31, 2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 169,072	\$ 141,238
Restricted cash	210,147	322,403
Loans held for investment, subject to Home Equity Conversion Mortgage-Backed Securities ("HMBS") related obligations, at fair value	10,916,551	10,556,054
Loans held for investment, subject to nonrecourse debt, at fair value	6,741,391	6,218,194
Loans held for investment, at fair value	1,307,413	1,031,328
Loans held for sale, at fair value	859,650	2,052,378
Mortgage servicing rights ("MSRs"), at fair value, \$59,800 and \$142,435 subject to nonrecourse MSRs financing liability, respectively	103,069	427,942
Derivative assets	89,899	48,870
Fixed assets and leasehold improvements, net	19,828	29,256
Intangible assets, net	438,300	602,900
Other assets, net	334,577	358,383
<b>TOTAL ASSETS</b>	<b>\$ 21,189,897</b>	<b>\$ 21,788,946</b>
<b>LIABILITIES AND EQUITY</b>		
HMBS related obligations, at fair value	\$ 10,784,841	\$ 10,422,358
Nonrecourse debt, at fair value (includes amounts due to related parties of \$0 and \$142,435, respectively)	6,745,526	6,111,242
Other financing lines of credit	2,305,999	3,347,442
Payables and other liabilities	395,635	471,511
Notes payable, net (includes amounts due to related parties of \$30,000 and \$0, respectively)	382,810	353,383
<b>TOTAL LIABILITIES</b>	<b>20,614,811</b>	<b>20,705,936</b>
Commitments and Contingencies (Note 20)		
<b>EQUITY (Note 26)</b>		
Class A Common Stock, \$0.0001 par value; 6,000,000,000 shares authorized; 62,959,276 shares issued and outstanding at September 30, 2022	6	6
Class B Common Stock, \$0.0001 par value; 1,000,000 shares authorized; 15 shares issued and outstanding at September 30, 2022	—	—
Additional paid-in capital	876,140	831,620
Accumulated deficit	(577,272)	(443,613)
Accumulated other comprehensive loss	(367)	(110)
Noncontrolling interest	276,579	695,107
<b>TOTAL EQUITY</b>	<b>575,086</b>	<b>1,083,010</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 21,189,897</b>	<b>\$ 21,788,946</b>

*See accompanying notes to unaudited condensed consolidated financial statements*



**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.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	(unaudited)	
<b>ASSETS</b>		
Restricted cash	\$ 196,062	\$ 311,652
Loans held for investment, subject to nonrecourse debt, at fair value	6,577,569	6,099,607
Other assets, net	76,177	67,593
<b>TOTAL ASSETS</b>	<b>\$ 6,849,808</b>	<b>\$ 6,478,852</b>
<b>LIABILITIES</b>		
Nonrecourse debt, at fair value	\$ 6,525,382	\$ 5,857,069
Payables and other liabilities	778	428
<b>TOTAL LIABILITIES</b>	<b>\$ 6,526,160</b>	<b>\$ 5,857,497</b>
<b>NET CARRYING VALUE OF ASSETS SUBJECT TO NONRECOURSE DEBT</b>	<b>\$ 323,648</b>	<b>\$ 621,355</b>

*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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>REVENUES</b>					
Gain on sale and other income from loans held for sale, net	\$ 36,179	\$ 226,336	\$ 210,095	\$ 397,672	\$ 291,334
Net fair value gains (losses) on loans and related obligations	(6,376)	5,672	122,509	253,660	76,663
Fee income	70,512	316,798	145,725	236,589	161,371
Net interest expense:					
Interest income	12,022	41,748	15,862	29,013	12,661
Interest expense	(41,236)	(110,900)	(37,691)	(71,317)	(34,366)
Net interest expense	(29,214)	(69,152)	(21,829)	(42,304)	(21,705)
<b>TOTAL REVENUES</b>	<b>71,101</b>	<b>479,654</b>	<b>456,500</b>	<b>845,617</b>	<b>507,663</b>
<b>EXPENSES</b>					
Salaries, benefits, and related expenses	146,385	549,755	262,000	536,731	238,530
Occupancy, equipment rentals, and other office related expenses	7,003	22,103	8,283	15,003	7,597
General and administrative expenses	105,533	361,613	141,595	260,896	127,187
<b>TOTAL EXPENSES</b>	<b>258,921</b>	<b>933,471</b>	<b>411,878</b>	<b>812,630</b>	<b>373,314</b>
<b>IMPAIRMENT OF INTANGIBLES AND OTHER ASSETS</b>	<b>(138,184)</b>	<b>(138,184)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>OTHER, NET</b>	<b>21,330</b>	<b>41,234</b>	<b>9,928</b>	<b>7,825</b>	<b>(8,892)</b>
<b>NET INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>(304,674)</b>	<b>(550,767)</b>	<b>54,550</b>	<b>40,812</b>	<b>125,457</b>
Provision (benefit) for income taxes	(2,974)	(17,249)	4,440	5,526	1,137
<b>NET INCOME (LOSS)</b>	<b>(301,700)</b>	<b>(533,518)</b>	<b>50,110</b>	<b>35,286</b>	<b>124,320</b>
Contingently Redeemable Noncontrolling Interest ("CRNCI")	—	—	—	—	4,260
Noncontrolling interest	(217,214)	(399,859)	28,726	11,637	201
<b>NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<b>\$ (84,486)</b>	<b>\$ (133,659)</b>	<b>\$ 21,384</b>	<b>\$ 23,649</b>	<b>\$ 119,859</b>
<b>EARNINGS PER SHARE (Note 25)</b>					
Basic weighted average shares outstanding	62,804,809	61,993,353	59,861,171	59,871,386	N/A
Basic net earnings (loss) per share	\$ (1.35)	\$ (2.16)	\$ 0.36	\$ 0.39	N/A

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

---

Diluted weighted average shares outstanding		<b>62,804,809</b>		<b>188,375,945</b>		191,161,431		191,180,610		N/A
Diluted net earnings (loss) per share	\$	<b>(1.35)</b>	\$	<b>(2.34)</b>	\$	0.22	\$	0.17		N/A

*See accompanying notes to unaudited condensed consolidated financial statements*

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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>NET INCOME (LOSS)</b>	\$ (301,700)	\$ (533,518)	\$ 50,110	\$ 35,286	\$ 124,320
<b>COMPREHENSIVE INCOME (LOSS) ITEM:</b>					
Impact of foreign currency translation adjustment	(105)	(257)	(65)	(92)	(11)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(301,805)</b>	<b>(533,775)</b>	50,045	35,194	124,309
Less: Comprehensive income (loss) attributable to the noncontrolling interest and CRNCI	(217,285)	(400,033)	28,681	11,573	4,461
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<b>\$ (84,520)</b>	<b>\$ (133,742)</b>	<b>\$ 21,364</b>	<b>\$ 23,621</b>	<b>\$ 119,848</b>

*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
<b>Predecessor:</b>				
<b>Balance at December 31, 2020</b>	\$ 628,176	\$ 9	\$ (145)	\$ 628,040
Contributions from members	1,426	—	—	1,426
Distributions to members	(75,000)	—	—	(75,000)
Noncontrolling interest distributions	—	—	(620)	(620)
Net income	119,859	—	201	120,060
Accretion of CRNCI to redemption price	(32,725)	—	—	(32,725)
Foreign currency translation adjustment	—	(11)	—	(11)
<b>Balance at March 31, 2021</b>	<u>\$ 641,736</u>	<u>\$ (2)</u>	<u>\$ (564)</u>	<u>\$ 641,170</u>

*See accompanying notes to unaudited 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		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest		Total Equity
	Shares	Amount	Shares	Amount				Class A LLC Units	Amount	
<b>Successor:</b>										
<b>Balance at April 1, 2021</b>	59,881,714	\$ 6	7	\$ —	\$ 758,243	\$ (71,813)	\$ —	131,318,286	\$ 1,658,545	\$ 2,344,981
Net income	—	—	—	—	—	23,649	—	—	11,637	35,286
Noncontrolling interest contributions	—	—	—	—	—	—	—	—	24	24
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	(555)	(555)
Equity based compensation, net	—	—	—	—	61,314	—	—	—	—	61,314
Conversion of LLC Units for Class A Common Stock (Note 26 - Equity)	—	—	—	—	—	—	—	—	—	—
Settlement of LTIP RSUs, net (Note 25 - Earnings Per Share)	829,222	—	—	—	9,290	—	—	(829,222)	(10,543)	(1,253)
Settlement of other RSUs (Note 25 - Earnings Per Share)	—	—	—	—	—	—	—	—	—	—
Cancellation of shares to fund employee tax withholdings (Note 26 - Equity)	(1,774,192)	—	—	—	(7,531)	—	—	—	—	(7,531)
Ownership change reclassification	—	—	(1)	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	(92)	—	—	(92)
<b>Balance at September 30, 2021</b>	58,936,744	\$ 6	6	\$ —	\$ 821,316	\$ (48,164)	\$ (92)	130,489,064	\$ 1,659,108	\$ 2,432,174

**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		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest		Total Equity
	Shares	Amount	Shares	Amount				Class A LLC Units	Amount	
	<b>Balance at December 31, 2021</b>	<b>60,755,069</b>	<b>\$ 6</b>	<b>15</b>				<b>\$ —</b>	<b>\$ 831,620</b>	
Net loss	—	—	—	—	—	(133,659)	—	—	(399,859)	(533,518)
Noncontrolling interest contributions	—	—	—	—	—	—	—	—	42	42
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	(248)	(248)
Equity based compensation, net	—	—	—	—	36,618	—	—	—	—	36,618
Conversion of LLC Units for Class A Common Stock (Note 26 - Equity)	111,209	—	—	—	466	—	—	(111,209)	(552)	(86)
Settlement of LTIP RSUs, net (Note 25 - Earnings Per Share)	3,749,057	—	—	—	13,086	—	—	(3,749,057)	(17,911)	(4,825)
Settlement of other RSUs (Note 25 - Earnings Per Share)	346,133	—	—	—	—	—	—	—	—	—
Cancellation of shares to fund employee tax withholdings (Note 26 - Equity)	(2,002,192)	—	—	—	(5,650)	—	—	—	—	(5,650)
Foreign currency translation adjustment	—	—	—	—	—	—	(257)	—	—	(257)
<b>Balance at September 30, 2022</b>	<b>62,959,276</b>	<b>\$ 6</b>	<b>15</b>	<b>\$ —</b>	<b>\$ 876,140</b>	<b>\$ (577,272)</b>	<b>\$ (367)</b>	<b>124,833,601</b>	<b>\$ 276,579</b>	<b>\$ 575,086</b>

*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		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest		Total Equity
	Shares	Amount	Shares	Amount				Class A LLC Units	Amount	
<b>Balance at June 30, 2022</b>	<b>62,474,553</b>	<b>\$ 6</b>	<b>15</b>	<b>\$ —</b>	<b>\$ 860,232</b>	<b>\$ (492,786)</b>	<b>\$ (262)</b>	<b>125,413,507</b>	<b>\$ 496,010</b>	<b>\$ 863,200</b>
Net income loss	—	—	—	—	—	(84,486)	—	—	(217,214)	(301,700)
Noncontrolling interest contributions	—	—	—	—	—	—	—	—	—	—
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	(56)	(56)
Equity based compensation, net	—	—	—	—	15,735	—	—	—	—	15,735
Conversion of LLC Units for Class A Common Stock (Note 26 - Equity)	3,096	—	—	—	42	—	—	(3,096)	(12)	30
Settlement of LTIP RSUs, net (Note 25 - Earnings Per Share)	576,810	—	—	—	2,075	—	—	(576,810)	(2,149)	(74)
Settlement of other RSUs (Note 25 - Earnings Per Share)	252,678	—	—	—	—	—	—	—	—	—
Cancellation of shares to fund employee tax withholdings (Note 26 - Equity)	(347,861)	—	—	—	(1,944)	—	—	—	—	(1,944)
Foreign currency translation adjustment	—	—	—	—	—	—	(105)	—	—	(105)
<b>Balance at September 30, 2022</b>	<b>62,959,276</b>	<b>\$ 6</b>	<b>15</b>	<b>\$ —</b>	<b>\$ 876,140</b>	<b>\$ (577,272)</b>	<b>\$ (367)</b>	<b>124,833,601</b>	<b>\$ 276,579</b>	<b>\$ 575,086</b>

*See accompanying notes to unaudited condensed consolidated financial statements*



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

	For the nine months ended September 30, 2022	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor		Predecessor
<b>Operating Activities</b>			
Net income (loss)	\$ (533,518)	\$ 35,286	\$ 124,320
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	1,594,533	(107,899)	(6,277)
Net cash provided by (used in) operating activities	<u>1,061,015</u>	<u>(72,613)</u>	<u>118,043</u>
<b>Investing Activities</b>			
Purchases and originations of loans held for investment	(5,259,356)	(2,658,540)	(1,151,925)
Proceeds/payments received on loans held for investment	1,712,364	1,446,930	677,777
Purchases and origination of loans held for investment, subject to nonrecourse debt	(89,907)	(25,081)	(12,247)
Proceeds/payments on loans held for investment, subject to nonrecourse debt	1,551,340	556,466	217,452
Purchases of debt securities	(9,565)	(1,449)	(557)
Proceeds/payments on debt securities	2,249	3,238	2,096
Purchases of MSRs	—	(2,352)	(9,014)
Proceeds on sale of MSRs	454,106	2,501	7,765
Acquisition of subsidiaries, net of cash acquired	—	(22,838)	(749)
Acquisition of fixed assets	(9,195)	(8,636)	(4,178)
Payments on deferred purchase price liability	(8,000)	(311)	(657)
Debtor in possession ("DIP") Financing	—	—	(35,260)
Other investing activities, net	(153)	—	(2,550)
Net cash used in investing activities	<u>(1,656,117)</u>	<u>(710,072)</u>	<u>(312,047)</u>
<b>Financing Activities</b>			
Proceeds from issuance of HMBS related obligations	2,481,514	1,587,902	602,172
Payments of HMBS related obligations	(1,945,207)	(1,221,327)	(506,142)
Proceeds from issuance of nonrecourse debt	2,678,347	1,270,334	579,518
Payments on nonrecourse debt	(1,655,080)	(809,184)	(658,300)
Proceeds from other financing lines of credit	18,936,854	18,451,706	10,027,696
Payments on other financing lines of credit	(19,978,296)	(18,401,507)	(9,660,588)
Debt issuance costs	(1,338)	(1,342)	(2,467)
Payment of withholding taxes relating to equity-based compensation	(5,650)	—	—
Member distributions	—	—	(75,000)
Settlement of CRNCI	—	(203,216)	—
Other financing activities, net	(207)	(531)	806
Net cash provided by financing activities	<u>510,937</u>	<u>672,835</u>	<u>307,695</u>
<b>Foreign currency translation adjustment</b>	<u>(257)</u>	<u>(15)</u>	<u>(7)</u>
Net increase (decrease) in cash and restricted cash	(84,422)	(109,865)	113,684
<b>Cash and restricted cash, beginning of period</b>	<u>463,641</u>	<u>626,827</u>	<u>539,363</u>
<b>Cash and restricted cash, end of period</b>	<u>\$ 379,219</u>	<u>\$ 516,962</u>	<u>\$ 653,047</u>

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

	For the nine months ended September 30, 2022		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor				Predecessor	
<b>Supplementary Cash Flows Information</b>						
Cash paid for interest	\$	194,179	\$	124,312	\$	50,071
Cash paid for income taxes, net		46		1,882		63
Loans transferred to loans held for investment, at fair value, from loans held for investment, subject to nonrecourse debt, at fair value		803,648		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		3,608,016		1,309,669		272,098
Loans transferred to loans held for investment, subject to HMBS, at fair value, from loans held for investment, at fair value		2,053,387		1,393,897		42,909

*See accompanying notes to unaudited condensed consolidated financial statements*

**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, Finance of America Mortgage LLC ("FAM") and Finance of America Reverse ("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.

On October 20, 2022, the Board of Directors (the "Board") of the Company authorized a plan to discontinue substantially all of the operations of the Company's Mortgage Originations segment to strategically optimize and invest in the Company's Reverse Originations, Commercial Originations, Lender Services and Portfolio Management segments. This plan will commence in the fourth quarter of 2022 and is expected to be substantially completed by the end of 2022. Refer to Note 27 - Subsequent Events for additional information.

## **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 nine months ended September 30, 2022, three and six months ended September 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 September 30, 2022 and its results of operations and cash flows for the Successor three and nine months ended September 30, 2022, three and six months ended September 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 on 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.

### *Tax Receivable Agreement Obligation*

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 payment by the Company to the TRA Parties of 85% of the cash tax benefits, if any, that the Company is deemed to realize (calculated using certain simplifying assumptions) 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, shareholders ("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 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 U.S. 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 was at fair value on the date of the Business Combination. Subsequently, the liability will be remeasured at fair value each reporting period, with any changes in fair value recognized in other, net, in the Condensed Consolidated Statements of Operations.

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. If the Company determines that it is no longer probable that a related contingent payment will be required based on expected future cash flows, a reversal of the liability will be recorded through earnings. For the period ended September 30, 2022, the Company determined that the contingent liability portion of the TRA obligation is no longer probable of occurring, which is consistent with the Company's need to record the associated valuation allowance against the deferred tax assets (for more information regarding the valuation allowance see Note 24 - Income Taxes), and has recorded an adjustment through other, net, in the Condensed Consolidated Statements of Operations to release the previously estimated contingent TRA liabilities.

As of September 30, 2022 and December 31, 2021, the Company had a liability of \$4.9 million and \$29.4 million, respectively, which is included in deferred purchase price liabilities within payables and other liabilities on the Condensed Consolidated Statements of Financial Condition.

---

*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.

---

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

*Recently Issued Accounting Guidance, Not Yet Adopted as of September 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	The amendments in this Update provide temporary optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference London Inter-Bank Offered Rate ("LIBOR") or other interbank offered rates expected to be discontinued.	TBD	This ASU is effective from March 12, 2020 through December 31, 2022.  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.
ASU 2021-01, Reference Rate Reform (Topic 848): Codification Clarification	In January 2021, FASB issued an Update which refines the scope of ASU Topic 848 and clarifies the guidance issued to facilitate the effects of reference rate reform on financial reporting. The amendment permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, computing variation margin settlements and calculating price alignment interest in connection with reference rate reform activities.		
ASU 2021-08, Business Combinations (Topic 805) Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	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."	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.
	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.		

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

Standard	Description	Date of Planned Adoption	Effect on Condensed Consolidated Financial Statements
ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	<p>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:</p> <ol style="list-style-type: none"> <li>1. The fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet</li> <li>2. The nature and remaining duration of the restriction(s)</li> <li>3. The circumstances that could cause a lapse in the restriction(s).</li> </ol>	January 1, 2024	<p>This ASU is effective for fiscal years beginning after December 15, 2023.</p> <p>The adoption of this standard is not expected to have a material impact on our condensed consolidated financial statements and related disclosures.</p>

### 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.

In August 2022, FAR executed its optional redemption of outstanding securitized notes related to outstanding nonperforming HECM securitizations. As part of the optional redemption, FAR paid off notes with an outstanding principal balance of \$337.4 million. The notes were paid off at par. As a result of the optional redemption, the Company will no longer be required to consolidate this securitization trust and the outstanding loans with unpaid principal balance in the amount of \$363.0 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.



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

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 nine months ended September 30, 2022, six months ended September 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):

	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
Restricted cash	\$ 196,062	\$ 311,652
Loans held for investment, subject to nonrecourse debt, at fair value	6,577,569	6,099,607
Other assets, net	76,177	67,593
<b>TOTAL ASSETS</b>	<b>\$ 6,849,808</b>	<b>\$ 6,478,852</b>
<b>LIABILITIES</b>		
Nonrecourse debt, at fair value	\$ 6,788,437	\$ 6,088,298
Payables and other liabilities	778	428
<b>TOTAL VIE LIABILITIES</b>	<b>6,789,215</b>	<b>6,088,726</b>
Retained bonds and beneficial interests eliminated in consolidation	(263,055)	(231,229)
<b>TOTAL CONSOLIDATED LIABILITIES</b>	<b>\$ 6,526,160</b>	<b>\$ 5,857,497</b>

**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

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

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):

	September 30, 2022	December 31, 2021
<b>Unconsolidated securitization trusts:</b>		
Total collateral balances – Unpaid Principal Balance ("UPB")	\$ 1,009,386	\$ 1,085,340
<b>Total certificate balances</b>	<b>\$ 1,009,386</b>	<b>\$ 1,085,340</b>

As of September 30, 2022 and December 31, 2021, there were \$0.7 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 September 30, 2022, the consolidated balance of the agricultural loans transferred to the VIE and the related nonrecourse liability had a fair value of \$163.8 million and \$160.3 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 nine months ended September 30, 2022, six months ended September 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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Conditional repayment rate	NM	23.2 %	NM	20.8 %
Loss frequency	NM	3.9 %	NM	4.5 %
Loss severity	2.4% - 9.5%	2.6 %	3.1% - 7.7%	3.3 %
Discount rate	NM	5.2 %	NM	2.4 %
Average draw rate	NM	1.1 %	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 securitized non-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.

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

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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Conditional repayment rate	NM	39.5 %	NM	41.2 %
Loss frequency	23.1% - 100.0%	50.6 %	25.0% - 100%	59.5 %
Loss severity	2.4% - 9.5%	4.4 %	3.1% - 7.7%	4.3 %
Discount rate	NM	8.6 %	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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Weighted average remaining life (in years)	NM	8.3	NM	9.0
Conditional repayment rate	NM	15.1 %	NM	13.3 %
Loss severity	2.4% - 9.5%	4.9 %	3.1% - 7.7%	7.7 %
Discount rate	NM	8.2 %	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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Weighted average remaining life (in years)	NM	9.4	NM	7.5
Loan to value	0.0% - 73.0%	42.6 %	0.1% - 64.7%	43.4 %
Conditional repayment rate	NM	15.0 %	NM	18.6 %
Loss severity	NM	10.0 %	NM	10.0 %
Home price appreciation	(6.8)% - 6.3%	3.8 %	(4.6)% - 14%	4.7 %
Discount rate	NM	7.2 %	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 3 - 39 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.

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

The Company utilized the following weighted average assumptions in estimating the fair value of securitized Fix & Flip mortgage loans for the periods indicated:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Prepayment rate (SMM)	NM	10.5 %	NM	14.1 %
Discount rate	NM	10.2 %	NM	5.7 %
Loss rate	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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Conditional repayment rate	NM	44.6 %	NM	43.2 %
Loss frequency	NM	54.3 %	NM	59.4 %
Loss severity	2.4% - 9.5%	5.9 %	3.1% - 7.7%	3.8 %
Discount rate	NM	8.6 %	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.

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

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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Weighted average remaining life (in years)	NM	11.7	NM	9.2
Loan to value	0.1% - 64.7%	43.6 %	0.2% - 68.7%	47.8 %
Conditional repayment rate	NM	13.6 %	NM	14.8 %
Loss severity	NM	10.0 %	NM	10.0 %
Home price appreciation	(6.8)% - 6.3%	3.6 %	(4.6)%-14.0%	4.4 %
Discount rate	NM	7.1 %	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 - 31 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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Prepayment rate (SMM)	NM	14.0 %	NM	11.9 %
Discount rate	10.2% - 14.8%	10.3 %	5.7% - 10.0%	5.9 %
Loss rate	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 14 - 24 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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Discount rate	NM	9.3 %	NM	4.8 %
Prepayment rate (SMM)	NM	17.6 %	9.0% - 100.0%	22.1 %
Default rate (CDR)	0.0% - 1.0%	0.9 %	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:

<b>Unobservable Assumptions</b>	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Range</b>	<b>Weighted Average</b>	<b>Range</b>	<b>Weighted Average</b>
Prepayment rate (CPR)	18.1% - 25.0%	18.8 %	1.0% - 17.1%	14.2 %
Discount rate	NM	7.9 %	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:

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

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Prepayment rate (CPR)	0.0% - 20.1%	14.3 %	0.0% - 14.5%	8.7 %
Discount rate	NM	7.9 %	NM	3.9 %
Default rate (CDR)	NM	1.0 %	1.0% - 54.0%	3.2 %

**MSRs**

As of September 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:

	September 30, 2022	December 31, 2021
Capitalization servicing rate	1.2 %	1.1 %
Capitalization servicing multiple	4.8	4.4
Weighted average servicing fee (in basis points)	26	25

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

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Weighted average prepayment speed (CPR)	0.9% - 7.9%	5.8 %	0.0% - 12.8%	8.3 %
Discount rate	NM	11.7 %	NM	8.5 %

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

	September 30, 2022	
	Weighted Average Prepayment Speed	Discount Rate
Impact on fair value of 10% adverse change	\$ (2,397)	\$ (4,402)
Impact on fair value of 20% adverse change	\$ (4,666)	\$ (8,461)

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a 10% variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value



may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

***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.

---

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

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

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Conditional repayment rate	NM	23.2 %	NM	20.8 %
Discount rate	NM	5.2 %	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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
<b>Performing/Nonperforming HECM securitizations</b>				
Weighted average remaining life (in years)	1.8 - 1.9	1.9	0.2 - 0.8	0.5
Conditional repayment rate	18.7% - 22.8%	21.0 %	30.8% - 54.4%	43.5 %
Discount rate	NM	8.2 %	NM	2.3 %
<b>Securitized Non-Agency Reverse</b>				
Weighted average remaining life (in years)	0.5 - 11.2	6.7	1.0 - 2.3	1.6
Conditional repayment rate	11.9% - 31.6%	16.9 %	18.4% - 35.9%	28.2 %
Discount rate	NM	7.1 %	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:

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

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Weighted average remaining life (in months)	NM	5.1	NM	4.0
Weighted average prepayment speed (SMM)	NM	13.7 %	NM	14.0 %
Discount rate	NM	7.6 %	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 September 30, 2022 and December 31, 2021, the Company utilized a discount rate of 8% and 35%, respectively, 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 30.2% and 13.5% discount rate at September 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:

Unobservable Assumptions	September 30, 2022		December 31, 2021	
	Range	Weighted Average	Range	Weighted Average
Weighted average prepayment speed (CPR)	1.3% - 6.4%	4.7 %	2.0% - 11.0%	7.7 %
Discount rate	12.6%	12.6 %	8.1% - 10.1%	9.1 %
Weighted average delinquency rate	NM	1.7 %	NM	1.3 %

**Retained Bonds, at Fair Value**

The retained bonds, at fair value, represents the U.S. Risk Retention Certificates, a 5% 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

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

---

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:

<b>Unobservable Assumptions</b>	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Range</b>	<b>Weighted Average</b>	<b>Range</b>	<b>Weighted Average</b>
Weighted average remaining life (in years)	2.4 - 24.3	4.9	2.6 - 25.0	5.1
Discount rate	(16.6)% - 12.2%	7.1 %	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):

---

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

	September 30, 2022			
	Total Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>				
Loans held for investment, subject to HMBS related obligations	\$ 10,916,551	\$ —	\$ —	\$ 10,916,551
Loans held for investment, subject to nonrecourse debt:				
Reverse mortgage loans	6,285,773	—	—	6,285,773
Fix & flip mortgage loans	455,618	—	—	455,618
Loans held for investment:				
Reverse mortgage loans	1,126,483	—	—	1,126,483
Fix & flip mortgage loans	137,367	—	—	137,367
Agricultural loans	43,563	—	—	43,563
Loans held for sale:				
Residential mortgage loans	629,877	—	600,439	29,438
SRL	147,872	—	—	147,872
Portfolio	81,901	—	—	81,901
MSRs	103,069	—	—	103,069
Derivative assets:				
IRLCs and LPCs	3,678	—	4	3,674
Forward MBS and TBAs	32,254	—	32,254	—
Interest rate swaps and futures contracts	53,967	53,967	—	—
Other assets:				
Investments	1,000	—	—	1,000
Retained bonds	43,206	—	—	43,206
<b>Total assets</b>	<b>\$ 20,062,179</b>	<b>\$ 53,967</b>	<b>\$ 632,697</b>	<b>\$ 19,375,515</b>
<b>Liabilities</b>				
HMBS related obligations	\$ 10,784,841	\$ —	\$ —	\$ 10,784,841
Nonrecourse debt:				
Nonrecourse debt in consolidated VIE trusts	6,525,382	—	—	6,525,382
Nonrecourse commercial loan financing liability	160,344	—	—	160,344
Nonrecourse MSR financing liability	59,800	—	—	59,800
Deferred purchase price liabilities:				
Deferred purchase price liabilities	4,852	—	—	4,852
TRA obligation	4,855	—	—	4,855
Derivative liabilities:				
IRLCs and LPCs	13,740	—	—	13,740
Forward MBS and TBAs	97	—	97	—
Warrant liability	1,867	1,867	—	—
<b>Total liabilities</b>	<b>\$ 17,555,778</b>	<b>\$ 1,867</b>	<b>\$ 97</b>	<b>\$ 17,553,814</b>

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

	December 31, 2021			
	Total Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>				
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
<b>Total assets</b>	<b>\$ 20,396,380</b>	<b>\$ 22,834</b>	<b>\$ 1,888,441</b>	<b>\$ 18,485,105</b>
<b>Liabilities</b>				
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	—	—
<b>Total liabilities</b>	<b>\$ 16,608,007</b>	<b>\$ 30,490</b>	<b>\$ 1,685</b>	<b>\$ 16,575,832</b>

**Finance of America Companies Inc. and Subsidiaries**  
**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						
	Loans held for investment	Loans held for investment, subject to nonrecourse debt	Loans held for sale	Derivative assets	MSRs	Retained bonds	Investments
<b>Three months ended September 30, 2022</b>							
Beginning balance	\$ 11,940,851	\$ 6,600,762	\$ 270,122	\$ 13,997	\$ 359,006	\$ 46,593	\$ 1,000
Total gain or losses included in earnings	(7,558)	(265,038)	(4,158)	(10,323)	(9,455)	(2,302)	—
Purchases, settlements, and transfers:							
Purchases and additions, net	1,482,912	31,359	210,004	—	20,241	—	—
Sales and settlements	(417,114)	(376,855)	(219,663)	—	(266,723)	(1,085)	—
Transfers in/(out) between categories	(775,127)	751,163	2,906	—	—	—	—
Ending balance	<u>\$ 12,223,964</u>	<u>\$ 6,741,391</u>	<u>\$ 259,211</u>	<u>\$ 3,674</u>	<u>\$ 103,069</u>	<u>\$ 43,206</u>	<u>\$ 1,000</u>

	Successor					
	Liabilities					
	HMBS related obligations	Deferred purchase price liabilities	Nonrecourse debt in consolidated VIE trusts	Nonrecourse commercial loan financing liability	Nonrecourse MSR financing liability	TRA Liability
<b>Three months ended September 30, 2022</b>						
Beginning balance	\$ (10,745,879)	\$ (4,852)	\$ (6,447,238)	\$ (162,464)	\$ (142,382)	\$ (13,925)
Total gains or losses included in earnings	13,421	—	178,700	(2,769)	1,736	9,070
Purchases, settlements, and transfers:						
Purchases and additions, net	(547,762)	—	(718,656)	(24,975)	(92)	—
Settlements	495,379	—	461,812	29,864	80,938	—
Transfers in/(out) between categories	—	—	—	—	—	—
Ending balance	<u>\$ (10,784,841)</u>	<u>\$ (4,852)</u>	<u>\$ (6,525,382)</u>	<u>\$ (160,344)</u>	<u>\$ (59,800)</u>	<u>\$ (4,855)</u>

	Successor						
	Assets						
	Loans held for investment	Loans held for investment, subject to nonrecourse debt	Loans held for sale	Derivative assets	MSRs	Retained bonds	Investments
<b>Nine months ended September 30, 2022</b>							
Beginning balance	\$ 11,587,382	\$ 6,218,194	\$ 166,750	\$ 23,222	\$ 427,942	\$ 55,614	\$ 6,000
Total gain or losses included in earnings	(77,600)	(836,632)	(15,361)	(19,548)	30,242	(8,611)	(5,000)
Purchases, settlements, and transfers:							
Purchases and additions, net	5,259,357	89,907	1,001,526	—	114,903	—	—
Sales and settlements	(1,701,481)	(1,537,044)	(902,713)	—	(470,018)	(3,797)	—
Transfers in/(out) between categories	(2,843,694)	2,806,966	9,009	—	—	—	—
Ending balance	<u>\$ 12,223,964</u>	<u>\$ 6,741,391</u>	<u>\$ 259,211</u>	<u>\$ 3,674</u>	<u>\$ 103,069</u>	<u>\$ 43,206</u>	<u>\$ 1,000</u>

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

	Successor					
	Liabilities					
	HMBS related obligations	Deferred purchase price liabilities	Nonrecourse debt in consolidated VIE trusts	Nonrecourse commercial loan financing liability	Nonrecourse MSR financing liability	TRA Liability
<b>Nine months ended September 30, 2022</b>						
Beginning balance	\$ (10,422,358)	\$ (12,852)	\$ (5,857,069)	\$ (111,738)	\$ (142,435)	\$ (29,380)
Total gain or losses included in earnings	192,098	—	400,741	(2,581)	(14,639)	24,525
Purchases, settlements, and transfers:						
Purchases and additions, net	(2,488,497)	—	(2,523,213)	(142,790)	(6,884)	—
Settlements	1,933,916	8,000	1,454,159	96,765	104,158	—
Transfers in/(out) between categories	—	—	—	—	—	—
Ending balance	<u>\$ (10,784,841)</u>	<u>\$ (4,852)</u>	<u>\$ (6,525,382)</u>	<u>\$ (160,344)</u>	<u>\$ (59,800)</u>	<u>\$ (4,855)</u>

	Successor						
	Assets						
	Loans held for investment	Loans held for investment, subject to nonrecourse debt	Loans held for sale	Derivative assets	MSRs	Retained Bonds	Investments
<b>Three months ended September 30, 2021</b>							
Beginning balance	\$ 11,541,117	\$ 5,424,621	\$ 160,888	\$ 35,483	\$ 290,938	\$ 15,671	\$ 9,470
Total gain or losses included in earnings	(10,328)	40,355	386	(5,198)	(2,031)	839	(3,470)
Purchases, settlements, and transfers:							
Purchases and additions, net	1,402,360	27,857	284,650	—	54,543	24,762	—
Sales and settlements	(738,913)	(366,177)	(250,058)	(1,110)	(2,501)	(22)	—
Transfers in/(out) between categories	(769,107)	812,995	(37,059)	—	—	—	—
Ending balance	<u>\$ 11,425,129</u>	<u>\$ 5,939,651</u>	<u>\$ 158,807</u>	<u>\$ 29,175</u>	<u>\$ 340,949</u>	<u>\$ 41,250</u>	<u>\$ 6,000</u>

	Successor					
	Liabilities					
	HMBS related obligations	Derivative liabilities	Deferred purchase price liabilities	Nonrecourse debt in VIE trusts	Nonrecourse MSR financing liability	TRA Liability
<b>Three months ended September 30, 2021</b>						
Beginning balance	\$ (10,168,224)	\$ (1,111)	\$ (11,663)	\$ (5,360,603)	\$ (65,129)	\$ (32,810)
Total gain or losses included in earnings	121,048	275	(237)	(45,116)	(712)	(1,036)
Purchases, settlements, and transfers:						
Purchases and additions, net	(792,569)	—	(275)	(464,209)	(30,232)	(1,296)
Settlements	623,435	836	—	134,918	—	—
Transfers in/(out) between categories	—	—	—	—	—	—
Ending balance	<u>\$ (10,216,310)</u>	<u>\$ —</u>	<u>\$ (12,175)</u>	<u>\$ (5,735,010)</u>	<u>\$ (96,073)</u>	<u>\$ (35,142)</u>



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

	Successor						
	Assets						
	Loans held for investment	Loans held for investment, subject to nonrecourse debt	Loans held for sale	Derivative assets	MSRs	Retained Bonds	Investments
<b>Six months ended September 30, 2021</b>							
Beginning balance	\$ 11,171,736	\$ 5,291,444	\$ 135,681	\$ 38,574	\$ 267,364	\$ —	\$ 9,470
Total gain or losses included in earnings	143,362	120,763	2,202	(8,264)	(28,567)	1,505	(3,470)
Purchases, settlements, and transfers:							
Purchases and additions, net	2,831,336	49,898	541,088	—	104,653	39,840	—
Sales and settlements	(1,354,871)	(888,318)	(526,014)	(1,135)	(2,501)	(95)	—
Transfers in/(out) between categories	(1,366,434)	1,365,864	5,850	—	—	—	—
Ending balance	<u>\$ 11,425,129</u>	<u>\$ 5,939,651</u>	<u>\$ 158,807</u>	<u>\$ 29,175</u>	<u>\$ 340,949</u>	<u>\$ 41,250</u>	<u>\$ 6,000</u>

	Successor						
	Liabilities						
	HMBS related obligations	Derivative liabilities	Deferred purchase price liabilities	Nonrecourse debt in VIE trusts	Nonrecourse MSR financing liability	TRA Liability	
<b>Six months ended September 30, 2021</b>							
Beginning balance	\$ (9,926,132)	\$ (936)	\$ (3,214)	\$ (5,205,892)	\$ (22,051)	\$ —	
Total gains or losses included in earnings	76,397	98	(1,997)	(77,717)	3,411	(1,896)	
Purchases, settlements, and transfers:							
Purchases and additions, net	(1,587,902)	—	(7,275)	(1,260,585)	(77,433)	(33,246)	
Settlements	1,221,327	838	311	809,184	—	—	
Ending balance	<u>\$ (10,216,310)</u>	<u>\$ —</u>	<u>\$ (12,175)</u>	<u>\$ (5,735,010)</u>	<u>\$ (96,073)</u>	<u>\$ (35,142)</u>	

	Predecessor						
	Assets						
	Loans held for investment	Loans held for investment, subject to nonrecourse debt	Loans held for sale	Derivative assets	MSRs	Investments	
<b>Three months ended March 31, 2021</b>							
Beginning balance	\$ 10,659,984	\$ 5,396,167	\$ 152,854	\$ 88,660	\$ 180,684	\$ 18,934	
Total gain or losses included in earnings	132,499	(37,757)	2,764	(50,040)	20,349	(9,464)	
Purchases, settlements, and transfers:							
Purchases and additions, net	1,143,109	21,064	175,551	—	74,978	—	
Sales and settlements	(534,738)	(360,128)	(152,579)	(46)	(8,647)	—	
Transfers in/(out) between categories	(229,118)	272,098	(42,909)	—	—	—	
Ending balance	<u>\$ 11,171,736</u>	<u>\$ 5,291,444</u>	<u>\$ 135,681</u>	<u>\$ 38,574</u>	<u>\$ 267,364</u>	<u>\$ 9,470</u>	

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

Three months ended March 31, 2021	Predecessor				
	Liabilities				
	HMBS related obligations	Derivative liabilities	Deferred purchase price liability	Nonrecourse debt in VIE trusts	Nonrecourse MSR financing liability
Beginning balance	\$ (9,788,668)	\$ (1,084)	\$ (3,842)	\$ (5,257,754)	\$ (14,088)
Total gain or losses included in earnings	(41,434)	—	(29)	(30,770)	390
Purchases, settlements, and transfers:					
Purchases and additions, net	(602,172)	—	—	(575,668)	(8,353)
Settlements	506,142	148	657	658,300	—
Ending balance	<u>\$ (9,926,132)</u>	<u>\$ (936)</u>	<u>\$ (3,214)</u>	<u>\$ (5,205,892)</u>	<u>\$ (22,051)</u>

**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 September 30, 2022 and December 31, 2021, of financial assets and liabilities for which the Company has elected the fair value option (in thousands):

September 30, 2022	Estimated Fair Value	Unpaid Principal Balance
<b>Assets at fair value under the fair value option</b>		
Loans held for investment, subject to HMBS related obligations	\$ 10,916,551	\$ 10,609,500
Loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	6,285,773	6,501,202
Commercial mortgage loans	455,618	457,525
Loans held for investment:		
Reverse mortgage loans	1,126,483	1,078,048
Commercial mortgage loans	180,930	181,001
Loans held for sale:		
Residential mortgage loans	629,877	648,123
Commercial mortgage loans	229,773	235,789
<b>Liabilities at fair value under the fair value option</b>		
HMBS related obligations	10,784,841	10,587,475
Nonrecourse debt:		
Nonrecourse debt in consolidated VIE trusts	6,525,382	7,114,952
Nonrecourse MSR financing liability	59,800	59,800
Nonrecourse commercial loan financing liability	160,344	153,770

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

December 31, 2021	Estimated Fair Value	Unpaid Principal Balance
<b>Assets at fair value under the fair value option</b>		
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
<b>Liabilities at fair value under the fair value option</b>		
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 (losses) on loans and related obligations**

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

	For the three months ended September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 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 reverse and commercial loans	\$ 228,896	\$ 582,350	\$ 160,683	\$ 334,623	\$ 160,568	\$ (486,206)	\$ (1,463,351)	\$ (119,690)	\$ (34,707)	\$ (51,346)
Change in fair value of loans	(486,206)	(881,001)	40,993	299,916	109,222	(257,310)	(881,001)	(107,593)	(221,067)	(119,201)
<b>Net fair value gains (losses) on loans</b>	<b>(257,310)</b>	<b>(881,001)</b>	<b>40,993</b>	<b>299,916</b>	<b>109,222</b>	<b>(149,200)</b>	<b>(380,446)</b>	<b>6,841</b>	<b>(39,637)</b>	<b>43,972</b>
Interest expense on HMBS and nonrecourse obligations	(149,200)	(380,446)	(107,593)	(221,067)	(119,201)	64,693	330,200	6,841	(39,637)	43,972
Change in fair value of derivatives	64,693	330,200	6,841	(39,637)	43,972	335,441	936,919	182,268	214,448	42,670
Change in fair value of related obligations	335,441	936,919	182,268	214,448	42,670	250,934	886,673	81,516	(46,256)	(32,559)
<b>Net fair value gains (losses) on related obligations</b>	<b>250,934</b>	<b>886,673</b>	<b>81,516</b>	<b>(46,256)</b>	<b>(32,559)</b>	<b>\$ (6,376)</b>	<b>\$ 5,672</b>	<b>\$ 122,509</b>	<b>\$ 253,660</b>	<b>\$ 76,663</b>
<b>Net fair value gains (losses) on loans and related obligations</b>	<b>\$ (6,376)</b>	<b>\$ 5,672</b>	<b>\$ 122,509</b>	<b>\$ 253,660</b>	<b>\$ 76,663</b>					

As the cash flows on the underlying mortgage loans will be utilized to settle the outstanding obligations, the Company's own credit risk would not impact the fair value on the outstanding HMBS liabilities and nonrecourse debt.

**Fair Value of Other Financial Instruments**

As of September 30, 2022 and December 31, 2021, all financial instruments were either recorded at fair value or the carrying value approximated fair value with the exception of notes payable, net. Notes payable, net, includes our senior secured high yield debt and related party credit line recorded at the carrying value of \$382.8 million and \$353.4 million as of September 30, 2022 and December 31, 2021, respectively and have a fair value of \$261.2 million and \$347.0 million as of September 30, 2022 and December 31, 2021, respectively. The fair value for Notes payable, net was determined using quoted market prices adjusted for accrued interest which is considered to be a Level 2 input. For other 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:

	September 30, 2022	December 31, 2021
<b>Reverse mortgage loans:</b>		
Reverse mortgage loans held for investment, subject to HMBS related obligations	\$ 10,609,500	\$ 9,849,835
<b>Reverse mortgage loans held for investment:</b>		
Non-agency reverse mortgages	839,877	432,144
Loans not securitized <sup>(1)</sup>	137,477	266,723
Unpoolable loans <sup>(2)</sup>	91,286	104,551
Unpoolable tails	9,408	12,008
<b>Total reverse mortgage loans held for investment</b>	<b>1,078,048</b>	<b>815,426</b>
<b>Reverse mortgage loans held for investment, subject to nonrecourse debt:</b>		
Performing HECM buyouts	320,625	289,089
Nonperforming HECM buyouts	584,206	590,729
Non-agency reverse mortgages	5,596,371	4,285,661
<b>Total reverse mortgage loans held for investment, subject to nonrecourse debt</b>	<b>6,501,202</b>	<b>5,165,479</b>
<b>Total owned reverse mortgage portfolio</b>	<b>18,188,750</b>	<b>15,830,740</b>
Loans reclassified as government guaranteed receivable	67,706	48,625
Loans serviced for others	12,991	17,840
<b>Total serviced reverse mortgage loan portfolio</b>	<b>\$ 18,269,447</b>	<b>\$ 15,897,205</b>

<sup>(1)</sup> Loans not securitized represent primarily newly originated loans.

<sup>(2)</sup> Unpoolable loans represent primarily loans that have reached 98% of their Maximum Claim Amount ("MCA").

The table below summarizes the reverse mortgage portfolio owned by the Company by product type (in thousands):

	September 30, 2022	December 31, 2021
Fixed rate loans	\$ 6,364,867	\$ 5,384,865
Adjustable rate loans	11,823,883	10,445,875
<b>Total owned reverse mortgage portfolio</b>	<b>\$ 18,188,750</b>	<b>\$ 15,830,740</b>

As of September 30, 2022 and December 31, 2021, there were \$506.6 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):

	September 30, 2022	December 31, 2021
Loans held for investment, subject to HMBS related obligations - UPB	\$ 10,609,500	\$ 9,849,835
Fair value adjustments	307,051	706,219
<b>Total loans held for investment, subject to HMBS related obligations, at fair value</b>	<b>\$ 10,916,551</b>	<b>\$ 10,556,054</b>

**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):

	September 30, 2022	December 31, 2021
<b>Loans held for investment, subject to nonrecourse debt - UPB:</b>		
Reverse mortgage loans	\$ 6,501,202	\$ 5,165,479
Commercial mortgage loans	457,525	388,788
Fair value adjustments	(217,336)	663,927
<b>Total loans held for investment, subject to nonrecourse debt, at fair value</b>	<b>\$ 6,741,391</b>	<b>\$ 6,218,194</b>

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):

	September 30, 2022	December 31, 2021
<b>Loans 90 days or more past due and on non-accrual status</b>		
<b>Fair value:</b>		
Commercial mortgage loans	\$ 17,255	\$ 26,081
<b>Total fair value</b>	<b>17,255</b>	<b>26,081</b>
<b>Aggregate UPB:</b>		
Commercial mortgage loans	18,234	26,472
<b>Total aggregate UPB</b>	<b>18,234</b>	<b>26,472</b>
<b>Difference</b>	<b>\$ (979)</b>	<b>\$ (391)</b>

### 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):

	September 30, 2022	December 31, 2021
<b>Loans held for investment - UPB:</b>		
Reverse mortgage loans	\$ 1,078,048	\$ 815,426
Commercial mortgage loans	181,001	89,267
Fair value adjustments	48,364	126,635
<b>Total loans held for investment, at fair value</b>	<b>\$ 1,307,413</b>	<b>\$ 1,031,328</b>

As of September 30, 2022 and December 31, 2021, there were \$1.6 million and \$2.3 million, respectively, of commercial loans that were greater than 90 days past due.

As of September 30, 2022 and December 31, 2021, there were \$1,118.4 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):

	September 30, 2022	December 31, 2021
<b>Loans held for sale - UPB:</b>		
Residential mortgage and home improvement loans	\$ 648,123	\$ 1,859,788
Commercial mortgage loans	235,789	145,463
Fair value adjustments	(24,262)	47,127
<b>Total loans held for sale, at fair value</b>	<b>\$ 859,650</b>	<b>\$ 2,052,378</b>

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):

	September 30, 2022	December 31, 2021
<b>Loans 90 days or more past due and on non-accrual status</b>		
<b>Fair value:</b>		
Residential mortgage and home improvement loans	\$ 5,493	\$ 3,195
Commercial mortgage loans	4,338	3,163
<b>Total fair value</b>	<b>9,831</b>	<b>6,358</b>
<b>Aggregate UPB:</b>		
Residential mortgage loans	6,191	3,753
Commercial mortgage loans	5,099	3,323
<b>Total aggregate UPB</b>	<b>11,290</b>	<b>7,076</b>
<b>Difference</b>	<b>\$ (1,459)</b>	<b>\$ (718)</b>

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.

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

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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
Beginning balance	\$	1,229,594	\$	2,052,378	\$	2,057,542	\$	2,140,361	\$	2,222,811
Originations/purchases/repurchases		2,888,128		12,975,131		7,717,616		14,827,573		8,569,575
Proceeds from sales		(3,268,201)		(14,280,522)		(7,887,849)		(15,293,145)		(8,878,131)
Loans acquired through business combinations		—		—		—		—		35,226
Net transfers (to) from loans held for investment		—		—		(10,460)		7,034		—
Gain on loans held for sale, net		10,287		122,641		174,655		368,884		188,564
Net fair value gain (loss) on loans held for sale		(158)		(9,978)		158		955		2,316
<b>Ending balance</b>	<b>\$</b>	<b>859,650</b>	<b>\$</b>	<b>859,650</b>	<b>\$</b>	<b>2,051,662</b>	<b>\$</b>	<b>2,051,662</b>	<b>\$</b>	<b>2,140,361</b>

As of September 30, 2022 and December 31, 2021, there were \$0.8 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):

	September 30, 2022	December 31, 2021
Fannie Mae/Freddie Mac	\$ 7,207,398	\$ 37,079,995
Ginnie Mae	535,952	1,109,962
Private investors	1,030,666	1,109,459
<b>Total UPB</b>	<b>\$ 8,774,016</b>	<b>\$ 39,299,416</b>
Weighted average interest rate	3.55 %	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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
Beginning UPB	\$	29,494,649	\$	39,299,416	\$	30,592,187	\$	26,675,358	\$	22,269,362
Originated MSRs		1,788,998		9,421,902		5,380,307		10,520,166		6,312,227
Purchased MSRs		—		—		228,470		234,007		866,806
Sold MSRs		(22,037,083)		(37,529,103)		(320,028)		(320,028)		(1,090,267)
Portfolio runoff		(281,332)		(1,611,107)		(1,506,451)		(2,493,506)		(1,488,977)
Other		(191,216)		(807,092)		(283,370)		(524,882)		(193,793)
<b>Ending UPB</b>	<b>\$</b>	<b>8,774,016</b>	<b>\$</b>	<b>8,774,016</b>	<b>\$</b>	<b>34,091,115</b>	<b>\$</b>	<b>34,091,115</b>	<b>\$</b>	<b>26,675,358</b>

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

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

	For the three months ended September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor				Predecessor					
Beginning balance	\$	359,006	\$	427,942	\$	290,938	\$	267,364	\$	180,684
Originations		20,241		114,903		52,252		102,301		65,964
Purchases		—		—		2,291		2,352		9,014
Sales		(266,723)		(470,018)		(2,501)		(2,501)		(8,647)
Changes in fair value due to:										
Changes in market inputs or assumptions used in valuation model		(4,382)		56,938		13,165		(2,886)		35,109
Changes in fair value due to portfolio runoff and other		(5,073)		(26,696)		(15,196)		(25,681)		(14,760)
Ending balance	\$	103,069	\$	103,069	\$	340,949	\$	340,949	\$	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 \$4.6 million and \$32.0 million, for the Successor three and nine months ended September 30, 2022, and were \$14.4 million and \$28.1 million, for the Successor three and six months ended September 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. As of September 30, 2022 and December 31, 2021, there were \$59.8 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:

	September 30, 2022		December 31, 2021	
	Number of Loans	Unpaid Principal Balance	Number of Loans	Unpaid Principal Balance
Portfolio delinquency				
30 days	1.1 %	0.9 %	0.4 %	0.3 %
60 days	0.2 %	0.2 %	0.1 %	0.0 %
90 or more days	0.6 %	0.5 %	0.1 %	0.1 %
Total	1.9 %	1.6 %	0.6 %	0.4 %
Foreclosure/real estate owned	0.1 %	0.1 %	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 and SOFR, 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.



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

The Company did not have any derivative instruments designated as hedging instruments as of September 30, 2022 or December 31, 2021.

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

	September 30, 2022			
	Derivative assets		Derivative liabilities	
	Fair value	Notional amount	Fair value	Notional amount
IRLCs and LPCs	\$ 3,678	\$ 344,617	\$ 13,740	\$ 590,007
Forward MBS and TBAs	32,254	1,162,300	97	15,071
Interest rate swaps and futures contracts	53,967	1,430,600	—	—
<b>Total fair value and notional amount</b>	<b>\$ 89,899</b>	<b>\$ 2,937,517</b>	<b>\$ 13,837</b>	<b>\$ 605,078</b>

	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
<b>Total fair value and notional amount</b>	<b>\$ 48,870</b>	<b>\$ 15,020,538</b>	<b>\$ 26,678</b>	<b>\$ 13,708,100</b>

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

Derivative activity	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
IRLCs and LPCs	\$ (24,189)	\$ (34,848)	\$ (5,119)	\$ (8,656)	\$ (49,557)
Forward MBS and TBAs	54,856	265,822	(8,349)	(48,638)	113,331
Interest rate swaps and futures contracts	53,123	292,666	1,254	(36,129)	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. The Company either maintains or deposits 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 \$75.6 million as of September 30, 2022 and had provided collateral to its counterparties of \$23.2 million as of December 31, 2021. The Company does not offset fair value amounts recognized for derivative instruments with amounts collected or deposited on derivative instruments in the Company's Condensed Consolidated Statements of Financial Condition. 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. Fixed Assets and Leasehold Improvements, Net

Fixed assets and leasehold improvements, net, consisted of the following (in thousands):

	September 30, 2022	December 31, 2021	Estimated Useful Life
Computer hardware and software	\$ 23,482	\$ 28,726	3 - 5 years
Furniture and fixtures	3,587	4,450	5 - 7 years
Leasehold improvements	3,324	4,217	*
Buildings and land	164	164	10 years
Vehicles	37	48	10 years
Total fixed assets	<u>30,594</u>	<u>37,605</u>	
Less: Accumulated depreciation and amortization	<u>(10,766)</u>	<u>(8,349)</u>	
<b>Total fixed assets and leasehold improvements, net</b>	<b><u>\$ 19,828</u></b>	<b><u>\$ 29,256</u></b>	

\*Shorter of life of lease or useful life of assets.

The depreciation and amortization expense was \$3.6 million and \$9.4 million for the three and nine months ended September 30, 2022, respectively. The depreciation and amortization expense was \$3.0 million and \$6.0 million for the Successor three and six months ended September 30, 2021, respectively, and \$2.9 million for the Predecessor three months ended March 31, 2021. Depreciation expense is recorded in general and administrative expenses in the Condensed Consolidated Statements of Operations.

The Company evaluates the carrying value of long-lived assets, including the fixed assets and leasehold improvements when indicators of impairment exist in accordance with ASC 360, *Property, Plant, and Equipment* (ASC 360). The carrying value of a long-lived asset is considered impaired when the estimated separately identifiable, undiscounted cash flows expected to result from use and eventual disposal from such an asset are less than the carrying value of the asset. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. During the first half of 2022, the Company observed that inflationary measures began to rise, reducing the demand for mortgage products from its Mortgage Originations segment and responded by implementing cost cutting measures. As the length and magnitude of the downturn in mortgage demand continued into the third quarter, including increasingly compressed margins and longer expected duration of such market pressures, the Mortgage Origination reporting unit's current and expected future operating losses indicated that the fixed assets and leasehold improvements included in the reporting unit may not be recoverable and an impairment analysis was performed as of September 30, 2022. Based on the analysis, the Company wrote off certain assets and recognized an impairment charge of \$8.1 million for the fixed assets and leasehold improvements, which is recorded in impairment of intangibles and other assets in the Condensed Consolidated Statements of Operations. There was no impairment charge in any other periods presented.

### 13. Intangible Assets, Net

Intangible assets, net, consisted of the following (in thousands):

September 30, 2022	Amortization Period (Years)	Cost	Accumulated Amortization	Impairment	Net
<i>Non-amortizing intangibles</i>					
Trade name	N/A	\$ 91,600	\$ —	\$ (51,200)	\$ 40,400
<b>Total non-amortizing intangibles</b>		<b>\$ 91,600</b>	<b>\$ —</b>	<b>\$ (51,200)</b>	<b>\$ 40,400</b>
<i>Amortizing intangibles</i>					
Broker/customer relationships	8 - 15	\$ 541,100	\$ (80,736)	\$ (70,464)	\$ 389,900
Trade names and other	5 - 10	10,937	(1,425)	(1,512)	8,000
<b>Total amortizing intangibles</b>		<b>\$ 552,037</b>	<b>\$ (82,161)</b>	<b>\$ (71,976)</b>	<b>\$ 397,900</b>
<b>Total intangibles</b>		<b>\$ 643,637</b>	<b>\$ (82,161)</b>	<b>\$ (123,176)</b>	<b>\$ 438,300</b>
December 31, 2021	Amortization Period (Years)	Cost	Accumulated Amortization	Impairment	Net
<i>Non-amortizing intangibles</i>					
Trade name	N/A	\$ 178,000	\$ —	\$ (86,400)	\$ 91,600
<b>Total non-amortizing intangibles</b>		<b>\$ 178,000</b>	<b>\$ —</b>	<b>\$ (86,400)</b>	<b>\$ 91,600</b>
<i>Amortizing intangibles</i>					
Broker/customer relationships	8 - 15	\$ 541,100	\$ (39,711)	\$ —	\$ 501,389
Trade names and other	5 - 10	10,937	(1,026)	—	9,911
<b>Total amortizing intangibles</b>		<b>\$ 552,037</b>	<b>\$ (40,737)</b>	<b>\$ —</b>	<b>\$ 511,300</b>
<b>Total intangibles</b>		<b>\$ 730,037</b>	<b>\$ (40,737)</b>	<b>\$ (86,400)</b>	<b>\$ 602,900</b>

Intangible assets deemed to have an indefinite life are not amortized but are instead reviewed annually for impairment of value or when indicators of a potential impairment are present. The Company performs its annual impairment testing as of October 1 and monitors for interim triggering events on an ongoing basis as events occur or circumstances change. The Company estimated the fair value of the indefinite life intangibles for all the reporting units utilizing a relief from royalty approach and the significant assumptions used to measure fair value include discount rate, terminal factors, and royalty rate. This valuation resulted in a Level 3 nonrecurring fair value measurement. During the first half of 2022, the Company observed that inflationary measures began to rise, reducing the demand for mortgage products from its Mortgage Originations segment and responded by implementing cost cutting measures. As the length and magnitude of the downturn in mortgage demand continued during the third quarter of 2022, including increasingly compressed margins and longer expected duration of such market pressures, an interim impairment analysis was triggered as of September 30, 2022. Based on the analysis, the Company recognized an indefinite lived intangible asset impairment of \$51.2 million in the third quarter of 2022. The impairment was recognized in impairment of intangibles and other assets in the Condensed Consolidated Statements of Operations. The impairment of these intangible assets for each reporting unit is as follows: \$41.9 million at the Mortgage Originations reporting unit, \$5.5 million at the Commercial Originations reporting unit, and \$3.8 million at the Portfolio Management reporting unit. The Company recognized an indefinite lived intangible asset impairment of \$86.4 million for the year ended December 31, 2021.

The Company's definite lived intangible assets comprise various customer/broker relationships, certain technological assets and definite lived trade names acquired through various acquisitions. These assets are amortized on a straight-line basis over their useful lives and are subject to recoverability testing whenever events or changes in circumstances indicate that its carrying amount may not be recoverable, in accordance with ASC 360. During the third quarter of 2022, the Company observed that the length and magnitude of the downturn in mortgage demand had significantly increased compared to prior periods. As a result, our Mortgage Origination reporting unit's current and expected future operating losses indicated that the definite lived intangible assets included in the reporting unit may not be recoverable, and an impairment analysis was performed as of September 30, 2022. Based on the analysis, the Company wrote off and recognized a definite lived intangible asset impairment of \$72.0 million for the Mortgage Originations reporting unit in the third quarter of 2022. The impairment was recognized in impairment of intangibles and other assets in the Condensed Consolidated Statements of Operations.

Amortization expense was \$13.8 million and \$41.4 million for the three and nine months ended September 30, 2022, respectively. Amortization expense was \$13.5 million and \$26.9 million for the Successor three and six months ended September 30, 2021, respectively, and \$0.6 million for the Predecessor three months ended March 31, 2021.

The estimated amortization expense for each of the five succeeding fiscal years and thereafter as of September 30, 2022 is as follows (in thousands):

<i>Year Ending December 31,</i>	<b>Amount</b>	
Remainder of 2022	\$	<b>11,862</b>
2023		<b>47,446</b>
2024		<b>47,446</b>
2025		<b>47,446</b>
2026		<b>47,433</b>
Thereafter		<b>196,267</b>
<b>Total future amortization expense</b>	<b>\$</b>	<b>397,900</b>

#### **14. HMBS Related Obligations, at Fair Value**

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

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
Ginnie Mae loan pools - UPB	\$	<b>10,587,475</b>	\$	9,849,835
Fair value adjustments		<b>197,366</b>		572,523
<b>Total HMBS related obligations, at fair value</b>	<b>\$</b>	<b>10,784,841</b>	<b>\$</b>	<b>10,422,358</b>
Weighted average remaining life (in years)		<b>3.9</b>		4.6
Weighted average interest rate		<b>4.1 %</b>		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 1,980 and 1,849 Ginnie Mae loan pools at September 30, 2022 and December 31, 2021, respectively.

### 15. 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	September 30, 2022	December 31, 2021
Securitization of performing / nonperforming HECM loans	July 2020 - August 2022	July 2030 - August 2032	2.69% - 9.32%	\$ 2,250,554	\$ 994,563	\$ 922,970
Securitization of non-agency reverse loans	May 2018 - June 2022	March 2050 - November 2069	1.25% - 4.50%	7,537,674	5,851,878	4,630,203
Securitization of Fix & Flip loans	April 2021	May 2025	2.10% - 5.40%	\$ 268,511	268,511	268,511
<b>Total consolidated VIE nonrecourse debt UPB</b>					<b>7,114,952</b>	<b>5,821,684</b>
Nonrecourse MSR financing liability, at fair value <sup>(1)</sup>					59,800	142,435
Nonrecourse commercial loan financing liability <sup>(2)</sup>					153,770	107,744
Fair value adjustments					(582,996)	39,379
<b>Total nonrecourse debt, at fair value</b>					<b>\$ 6,745,526</b>	<b>\$ 6,111,242</b>

<sup>(1)</sup> As of December 31, 2021, the financing liability is due to a related party. Refer to Note 23 - Related Party Transactions for additional information.

<sup>(2)</sup> 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 September 30, 2022, estimated maturities for nonrecourse debt for the next five years and thereafter are as follows (in thousands):

Year Ending December 31,	Estimated Maturities <sup>(1)</sup>
Remainder of 2022	\$ 309,549
2023	1,660,548
2024	1,977,994
2025	262,030
2026	3,058,601
Thereafter	—
<b>Total payments on nonrecourse debt</b>	<b>\$ 7,268,722</b>

<sup>(1)</sup> 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.

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

**16. 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 <sup>(1)</sup>	Outstanding borrowings at	
				September 30, 2022	December 31, 2021
<b>Mortgage Lines:</b>					
October 2022 - August 2023	SOFR + applicable margin	First Lien Mortgages	\$ 2,000,000	\$ 601,635	\$ 1,802,348
March 2026	Ameribor + applicable margin	MSRs	50,000	10,227	138,524
November 2022 - December 2022	SOFR + applicable margin	Mortgage Related Assets	39,065	39,065	50,559
November 2022	SOFR + applicable margin	HI Consumer Loans	50,000	11,770	5,107
<b>Subtotal mortgage lines of credit</b>			<b>\$ 2,139,065</b>	<b>\$ 662,697</b>	<b>\$ 1,996,538</b>
<b>Reverse Lines:</b>					
November 2022 - September 2023	LIBOR + applicable margin	First Lien Mortgages	\$ 1,475,000	\$ 935,434	\$ 714,013
October 2022	Bond accrual rate + applicable margin	Mortgage Related Assets	345,000	292,524	297,893
N/A	LIBOR + applicable margin	MSRs	—	—	78,952
May 2023	Prime + .50%; 6% floor	Unsecuritized Tails	50,000	40,000	38,544
<b>Subtotal reverse lines of credit</b>			<b>\$ 1,870,000</b>	<b>\$ 1,267,958</b>	<b>\$ 1,129,402</b>
<b>Commercial Lines:</b>					
August 2023	2.50% / 3.25%	Encumbered Agricultural Loans	\$ 75,000	\$ 27,310	\$ 25,127
April 2023 - November 2023	Ameribor + applicable margin	First Lien Mortgages	309,000	290,534	167,159
February 2023	15%	Second Lien Mortgages	45,000	45,000	24,175
January 2024	SOFR + applicable margin	Mortgage Related Assets	12,500	12,500	5,041
<b>Subtotal commercial lines of credit</b>			<b>\$ 441,500</b>	<b>\$ 375,344</b>	<b>\$ 221,502</b>
<b>Total other financing lines of credit</b>			<b>\$ 4,450,565</b>	<b>\$ 2,305,999</b>	<b>\$ 3,347,442</b>

<sup>(1)</sup> 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 September 30, 2022.

As of September 30, 2022 and December 31, 2021, the weighted average outstanding interest rates on outstanding financing lines of credit of the Company were 5.66% 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 September 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, amendments to such financial covenants effective as of September 30, 2022, or paid off the line of credit, in order to avoid breaching such financial covenants.

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

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 September 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	September 30, 2022	Maximum Allowable Distribution <sup>(1)</sup>
<b>FAM</b>			
Adjusted Tangible Net Worth <sup>(2)</sup>	\$ 150,000	\$ 174,785	\$ 24,785
Liquidity	55,000	66,098	11,098
Leverage Ratio	13:1	8.9:1	55,118
Material Decline in Lender Adjusted Net Worth:			
Lender Adjusted Tangible Net Worth (Quarterly requirement) <sup>(3)</sup>	\$ 170,459	\$ 174,785	\$ 4,326
Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement) <sup>(3)</sup>	174,734	174,785	51
<b>FAR</b>			
Adjusted Tangible Net Worth <sup>(2)</sup>	\$ 250,000	\$ 250,750	\$ 750
Liquidity	20,000	69,951	49,951
Leverage Ratio	7:1	6.2:1	30,765

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

<sup>(2)</sup> This amount is based on the most restrictive financing line of credit covenant.

<sup>(3)</sup> This amount is the covenant calculation specific to FNMA.

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

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 <sup>(1)</sup>
<b>FAM</b>			
Adjusted Tangible Net Worth <sup>(2)</sup>	\$ 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) <sup>(3)</sup>	\$ 150,539	\$ 214,979	\$ 64,440
Lender Adjusted Tangible Net Worth (Two-Consecutive Quarterly requirement) <sup>(3)</sup>	114,830	214,979	100,149
<b>FACo</b>			
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
<b>FAR</b>			
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

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

<sup>(2)</sup> This amount is based on the most restrictive financing line of credit covenant.

<sup>(3)</sup> This amount is the covenant calculation specific to FNMA.

### 17. Payables and Other Liabilities

Payables and other liabilities consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Accrued liabilities	\$ 167,140	\$ 114,931
Lease liabilities	63,587	65,518
Accrued compensation expense	55,952	129,919
GNMA reverse mortgage buyout payable	48,853	31,274
Estimate of claim losses	18,247	14,993
Derivative liabilities	13,837	26,678
Deferred purchase price liabilities	9,707	47,479
Liability for loans eligible for repurchase from GNMA	8,670	7,956
Repurchase reserves	6,293	8,685
Warrant liability	1,867	5,497
Deferred tax liability, net	1,482	18,581
<b>Total payables and other liabilities</b>	<b>\$ 395,635</b>	<b>\$ 471,511</b>



## 18. Leases

The table below summarizes the Company's operating lease portfolio (in thousands):

	September 30, 2022		December 31, 2021	
Right-of-use assets	\$	59,295	\$	62,528
Lease liabilities		63,587		65,518
Weighted average remaining lease term (in years)		6.48		6.47
Weighted average discount rate		6.03 %		6.27 %

ASC 842, *Leases* (ASC 842) stipulates that the right-of-use (ROU) asset in an operating lease is subject to the impairment guidance in ASC 360, similar to other long-lived assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted future net cash flows expected to be generated by that asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. As the length and magnitude of the downturn in mortgage demand, including compressed revenue margins, had significantly increased compared to prior periods, the Mortgage Originations reporting unit's current and expected future operating losses triggered an impairment analysis as of September 30, 2022. Based on the analysis, the Company recognized an impairment charge of \$6.9 million for the ROU during the third quarter of 2022, which is recorded in impairment of intangibles and other assets in the Condensed Consolidated Statements of Operations. There was no material impairment charge in any other periods presented.

The table below summarizes the Company's net operating lease cost (in thousands):

	For the three months ended September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
Operating lease cost	\$	5,244	\$	16,469	\$	5,894	\$	11,419	\$	5,490
Short-term lease cost		790		2,485		1,823		2,629		1,035
Total operating and short term lease cost		6,034		18,954		7,717		14,048		6,525
Variable lease cost		763		2,818		732		2,747		1,808
Sublease income		(309)		(1,001)		(421)		(855)		(464)
Net lease cost	\$	6,488	\$	20,771	\$	8,028	\$	15,940	\$	7,869

The table below summarizes other information related to the Company's operating leases (in thousands):

	For the nine months ended September 30, 2022		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor				Predecessor	
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>						
Operating cash flows from operating leases	\$	15,109	\$	10,393	\$	5,423
Leased assets obtained in exchange for new operating lease liabilities		19,312		23,783		701

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

The following table presents a maturity analysis of operating leases and a reconciliation of the undiscounted cash flows to lease liabilities as of September 30, 2022 (in thousands):

Remainder of 2022	\$	4,945
2023		18,202
2024		13,525
2025		8,799
2026		6,462
2027		5,294
Thereafter		21,847
<b>Total undiscounted lease payments</b>		<b>79,074</b>
Less: amounts representing interest		(15,487)
<b>Total lease liabilities</b>	<b>\$</b>	<b>63,587</b>

#### 19. 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 September 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 three 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. On November 4, 2022, the court ordered that each of the plaintiffs' individual PAGA claims must be arbitrated and that their representative PAGA claims will be stayed pending a ruling by the California Supreme Court in the third-party case *Adolph v. Uber Technologies, Inc.*, which will determine whether the representative portion of a PAGA claim can survive following the arbitration of the individual portion of the PAGA claim. 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 \$1.2 million and \$3.8 million for the Successor three and nine months ended September 30, 2022, respectively, and were \$3.9 million and \$7.5 million for the Successor three and six months ended September 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.

## **20. 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. The contracts are generally fixed term arrangements, with standard notification and transition terms governing termination of such contracts.

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.

### ***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 \$3.1 billion as of September 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 \$133.0 million and \$94.9 million as of September 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 \$19.7 million and \$78.5 million as of September 30, 2022 and December 31, 2021, respectively.

The Company also has commitments to purchase and sell loans totaling \$115.3 million and \$42.0 million, respectively, as of September 30, 2022, compared to \$178.6 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 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,

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

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.

**21. 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 September 30, 2022									
Successor									
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management	Total Operating Segments	Corporate and Other	Elim	Total
<b>REVENUES</b>									
Gain on sale and other income from loans held for sale, net	\$ 46,310	\$ —	\$ —	\$ (142)	\$ (6,650)	\$ 39,518	\$ —	\$ (3,339)	\$ 36,179
Net fair value gains (losses) on loans and related obligations	—	71,204	1,061	—	(80,721)	(8,456)	—	2,080	(6,376)
Fee income	13,885	936	11,416	43,743	7,147	77,127	—	(6,615)	70,512
Net interest income (expense)									
Interest income	9,235	—	—	627	2,051	11,913	109	—	12,022
Interest expense	(8,156)	—	—	(62)	(26,098)	(34,316)	(6,920)	—	(41,236)
Net interest income (expense)	1,079	—	—	565	(24,047)	(22,403)	(6,811)	—	(29,214)
<b>Total revenues</b>	<b>61,274</b>	<b>72,140</b>	<b>12,477</b>	<b>44,166</b>	<b>(104,271)</b>	<b>85,786</b>	<b>(6,811)</b>	<b>(7,874)</b>	<b>71,101</b>
<b>Total expenses</b>	<b>102,499</b>	<b>37,959</b>	<b>19,535</b>	<b>55,690</b>	<b>27,463</b>	<b>243,146</b>	<b>23,679</b>	<b>(7,904)</b>	<b>258,921</b>
Impairment of intangibles and other assets	(128,884)	—	(5,500)	—	(3,800)	(138,184)	—	—	(138,184)
Other, net	—	24	130	734	784	1,672	19,688	(30)	21,330
<b>Net income (loss) before taxes</b>	<b>\$ (170,109)</b>	<b>\$ 34,205</b>	<b>\$ (12,428)</b>	<b>\$ (10,790)</b>	<b>\$ (134,750)</b>	<b>\$ (293,872)</b>	<b>\$ (10,802)</b>	<b>\$ —</b>	<b>\$ (304,674)</b>
Depreciation and amortization	\$ 2,828	\$ 9,667	\$ 550	\$ 3,278	\$ 109	\$ 16,432	\$ 960	\$ —	\$ 17,392
<b>Total assets</b>	<b>\$ 724,099</b>	<b>\$ 354,007</b>	<b>\$ 16,453</b>	<b>\$ 203,157</b>	<b>\$ 19,871,260</b>	<b>\$ 21,168,976</b>	<b>\$ 1,581,538</b>	<b>\$ (1,560,617)</b>	<b>\$ 21,189,897</b>

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

For the nine months ended September 30, 2022

	Successor					Total Operating Segments	Corporate and Other	Elim	Total
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management				
<b>REVENUES</b>									
Gain on sale and other income from loans held for sale, net	\$ 239,430	\$ —	\$ —	\$ (1,057)	\$ (463)	\$ 237,910	\$ —	\$ (11,574)	\$ 226,336
Net fair value gains (losses) on loans and related obligations	—	254,830	556	—	(255,754)	(368)	—	6,040	5,672
Fee income	52,120	4,875	45,233	178,043	64,814	345,085	—	(28,287)	316,798
Net interest income (expense)									
Interest income	35,097	—	—	1,374	4,980	41,451	297	—	41,748
Interest expense	(26,770)	—	—	(146)	(63,623)	(90,539)	(20,361)	—	(110,900)
Net interest income (expense)	8,327	—	—	1,228	(58,643)	(49,088)	(20,064)	—	(69,152)
<b>Total revenues</b>	<b>299,877</b>	<b>259,705</b>	<b>45,789</b>	<b>178,214</b>	<b>(250,046)</b>	<b>533,539</b>	<b>(20,064)</b>	<b>(33,821)</b>	<b>479,654</b>
<b>Total expenses</b>	<b>397,209</b>	<b>125,092</b>	<b>67,210</b>	<b>190,111</b>	<b>97,204</b>	<b>876,826</b>	<b>90,445</b>	<b>(33,800)</b>	<b>933,471</b>
Impairment of intangibles and other assets	(128,884)	—	(5,500)	—	(3,800)	(138,184)	—	—	(138,184)
Other, net	—	3,276	418	3,212	848	7,754	33,459	21	41,234
<b>Net income (loss) before taxes</b>	<b>\$ (226,216)</b>	<b>\$ 137,889</b>	<b>\$ (26,503)</b>	<b>\$ (8,685)</b>	<b>\$ (350,202)</b>	<b>\$ (473,717)</b>	<b>\$ (77,050)</b>	<b>\$ —</b>	<b>\$ (550,767)</b>
Depreciation and amortization	\$ 8,407	\$ 29,063	\$ 1,660	\$ 9,602	\$ 302	\$ 49,034	\$ 1,832	\$ —	\$ 50,866
Total assets	\$ 724,099	\$ 354,007	\$ 16,453	\$ 203,157	\$ 19,871,260	\$ 21,168,976	\$ 1,581,538	\$ (1,560,617)	\$ 21,189,897

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

For the three months ended September 30, 2021

	Successor					Total Operating Segments	Corporate and Other	Elim	Total
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management				
<b>REVENUES</b>									
Gain on sale and other income from loans held for sale, net	\$ 200,294	\$ —	\$ —	\$ —	\$ 13,664	\$ 213,958	\$ —	\$ (3,863)	\$ 210,095
Net fair value gains (losses) on loans and related obligations	1,145	109,408	13,604	—	(448)	123,709	—	(1,200)	122,509
Fee income	30,827	1,022	14,252	87,592	14,937	148,630	—	(2,905)	145,725
Net interest income (expense)									
Interest income	15,363	—	—	37	379	15,779	83	—	15,862
Interest expense	(12,556)	—	—	(114)	(18,178)	(30,848)	(6,803)	(40)	(37,691)
Net interest income (expense)	2,807	—	—	(77)	(17,799)	(15,069)	(6,720)	(40)	(21,829)
<b>Total revenues</b>	<b>235,073</b>	<b>110,430</b>	<b>27,856</b>	<b>87,515</b>	<b>10,354</b>	<b>471,228</b>	<b>(6,720)</b>	<b>(8,008)</b>	<b>456,500</b>
<b>Total expenses</b>	<b>220,331</b>	<b>41,354</b>	<b>21,678</b>	<b>78,688</b>	<b>30,068</b>	<b>392,119</b>	<b>28,672</b>	<b>(8,913)</b>	<b>411,878</b>
<b>Other, net</b>	<b>—</b>	<b>221</b>	<b>133</b>	<b>22</b>	<b>252</b>	<b>628</b>	<b>10,205</b>	<b>(905)</b>	<b>9,928</b>
<b>Net income (loss) before taxes</b>	<b>\$ 14,742</b>	<b>\$ 69,297</b>	<b>\$ 6,311</b>	<b>\$ 8,849</b>	<b>\$ (19,462)</b>	<b>\$ 79,737</b>	<b>\$ (25,187)</b>	<b>\$ —</b>	<b>\$ 54,550</b>
Depreciation and amortization	\$ 2,822	\$ 9,970	\$ 638	\$ 2,892	\$ 18	\$ 16,340	\$ 152	\$ —	\$ 16,492
<b>Total assets</b>	<b>\$ 2,978,565</b>	<b>\$ 789,351</b>	<b>\$ 120,116</b>	<b>\$ 358,684</b>	<b>\$ 18,429,429</b>	<b>\$ 22,676,145</b>	<b>\$ 964,815</b>	<b>\$ (972,867)</b>	<b>\$ 22,668,093</b>

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

For the six months ended September 30, 2021

	Successor					Total Operating Segments	Corporate and Other	Elim	Total
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management				
<b>REVENUES</b>									
Gain on sale and other income from loans held for sale, net	\$ 385,680	\$ —	\$ —	\$ —	\$ 21,412	\$ 407,092	\$ —	\$ (9,420)	\$ 397,672
Net fair value gains on loans and related obligations	1,145	203,944	24,425	—	10,776	240,290	—	13,370	253,660
Fee income	61,172	1,976	26,376	168,722	18,514	276,760	—	(40,171)	236,589
Net interest income (expense)									
Interest income	28,200	—	—	66	756	29,022	—	(9)	29,013
Interest expense	(23,417)	(9)	—	(158)	(34,406)	(57,990)	(13,287)	(40)	(71,317)
Net interest income (expense)	4,783	(9)	—	(92)	(33,650)	(28,968)	(13,287)	(49)	(42,304)
<b>Total revenues</b>	<b>452,780</b>	<b>205,911</b>	<b>50,801</b>	<b>168,630</b>	<b>17,052</b>	<b>895,174</b>	<b>(13,287)</b>	<b>(36,270)</b>	<b>845,617</b>
<b>Total expenses</b>	<b>444,522</b>	<b>83,600</b>	<b>41,727</b>	<b>151,962</b>	<b>63,325</b>	<b>785,136</b>	<b>64,669</b>	<b>(37,175)</b>	<b>812,630</b>
<b>Other, net</b>	<b>—</b>	<b>325</b>	<b>273</b>	<b>105</b>	<b>8</b>	<b>711</b>	<b>8,019</b>	<b>(905)</b>	<b>7,825</b>
<b>Net income (loss) before taxes</b>	<b>\$ 8,258</b>	<b>\$ 122,636</b>	<b>\$ 9,347</b>	<b>\$ 16,773</b>	<b>\$ (46,265)</b>	<b>\$ 110,749</b>	<b>\$ (69,937)</b>	<b>\$ —</b>	<b>\$ 40,812</b>
Depreciation and amortization	\$ 4,255	\$ 9,819	\$ 1,059	\$ 5,710	\$ (89)	\$ 20,754	\$ 12,200	\$ —	\$ 32,954
<b>Total assets</b>	<b>\$ 2,978,565</b>	<b>\$ 789,351</b>	<b>\$ 120,116</b>	<b>\$ 358,684</b>	<b>\$ 18,429,429</b>	<b>\$ 22,676,145</b>	<b>\$ 964,815</b>	<b>\$ (972,867)</b>	<b>\$ 22,668,093</b>

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

For the three months ended March 31, 2021

	Predecessor					Total Operating Segments	Corporate and Other	Elim	Total
	Mortgage Originations	Reverse Originations	Commercial Originations	Lender Services	Portfolio Management				
<b>REVENUES</b>									
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)
<b>Total revenues</b>	<b>320,103</b>	<b>68,973</b>	<b>14,361</b>	<b>76,347</b>	<b>29,190</b>	<b>508,974</b>	<b>(7,744)</b>	<b>6,433</b>	<b>507,663</b>
<b>Total expenses</b>	<b>224,246</b>	<b>23,693</b>	<b>13,391</b>	<b>62,970</b>	<b>24,406</b>	<b>348,706</b>	<b>18,683</b>	<b>5,925</b>	<b>373,314</b>
<b>Other, net</b>	<b>—</b>	<b>34</b>	<b>149</b>	<b>2</b>	<b>895</b>	<b>1,080</b>	<b>(9,464)</b>	<b>(508)</b>	<b>(8,892)</b>
<b>Net income (loss) before taxes</b>	<b>\$ 95,857</b>	<b>\$ 45,314</b>	<b>\$ 1,119</b>	<b>\$ 13,379</b>	<b>\$ 5,679</b>	<b>\$ 161,348</b>	<b>\$ (35,891)</b>	<b>\$ —</b>	<b>\$ 125,457</b>
Depreciation and amortization	\$ 1,423	\$ 151	\$ 125	\$ 1,268	\$ 146	\$ 3,113	\$ 371	\$ —	\$ 3,484
<b>Total assets</b>	<b>\$ 2,425,529</b>	<b>\$ 35,861</b>	<b>\$ 82,375</b>	<b>\$ 125,317</b>	<b>\$ 17,378,088</b>	<b>\$ 20,047,170</b>	<b>\$ 379,562</b>	<b>\$ (326,313)</b>	<b>\$ 20,100,419</b>

## 22. Liquidity and Capital Requirements

### FAM

In addition to the covenant requirements of FAM mentioned in Note 16 - 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.

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 \$174.7 million as of September 30, 2022. FAM's actual net worth was \$180.9 million as of September 30, 2022. FAM is also subject to requirements related to material declines in quarterly and two consecutive quarter tangible net worth. As of September 30, 2022, FAM was in compliance with the two consecutive quarter covenant.

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 September 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 September 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 \$111.7 million as of September 30, 2022. FAR's actual net worth calculated based on Ginnie Mae guidance was \$271.7 million as of September 30, 2022. The minimum liquidity required of FAR by Ginnie Mae was \$22.3 million as of September 30, 2022. FAR's actual cash and cash equivalents were \$69.2 million as of September 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 September 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 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 September 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 September 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 \$4.3 million across all states as of September 30, 2022. The Company was in compliance with these requirements as of September 30, 2022.

---

### 23. 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, a Delaware limited liability company ("BTO Urban") 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. These notes had outstanding amounts of \$30.0 million and \$0 as of September 30, 2022 and December 31, 2021, respectively, recorded within notes payable, net, on the Condensed Consolidation Statements of Financial Condition. Additionally, there was an immaterial amount of interest paid on these notes during the Successor three and nine months ended September 30, 2022, six months ended September 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 \$2.4 million and \$41.1 million, respectively, for the Successor three months ended September 30, 2022 and \$108.3 million and \$174.6 million, respectively, for the nine months ended September 30, 2022. The Company purchased agricultural loans and had total funded draw amounts of \$43.2 million and \$41.2 million, respectively, for the three months ended September 30, 2021, \$89.5 million and \$94.6 million, respectively, during the six months ended September 30, 2021, and \$83.0 million and \$82.1 million, respectively, for the Predecessor three months ended March 31, 2021.

The Company had promissory notes outstanding with FarmOps of \$4.6 million and \$4.1 million, including accrued interest, as of September 30, 2022 and December 31, 2021, respectively, which are recorded in Other assets, net, on the Condensed Consolidated Statements of Financial Condition. This promissory note has an interest rate of 10% and maturity date of December 31, 2022.

#### 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 September 30, 2022, the parties to the nonrecourse MSR financing liability are no longer deemed related. As of December 31, 2021, the Company had an outstanding balance for this financing liability of \$142.4 million.

#### 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.

---

#### **24. Income Taxes**

The Company's effective tax rate for the three and nine months ended September 30, 2022 differs from the U.S.'s statutory rate primarily due to anticipated state statutory income tax rates, the projected mix of earnings or loss attributable to the noncontrolling interest not allocable to FoA, and the impact of discrete tax items, which includes a \$23.5 million charge associated with the creation of a valuation allowance against net deferred tax assets, including net operating loss carry forwards and other deferred tax assets.

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, collectively, 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.

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.

#### **25. 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.

---

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

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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>Basic net earnings (loss) per share:</b>					
<b>Numerator</b>					
Net earnings (loss)	\$ (301,700)	\$ (533,518)	\$ 50,110	\$ 35,286	N/A
Less: Earnings (loss) attributable to noncontrolling interest <sup>(1)</sup>	(217,214)	(399,859)	28,726	11,637	N/A
Net income (loss) attributable to holders of Class A Common Stock - basic	\$ (84,486)	\$ (133,659)	\$ 21,384	\$ 23,649	N/A
<b>Denominator</b>					
Weighted average shares of Class A Common Stock outstanding - basic	62,804,809	61,993,353	59,861,171	59,871,386	N/A
<b>Basic net earnings (loss) per share</b>	<b>\$ (1.35)</b>	<b>\$ (2.16)</b>	<b>\$ 0.36</b>	<b>\$ 0.39</b>	<b>N/A</b>

<sup>(1)</sup> 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").

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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>Diluted net loss per share:</b>					
<b>Numerator</b>					
Net income (loss) attributable to holders of Class A Common Stock	\$ (84,486)	\$ (133,659)	\$ 21,384	\$ 23,649	N/A
Reallocation of net income (loss) assuming exchange of Class A LLC Units <sup>(1)</sup>	—	(307,401)	21,475	9,476	N/A
Net loss attributable to holders of Class A Common Stock - diluted	\$ (84,486)	\$ (441,060)	\$ 42,859	\$ 33,125	N/A
<b>Denominator</b>					
Weighted average shares of Class A Common Stock outstanding - basic	62,804,809	61,993,353	59,861,171	59,871,386	N/A
Effect of dilutive securities:					
Assumed exchange of weighted average Class A LLC Units for shares of Class A Common Stock <sup>(2)</sup>	—	126,382,592	131,300,259	131,309,223	N/A
Weighted average shares of Class A Common Stock outstanding - diluted	62,804,809	188,375,945	191,161,430	191,180,609	N/A
<b>Diluted net loss per share</b>	<b>\$ (1.35)</b>	<b>\$ (2.34)</b>	<b>\$ 0.22</b>	<b>\$ 0.17</b>	<b>N/A</b>
<b>Weighed-average anti-dilutive securities excluded from the computation of diluted earnings per share</b>					
	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Restricted stock units	—	951,833	—	—	N/A
Class A LLC Units of FoA Equity that are convertible into Class A Common Stock	125,073,127	—	—	—	N/A

<sup>(1)</sup> For the three months ended September 30, 2022, the effect of the elimination of the noncontrolling interest due to the assumed exchange of all Class A LLC Units outstanding for shares of Class A Common Stock in FoA was determined to be anti-dilutive under the if-converted method. As such, the effect has been excluded from the calculation of diluted net loss per share. For the nine months ended September 30, 2022, 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 income (loss) per share for the nine months ended September, 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 income (loss) attributable to holders of the Company’s Class A Common Stock.

<sup>(2)</sup> For the three months ended September 30, 2022, the diluted weighted average shares outstanding of Class A Common Stock excludes 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 as a result of such conversion being anti-dilutive. For the nine months ended September 30, 2022, 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 as a result of such conversion being anti-dilutive. In addition to the Class A LLC Units, the Company also had RSUs outstanding during the Successor three and nine months ended September 30, 2022. For the three months ended September 30, 2022, the effects of the RSUs was determined to be anti-dilutive following both the if-converted and treasury stock methods, and as such were excluded from the calculation of diluted net loss per share. For the nine months ended September 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.

## **26. Equity**

### **Class A Common Stock**

As of September 30, 2022 (Successor), there were 67,217,776 shares of Class A Common Stock outstanding, consisting of 62,959,276 shares issued and outstanding and 4,258,500 unvested shares that are subject to vesting and forfeiture. The 4,258,500 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 the 62,959,276 issued and outstanding shares of Class A Common Stock represent the controlling interest of the Company.

Pursuant to the A&R MLTIP, certain equity holders of FoA and FoA Equity are obligated to deliver a number of shares of Class A Common Stock and Class A LLC Units for restricted stock unit awards granted by the Company. During the three and nine months ended September 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 97,429 and 1,373,080 shares, respectively, of Class A Common Stock and 576,810 and 3,749,057 Class A LLC Units to the Company in satisfaction, of such settlement. During both the three and six months ended September 30, 2021, 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 3,391,635 shares of Class A Common Stock and 829,222 Class A LLC Units to the Company in satisfaction of such settlement. No settlement of restricted stock awards occurred during the Predecessor period from January 1, 2021 to March 31, 2021. This delivery of shares of Class A Common Stock and Class A LLC Units to the Company offset the gross award of RSUs settled. During the three and nine months ended September 30, 2022, the Company elected to retire 347,861 and 2,002,192 shares received offsetting RSUs withheld to fund employee payroll taxes and instead funded those taxes with operating cash. During both the three and six months ended September 30, 2021, the Company elected to retire 1,774,192 shares received offsetting RSUs withheld to fund employee taxes. No shares were retired for this purpose during the Predecessor period from January 1, 2021 to March 31, 2021. The future settlement of the Replacement RSUs and Earnout Rights outstanding as of September 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. During the three and nine months ended September 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 3,096 and 111,209 Class A LLC Units, respectively, to the Company in exchange for the same number of shares of Class A Common Stock, respectively, in satisfaction of such settlement. There were no exchanges of Class A LLC Units for shares of Class A Common Stock during the Successor period for the three and six months ended September 30, 2021 or during the Predecessor period from January 1, 2021 to March 31, 2021.

**Class B Common Stock**

As of September 30, 2022, there are 15 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 September 30, 2022, there were 187,792,877 Class A LLC Units outstanding. Of the 187,792,877 Class A LLC Units outstanding, 62,959,276 are held by the Class A Common Stock shareholders and 124,833,601 are held by the noncontrolling interest of the Company.

**27. Subsequent Events**

The Company has evaluated subsequent events from the date of the condensed consolidated financial statements of September 30, 2022 through November 9, 2022, the date these condensed consolidated financial statements were issued. No events or transactions were identified that would have an impact on the financial position as of September 30, 2022 or results of operations of the Company for the three and nine months ended September 30, 2022, except as follows:

***Mortgage Originations Segment***

On October 20, 2022, the Board of the Company authorized a plan to discontinue substantially all of the operations of the Company's Mortgage Originations segment in order to strategically optimize and invest in the Company's Reverse Originations, Commercial Originations, Lender Services, and Portfolio Management segments (such plan, the "Resource Optimization Plan"). The Company anticipates that the Resource Optimization Plan will commence in the fourth quarter of 2022 and is expected to be substantially completed by the end of 2022.

For the reporting periods ended September 30, 2022 and December 31, 2021, the Mortgage Originations segment contributed \$724.1 million and \$2,148.5 million, respectively, of total assets and \$693.1 million and \$1,987.0 million, respectively, of total liabilities on Condensed Consolidated Statement of Financial Condition. These amounts include immaterial balances associated with the Company's home improvement channel, which will continue as part of the Company's operations.

Results for the affected Mortgage Originations segment for the periods presented in this report were as follows (in thousands):



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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Gain on sale and other income from loans held for sale, net	\$ 46,310	\$ 239,430	\$ 200,294	\$ 385,680	\$ 286,481
Net fair value gains on loans and related obligations	—	—	1,145	1,145	—
Fee income	13,885	52,120	30,827	61,172	32,731
Net interest income	1,079	8,327	2,807	4,783	891
<b>Total revenues</b>	<b>61,274</b>	<b>299,877</b>	<b>235,073</b>	<b>452,780</b>	<b>320,103</b>
<b>Total expenses</b>	<b>102,499</b>	<b>397,209</b>	<b>220,331</b>	<b>444,522</b>	<b>224,246</b>
<b>Impairment of intangibles and other assets</b>	<b>(128,884)</b>	<b>(128,884)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>NET INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>\$ (170,109)</b>	<b>\$ (226,216)</b>	<b>\$ 14,742</b>	<b>\$ 8,258</b>	<b>\$ 95,857</b>

As part of the Plan, the Company will incur certain charges including but not limited to employee severance, retention and related benefits, contract terminations, and other charges. Amounts and timing of such charges will be assessed and recognized in accordance with accounting standards applicable to the respective charges. Additionally, the Company is reducing the total capacity of our other financing lines of credit associated with the Mortgage Origination segment.

Promissory Notes

On November 8, 2022, the Company amended the 2021 Promissory Notes with certain funds which are deemed affiliates of the Company, to increase the aggregate commitments for revolving borrowings thereunder from \$30.0 million to \$50.0 million and to extend their maturity from January 3, 2023 to July 31, 2023. The additional liquidity provides investment capital for growth initiatives and strategic opportunities currently under evaluation by the Company as well as other general corporate purposes. The 2021 Promissory Notes, which are structured with simultaneous draw and paydown terms, are secured by certain tangible assets of the Borrower and will continue to accrue interest monthly at a rate of 6.5% per annum. Refer to Note 23 - Related Party Transactions for additional information regarding the 2021 Promissory Notes.

Financing Lines of Credit

In October 31, 2022, the Company entered into a secured financing arrangement backed by reverse HECM MSR of up to \$75.0 million with maturity date of October 31, 2027.

## 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. specialty finance consumer lending platform that provides pathways to achieve greater financial freedom through home equity. Through FOA's subsidiaries, customers have access to a diverse range of flexible, end-to-end home financing and home equity solutions including home improvement loans and reverse mortgages as well as loans to residential real estate investors distributed across retail, third-party network, and digital channels. 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 MSR's with large potential future advancing obligations. In addition to our 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 September 30, 2022 and 6 for the nine months ended September 30, 2022. During 2021 there were 7 securitizations for the Successor period six months ended September 30, 2021 and 1 for the Predecessor three months ended March 31, 2021.

### 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 in our Annual Report on 10-K filed with the SEC on March 15, 2022. As disclosed in our Current Report on Form 8-K filed October 21, 2022, pursuant to the Resource Optimization Plan, the Company will discontinue the operations of substantially all of the Company's Mortgage Originations segment in order to strategically optimize the Company's Reverse Originations, Commercial Originations, Lender Services, and Portfolio Management segments.

#### **Business Trends and Conditions**

There are several 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**

During the year, 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 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 8.2% in September 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, July, September, and November 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 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, originally filed with the SEC on March 15, 2022, as such risk factors may be amended or updated in our subsequent periodic reports.

#### **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 MSR. 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 MSR 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 (losses) 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 (losses) 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 (losses) 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.

---

### Impairment of intangibles and other assets

Impairment of intangibles and other assets includes impairment charges recognized on indefinite-lived intangible assets, definite-lived intangible assets, long-lived assets, and ROU assets.

### 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 "Tax Receivable Agreements" in our 2021 Form 10-K for further detail. 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 nine months ended September 30, 2022, three and six months ended September 30, 2021, and for the Predecessor three months ended March 31, 2021.

#### Consolidated Results

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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	<b>Successor</b>				<b>Predecessor</b>
Gain on sale and other income from loans held for sale, net	\$ 36,179	\$ 226,336	\$ 210,095	\$ 397,672	\$ 291,334
Net fair value gains (losses) on loans and related obligations	(6,376)	5,672	122,509	253,660	76,663
Fee income	70,512	316,798	145,725	236,589	161,371
Net interest expense	(29,214)	(69,152)	(21,829)	(42,304)	(21,705)
<b>Total revenues</b>	<b>71,101</b>	<b>479,654</b>	<b>456,500</b>	<b>845,617</b>	<b>507,663</b>
<b>Total expenses</b>	<b>258,921</b>	<b>933,471</b>	<b>411,878</b>	<b>812,630</b>	<b>373,314</b>
<b>Impairment of intangibles and other assets</b>	<b>(138,184)</b>	<b>(138,184)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other, net</b>	<b>21,330</b>	<b>41,234</b>	<b>9,928</b>	<b>7,825</b>	<b>(8,892)</b>
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>\$ (304,674)</b>	<b>\$ (550,767)</b>	<b>\$ 54,550</b>	<b>\$ 40,812</b>	<b>\$ 125,457</b>

Net fair value gains (losses) 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 (losses) on loans and related obligations on the Condensed Consolidated Statements of Operations.

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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Net origination gains	\$ 72,265	\$ 255,386	\$ 123,012	\$ 228,369	\$ 73,880
Net fair value gains from portfolio activity <sup>(1)</sup>	42,892	121,708	34,926	59,298	32,386
Net fair value losses from changes in market inputs or model assumptions	(121,533)	(371,422)	(35,429)	(34,007)	(29,603)
<b>Net fair value gains (losses) on loans and related obligations</b>	<b>\$ (6,376)</b>	<b>\$ 5,672</b>	<b>\$ 122,509</b>	<b>\$ 253,660</b>	<b>\$ 76,663</b>

<sup>(1)</sup> 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 (losses) on loans and related obligations in the Condensed Consolidated Statements of Operations. However, for certain of our outstanding financing lines of credit and non-funding debt, 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. Further, interest income on collateralized loans may be reflected in net fair value gains (losses) on loans and related obligations on the Condensed Consolidated Statements of Operations, 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Interest income on commercial and reverse loans	\$ 228,896	\$ 582,350	\$ 160,683	\$ 334,623	\$ 160,568
Interest expense on HMBS and nonrecourse obligations	(149,200)	(380,446)	(107,593)	(221,067)	(119,201)
<b>Net interest margin included in net fair value gains on mortgage loans <sup>(1)</sup></b>	<b>79,696</b>	<b>201,904</b>	<b>53,090</b>	<b>113,556</b>	<b>41,367</b>
Interest income on mortgage loans held for sale	10,265	37,222	15,742	28,766	12,621
Interest expense on warehouse lines of credit	(34,173)	(90,221)	(30,735)	(57,643)	(26,546)
Non-funding debt interest expense	(6,920)	(20,361)	(6,842)	(13,486)	(7,756)
Other interest income	1,757	4,525	120	246	40
Other interest expense	(143)	(317)	(114)	(187)	(64)
<b>Net interest expense</b>	<b>(29,214)</b>	<b>(69,152)</b>	<b>(21,829)</b>	<b>(42,304)</b>	<b>(21,705)</b>
<b>NET INTEREST MARGIN</b>	<b>\$ 50,482</b>	<b>\$ 132,752</b>	<b>\$ 31,261</b>	<b>\$ 71,252</b>	<b>\$ 19,662</b>

<sup>(1)</sup> 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 interest expense on 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 September 30, 2022 versus the three months ended September 30, 2021

Net income (loss) before taxes decreased \$359.2 million or 658.5% primarily as a result of the following:

- Gain on sale and other income from loans held for sale, net, decreased \$173.9 million or 82.8% primarily as a result of lower volume and margin within our Mortgage Originations segment. Our Mortgage Originations segment had \$2.5 billion in net rate lock volume for the three months ended September 30, 2022 compared to \$7.7 billion for the comparable 2021 period, and mortgage origination margin of 1.87% for the three months ended September 30, 2022 compared to 2.61% 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 (losses) on loans and related obligations decreased by \$128.9 million or 105.2% 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 increased primarily due to fair value adjustments related to increases in market discount rate assumptions driven by increases in interest rates and market yield assumptions. 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 \$72.3 million in net origination gains on originations of \$1.5 billion of reverse and commercial mortgage loans for the three months ended September 30, 2022 compared to \$123.0 million of net origination gains on \$1.6 billion for the comparable 2021 period. The decrease in net origination gains in the Reverse and Commercial Originations segments were due to lower margin during the three months ended September 30, 2022 as a result of market volatility.
- Fee income decreased \$75.2 million or 51.6% primarily as a result lower volume in our Lender Services segment and lower mortgage origination volume in our Mortgage Origination segment during the three months ended September 30, 2022.

- Net interest expense increased \$7.4 million or 33.8% as a result of lower interest income on mortgage loans held for sale and more interest expense on warehouse lines of credit during the three months ended September 30, 2022.
- Total expenses decreased \$153.0 million or 37.1% due to lower salaries, benefits, and related expenses and a decrease in general and administrative expenses. Salaries, benefits, and related expenses decreased by \$115.6 million or 44.1% primarily as a result of our lower loan origination volumes and lower average headcount during the three months ended September 30, 2022. The decrease in general and administrative expenses relates to general cost cutting measures.
- An impairment charge of \$138.2 million was recorded during the three months ended September 30, 2022. The impairment is mainly attributable to our Mortgage Origination segment. During the third quarter of 2022, the Company observed that the length and magnitude of the downturn in mortgage demand had significantly increased compared to prior periods. As a result, the Mortgage Origination reporting unit's current and expected future operating losses indicated that certain long-lived assets and intangible assets included in the reporting unit may not be recoverable, and an impairment analysis was performed as of September 30, 2022 resulting in this recognized impairment.

For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Net income (loss) before taxes decreased \$717.0 million or 431.3% primarily as a result of the following:

- Gain on sale and other income from loans held for sale, net, decreased \$462.7 million or 67.2% primarily as a result of lower Mortgage Originations segment revenue driven by lower origination volume and lower revenue margins for the nine months ended September 30, 2022 when compared to the 2021 period. Our margin on originated mortgage loans decreased to 2.07% for the nine months ended September 30, 2022 compared to 2.95% for the comparable 2021 period. Our Mortgage Originations segment had \$11.6 billion in net rate lock volume for the nine months ended September 30, 2022 compared to \$22.8 billion for the comparable 2021 period.
  - Net fair value gains (losses) on loans and related obligations decreased \$324.7 million or 98.3% 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. The increase in fair value losses from changes in market inputs or model assumptions was primarily due to fair value adjustments related to increases in discount rate assumptions on securitized mortgage assets. 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 \$255.4 million in net origination gains on originations of \$5.7 billion of reverse and commercial mortgage loans for the nine months ended September 30, 2022 compared to \$302.2 million in net origination gains on \$4.1 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 volatility during the nine months ended September 30, 2022.
  - Total expenses decreased \$252.5 million or 21.3% due to lower salaries, benefits, and related expenses combined with decreased general and administrative expenses primarily as a result of our lower average headcount, lower origination volume, and general cost cutting measures during the nine months ended September 30, 2022.
  - An impairment charge of \$138.2 million was recorded during the nine months ended September 30, 2022. The impairment is mainly attributable to our Mortgage Origination segment. During the third quarter of 2022, the Company observed that the length and magnitude of the downturn in mortgage demand had significantly increased compared to prior periods. As a result, the Mortgage Origination reporting unit's current and expected future operating losses indicated that certain long lived-assets and intangible assets included in the reporting unit may not be recoverable, and an impairment analysis was performed as of September 30, 2022 resulting in this recognized impairment.
-



## 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 nine months ended September 30, 2022. Expenses for enterprise-level general overhead, such as executive administration, are not allocated to the business segments.

### Mortgage Originations Segment

As disclosed in our Current Report on Form 8-K filed October 21, 2022, pursuant to the Resource Optimization Plan, the Company will discontinue the operations of the Company's Mortgage Originations segment, other than its home improvement channel, in order to strategically optimize the Company's Reverse Originations, Commercial Originations, Lender Services, and Portfolio Management segments.

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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Gain on sale and other income from loans held for sale, net	\$ 46,310	\$ 239,430	\$ 200,294	\$ 385,680	\$ 286,481
Net fair value gains on loans and related obligations	—	—	1,145	1,145	—
Fee income	13,885	52,120	30,827	61,172	32,731
Net interest income	1,079	8,327	2,807	4,783	891
<b>Total revenue</b>	<b>61,274</b>	<b>299,877</b>	<b>235,073</b>	<b>452,780</b>	<b>320,103</b>
<b>Total expenses</b>	<b>102,499</b>	<b>397,209</b>	<b>220,331</b>	<b>444,522</b>	<b>224,246</b>
<b>Impairment of intangibles and other assets</b>	<b>(128,884)</b>	<b>(128,884)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>\$ (170,109)</b>	<b>\$ (226,216)</b>	<b>\$ 14,742</b>	<b>\$ 8,258</b>	<b>\$ 95,857</b>

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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
<b>Loan origination volume (dollars)</b>										
Conforming	\$	1,540,994	\$	7,332,712	\$	4,698,538	\$	9,000,708	\$	5,397,708
Government		640,366		2,128,010		987,074		1,982,731		1,068,650
Non-conforming		446,545		2,386,714		1,632,513		3,204,408		1,937,860
Home improvement		69,321		184,401		64,566		123,494		—
Total loan origination volume	\$	2,697,226	\$	12,031,837	\$	7,382,691	\$	14,311,341	\$	8,404,218
<b>Loan origination volume by type (dollars)</b>										
Agency	\$	2,124,027	\$	9,279,390	\$	6,324,230	\$	12,398,694	\$	7,367,044
Non-agency		503,878		2,568,046		993,895		1,789,153		1,037,174
Home improvement		69,321		184,401		64,566		123,494		—
Total loan origination volume by type	\$	2,697,226	\$	12,031,837	\$	7,382,691	\$	14,311,341	\$	8,404,218
<b>Loan origination volume by channel (dollars)</b>										
Retail	\$	1,703,174	\$	7,021,668	\$	4,838,128	\$	9,708,682	\$	5,622,487
Wholesale/Correspondent		874,854		4,052,674		1,786,304		2,987,807		1,706,365
Consumer direct		49,877		773,094		693,693		1,491,358		1,075,366
Home improvement		69,321		184,401		64,566		123,494		—
Total loan origination volume by channel	\$	2,697,226	\$	12,031,837	\$	7,382,691	\$	14,311,341	\$	8,404,218
<b>Loan origination volume by type (dollars)</b>										
Purchase	\$	2,277,955	\$	8,380,030	\$	3,759,059	\$	7,253,521	\$	2,664,493
Refinance		349,950		3,467,406		3,559,066		6,934,326		5,739,725
Home improvement		69,321		184,401		64,566		123,494		—
Total loan origination volume by type	\$	2,697,226	\$	12,031,837	\$	7,382,691	\$	14,311,341	\$	8,404,218
<b>Loan origination volume (units)</b>										
Conforming		4,486		20,598		14,522		28,658		18,090
Government		1,903		6,331		3,041		6,182		3,426
Non-conforming		486		2,530		2,032		4,004		2,472
Home improvement		5,831		15,588		5,935		11,457		—
Total loan origination volume		12,706		45,047		25,530		50,301		23,988
<b>Loan origination volume by type (units)</b>										
Agency		6,131		26,023		18,400		36,678		22,763
Non-agency		744		3,436		1,195		2,166		1,225
Home improvement		5,831		15,588		5,935		11,457		—

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Total loan origination volume by type	12,706	45,047	25,530	50,301	23,988
<b>Loan origination volume by channel (units)</b>					
Retail	4,754	18,913	13,353	27,090	16,123
Wholesale/Correspondent	1,982	8,405	4,210	7,215	4,745
Consumer direct	139	2,141	2,032	4,539	3,120
Home improvement	5,831	15,588	5,935	11,457	—
Total loan origination volume by channel	12,706	45,047	25,530	50,301	23,988
<b>Loan origination volume by type (units)</b>					
Purchase	5,852	20,426	9,801	19,129	7,534
Refinance	1,023	9,033	9,794	19,715	16,454
Home improvement	5,831	15,588	5,935	11,457	—
Total loan origination volume by type	12,706	45,047	25,530	50,301	23,988
<b>Loan sales by investor (dollars)</b>					
Agency	\$ 2,149,549	\$ 9,789,163	\$ 5,733,609	\$ 11,541,450	\$ 7,246,418
Private	812,519	3,221,563	1,574,710	2,787,028	1,152,810
Total loan sales by investor	\$ 2,962,068	\$ 13,010,726	\$ 7,308,319	\$ 14,328,478	\$ 8,399,228
<b>Loan sales by type (dollars)</b>					
Servicing released	\$ 1,173,968	\$ 3,932,394	\$ 3,313,801	\$ 5,497,385	\$ 2,086,550
Servicing retained	1,788,100	9,078,332	3,994,518	8,831,093	6,312,678
Total loan sales by type	\$ 2,962,068	\$ 13,010,726	\$ 7,308,319	\$ 14,328,478	\$ 8,399,228
Net rate lock volume	\$ 2,474,329	\$ 11,591,373	\$ 7,679,106	\$ 14,347,929	\$ 8,405,313
Mortgage originations margin (including servicing margin) <sup>(1)</sup>	1.87%	2.07%	2.61%	2.69%	3.41%
Capitalized servicing rate (in bps)	113.1	122	102.6	103.1	89.1

<sup>(1)</sup> 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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor						Predecessor			
Gain on sale, net	\$	58,033	\$	134,155	\$	221,680	\$	390,501	\$	200,874
Provision for repurchases		(6,708)		(13,013)		(1,970)		(3,783)		(2,258)
Net realized hedge gains (losses)		9,821		177,532		(22,982)		(39,995)		74,823
Changes in fair value of loans held for sale		(21,429)		(53,956)		(5,561)		6,041		(41,485)
Changes in fair value of interest rate locks		(24,064)		(33,289)		(5,472)		(8,456)		(49,946)
Changes in fair value of derivatives/hedges		30,657		28,001		14,599		41,372		104,473
<b>Gain on sale and other income from loans held for sale, net</b>		<b>46,310</b>		<b>239,430</b>		<b>200,294</b>		<b>385,680</b>		<b>286,481</b>
Net fair value gains on loans and related obligations		—		—		1,145		1,145		—
Origination related fee income		13,885		52,120		30,827		61,172		32,731
Net interest income		1,079		8,327		2,807		4,783		891
<b>Total revenue</b>	<b>\$</b>	<b>61,274</b>	<b>\$</b>	<b>299,877</b>	<b>\$</b>	<b>235,073</b>	<b>\$</b>	<b>452,780</b>	<b>\$</b>	<b>320,103</b>

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

	For the three months ended September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor						Predecessor			
Interest income	\$	9,235	\$	35,097	\$	15,363	\$	28,200	\$	12,483
Interest expense		(8,156)		(26,770)		(12,556)		(23,417)		(11,592)
<b>Net interest income</b>	<b>\$</b>	<b>1,079</b>	<b>\$</b>	<b>8,327</b>	<b>\$</b>	<b>2,807</b>	<b>\$</b>	<b>4,783</b>	<b>\$</b>	<b>891</b>
WAC - loans held for sale		5.7 %		5.0 %		3.0 %		3.0 %		2.9 %
WAC - warehouse lines of credit		5.6 %		4.4 %		3.3 %		3.1 %		3.0 %

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

Total revenue decreased \$173.8 million or 73.9% as a result of the following:

- Gain on sale, net, decreased \$163.6 million or 73.8% as a result of decreased gain on sale margins on lower volume during the three months ended September 30, 2022. We sold \$3.0 billion in mortgage loans for the three months ended September 30, 2022 compared to \$7.3 billion for the comparable 2021 period. Weighted average gain on sale margins on sold loans were 2.0% for the three months ended September 30, 2022 compared to 3.0% 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.
- For the three months ended September 30, 2022, net realized hedge gains and changes in fair value of derivatives/hedges were \$40.5 million compared to losses of \$8.4 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 our loan and interest rate locks pipeline decreased \$34.5 million or 312.3% primarily due to the impact of continued rate increases while IRLCs and loans were in the pipeline.
- Origination related fee income decreased \$16.9 million or 55.0% as a result of lower loan origination volume for the three months ended September 30, 2022.

*For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)*

Total revenue decreased \$473.0 million or 61.2% as a result of the following:

- Gain on sale, net, decreased \$457.2 million or 77.3% as a result of decreased gain on sale margins on lower volume during the nine months ended September 30, 2022. We sold \$13.0 billion in mortgage loans for the nine months ended September 30, 2022 compared to \$22.7 billion for the comparable 2021 period. Weighted average gain on sale margins on sold loans was 1.0% for the nine months ended September 30, 2022 compared to 2.6% 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 and competitive pressure on margins in the 2022 period.
- During the nine months ended September 30, 2022, net realized hedge gains and changes in fair value of derivatives/hedges were \$205.5 million compared to \$180.7 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.
- Origination related fee income decreased \$41.8 million or 44.5% as a result of lower loan origination volume during the nine months ended September 30, 2022.

**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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor									
	Predecessor									
Commissions and bonuses	\$	29,367	\$	130,203	\$	106,316	\$	209,916	\$	111,766
Salaries		33,428		117,263		48,565		104,121		46,232
Other salary related expenses		8,398		36,808		11,073		24,225		18,451
<b>Total salaries, benefits, and related expenses</b>		<b>71,193</b>		<b>284,274</b>		<b>165,954</b>		<b>338,262</b>		<b>176,449</b>
Loan origination fees		6,012		23,853		17,539		32,320		14,003
Loan processing expenses		2,228		9,341		5,119		10,544		5,462
Other general and administrative expenses		18,580		65,915		26,918		54,506		23,112
<b>Total general and administrative expenses</b>		<b>26,820</b>		<b>99,109</b>		<b>49,576</b>		<b>97,370</b>		<b>42,577</b>
Occupancy, equipment rentals, and other office related expenses		4,486		13,826		4,801		8,890		5,220
<b>Total expenses</b>	<b>\$</b>	<b>102,499</b>	<b>\$</b>	<b>397,209</b>	<b>\$</b>	<b>220,331</b>	<b>\$</b>	<b>444,522</b>	<b>\$</b>	<b>224,246</b>

*For the three months ended September 30, 2022 versus the three months ended September 30, 2021*

Total expenses decreased \$117.8 million or 53.5% as a result of the following:

- Salaries, benefits, and related expenses decreased \$94.8 million or 57.1%, primarily due to a decrease of \$76.9 million in commissions and bonus on lower retail and consumer direct volume, as well as a decrease

of \$15.1 million in salaries due to a reduction in average headcount. Average headcount for the three months ended September 30, 2022, was 2,089 compared to 3,046 for the 2021 period.

- General and administrative expenses decreased \$22.8 million or 45.9% primarily due to lower origination volume which resulted in a decrease of \$11.5 million in loan origination expenses, a decrease of \$2.9 million in loan processing expenses, and a decrease of \$8.3 million in other general and administrative expenses primarily attributable to general cost cutting measures.

*For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)*

Total expenses decreased \$271.6 million or 40.6% as a result of the following:

- Salaries, benefits, and related expenses decreased \$230.4 million or 44.8%, primarily due to a decrease of \$191.5 million in commissions and bonus on lower retail and consumer direct volume, as well as, a decrease of \$33.1 million in salaries due to a reduction in average headcount. Average headcount for the nine months ended September 30, 2022 was 2,522 compared to 3,063 for the 2021 period.
- General and administrative expenses decreased \$40.8 million or 29.2% primarily due to lower origination volume which resulted in a decrease of \$22.5 million in loan origination fees, a decrease of \$6.7 million in loan processing expenses, and a decrease of \$11.7 million in other general and administrative expenses primarily attributable to general cost cutting measures.

**Reverse Originations Segment**

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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Net origination gains	\$ 71,204	\$ 254,830	\$ 109,408	\$ 203,944	\$ 68,449
Fee income	936	4,875	1,022	1,976	524
Net interest expense	—	—	—	(9)	—
<b>Total revenue</b>	<b>72,140</b>	<b>259,705</b>	<b>110,430</b>	<b>205,911</b>	<b>68,973</b>
<b>Total expenses</b>	<b>37,959</b>	<b>125,092</b>	<b>41,354</b>	<b>83,600</b>	<b>23,693</b>
<b>Other, net</b>	<b>24</b>	<b>3,276</b>	<b>221</b>	<b>325</b>	<b>34</b>
<b>NET INCOME BEFORE TAXES</b>	<b>\$ 34,205</b>	<b>\$ 137,889</b>	<b>\$ 69,297</b>	<b>\$ 122,636</b>	<b>\$ 45,314</b>

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.

## 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>Loan origination volume</b>					
Total loan origination volume - new originations <sup>(1)</sup>	\$ 1,135,118	\$ 4,189,913	\$ 1,157,212	\$ 2,170,535	\$ 768,795
Total loan origination volume - tails <sup>(2)</sup>	164,722	482,172	135,164	257,126	120,775
Total loan origination volume	\$ 1,299,840	\$ 4,672,085	\$ 1,292,376	\$ 2,427,661	\$ 889,570
Total loan origination volume - units	3,215	11,761	3,382	6,640	2,864
<b>Loan origination volume - new originations by channel<sup>(3)</sup></b>					
Retail	\$ 141,533	\$ 588,718	\$ 195,797	\$ 368,769	\$ 127,679
TPO	993,585	3,601,195	961,415	1,801,766	641,116
<b>Total loan origination volume - new originations by channel</b>	\$ 1,135,118	\$ 4,189,913	\$ 1,157,212	\$ 2,170,535	\$ 768,795

<sup>(1)</sup> New loan origination volumes consist of initial reverse mortgage loan borrowing amounts.

<sup>(2)</sup> Tails consist of subsequent borrower draws, mortgage insurance premiums, service fees, and other advances, which we are able to subsequently pool into a security.

<sup>(3)</sup> 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>Net origination gains:</b>					
Retail	\$ 12,328	\$ 45,818	\$ 30,061	\$ 47,281	\$ 16,913
TPO	100,515	384,493	144,049	285,435	99,678
Acquisition costs	(41,639)	(175,481)	(64,702)	(128,772)	(48,142)
<b>Total net origination gains</b>	71,204	254,830	109,408	203,944	68,449
Fee income	936	4,875	1,022	1,976	524
Net interest income	—	—	—	(9)	—
<b>Total revenue</b>	\$ 72,140	\$ 259,705	\$ 110,430	\$ 205,911	\$ 68,973

*For the three months ended September 30, 2022 versus the three months ended September 30, 2021*

Total revenue decreased \$38.3 million or 34.7% as a result of the following:

- Net origination gains decreased \$38.2 million or 34.9% as a result of lower margins due to market volatility and widening credit spreads in the secondary markets during the three months ended September 30, 2022. During the three months ended September 30, 2022, the weighted average margin on production was 6.27% compared to 9.33% during the comparable 2021 period.

For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total revenue decreased \$15.2 million or 5.5% as a result of the following:

- Net origination gains decreased \$17.6 million or 6.4% as a result of decreased margins, partially offset by higher loan origination volume during the nine months ended September 30, 2022. During the nine months ended September 30, 2022, the weighted average margin on production was 6.08% compared to 9.40% in 2021, a decrease of 35.3% due to market volatility and widening credit spreads during the nine months ended September 30, 2022. We originated \$4.2 billion of reverse mortgage loans for the nine months ended September 30, 2022, an increase of 42.5%, compared to \$2.9 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 during the nine months ended September 30, 2022.
- Fee income increased \$2.4 million or 95.0% as a result of higher volume and higher mix of government-insured reverse mortgage production during the nine months ended September 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Salaries and bonuses	\$ 17,616	\$ 60,016	\$ 18,761	\$ 38,606	\$ 11,692
Other salary related expenses	1,886	5,908	1,605	3,613	1,395
Total salaries, benefits, and related expenses	19,502	65,924	20,366	42,219	13,087
Loan origination fees	2,473	6,983	2,120	4,881	3,258
Professional fees	931	2,596	2,444	5,120	2,079
Other general and administrative expenses	14,710	48,399	15,954	30,445	4,958
Total general and administrative expenses	18,114	57,978	20,518	40,446	10,295
Occupancy, equipment rentals, and other office related expenses	343	1,190	470	935	311
<b>Total expenses</b>	<b>\$ 37,959</b>	<b>\$ 125,092</b>	<b>\$ 41,354</b>	<b>\$ 83,600</b>	<b>\$ 23,693</b>

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

Total expenses decreased \$3.4 million or 8.2% as a result of the following:

- General and administrative expenses decreased \$2.4 million or 11.7% primarily due to lower professional fees for the three months ended September 30, 2022 when compared to the same period in 2021. The decrease in professional fees was primarily the result of higher legal and consulting fees incurred during the third quarter of 2021 related to the roll out of proprietary products in new states.



For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total expenses increased \$17.8 million or 16.6% as a result of the following:

- Total salaries, benefits, and related expenses increased \$10.6 million or 19.2% primarily due to an increase in production related compensation and average headcount to support the increased origination volume. Average headcount for the nine months ended September 30, 2022 was 493 compared to 363 for the 2021 period.
- General and administrative expenses increased \$7.2 million or 14.3% 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	<b>Successor</b>				<b>Predecessor</b>
Net origination gains	\$ 1,061	\$ 556	\$ 13,604	\$ 24,425	\$ 5,431
Fee income	11,416	45,233	14,252	26,376	8,930
<b>Total revenue</b>	<b>12,477</b>	<b>45,789</b>	<b>27,856</b>	<b>50,801</b>	<b>14,361</b>
Total expenses	19,535	67,210	21,678	41,727	13,391
Impairment of intangibles and other assets	(5,500)	(5,500)	—	—	—
Other, net	130	418	133	273	149
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>\$ (12,428)</b>	<b>\$ (26,503)</b>	<b>\$ 6,311</b>	<b>\$ 9,347</b>	<b>\$ 1,119</b>

Our Commercial Originations segment generates its revenues primarily from the origination of loans secured by 1-8 family residential properties, which are owned for investment purposes as either long-term rentals ("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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
<b>Loan origination volume (dollars)<sup>(1)</sup></b>										
Portfolio	\$	46,861	\$	250,488	\$	78,547	\$	148,574	\$	59,458
SRL		144,390		684,239		197,864		368,306		104,992
Fix & flip		147,216		374,146		112,312		208,366		90,018
New construction		14,175		50,686		15,376		33,014		3,422
Agricultural <sup>(2)</sup>		2,370		108,270		43,216		89,525		83,013
Total loan origination volume	\$	355,012	\$	1,467,829	\$	447,315	\$	847,785	\$	340,903
<b>Loan origination volume (units)<sup>(1)</sup></b>										
Portfolio		72		333		99		173		71
SRL		836		3,627		1,082		2,041		643
Fix & flip		581		1,607		472		917		430
New construction		43		123		53		109		13
Agricultural <sup>(2)</sup>		1		47		8		32		27
Total loan origination volume		1,533		5,737		1,714		3,272		1,184

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
Net origination gains	\$	1,061	\$	556	\$	13,604	\$	24,425	\$	5,431
Fee income		11,416		45,233		14,252		26,376		8,930
<b>Total revenue</b>	\$	12,477	\$	45,789	\$	27,856	\$	50,801	\$	14,361

### For the three months ended September 30, 2022 versus the three months ended September 30, 2021

Total revenue decreased \$15.4 million or 55.2% as result of the following:

- Net origination gains decreased by \$12.5 million or 92.2%, primarily as a result of a decrease in margin and volume within our Commercial Originations segment. Funded volume declined 21% compared to the 2021 period while margins declined primarily due to the volatility in market interest rates and widening credit spreads on non-agency loan products.
- Fee income decreased \$2.8 million or 19.9% primarily as a result of a 20.6% decrease in loan origination volume during the three months ended September 30, 2022 compared to the comparable 2021 period.

For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total revenue decreased \$19.4 million or 29.7% as result of the following:

- Net origination gains decreased \$29.3 million or 98.1%, primarily as a result of a decrease in net origination gain margin partially offset by higher origination funded volume during the nine months ended September 30, 2022. Margins declined primarily due to the volatility in market interest rates and widening credit spreads on non-agency loan products.
- Fee income increased \$9.9 million or 28.1% primarily as a result of a 23.5% increase in loan origination volume and a 2.7% increase in fee income per originated loan during the nine months ended September 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Salaries	\$ 7,409	\$ 24,339	\$ 7,693	\$ 15,336	\$ 4,769
Commissions and bonus	2,964	11,334	3,577	6,458	2,092
Other salary related expenses	1,361	4,514	1,064	2,044	797
<b>Total salaries, benefits, and related expenses</b>	<b>11,734</b>	<b>40,187</b>	<b>12,334</b>	<b>23,838</b>	<b>7,658</b>
Loan origination fees	5,526	19,303	5,216	10,155	3,140
Professional fees	698	2,092	1,148	2,480	891
Other general and administrative expenses	1,271	4,597	2,636	4,607	1,164
<b>Total general and administrative expenses</b>	<b>7,495</b>	<b>25,992</b>	<b>9,000</b>	<b>17,242</b>	<b>5,195</b>
Occupancy, equipment rentals, and other office related expenses	306	1,031	344	647	538
<b>Total expenses</b>	<b>\$ 19,535</b>	<b>\$ 67,210</b>	<b>\$ 21,678</b>	<b>\$ 41,727</b>	<b>\$ 13,391</b>

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

Total expenses decreased \$2.1 million or 9.9% as a result of the following:

- General and administrative expenses decreased \$1.5 million or 16.7% primarily due to a decrease in other general and administrative expenses of \$1.4 million associated with cost cutting measures during the three months ended September 30, 2022.

For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total expenses increased \$12.1 million or 21.9% as a result of the following:

- Salaries, benefits, and related expenses increased \$8.7 million or 27.6% primarily due to the increase in production related compensation, and average headcount to support the increased origination volume for the nine months ended September 30, 2022. Average headcount for the nine months ended September 30, 2022 was 305 compared to 219 for the 2021 period.

- General and administrative expenses increased \$3.6 million or 15.8% primarily due to the increase in loan origination fees. Loan origination fees increased \$6.0 million or 45.2% primarily as a result of a 23.5% increase in loan origination volume during the nine months ended September 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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
Loss on sale and other income from loans held for sale, net	\$	(142)	\$	(1,057)	\$	—	\$	—	\$	—
Fee income		43,743		178,043		87,592		168,722		76,383
Net interest income (expense)		565		1,228		(77)		(92)		(36)
<b>Total revenues</b>		<b>44,166</b>		<b>178,214</b>		<b>87,515</b>		<b>168,630</b>		<b>76,347</b>
<b>Total expenses</b>		<b>55,690</b>		<b>190,111</b>		<b>78,688</b>		<b>151,962</b>		<b>62,970</b>
<b>Other, net</b>		<b>734</b>		<b>3,212</b>		<b>22</b>		<b>105</b>		<b>2</b>
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>\$</b>	<b>(10,790)</b>	<b>\$</b>	<b>(8,685)</b>	<b>\$</b>	<b>8,849</b>	<b>\$</b>	<b>16,773</b>	<b>\$</b>	<b>13,379</b>

Our Lender Services segment generates its revenue primarily from fee income. Revenue from our Lender Services segment 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Title insurance underwriter policies	22,727	101,154	57,185	113,366	48,814
Incenter title agent orders	10,849	54,027	59,429	114,864	54,960
Incenter title agent closings	8,121	48,288	48,694	92,252	46,991
Total appraisals	10,063	32,272	12,600	22,951	7,427
Full-time employee average count for fulfillment revenue	769	873	986	986	858
Total MSR valuations performed	152	433	137	274	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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Insurance underwriting services	\$ 16,541	\$ 79,955	\$ 42,717	\$ 77,629	\$ 33,322
Title agent and closing services	16,037	56,381	24,988	58,866	31,750
Fulfillment services	4,316	18,786	7,337	14,160	6,779
MSR trade brokerage, valuation, and other services	2,782	13,066	8,306	12,156	2,462
Student and consumer loan origination services	3,567	7,632	3,512	5,012	2,012
Other income	358	1,166	732	899	58
Net interest income (expense)	565	1,228	(77)	(92)	(36)
<b>Total revenue</b>	<b>\$ 44,166</b>	<b>\$ 178,214</b>	<b>\$ 87,515</b>	<b>\$ 168,630</b>	<b>\$ 76,347</b>

### For the three months ended September 30, 2022 versus the three months ended September 30, 2021

Total revenue decreased \$43.3 million or 49.5% as a result of the following:

- For the three months ended September 30, 2022, insurance underwriting services revenue decreased \$26.2 million or 61.3%, as a result of lower volume. We underwrote 22,727 policies during the three months ended September 30, 2022, compared to 57,185 underwritten policies for the comparable 2021 period, a decrease of 60.3%. Title agent and closing revenue decreased \$9.0 million or 35.8%, as a result of lower volume. The decrease in volume was primarily the result of increasing interest rates resulting in a decline in refinance volumes.

### For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total revenue decreased \$66.8 million or 27.3% as a result of the following:

- For the nine months ended September 30, 2022, title agent and closing revenue decreased \$34.2 million or 37.8%, as a result of lower volume. We acted as title agent on 48,288 loan closings during the nine months ended September 30, 2022, compared to 139,243 loan closings for the 2021 period, a decrease of 65.3%. Insurance underwriting services revenue also decreased \$31.0 million or 27.9%, as a result of lower

volume. We underwrote 101,154 policies during the nine months ended September 30, 2022, compared to 162,180 underwritten policies for the 2021 period, a decrease of 37.6%. The decrease in volume was primarily the result of increasing interest rates resulting in a decline in refinance volumes.

### 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Salaries	\$ 16,203	\$ 52,711	\$ 18,129	\$ 36,480	\$ 16,715
Commissions and bonus	4,933	17,850	9,755	18,445	7,045
Other salary related expenses	3,211	12,587	5,183	11,445	4,001
<b>Total salaries, benefits, and related expenses</b>	<b>24,347</b>	<b>83,148</b>	<b>33,067</b>	<b>66,370</b>	<b>27,761</b>
Title and closing	19,339	68,999	31,358	56,548	25,062
Communication and data processing	2,772	8,780	3,760	6,885	2,960
Other general and administrative expenses	8,303	26,509	9,298	19,939	6,040
<b>Total general and administrative expenses</b>	<b>30,414</b>	<b>104,288</b>	<b>44,416</b>	<b>83,372</b>	<b>34,062</b>
Occupancy, equipment rentals, and other office related expenses	929	2,675	1,205	2,220	1,147
<b>Total expenses</b>	<b>\$ 55,690</b>	<b>\$ 190,111</b>	<b>\$ 78,688</b>	<b>\$ 151,962</b>	<b>\$ 62,970</b>

#### For the three months ended September 30, 2022 versus the three months ended September 30, 2021

Total expenses decreased \$23.0 million or 29.2% as a result of the following:

- Salaries, benefits, and related expenses decreased \$8.7 million or 26.4%, primarily due to commissions and bonus expense, decreasing \$4.8 million or 49.4%, in conjunction with the lower title agent and closing services revenue. Our average on-shore headcount also decreased 22.0% for the three months ended September 30, 2022 compared to the 2021 period due to lower demands of the business. On-shore headcount averaged 769 for the three months ended September 30, 2022, and 986 for the comparable 2021 period.
- General and administrative expenses decreased \$14.0 million or 31.5%, primarily due to lower title and closing expenses associated with the decrease in title insurance underwriting policies and title agent closing volume.

#### For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total expenses decreased \$24.8 million or 11.5% as a result of the following:

- Salaries, benefits, and related expenses decreased \$11.0 million or 11.7%, primarily due to commissions and bonus expense, decreasing \$7.6 million or 30.0%, in conjunction with the lower title agent and closing services revenue.
- General and administrative expenses decreased \$13.1 million or 11.2%, primarily due to lower title and closing expenses associated with the decrease in title insurance underwriting policies and title agent closing volume.

**Portfolio Management Segment**

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

	For the three months ended September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 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	\$	(6,650)	\$	(463)	\$	13,664	\$	21,412	\$	5,065
Net fair value gains (losses) on loans and related obligations		(80,721)		(255,754)		(448)		10,776		2,750
Fee income		7,147		64,814		14,937		18,514		36,191
Net interest expense		(24,047)		(58,643)		(17,799)		(33,650)		(14,816)
<b>Total revenue</b>		<b>(104,271)</b>		<b>(250,046)</b>		<b>10,354</b>		<b>17,052</b>		<b>29,190</b>
<b>Total expenses</b>		<b>27,463</b>		<b>97,204</b>		<b>30,068</b>		<b>63,325</b>		<b>24,406</b>
<b>Impairment of intangibles and other assets</b>		<b>(3,800)</b>		<b>(3,800)</b>		<b>—</b>		<b>—</b>		<b>—</b>
<b>Other, net</b>		<b>784</b>		<b>848</b>		<b>252</b>		<b>8</b>		<b>895</b>
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>\$</b>	<b>(134,750)</b>	<b>\$</b>	<b>(350,202)</b>	<b>\$</b>	<b>(19,462)</b>	<b>\$</b>	<b>(46,265)</b>	<b>\$</b>	<b>5,679</b>

Our Portfolio Management segment generates its revenues primarily from the sale and securitization of residential mortgages into the secondary market, fair value gains and losses on loans and MSR's that we hold for investment, servicing fee income related to the MSR's, 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 include 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<sup>(1)</sup>
- HMBS liabilities, at fair value; and
- Nonrecourse debt, at fair value.

<sup>(1)</sup> 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.



## KEY METRICS

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

	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 43,484	\$ 43,261
Restricted cash	207,835	320,116
Loans held for investment, subject to HMBS liabilities, at fair value	10,916,551	10,556,054
Loans held for investment, subject to nonrecourse debt, at fair value	6,741,391	6,218,194
Loans held for investment, at fair value	1,307,413	1,031,328
MSRs, at fair value	103,069	427,942
Other assets, net	306,065	228,069
<b>Total long-term investment assets</b>	<b>19,625,808</b>	<b>18,824,964</b>
Loans held for sale, at fair value	245,451	149,425
<b>Total earning assets</b>	<b>19,871,259</b>	<b>18,974,389</b>
HMBS related obligations, at fair value	10,806,867	10,422,358
Nonrecourse debt, at fair value	6,745,526	6,111,242
Other financing lines of credit	1,704,365	1,525,529
Payables and other liabilities	148,663	96,080
<b>Total financing of portfolio</b>	<b>19,405,421</b>	<b>18,155,209</b>
<b>Net equity in earning assets</b>	<b>\$ 465,838</b>	<b>\$ 819,180</b>

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

	September 30, 2022	December 31, 2021
<b>MSRs Portfolio</b>		
Loan count	24,255	118,939
Ending unpaid principal balance	\$ 7,767,188	\$ 38,219,162
Average unpaid principal balance	\$ 320	\$ 321
Weighted average coupon	3.56 %	3.01 %
Weighted average age (in months)	15	11
Weighted average FICO credit score	750	756
90+ day delinquency rate	0.6 %	0.1 %
Total prepayment speed	5.8 %	8.3 %
<b>Reverse Mortgages</b>		
Loan count	62,516	59,480
Active unpaid principal balance	\$ 17,303,930	\$ 14,902,734
Due and payable	365,525	322,057
Foreclosure	506,635	599,087
Claims pending	93,357	73,327
Ending unpaid principal balance	\$ 18,269,447	\$ 15,897,205
Average unpaid principal balance	\$ 292	\$ 267
Weighted average coupon	5.28 %	3.92 %
Weighted average age (in months)	40	43
Percentage in foreclosure	2.8 %	3.8 %
<b>Commercial (SRL/Portfolio/Fix &amp; Flip)</b>		
Loan count	3,170	2,222
Ending unpaid principal balance	\$ 668,509	\$ 479,190
Average unpaid principal balance	\$ 216	\$ 216
Weighted average coupon	8.11 %	7.43 %
Weighted average loan age (in months)	7	8
SRL conditional prepayment rate	0.8 %	1.4 %
SRL non-performing (60+ days past due)	1.0 %	1.3 %
F&F single month mortality	8.2 %	8.9 %
F&F non-performing (60+ days past due)	7.5 %	13.6 %
<b>Agricultural Loans</b>		
Loan count	72	80
Ending unpaid principal balance	\$ 205,806	\$ 144,328
Average unpaid principal balance	\$ 1,804	\$ 1,804
Weighted average coupon	7.08 %	7.14 %
Weighted average loan age (in months)	9	7

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>Investment and Capital Markets</b>					
Number of structured deals	2	6	4	7	1
Structured deals (size in notes)	\$ 777,157	\$ 2,726,771	\$ 1,443,121	\$ 2,575,653	\$ 571,448
Number of whole loan trades	3	27	11	21	8
UPB of whole loan trades	\$ 192,578	\$ 831,014	\$ 294,898	\$ 512,966	\$ 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
<b>REVENUE</b>					
Gain (loss) on sale and other income from loans held for sale, net	\$ (6,650)	\$ (463)	\$ 13,664	\$ 21,412	\$ 5,065
Net fair value gains (losses) on loans and related obligations:					
Net fair value gains from portfolio activity	46,565	118,524	42,875	79,480	32,386
Net fair value losses from changes in market inputs or model assumptions	(127,286)	(374,278)	(43,323)	(68,704)	(29,636)
<b>Total net fair value gains (losses) on loans and related obligations</b>	<b>(80,721)</b>	<b>(255,754)</b>	<b>(448)</b>	<b>10,776</b>	<b>2,750</b>
Net interest expense	(24,047)	(58,643)	(17,799)	(33,650)	(14,816)
Fee income:					
Servicing income (MSR)	3,671	54,117	6,060	6,360	33,698
Underwriting, advisory and valuation fees	86	876	5,127	7,028	997
Other fees	3,390	9,821	3,750	5,126	1,496
<b>Total fee income</b>	<b>7,147</b>	<b>64,814</b>	<b>14,937</b>	<b>18,514</b>	<b>36,191</b>
<b>Total revenue</b>	<b>\$ (104,271)</b>	<b>\$ (250,046)</b>	<b>\$ 10,354</b>	<b>\$ 17,052</b>	<b>\$ 29,190</b>

Principally all of our outstanding financial instruments are carried at fair value. The yield recognized on these financial instruments and any changes in estimated fair value are recorded as a component of net fair value gains (losses) on loans and related obligations in the Condensed Consolidated Statements of Operations. 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. Further, interest income on collateralized loans may be reflected in net fair value gains (losses) on loans and related obligations on the Condensed Consolidated Statements of Operations, while the associated interest expense on the pledged loans will be included as a component of net interest expense. We evaluate 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Interest income on commercial and reverse loans	\$ 228,896	\$ 582,350	\$ 160,683	\$ 334,623	\$ 160,568
Interest expense on HMBS and nonrecourse obligations	(149,200)	(380,446)	(107,593)	(221,067)	(119,201)
Net interest margin included in net fair value gains and losses on mortgage loans <sup>(1)</sup>	79,696	201,904	53,090	113,556	41,367
Interest income on mortgage loans held for sale	2,051	4,980	379	756	138
Interest expense on warehouse lines of credit	(26,098)	(63,623)	(18,178)	(34,406)	(14,954)
Net interest expense	(24,047)	(58,643)	(17,799)	(33,650)	(14,816)
<b>NET INTEREST MARGIN</b>	<b>\$ 55,649</b>	<b>\$ 143,261</b>	<b>\$ 35,291</b>	<b>\$ 79,906</b>	<b>\$ 26,551</b>

<sup>(1)</sup> 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 (losses) on loans and related obligations on the Condensed Consolidated Statements of Operations.

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

Total revenue decreased \$114.6 million as a result of the following:

- Gain on sale, net, decreased \$20.3 million, or 148.7% as a result of a decrease in the fair value of commercial loans held for sale during the three months ended September 30, 2022 compared to an increase in the fair value of commercial loans held for sale during the 2021 period.
- Net fair value losses from changes in market inputs or model assumptions increased \$84.0 million, or 193.8% due to fair value adjustments related predominantly to market discount rate assumptions on long-term assets and liabilities for the three months ended September 30, 2022 compared to the 2021 period. These increased fair value losses were partially offset by an increase of \$3.7 million in fair value gains from normal portfolio activity for the three months ended September 30, 2022 compared to the 2021 period.
- Net interest expense increased \$6.9 million, or 38.2% due primarily to a higher average cost of funds on our financing lines of credit as a result of higher average interest rates and higher average outstanding balances during the three months ended September 30, 2022 compared to the 2021 period.
- Fee income decreased \$7.8 million primarily related to fair market value losses on the MSR portfolio due to downward pricing pressures in the MSR market for the three months ended September 30, 2022 and lower service fee income as a result of a lower MSR balance for the three months ended September 30, 2022 compared to the 2021 period.

For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total revenue decreased \$296.3 million as a result of the following:

- Gain on sale and other income from loans held for sale, net, decreased \$26.9 million, primarily due to changes in fair value on commercial loans sold during the nine months ended September 30, 2022, compared to the 2021 period due to market volatility and widening spreads.
- Net fair value losses from changes in market inputs or model assumptions increased \$275.9 million due to fair value adjustments related predominantly to market discount rate assumptions on long-term assets liabilities for the nine months ended September 30, 2022 compared to the 2021 period. These increased fair value losses were partially offset by a \$6.7 million increase in fair value gains from normal portfolio activity for the nine months ended September 30, 2022 compared to the 2021 period.
- Net interest expense increased \$11.5 million due primarily to a higher average cost of funds on our financing lines of credit as a result of higher average interest rates and higher average outstanding balances during the nine months ended September 30, 2022 compared to the 2021 period.
- Fee income increased \$10.1 million, primarily related to the increase of \$14.1 million in servicing fee income as result of the higher average MSR portfolio for the nine months ended September 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Salaries and bonuses	\$ 9,138	\$ 30,675	\$ 9,080	\$ 24,621	\$ 5,650
Other salary related expenses	672	2,986	380	827	497
<b>Total salaries, benefits, and related expenses</b>	<b>9,810</b>	<b>33,661</b>	<b>9,460</b>	<b>25,448</b>	<b>6,147</b>
Securitization expenses	4,793	17,832	9,877	14,610	4,459
Servicing related expenses	7,488	25,813	9,093	17,918	8,651
Other general and administrative expenses	5,180	19,316	1,441	5,026	4,887
<b>Total general and administrative expenses</b>	<b>17,461</b>	<b>62,961</b>	<b>20,411</b>	<b>37,554</b>	<b>17,997</b>
Occupancy, equipment rentals, and other office related expenses	192	582	197	323	262
<b>Total expenses</b>	<b>\$ 27,463</b>	<b>\$ 97,204</b>	<b>\$ 30,068</b>	<b>\$ 63,325</b>	<b>\$ 24,406</b>

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

Total expenses decreased \$2.6 million or 8.7% as a result of the following:

- General and administrative expenses decreased \$3.0 million or 14.5% primarily due to a decrease in fees related to the securitization of assets into nonrecourse securitizations as a result of fewer securitizations during the three months ended September 30, 2022 compared to the 2021 period.

For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Total expenses increased \$9.5 million or 10.8% as a result of the following:

- Salaries, benefits, and related expenses increased \$2.1 million or 6.5%, primarily due to an increase in average headcount offset by one-time initial and accelerated equity-based compensation expense of \$7.2 million that was recognized during the nine months ended September 30, 2021. Average headcount was 117 for the nine months ended September 30, 2022 and 99 for the comparable 2021 period.
  - General and administrative expenses increased \$7.4 million or 13.3% primarily due to an increase in other general and administrative expenses primarily related to increases in professional fees and shared services expenses, during the nine months ended September 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 September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Net interest expense	\$ (6,811)	\$ (20,064)	\$ (6,720)	\$ (13,287)	\$ (7,744)
<b>Total interest expense</b>	<b>(6,811)</b>	<b>(20,064)</b>	<b>(6,720)</b>	<b>(13,287)</b>	<b>(7,744)</b>
<b>Total expenses</b>	<b>23,679</b>	<b>90,445</b>	<b>28,672</b>	<b>64,669</b>	<b>18,683</b>
<b>Other, net</b>	<b>19,688</b>	<b>33,459</b>	<b>10,205</b>	<b>8,019</b>	<b>(9,464)</b>
<b>NET LOSS BEFORE TAXES</b>	<b>\$ (10,802)</b>	<b>\$ (77,050)</b>	<b>\$ (25,187)</b>	<b>\$ (69,937)</b>	<b>\$ (35,891)</b>

In the table below is a summary of the components of our Corporate and Other segment's total expenses for the periods indicated (in thousands):

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the three months ended September 30, 2021	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor				Predecessor
Salaries and bonuses	\$ 29,174	\$ 102,716	\$ 35,944	\$ 82,973	\$ 22,779
Other salary related expenses	3,749	11,918	3,379	5,611	3,306
Shared services - payroll allocations	(22,633)	(68,806)	(19,520)	(43,954)	(18,657)
<b>Total salaries, benefits, and related expenses</b>	<b>10,290</b>	<b>45,828</b>	<b>19,803</b>	<b>44,630</b>	<b>7,428</b>
Communication and data processing	5,810	15,409	4,368	8,208	3,015
Professional fees	4,982	19,460	488	8,905	10,334
Other general and administrative expenses	4,479	14,843	8,141	11,621	1,481
Shared services - general and administrative allocations	(2,629)	(7,894)	(5,404)	(10,669)	(3,694)
<b>Total general and administrative expenses</b>	<b>12,642</b>	<b>41,818</b>	<b>7,593</b>	<b>18,065</b>	<b>11,136</b>
Occupancy, equipment rentals, and other office related expenses	747	2,799	1,276	1,974	119
<b>Total expenses</b>	<b>\$ 23,679</b>	<b>\$ 90,445</b>	<b>\$ 28,672</b>	<b>\$ 64,669</b>	<b>\$ 18,683</b>

### For the three months ended September 30, 2022 versus the three months ended September 30, 2021

Net loss decreased \$14.4 million or 57.1% as a result of the following:

- Salaries, benefits, and related expenses, net of allocations, decreased \$9.5 million or 48.0%, primarily due to \$6.0 million of higher equity-based compensation expense in the comparable 2021 period related to the Business Combination.
- General and administrative expenses, net of shared services allocations, increased \$5.0 million or 66.5%, due to a \$4.5 million increase in professional fees, less shared service allocations, of \$2.8 million and an

increase of \$1.4 million in communication and data processing expenses. These increases were partially offset by a decrease in other general and administrative expenses of \$3.7 million.

- Other, net, increased \$9.5 million primarily due to the remeasurement of the TRA obligations.

For the nine months ended September 30, 2022 (Successor) versus the nine months ended September 30, 2021 (Successor and Predecessor)

Net loss decreased \$28.8 million or 27.2% as a result of the following:

- Salaries, benefits, and related expenses, net of allocations, decreased \$6.2 million or 12.0%, primarily due to \$24.5 million of equity-based compensation expense related to the Business Combination in the nine months ended September 30, 2021. This was partially offset by an increase in average headcount related to the Business Combination. Average headcount for the nine months ended September 30, 2022 was 562 compared to 413 for the 2021 period.
- General and administrative expenses, net of shared services allocations, increased \$12.6 million or 43.2%, primarily due to a decrease in shared service allocations of \$6.5 million and an increase in communication and data processing expenses of \$4.2 million.
- Other, net, increased \$34.9 million primarily due to the remeasurement of the TRA obligations.

**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, intangible assets, and other certain long-lived 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, intangible assets, and other certain long-lived 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 September 30, 2022		For the nine months ended September 30, 2022		For the three months ended September 30, 2021		For the six months ended September 30, 2021		For the three months ended March 31, 2021	
	Successor								Predecessor	
<b>Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss) and Adjusted EBITDA</b>										
Net income (loss)	\$	(301,700)	\$	(533,518)	\$	50,110	\$	35,286	\$	124,320
Add back: Benefit (provision) for income taxes		2,974		17,249		(4,440)		(5,526)		(1,137)
Net income (loss) before taxes		(304,674)		(550,767)		54,550		40,812		125,457
Adjustments for:										
Changes in fair value <sup>(1)</sup>		116,359		322,924		19,713		43,795		11,536
Amortization and impairment of intangibles and other assets <sup>(2)</sup>		151,992		179,608		13,457		26,914		629
Equity-based compensation <sup>(3)</sup>		6,821		23,440		10,626		21,268		—
Certain non-recurring costs <sup>(4)</sup>		2,882		20,537		2,602		46,080		6,719
<b>Adjusted Net Income (Loss) before taxes</b>		<b>(26,620)</b>		<b>(4,258)</b>		<b>100,948</b>		<b>178,869</b>		<b>144,341</b>
Benefit (provision) for income taxes <sup>(5)</sup>		6,987		165		(26,339)		(46,983)		(37,529)
<b>Adjusted Net Income (Loss)</b>		<b>(19,633)</b>		<b>(4,093)</b>		<b>74,609</b>		<b>131,886</b>		<b>106,812</b>
Provision (benefit) for income taxes <sup>(5)</sup>		(6,987)		(165)		26,339		46,983		37,529
Depreciation		3,165		8,285		2,519		4,800		2,163
Interest expense on non-funding debt		6,876		20,317		6,842		13,536		7,706
<b>Adjusted EBITDA</b>	\$	<b>(16,579)</b>	\$	<b>24,344</b>	\$	<b>110,309</b>	\$	<b>197,205</b>	\$	<b>154,210</b>
<b>GAAP PER SHARE MEASURES</b>										
Net income (loss) attributable to controlling interest	\$	(84,486)	\$	(133,659)	\$	21,384	\$	23,649		N/A
Basic weighted average shares outstanding		62,804,809		61,993,353		59,861,171		59,871,386		N/A
<b>Basic net earnings (loss) per share</b>	\$	<b>(1.35)</b>	\$	<b>(2.16)</b>	\$	<b>0.36</b>	\$	<b>0.39</b>		<b>N/A</b>
If-converted method net earnings (loss)	\$	(84,485)	\$	(441,059)	\$	42,861	\$	33,125		N/A
Diluted weighted average shares outstanding		62,804,809		188,375,945		191,161,431		191,180,610		N/A
<b>Diluted earnings (loss) per share</b>	\$	<b>(1.35)</b>	\$	<b>(2.34)</b>	\$	<b>0.22</b>	\$	<b>0.17</b>		<b>N/A</b>
<b>NON-GAAP PER SHARE MEASURES</b>										
Adjusted Net Income (Loss)	\$	(19,633)	\$	(4,093)	\$	74,609	\$	131,886	\$	106,812
Diluted weighted average shares outstanding		187,877,936		188,375,945		191,161,431		191,180,610		191,200,000
<b>Adjusted Diluted Earnings (Loss) per Share</b>	\$	<b>(0.10)</b>	\$	<b>(0.02)</b>	\$	<b>0.39</b>	\$	<b>0.69</b>	\$	<b>0.56</b>
Book equity	\$	575,086	\$	575,086	\$	2,432,174	\$	2,432,174	\$	844,386
Ending diluted shares		187,877,936		188,375,945		189,425,808		189,425,808		191,200,000
<b>Book Equity per Diluted Share</b>	\$	<b>3.06</b>	\$	<b>3.05</b>	\$	<b>12.84</b>	\$	<b>12.84</b>	\$	<b>4.42</b>

<sup>(1)</sup> *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.

<sup>(2)</sup> *Amortization and impairment of intangibles and other assets* - Successor period includes amortization and impairment of intangibles recognized from various business combinations, and impairment of certain other long-lived assets.

<sup>(3)</sup> *Equity-based compensation* - Funded 85% by the non-controlling shareholders.

<sup>(4)</sup> *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.

<sup>(5)</sup> *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 payment by the Company to the TRA Parties of 85% of the cash tax benefits, if any, that the Company is deemed to realize (calculated using certain simplifying assumptions) 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, shareholders ("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 U.S. 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 date of the Business Combination. Subsequently, the liability will be remeasured at fair value each reporting period, with any changes in fair value recognized in other, net, in the Condensed Consolidated Statements of Operations.

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. If the Company determines that it is no longer probable that a related contingent payment will be required based on expected future cash flows, a reversal of the liability will be recorded through earnings. For the period ended September 30, 2022, the Company determined that the contingent payment is no longer probable of occurring, which is consistent with the Company's need to record the associated valuation allowance against the deferred tax assets (for more information regarding the valuation allowance see Note 24. Income Taxes), and has recorded an adjustment through other, net, in the Condensed Consolidated Statements of Operations to release the previously estimated contingent TRA liabilities.

For the reporting periods ended September 30, 2022, and December 31, 2021, the Company had a liability of \$4.9 million and \$29.4 million, which is included in deferred purchase price liabilities within payables and other liabilities on the 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 nine months ended September 30, 2022 and the comparable 2021 period:

	For the nine months ended September 30, 2022	For the six months ended September 30, 2021	For the three months ended March 31, 2021
	Successor		Predecessor
Net cash provided by (used in):			
Operating activities	\$ 1,061,015	\$ (72,613)	\$ 118,043
Investing activities	(1,656,117)	(710,072)	(312,047)
Financing activities	510,937	672,835	307,695

Our cash decreased \$84.4 million for the nine months ended September 30, 2022 (Successor) compared to an increase of \$3.8 million during the comparable period in 2021.

#### Operating Cash Flow

Net cash provided by operating activities totaled \$1.1 billion for the nine months ended September 30, 2022 (Successor) and \$45.4 million for the comparable period in 2021.

Cash flows from operating activities increased \$1.0 billion for the nine months ended September 30, 2022 (Successor) compared to the corresponding 2021 period. The increase was primarily attributable to a \$524.0 million increase in proceeds from sale of loans held for sale, net of cash used for originations, a \$299.4 million increase in

cash provided by changes in operating assets and liabilities, and a \$191.7 million increase in other operating income (loss) net of non-cash adjustments.

#### Investing Cash Flow

Net cash used in investing activities totaled \$1.7 billion for the nine months ended September 30, 2022 (Successor) and \$1.0 billion for the comparable period in 2021.

The increase of \$633.7 million in cash used in our investing activities during the nine months ended September 30, 2022 (Successor) compared to the 2021 period was primarily attributable to a \$1.9 billion increase in cash used for purchases and originations of loans held for investment, net of proceeds/payments on those loans. Cash outflows from investing activities were partially offset by an increase of \$724.8 million in proceeds/payments on loans held for investment subject to nonrecourse debt, net of cash used for originations, and a \$443.8 million increase in proceeds from the sales of mortgage servicing rights. Additionally, the increase in cash used in investing activities during the nine months ended September 30, 2022 (Successor) compared to the corresponding period in 2021 was partially offset by a reduction of \$58.9 million investing cash outflows related to the acquisition of subsidiaries during 2021.

#### Financing Cash Flow

Net cash provided by financing activities totaled \$510.9 million for the nine months ended September 30, 2022 (Successor) and \$980.5 million for the comparable period in 2021.

The decrease of \$469.6 million in cash provided by our financing activities during the nine months ended September 30, 2022 (Successor) compared to the 2021 period was primarily driven by an \$1.5 billion decrease in proceeds from other financing lines of credit, net of payments. Cash outflows from financing activities were partially offset by a \$73.7 million increase in proceeds from the securitizations of loans, subject to HMBS related obligations, net of payments, and a \$640.9 million increase in proceeds from the issuance of nonrecourse debt, net of payments. Additionally, the decrease in net cash provided by our financing activities was further offset by a \$203.2 million financing outflow related to the settlement of CRNCL in connection with the Business Combination and member distributions of \$75.0 million paid in the 2021 period.

#### 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 September 30, 2022.

#### Seller/Service Financial Requirements

We are also subject to net worth, capital ratio and liquidity requirements established by FHA for Fannie Mae and Freddie Mac Seller/Service, and Ginnie Mae for single family issuers. In both cases, these requirements apply to our operating subsidiaries, FAM and FAR, which are licensed sellers/service of the respective GSEs. As of September 30, 2022 and December 31, 2021, we were in compliance with all of our seller/service financial requirements for FHA and Ginnie Mae. For additional information see Note 22 - 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 outstanding single-family MBS.
- Maintain liquid assets equal to at least 20% of our net worth requirement for HECM MBS.

#### **Summary of Certain Indebtedness**

The following description is a summary of certain material provisions of our outstanding indebtedness. As of September 30, 2022, our debt obligations were approximately \$17.9 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 September 30, 2022, our Mortgage Originations segment had \$2.1 billion in warehouse lines of credit collateralized by first lien mortgages with \$0.6 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 September 30, 2022 (in thousands):

<b>Mortgage Warehouse Facilities</b>	<b>Maturity Date</b>	<b>Total Capacity</b>	<b>September 30, 2022</b>
Committed	November 2022 - May 2023	\$ 475,000	\$ 178,036
Uncommitted	October 2022 - August 2023	1,575,000	435,370
<b>Total mortgage warehouse facilities</b>		<b>\$ 2,050,000</b>	<b>\$ 613,406</b>

#### Reverse mortgage facilities

As of September 30, 2022, our Reverse Originations segment had \$1.5 billion in warehouse lines of credit collateralized by first lien mortgages with \$0.9 billion aggregate principal amount drawn through 7 funding facility arrangements with 6 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 September 30, 2022 (in thousands):

<b>Reverse Warehouse Facilities</b>	<b>Maturity Date</b>	<b>Total Capacity</b>	<b>September 30, 2022</b>
Committed	April 2023 - June 2023	\$ 500,000	\$ 431,364
Uncommitted	November 2022 - September 2023	975,000	504,071
<b>Total reverse warehouse facilities</b>		<b>\$ 1,475,000</b>	<b>\$ 935,435</b>

#### Commercial loan facilities

As of September 30, 2022, our Commercial Originations segment had \$0.4 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.

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

<b>Commercial Warehouse Facilities</b>	<b>Maturity Date</b>	<b>Total Capacity</b>	<b>September 30, 2022</b>
Committed	April 2023 - November 2023	\$ 245,000	\$ 244,514
Uncommitted	February 2023 - August 2023	151,500	85,830
<b>Total commercial warehouse facilities</b>		<b>\$ 396,500</b>	<b>\$ 330,344</b>

#### **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 September 30, 2022, our Mortgage, Reverse, and Commercial Originations segments collectively had \$0.5 billion in additional secured facilities with \$0.4 billion aggregate principal amount drawn through credit agreements or master repurchase agreements with 7 funding facility arrangements and 5 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 of 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 September 30, 2022 (in thousands):

<b>Other Financing Lines of Credit</b>	<b>Maturity Date</b>	<b>Total Capacity</b>	<b>September 30, 2022</b>
Committed	February 2023 - March 2026	\$ 490,000	\$ 387,751
Uncommitted	November 2022 - December 2022	39,065	39,065
<b>Total other secured lines of credit</b>		<b>\$ 529,065</b>	<b>\$ 426,816</b>

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 September 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 September 30, 2022, we had HMBS-related borrowings of \$10.8 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 September 30, 2022, we had nonrecourse debt-related borrowings of \$6.7 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 September 30, 2022, the Company had an outstanding balance against this commitment of \$59.8 million. The Company accrued for excess servicing and ancillary fees against the outstanding balances in the amount of \$0 and \$9.4 million, respectively, to these investors for the three and nine months ended September 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 September 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 September 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	\$ 1,879,183	\$ 1,766,683	\$ 112,500	\$ —	\$ —
MSR line of credit	10,227	—	—	10,227	—
Other secured lines of credit	416,589	140,322	—	—	276,267
Nonrecourse debt <sup>(1)</sup>	7,268,722	1,587,267	2,558,770	502,490	2,620,195
Notes payable	382,810	30,000	—	352,810	—
Operating leases	79,074	4,945	40,526	11,756	21,847
<b>Total</b>	<b>\$ 10,036,605</b>	<b>\$ 3,529,217</b>	<b>\$ 2,711,796</b>	<b>\$ 877,283</b>	<b>\$ 2,918,309</b>

<sup>(1)</sup> 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 \$10.6 billion as of September 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 reimburse 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.

---

	September 30, 2022	
	Down 25 bps	Up 25 bps
	(in thousands)	
<b>Increase (decrease) in assets</b>		
Reverse mortgage loans held for investment, subject to HMBS related obligations	\$ 22,194	\$ (21,978)
Mortgage loans held for investment, subject to nonrecourse debt:		
Reverse mortgage loans	79,902	(78,620)
Fix & flip mortgage loans	603	(600)
Agricultural loans	216	(215)
Mortgage loans held for investment:		
Reverse mortgage loans	15,782	(15,360)
Fix & flip mortgage loans	395	(393)
Agricultural loans	1	(1)
Mortgage loans held for sale:		
Residential mortgage loans	3,554	(3,755)
SRL	443	(437)
Portfolio	687	(676)
MSRs	(2,495)	2,562
Other assets	331	(331)
Derivative assets:		
IRLCs and LPCs	6,047	(6,387)
Forward MBS and TBAs	(9,341)	9,800
Interest rate swaps and futures contracts	(12,095)	12,095
<b>Total assets</b>	<b>\$ 106,224</b>	<b>\$ (104,296)</b>
<b>Increase (decrease) in liabilities</b>		
HMBS related obligation	\$ 19,989	\$ (19,764)
Nonrecourse debt	60,828	(64,658)
Derivative liabilities:		
IRLCs and LPCs	(5,395)	5,699
Forward MBS and TBAs	441	(390)
<b>Total liabilities</b>	<b>\$ 75,863</b>	<b>\$ (79,113)</b>

#### 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 September 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 September 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 a third-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 nine months ended September 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 19 - Litigation to our consolidated financial statements included in Part I, Item 1 of this Report.

### Item 1A. Risk Factors

*The Company's Resource Optimization Plan may be more difficult, costly or time consuming than expected and the Company may fail to realize the anticipated benefits of such plan.*

On October 20, 2022, the Board of Directors (the "Board") of Finance of America Companies Inc. (the "Company"), authorized a plan to discontinue the operations of the Company's Mortgage Originations segment, other than its Home Improvement channel, in order to strategically optimize and invest in the Company's Reverse Originations, Commercial Originations, Lender Services and Portfolio Management segments (such plan, the "Resource Optimization Plan"). The Company anticipates that the Resource Optimization Plan will commence in the fourth quarter of 2022 and is expected to be substantially completed by the end of 2022.

The success of the Resource Optimization Plan will depend, in part, on the ability to realize the anticipated cost savings from discontinuing our Mortgage Originations segment. To realize the anticipated benefits and cost savings from the Resource Optimization Plan, the Company must discontinue its mortgage origination business in a manner that permits those cost savings to be realized without adversely affecting current revenues and future growth of its remaining business. If we are not able to successfully achieve these objectives, the anticipated benefits of the Resource Optimization Plan may not be realized fully or at all, may take longer to realize than expected or may result in additional and unforeseen expenses. An inability to realize the full extent of the anticipated benefits of the Resource Optimization Plan, as well as any delays encountered in the process, could have an adverse effect upon the Company's revenues, expenses, and operating results, which may adversely affect the value of the Class A Common Stock.

The Company has operated and, until the completion of the Resource Optimization Plan, must continue to operate, its Mortgage Originations segment. The discontinuation process may divert management's attention and resources from its ongoing business, negatively impact employee morale, result in the loss of key employees or disputes with former employees, or otherwise disrupt the Company's other segments, which may adversely affect the Company's ability to maintain relationships with clients, customers, loan investors, financing counterparties, regulators or employees or to achieve the anticipated benefits and cost savings of the Resource Optimization Plan. These potential issues could have an adverse effect on the Company during this transition period and for an undetermined period after completion of the Resource Optimization Plan.

Except as described above, 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 Annual Report on Form 10-K, originally filed with the SEC on March 15, 2022, 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 Annual Report on 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

None.

### Item 3. Defaults Upon Senior Securities

None.

---

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

On November 8, 2022, Finance of America Equity Capital LLC (the “Borrower”), a subsidiary of the Company, entered into an amendment to its revolving working capital promissory notes dated June 14, 2019 (as amended, the “Promissory Notes”) with certain funds affiliated with Blackstone Inc. and an entity controlled by Brian L. Libman, to increase the aggregate commitments for revolving borrowings thereunder from \$30.0 million to \$50.0 million and to extend their maturity from January 3, 2023 to July 31, 2023. The additional liquidity provides investment capital for growth initiatives and strategic opportunities currently under evaluation by the Company, as well as other general corporate purposes. The Promissory Notes, which are structured with simultaneous draw and paydown terms, are secured by certain tangible assets of the Borrower and bear interest at rate per annum equal to 6.5%.

---

**Item 6. Exhibits**

Exhibit No.	Description
2.1	<a href="#"><u>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</u></a> (incorporated by Reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed on April 7, 2021).
2.2	<a href="#"><u>Letter Agreement, dated April 1, 2021, by and among Seller Representative and Replay</u></a> (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	<a href="#"><u>Letter Agreement, dated April 5, 2021, by and among Seller Representative and Replay</u></a> (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	<a href="#"><u>Letter Agreement, dated March 31, 2021, by and among Family Holdings, TMO, BTO Urban, BTO Urban Holdings II L.P., and ESC</u></a> (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	<a href="#"><u>Amended and Restated Certificate of Incorporation of Finance of America Companies Inc.</u></a> (incorporated by Reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed on April 7, 2021).
3.2	<a href="#"><u>Amended and Restated Bylaws of Finance of America Companies Inc.</u></a> (incorporated by Reference to Exhibit 3.3 to the Company’s Current Report on Form 8-K filed on April 7, 2021).
10.1*†	<a href="#"><u>Separation Agreement and General Release of all Claims, by and between Finance of America Equity Capital LLC and Anthony W. Villani, effective September 1, 2022.</u></a>
10.2*	<a href="#"><u>First Amended Finance of America Companies Inc. Employee Stock Purchase Plan, dated August 15, 2022.</u></a>
31.1*	<a href="#"><u>Certificate of Graham A. Fleming, President and Interim Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2*	<a href="#"><u>Certificate of Johan Gericke, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1**	<a href="#"><u>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.</u></a>
32.2**	<a href="#"><u>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.</u></a>
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.
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).
†	Management contract or compensatory plan or arrangement.
*	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.

Date: November 9, 2022

**Finance of America Companies Inc.**

By: /s/ Johan Gericke

Johan Gericke

Executive Vice President and Chief Financial Officer

(Authorized Signatory and Principal Financial Officer)

## **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 parent, affiliates, predecessor, successor, subsidiary and other current or future related companies (including Finance of America Holdings LLC) (collectively, the "Company") and Anthony W. Villani ("Employee") (collectively the "Parties") with respect to the following facts:

1. Separation Date. Employee agrees that Employee's employment with Company will terminate, effective September 1, 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 \$700,000.00, 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 ("Separation Payment"). 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 Payment is 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, 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 those expressly set forth in paragraph 2.

4. General Release. 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 "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. 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, and any claims raised in any charges or complaints, whether filed by Employee or on his/her behalf, with the Equal Employment Opportunity Commission or the Texas Workforce Commission (including its Civil Right Division), and any claims under Chapter 21 of the Texas Labor Code (also known as the "Texas Commission on Human Rights Act"), including Tex. Lab. Code § 21.051 and § 21.055, and the Texas Genetic Testing Law (Texas Lab. Code §§ 21.401-21.405); the Texas Workers' Compensation Act (including retaliation and other claims under Chapter 451 of the Texas Labor Code, formerly Article 8307c of the Texas Workers' Compensation Act); the Texas Payday Law (Chapter 61 of the Texas Labor Code); any other claims under the Texas Labor Code; Texas disability discrimination law (Tex. Hum. Res. Code §§ 121.001 et seq.); the Texas Communicable Diseases Law (Tex. Health & Safety Code §§ 81.101 et seq.); any other claims under the Texas Health and Safety Code; the Texas Civil Practice and Remedies Code (including any claim for attorneys' fees under Chapter 38 of the Texas Civil Practice and Remedies Code); the Texas Occupations Code; any and all other claims, including but not limited to, qui tam claims; common law claims; failure to pay proper wage, minimum wage, and/or overtime wages; unpaid wages; loss of wages; loss of earning capacity; loss of job security; humiliation; physical impairment and/or disfigurement; loss of consortium; harm to reputation; libel, slander, or defamation; medical expenses; personal property damage, loss, or diminution in value; negligence; gross negligence; assault or battery; strict liability; malice; invasion of privacy; intentional infliction of emotional distress; negligent infliction of emotional distress; loss or diminution of career advancement; loss of dignity; any and all claims arising under any other federal, state, or local statute, law, ordinance, rule, regulation, or order prohibiting employment discrimination or retaliation; any claim under tort, wrongful discharge, breach of contract, or breach of agreement; and any other theory, claim, or cause of action whatsoever, whether known or unknown.

By signing this Agreement, it is Employee's intent to waive and release all claims and potential claims against the 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 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 Released Parties, or (b) conduct by Company or any of the 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. **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](mailto: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.

6. 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.

7. 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.

8. Indemnification. Employee agrees to hold the Released Parties harmless from, and to defend and indemnify the Released Parties from and against, all further claims, cross-claims, third-party claims, demands, costs, complaints, obligations, causes of action, damages, judgments, liability, contribution, or indemnity related in any way to the allegations that were or could have been made by Employee with respect to the claims and causes of action released as part of this Agreement, as well as any claims that may be made indirectly against the Released Parties for contribution, indemnity, or otherwise by any third party from whom or which Employee seeks relief or damages, directly or indirectly, for the same claims and/or causes of action released as part of this Agreement, regardless of whether such claims are caused in whole or in part by the negligence, acts, or omissions of any of the Released Parties.

Employee further agrees that Employee is solely responsible for certain employee tax obligations which may arise as a consequence of this Agreement. If it is ever claimed or determined that any portion of the foregoing payments constitute or represent taxable earnings, and/or that Company should have withheld, deducted, made contribution towards, and/or paid any taxes to any federal, state, or local governmental body as a result thereof, Employee warrants and agrees to pay, indemnify, secure, and hold the Released Parties harmless from all costs, assessments, penalties, damage, fees, or interest, arising from any employee tax obligations to which the Released Parties are or may be subject by reason of the characterization of such or any portion thereof as nontaxable.

9. 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.

10. 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.

11. Confidential Information and Return of Company Property. Employee understands and agrees that as a condition of receiving the Separation Payment 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”). Non-exhaustive 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 11 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.

12. 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](mailto: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.

13. 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.

14. 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.

15. 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.

16. Applicable Law and Arbitration. This Agreement, in all respects, shall be interpreted, enforced, and governed by and under the laws of the State of Texas 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 Dallas, Texas before the American Arbitration Association. The decision of the arbitrator shall be final and binding on the Parties to the arbitration.

17. 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.*

18. 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.

19. 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.

20. Entire Agreement; Modification. This Agreement, including the surviving provisions of any confidentiality and/or non-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.

21. 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.

22. 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: September 2, 2022      **ANTHONY W. VILLANI**

*/s/ Anthony W. Villani*

\_\_\_\_\_  
EMPLOYEE SIGNATURE

DATED: September 2, 2022      **FINANCE OF AMERICA EQUITY CAPITAL LLC**

By: */s/ Karla Klingfus*

\_\_\_\_\_  
Vice President



FIRST AMENDED FINANCE OF AMERICA COMPANIES INC.  
EMPLOYEE STOCK PURCHASE PLAN

The board of directors of Finance of America Companies Inc., a Delaware corporation, adopted the Finance of America Companies Inc. Employee Stock Purchase Plan on November 10, 2021, as amended August 15, 2022 (such plan, as may be amended and/or restated from time to time, the “Plan”). The effective date of the Plan shall be November 10, 2021 (the “Effective Date”), and the Plan shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Section 10.1 hereof, until all of the shares of Company Stock authorized under the Plan have been purchased according to the Plan’s provisions.

ARTICLE 1  
PURPOSE OF THE PLAN

The Company has determined that it is in its best interests to provide an incentive to attract and retain employees and to increase morale by providing a program through which employees may acquire a proprietary interest in the Company through the purchase and issuance of shares of Company Stock. The Plan shall permit Participants to purchase shares of Company Stock through payroll deductions and, subject to the terms and conditions set forth herein, Participants will be eligible to receive restricted stock units under and pursuant to the Company’s 2021 Omnibus Incentive Plan through a Company matching program. Participation in the Plan is entirely voluntary and neither the Company nor any of its Subsidiaries makes any recommendations to Participants as to whether they should participate in the Plan. The Plan is not intended to be an employee benefit plan under the Employee Retirement Income Security Act of 1974, as amended, nor is the Plan intended to qualify as an “employee stock purchase plan” under Section 423 of the Code.

ARTICLE 2  
DEFINITIONS

Capitalized terms used herein without definition shall have the respective meanings set forth below:

2.1 **ACCOUNT.** “Account” means the bookkeeping entry maintained by the Company on behalf of each Participant for the purpose of accounting for all Participant Contributions credited to the Participant pursuant to the Plan.

2.2 **APPLICABLE LAW.** “Applicable Law” means each applicable law, rule, regulation and requirement, including, but not limited to, each applicable U.S. federal, state or local law, any rule or regulation of the applicable securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted and each applicable law, rule or regulation of any other country or jurisdiction where equity or equity-based awards are, or will be, purchased or granted hereunder, as each such law, rule and regulation shall be in effect from time to time. References to any applicable laws, rules and regulations, including references to any sections or other provisions of applicable laws, rules and regulations, also refer to any successor or amended provisions thereto unless the Committee determines otherwise. Further,



references to any section of a law shall be deemed to include any regulations or other interpretive guidance under such section, unless the Committee determines otherwise.

2.3 **AWARD AGREEMENT.** “Award Agreement” has the meaning set forth in the 2021 Omnibus Incentive Plan.

2.4 **BASE EARNINGS.** “Base Earnings” means, unless otherwise determined by the Committee, a Participant’s cash earnings, including base salary, wages, bonuses, commissions and other forms of cash incentive compensation (but excluding gifts, prizes, awards, relocation payments, severance, tips, gratuities, or similar elements of compensation).

2.5 **BOARD.** “Board” means the board of directors of the Company.

2.6 **BROKER.** “Broker” means the financial institution designated by the Company to act as Broker for the Plan.

2.7 **CODE.** “Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

2.8 **COMMITTEE.** “Committee” means the Compensation Committee of the Board, which has authority to administer the Plan pursuant to Article 8. All references to the Committee in the Plan shall include any administrator to which the Committee has delegated any part of its responsibilities and powers pursuant to Section 8.1(c).

2.9 **COMPANY.** “Company” means Finance of America Companies Inc., and any successor thereto.

2.10 **COMPANY STOCK.** “Company Stock” means Class A common stock of the Company, par value \$0.0001 per share.

2.11 **ELIGIBLE PERSON.** “Eligible Person” means any employee of a Participating Company, except any employee who is (i) subject to the disclosure requirements of Section 16(a) of the Exchange Act (unless otherwise determined by the Committee or otherwise provided in the Plan), or (ii) less than twenty-one (21) years of age. Notwithstanding the foregoing, persons determined by the Committee not to be Eligible Persons shall not be treated as “Eligible Persons” for purposes of this Plan.

2.12 **EXCHANGE ACT.** “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.13 **END DATE.** “End Date” means, with respect to each Offering Period, the last day of the Offering Period.

2.14 **OFFERING PERIOD.** “Offering Period” means any period with respect to which a right to purchase shares of Company Stock hereunder (“Purchase Rights”) may be granted. Unless otherwise determined by the Committee, each Offering Period shall be six months, commencing on each January 1<sup>st</sup> and July 1st on or following the Effective Date. Notwithstanding

---

the foregoing, the Committee shall have the power to change the frequency and duration of the Offering Periods as it deems appropriate from time to time.

2.15 OMNIBUS INCENTIVE PLAN. “Omnibus Incentive Plan” means the Finance of America Companies Inc. 2021 Omnibus Incentive Plan (as may be amended or restated from time to time).

2.16 PARTICIPANT. “Participant” means an Eligible Person who has become a participant in the Plan in accordance with Section 3.2.

2.17 PARTICIPANT CONTRIBUTIONS. “Participant Contributions” shall have the meaning ascribed to such term in Section 4.1.

2.18 PARTICIPATING COMPANY. “Participating Company” means the Company and, to the extent designated by the Committee as a Participating Company, any present or future Subsidiary of the Company.

2.19 PAYROLL PERIOD. “Payroll Period” means the pay periods coinciding with the Participating Company’s payroll practices, as revised from time to time.

2.20 PERSON. “Person” means any individual, entity, or group (within the meaning of section 13(d)(3) or 14(d)(2) of the exchange act).

2.21 QUALIFYING EMPLOYMENT. “Qualifying Employment” means employment with any Participating Company.

2.22 RESTRICTED STOCK UNITS. “Restricted Stock Units” has the meaning given to such term in the Omnibus Incentive Plan (or successor plan thereto).

2.23 SECURITIES ACT. “Securities Act” means the securities act of 1933, as amended, and any successor thereto. Reference in the plan to any section of (or rule promulgated under) the securities act shall be deemed to include any rules, regulations, or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations, or guidance.

2.24 SHARE ACCOUNT. “Share Account” means the account maintained by the Broker on behalf of each Participant for the purpose of accounting for Company Stock purchased by the Participant pursuant to the Plan.

2.25 START DATE. “Start Date” means, with respect to each Offering Period, the first day of the Offering Period.

2.26 SUBSIDIARY. “Subsidiary” means, with respect to any specified Person:

- (i) any corporation, association, or other business entity of which more than 50% of the total voting power of shares of such entity’s voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) is at the time owned or

controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

### ARTICLE 3 ELIGIBILITY AND PARTICIPATION

3.1 ELIGIBILITY. Unless otherwise determined by the Committee, any Eligible Person shall be eligible to participate in the Plan. For purposes of participation in the Plan, an individual who is on leave of absence from such individual's employment with a Participant Company shall be deemed to be employed for the first 90 days of such leave of absence and such individual's employment shall be deemed to have terminated at the close of business on the 90th day of such leave of absence unless such individual shall have returned to regular full-time or part time employment (as the case may be) prior to the close of business on such 90th day or unless such individual has a right to reemployment that is guaranteed either by statute or contract (including, for avoidance of doubt, any guaranteed right to reemployment provided under any non U.S. law, contract or policy). Termination by the applicable Participating Company of any individual's leave of absence, other than termination of such leave of absence on return to full-time or part-time employment, shall terminate such individual's employment for all purposes of the Plan and shall terminate such individual's participation in the Plan, unless such individual has a right to reemployment that is guaranteed either by statute or contract.

3.2 PARTICIPATION. An Eligible Person who has satisfied the eligibility requirements of Section 3.1 may become a Participant in the Plan by completing an authorization for Participant Contributions on the form to be provided by the Company (and such other documents as may be required by the Committee) and delivering such forms and documents to the Company or an agent designated by the Company on or before the date set therefor by the Committee, which date shall be prior to the Start Date of the applicable Offering Period (the "Enrollment Procedures").

3.3 SPECIAL RULES. In the event that a person is excluded from participation in the Plan and a court of competent jurisdiction determines that the person is eligible to participate in the Plan, the person shall be treated as an Eligible Person only from the date of the court's determination and shall not be entitled to retroactive participation in the Plan.

### ARTICLE 4 PARTICIPANT CONTRIBUTIONS

4.1 PARTICIPANT ELECTION. Pursuant to the Enrollment Procedures, each Participant shall designate the amount of payroll deductions, solely on an after-tax basis to be made from his or her paycheck ("Participant Contributions") to purchase shares of Company Stock under the Plan. Participant Contributions shall be designated in whole percentages of Base Earnings, up

to a maximum of 15%. Notwithstanding the foregoing, in no event may the aggregate amount of Participant Contributions for any calendar year exceed \$50,000 per Participant (unless otherwise determined by the Committee). The amount so designated by the Participant shall continue until terminated or altered in accordance with Section 4.2 below.

#### 4.2 CHANGES IN ELECTION; WITHDRAWAL; TERMINATION.

(a) **Change in Payroll Deductions.** A Participant may withdraw, terminate or discontinue participation in the Plan at any time as provided in Section 4.2(b) and Section 4.2(c) hereof. However, a Participant may not alter decrease or increase the rate of his or her Participant Contributions for a specific Offering Period during such Offering Period. For the sake of clarity, a Participant may elect to alter the rate of his or her Participant Contributions for the Offering Period following the Offering Period in which such election to change occurs. Such election to change shall be made by delivering to the Company or an agent designated by the Company a new, completed authorization form (and such other documents as may be required by the Committee). Any such new election shall remain in effect until subsequently modified by the Participant pursuant to this Section 4.2.

(b) **Withdrawal.** A Participant may withdraw Participant Contributions credited to the Participant's account during an Offering Period at any time prior to the last day of such Offering Period by giving sufficient prior written notice to the Company or an agent designated by the Company. Given sufficient prior written notice, all of the Participant Contributions previously credited to the Participant's account which have not already been used to purchase shares of Company Stock will be paid to the Participant promptly (without interest, unless otherwise required by Applicable Law) after receipt of the Participant's notice of withdrawal, and no further Participant Contributions will be made during such Offering Period. The Company may, at its option, treat any attempt to borrow by a Participant on the security of such Participant's accumulated Participant Contributions as an election to withdraw such Contributions. A Participant's withdrawal from any Offering Period will not have any effect upon the Participant's eligibility to participate in any subsequent Offering Period or in any similar plan which may hereafter be adopted by the Company. Notwithstanding the foregoing, if a Participant withdraws during an Offering Period, Participant Contributions shall not resume at the beginning of a succeeding Offering Period, unless the Participant is eligible to participate and the Participant delivers to the Company or an agent designated by the Company a new, completed authorization form (and such other documents as may be required by the Committee) and otherwise complies with the terms of the Plan.

(c) **Termination of Employment; Participant Ineligibility.** Upon termination of a Participant's employment for any reason (including but not limited to termination due to death but excluding a leave of absence for a period of less than 90 days or a leave of absence of any duration where reemployment is guaranteed by either statute or contract), or in the event that a Participant otherwise ceases to be an Eligible Person, the Participant's participation in the Plan shall be terminated, unless otherwise required by Applicable Law. In the event of a Participant's termination of employment or in the event that a Participant otherwise ceases to be an Eligible Person, the Participant Contributions credited to the Participant's account, which have not already been used to purchase shares of Company Stock, will be returned (without interest, unless otherwise required by Applicable Law) to the Participant, or, in the case of death, to a beneficiary

duly designated on a form acceptable to the Committee, and the Participant shall not be entitled to any shares of Company Stock or Match RSUs (as defined below) in respect of such Participant Contributions.

4.3 PARTICIPANT ACCOUNTS. The Company shall establish and maintain a separate Account for each Participant. The amount of each Participant's Participant Contributions shall be credited to his or her Account. No interest shall accrue at any time for any amount credited to an Account of a Participant.

## ARTICLE 5 PURCHASE OF STOCK; FRACTIONAL SHARES

### 5.1 PURCHASE OF COMPANY STOCK; FRACTIONAL SHARES.

(a) Purchase of Company Stock. From the fifteenth through the twentieth calendar days of each month following the end of each month during the Offering Period (to the extent the 15th through 20th calendar days fall on a weekend or holiday, the purchase dates shall be adjusted to the next consecutive trading days), the amount credited to a Participant's Account shall be transferred by the Participating Company to the Broker, and the Plan shall cause the Broker to use such amount to purchase shares of Company Stock on the open market on the Participant's behalf (such shares, the "ESPP Shares"). With respect to each Offering Period, each monthly period upon which shares of Company Stock are purchased on the open market in accordance herewith shall hereinafter be referred to as a "Purchase Date." Any balance remaining after the purchase shall be credited to the Participant's Account and will be automatically re-invested in a subsequent Offering Period, unless the Participant timely revokes such Participant's authorization to re-invest such excess amounts or the Company elects to return such Participant Contributions to the Participant.

(b) Fractional Shares. Fractional shares will be issued under the Plan, unless otherwise determined by the Committee.

5.2 FEES AND COMMISSIONS. The Company shall pay the Broker's administrative charges for opening the Share Accounts for the Participants and the brokerage commissions on purchases made that are attributable to the vesting and settlement of Match RSUs and the purchase of shares of Company Stock with Participant Contributions. Participants shall pay all other expenses of their Share Account, including but not limited to the Broker's fees attributable to the issuance of certificates for any and all shares of Company Stock held in a Participant's Share Account. Participants shall also pay the brokerage commissions and any charges associated with the sale of Company Stock held in the Participant's Share Account.

## ARTICLE 6 COMPANY MATCH

6.1 ELIGIBILITY TO RECEIVE MATCH RSUS; MATCH FORMULA. With respect to each Offering Period, each Participant who remains employed through the end of the Offering Period and applicable grant date shall be eligible to receive a grant of Restricted Stock Units pursuant to, and in accordance with the Omnibus Incentive Plan ("Match RSUs"), subject to the terms and conditions set forth herein. The number of Match RSUs to be granted to the Participant

with respect to each Offering Period in which the Participant participates shall equal the product of (x) 20% and (y) the aggregate number of ESPP Shares purchased on each Purchase Date that occurred with respect to the Offering Period (the “Match Formula”).

6.2 AWARD AGREEMENT. Any such Match RSUs shall be granted to the Participant as soon as practicable following the last day of the Offering Period (subject to the Participant’s continued employment through the end of the Offering Period and the applicable grant date). Notwithstanding anything herein to the contrary, the grant of Match RSUs hereunder shall be contingent upon, if so required by the Committee, the Participant’s execution or acceptance of an Award Agreement evidencing the grant of the Match RSUs, substantially in the form attached hereto as Exhibit A; provided, that the Committee may make such changes to the form of Award Agreement for any particular grant of Match RSUs as the Committee may determine.

6.3 VESTING; SETTLEMENT. Unless otherwise provided in the Award Agreement, (i) the Match RSUs shall be fully vested as of the date of grant, and (ii) shall be settled in accordance with the terms of the Award Agreement.

## ARTICLE 7 TERMINATION OF EMPLOYMENT

In the event that a Participant’s employment with the Participating Company terminates for any reason, the Participant will cease to be a Participant in the Plan as of the date of termination of employment. All cash in the Participant’s Account will be paid to the Participant. The Broker may continue to maintain the Participant’s Share Account on behalf of the Participant; however, the Participant’s Share Account will cease to be administered under or have any other affiliation with the Plan. As of the date of termination of employment, as applicable, the Participant shall pay for any and all expenses and costs related to his or her Share Account, including but not limited to the brokerage commissions on purchases of shares of Company Stock made on or after the date of termination and any other fees, commissions, or charges for which the Participant would otherwise have been responsible for if he or she had continued to be a Participant in the Plan.

## ARTICLE 8 PLAN ADMINISTRATION

### 8.1 PLAN ADMINISTRATION.

(a) The Plan shall be administered by the Committee, unless the Board elects to assume administration of the Plan in whole or in part. References to the “Committee” include the Board if it is acting in an administrative capacity with respect to the Plan. Committee members shall be intended to qualify as “independent directors” (or terms of similar meaning) if and to the extent required under Applicable Law. However, the fact that a Committee member shall fail to qualify as an independent director shall not invalidate any Purchase Right or other action taken by the Committee under the Plan.

(b) In addition to action by meeting in accordance with Applicable Law, any action of the Committee may be taken by a written instrument signed by all of the members of the Committee and any action so taken by written consent shall be as fully effective as if it had been taken by a majority of the members at a meeting duly held and called. Subject to the provisions of

the Plan and Applicable Law, the Committee shall have full and final authority, in its discretion, to take any action with respect to the Plan, including, without limitation, the following: (i) to establish, amend and rescind rules and regulations for the administration of the Plan; (ii) to prescribe the form(s) of any agreements or other instruments used in connection with the Plan; (iii) to determine the terms and provisions of the Purchase Rights, ESPP Shares, and Match RSUs; (iv) to determine eligibility and adjudicate all disputed claims filed under the Plan; (v) reconcile any inconsistency in, correct any defect in, and/or supply any omission in the Plan and any instrument or agreement relating to, or Purchase Rights granted under, the Plan; (vi) to construe and interpret the Plan, Award Agreements, the rules and regulations of the Plan, and any other agreements or other written instruments contemplated hereby, and (vii) to make all other determinations that the Committee determines to be necessary or advisable for the administration of the Plan.

(c) Every finding, decision and determination made by the Committee will, to the full extent permitted by Applicable Law, be final and binding upon all parties. Except to the extent prohibited by the Plan or Applicable Law, and subject to such terms and conditions as may be established by the Committee, the Committee may appoint one or more agents to assist in the administration of the Plan and may delegate any part of its responsibilities and powers to any such person or persons appointed by it. No member of the Board or Committee, as applicable, shall be liable while acting as administrator for any action or determination made in good faith with respect to the Plan or any Purchase Right granted thereunder.

8.2 LIMITATION ON LIABILITY. No employee, officer, member of the Board or Committee, or designated agent of the Board or Committee shall be subject to any liability with respect to his or her duties under the Plan unless the person acts fraudulently or in bad faith. To the extent permitted by law, the Company shall indemnify each member of the Board or Committee and their designated agents, and any other employee or officer with duties under the Plan who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, whether civil, criminal, administrative, or investigative, by reason of the person's conduct in the performance of his or her duties under the Plan.

## ARTICLE 9 COMPANY STOCK

9.1 OPEN MARKET PURCHASES; SHARES UNDER OMNIBUS INCENTIVE PLAN. All ESPP Shares shall be purchased on the open market, and the maximum number of shares of Company Stock that may be purchased under the Plan as ESPP Shares pursuant to Participant Contributions is 2,500,000 shares. All Match RSUs shall be issued under, and in accordance with, the Omnibus Incentive Plan and shall, accordingly, count against the Absolute Share Limit (as defined in the Omnibus Incentive Plan) in accordance with Section 5(b) and Section 5(c) of the Omnibus Incentive Plan.

9.2 RIGHTS AS A STOCKHOLDER. No Participant or other person shall have any rights as a stockholder unless and until certificates for shares of Company Stock are issued to the Participant or such shares are credited to the Participant's Share Account.

9.3 ADJUSTMENTS. In the event of any merger, reorganization, consolidation, Change in Control (as defined in the Omnibus Incentive Plan), recapitalization, liquidation, stock

dividend, split-up, spinoff, stock split, reverse stock split, share combination, share exchange, extraordinary dividend, or any change in the corporate structure affecting the shares of Company Stock, such adjustment shall be made in the number and kind of shares of Company Stock that may be purchased under the Plan as set forth in Section 9.1 and provisions of the Plan may be adjusted, as may be determined to be appropriate and equitable by the Committee, in its sole discretion. The decision by the Committee regarding any such adjustment shall be final, binding and conclusive. For the avoidance of doubt, this Section 9.3 is not intended to limit Section 11 of the Omnibus Incentive Plan, which is applicable to the Match RSUs.

9.4 CHANGE IN CONTROL. In addition, without limiting the effect of Section 9.3, in the event of a Change in Control, the Committee's discretion shall include, but shall not be limited to, the authority to provide for any of, or a combination of any of, the following: (i) each Purchase Right shall be assumed (including the right to receive Match RSUs) or an equivalent purchase right (including the matching component) shall be substituted by the successor entity or parent or subsidiary of such successor entity; (ii) a date selected by the Committee on or before the date of consummation of such Change in Control shall be treated as a Purchase Date and all outstanding Purchase Rights shall be exercised and any Matching RSUs in respect thereof shall be granted on such date; (iii) all outstanding Purchase Rights shall terminate and the accumulated Participant Contributions will be refunded to each Participant upon or prior to the Change in Control (without interest, unless otherwise required by Applicable Law); or (iv) outstanding Purchase Rights (including the right to receive Match RSUs) shall continue unchanged. For the avoidance of doubt, this Section 9.4 is not intended to limit Section 11 of the Omnibus Incentive Plan, which is applicable to the Match RSUs.

## ARTICLE 10 MISCELLANEOUS MATTERS

10.1 AMENDMENT AND TERMINATION. The Board reserves the right to amend, modify, or terminate the Plan at any time; provided that approval of an amendment to the Plan by the stockholders of the Company shall be required to the extent, if any, that stockholder approval of such amendment is required by Applicable Law. Upon termination of the Plan, all cash in the Participant's Account will be paid to the Participant. The Broker may continue to maintain the Participant's Share Account on behalf of the Participant; however, the Participant's Share Account will cease to be administered under or have any other affiliation with the Plan, and the Participant shall thereafter be responsible for any and all expenses and costs related to his or her Share Account. Notwithstanding the foregoing, no such amendment or termination shall affect rights previously granted, nor may an amendment make any change in any right previously granted, in each case, which would which materially and adversely affect the rights of any Participant without the consent of such Participant.

10.2 TAX WITHHOLDING. The Company (or other Participating Company, as applicable) shall have the right to deduct from all amounts payable or provided to a Participant (whether under this Plan or otherwise) any taxes required by law to be withheld in respect of amounts payable or provided under this Plan.



10.3 **BENEFITS NOT ALIENABLE.** Benefits under the Plan may not be assigned, transferred, or alienated, whether voluntarily or involuntarily, except as expressly permitted in this Plan. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect.

10.4 **NO ENLARGEMENT OF EMPLOYEE RIGHTS.** This Plan is strictly a voluntary undertaking on the part of the Participating Company and shall not be deemed to constitute a contract between the Participating Company and any Eligible Person or to be consideration for, or an inducement to, or a condition of, the employment of any Eligible Person. Nothing contained in the Plan shall be deemed to give the right to any Eligible Person to be retained as an employee of, or otherwise by, the Participating Company or to interfere with the right of the Participating Company to discharge any Eligible Person at any time.

10.5 **GOVERNING LAW.** To the extent not preempted by Federal law, the Plan shall be construed in accordance with and governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

10.6 **NON-BUSINESS DAYS.** When any act under the Plan is required to be performed on a day that falls on a Saturday, Sunday or legal holiday, that act shall be performed on the next succeeding day which is not a Saturday, Sunday or legal holiday.

10.7 **COMPLIANCE WITH RECOUPMENT, OWNERSHIP AND OTHER POLICIES OR AGREEMENTS.** Notwithstanding anything in the Plan to the contrary, the Committee may, at any time (during or following termination of employment or service for any reason), determine that a Participant's rights, payments and/or benefits with respect to a Purchase Right (including but not limited to any shares issued or issuable with respect to a Purchase Right) and Match RSUs (including but limited to any shares issued upon settlement of Match RSUs) shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any other conditions applicable to a Purchase Right or Match RSUs. Such events may include, but shall not be limited to, termination of employment for cause, violation of policies of the Company or an affiliate, breach of non-solicitation, non-competition, confidentiality, non-disparagement or other covenants, other conduct by the Participant that is determined by the Committee to be detrimental to the business or reputation of the Company, or any affiliate, and/or other circumstances where such reduction, cancellation, forfeiture or recoupment is required by Applicable Law. In addition, without limiting the effect of the foregoing, as a condition to the grant of a Purchase Right, Match RSUs, or receipt or retention of shares of Company Stock, cash or any other benefit under the Plan, (i) the Committee may, at any time, require that a Participant comply with any compensation recovery (or "clawback"), stock ownership, stock retention or other policies or guidelines adopted by the Company or an affiliate, each as in effect from time to time and to the extent applicable to the Participant, and (ii) each Participant shall be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply under Applicable Law.

10.8 **COMPLIANCE WITH APPLICABLE LAW.** The Company may impose such restrictions on Purchase Rights, shares of Company Stock and any other benefits underlying Purchase Rights hereunder as it may deem advisable, including without limitation restrictions under the federal securities laws, the requirements of any stock exchange or similar organization

and any blue sky, state or foreign securities or other Applicable Law. Notwithstanding any other Plan provision to the contrary, the Company shall not be obligated to issue, deliver or transfer shares of Company Stock under the Plan or take any other action, unless such delivery or action is in compliance with Applicable Law (including but not limited to the requirements of the Securities Act). The Company will be under no obligation to register shares of Company Stock or other securities with the Securities and Exchange Commission or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or similar organization, and the Company will have no liability for any inability or failure to do so. The Company may cause a restrictive legend or legends to be placed on any certificate issued pursuant to a Purchase Right hereunder in such form as may be prescribed from time to time by Applicable Law or as may be advised by legal counsel.

---

EXHIBIT A  
RESTRICTED STOCK UNIT GRANT NOTICE  
UNDER THE  
FINANCE OF AMERICA COMPANIES INC.  
2021 OMNIBUS INCENTIVE PLAN  
(Employee Restricted Stock Units)

Finance of America Companies Inc., a Delaware corporation (the "Company"), pursuant to its 2021 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below, the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto or previously provided to the Participant in connection with a prior grant), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant: [●]

Date of Grant: [●]

Number of  
Restricted Stock Units: [●]

Vesting Schedule: The Restricted Stock Units shall be fully vested as of the Date of Grant.

\* \* \*

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT, THE FINANCE OF AMERICA COMPANIES INC. EMPLOYEE STOCK PURCHASE PLAN (AS MAY BE AMENDED AND/OR RESTATED FROM TIME TO TIME) (THE "ESPP"), THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN. THE RESTRICTED STOCK UNITS SHALL BE FORFEITED FOR NO CONSIDERATION AS OF THE THIRTIETH (30<sup>TH</sup>) DAY FOLLOWING THE DATE OF GRANT IN THE EVENT THE UNDERSIGNED PARTICIPANT DOES NOT EXECUTE AND RETURN A COPY OF THIS RESTRICTED STOCK UNIT GRANT NOTICE TO THE COMPANY WITHIN THIRTY (30) DAYS FOLLOWING THE DATE OF GRANT.

FINANCE OF AMERICA COMPANIES INC. PARTICIPANT<sup>1</sup>

\_\_\_\_\_  
By: [●]

\_\_\_\_\_  
[●]

Title: [●]

<sup>1</sup> To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereto.

RESTRICTED STOCK UNIT AGREEMENT  
UNDER THE  
FINANCE OF AMERICA COMPANIES INC.  
2021 OMNIBUS INCENTIVE PLAN

Pursuant to the Restricted Stock Unit Grant Notice (the "Grant Notice") delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this "Restricted Stock Unit Agreement") and the Finance of America Companies Inc. 2021 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), Finance of America Companies Inc., a Delaware corporation, (the "Company") and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Restricted Stock Units provided in the Grant Notice (with each Restricted Stock Unit representing an unfunded, unsecured right to receive one share of Common Stock). The Company may make one or more additional grants of Restricted Stock Units to the Participant under this Restricted Stock Unit Agreement by providing the Participant with a new grant notice, which may also include any terms and conditions differing from this Restricted Stock Unit Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Restricted Stock Units hereunder and makes no implied promise to grant additional Restricted Stock Units.

2. Vesting. The Restricted Stock Units shall be fully vested as of the Date of Grant.

3. Settlement of Restricted Stock Units. The provisions of Section 9(d)(ii) of the Plan are incorporated herein by reference and made a part hereof and, in accordance therewith, any vested Restricted Stock Units shall be settled in shares of Common Stock as soon as reasonably practicable (and, in any event, within two and one-half months following the expiration of the applicable Restricted Period; provided, however, that the Committee may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. With respect to any Restricted Stock Unit, the period of time on and prior to the applicable vesting date in which such Restricted Stock Unit is subject to vesting shall be its Restricted Period. Notwithstanding anything in this Restricted Stock Unit Agreement to the contrary, the Company shall have no obligation to issue or transfer any shares of Common Stock as contemplated by this Restricted Stock Unit Agreement unless and until such issuance or transfer complies with all relevant provisions of law and the requirements of any stock exchange on which the Company's shares of Common Stock are listed for trading. Prior to settlement of any vested Restricted Stock Units, the Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

4. Company; Participant.

a. The term "Company" as used in this Restricted Stock Unit Agreement with reference to employment shall include the applicable Service Recipient.

b. Whenever the word "Participant" is used in any provision of this Restricted Stock

Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred in accordance with Section 13(b) of the Plan, the word “Participant” shall be deemed to include such person or persons.

5. Non-Transferability. The Restricted Stock Units are not transferable by the Participant (unless such transfer is specifically required pursuant to a domestic relations order or by applicable law). Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect.

6. Rights as Stockholder. The Participant shall have no rights as a stockholder with respect to any share of Common Stock underlying a Restricted Stock Unit (including no rights with respect to voting) unless and until the Participant shall have become the holder of record or the beneficial owner of such Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof. The Participant shall not be entitled to receive dividend equivalent payments in respect of the Participant’s Restricted stock Units.

7. Legend. To the extent applicable, all book entries (or certificates, if any) representing the shares of Common Stock delivered to Participant as contemplated by Section 3 above shall be subject to the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares of Common Stock are listed, and any applicable Federal or state laws, and the Company may cause notations to be made next to the book entries (or a legend or legends put on certificates, if any) to make appropriate reference to such restrictions. Any such book entry notations (or legends on certificates, if any) shall include a description to the effect of any restrictions.

8. Tax Withholding. Notwithstanding anything in Section 13(d)(i) or (ii) of the Plan to the contrary, the Participant shall be required to satisfy the minimum income, employment, and any other applicable taxes that are statutorily required to be withheld with respect to Restricted Stock Units (collectively, “Minimum Withholding Tax Obligations”) by having the Company withhold from the shares of Common Stock otherwise issuable or deliverable to the Participant upon settlement of the Restricted Stock Units, a number of shares of Common Stock with an aggregate Fair Market Value equal to an amount equal to such Minimum Withholding Tax Obligations.

9. Notice. Every notice or other communication relating to this Restricted Stock Unit Agreement between the Company and the Participant shall be in writing, which may include by electronic mail and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company’s General Counsel or its designee, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant’s last known address, as reflected in the Company’s records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

10. No Right to Continued Service. This Restricted Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Service Recipient

or any other member of the Company Group.

11. Binding Effect. This Restricted Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

12. Waiver and Amendments. Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

13. Clawback/Repayment. This Restricted Stock Unit Agreement shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time; and (ii) applicable law. In addition, if the Participant receives any amount in excess of what the Participant should have received under the terms of this Restricted Stock Unit Agreement for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company.

14. Detrimental Activity. Notwithstanding anything to the contrary contained herein or in the Plan, if the Participant has engaged in or engages in any Detrimental Activity, as determined by the Committee, then the Committee may, in its sole discretion, take actions permitted under the Plan, including, but not limited to: (i) cancelling any and all Restricted Stock Units, or (ii) requiring that the Participant forfeit any gain realized in respect of the Restricted Stock Units, and repay such gain to the Company.

15. Right to Offset. The provisions of Section 13(x) of the Plan are incorporated herein by reference and made a part hereof.

16. Governing Law. This Restricted Stock Unit Agreement shall be construed and interpreted in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware. THE PARTICIPANT IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER.

17. Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Stock Unit Agreement (including the Grant Notice), the Plan shall govern and control.

18. Section 409A. It is intended that the Restricted Stock Units granted hereunder shall be exempt from Section 409A of the Code pursuant to the "short-term deferral" rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder. Without limiting the foregoing, the Committee will have the right to amend the terms and conditions of this Restricted Stock Unit Agreement and/or the Grant Notice in any respect as may be necessary or appropriate to comply with Section 409A of the Code, including without limitation by delaying

the issuance of the shares of Common Stock contemplated hereunder. Notwithstanding any other provision of this Restricted Stock Unit Agreement to the contrary, (i) the Company and its respective officers, directors, employees, or agents make no guarantee that the terms of this Restricted Stock Unit Agreement as written comply with the provisions of Section 409A of the Code, and none of the foregoing shall have any liability for the failure of the terms of this Restricted Stock Unit Agreement as written to comply with the provisions of Section 409A of the code and (ii) if the Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are “deferred compensation” subject to Section 409A of the Code and which would otherwise be payable upon the Participant’s “separation from service” (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. Each payment in a series of payments hereunder will be deemed to be a separate payment for purposes of Section 409A of the Code.

19. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant’s participation in the Plan, on the Restricted Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. Entire Agreement. This Restricted Stock Unit Agreement, the Grant Notice, the ESPP (as defined in the Grant Notice), and the Plan constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.





**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 September 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: November 9, 2022

/s/ Graham A. Fleming

Graham A. Fleming

President and Interim Chief Executive Officer

**(Principal Executive Officer)**

## 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 September 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: November 9, 2022

/s/ Johan Gericke

---

Johan Gericke

Executive Vice President, Chief Financial Officer

**(Principal Financial Officer)**

**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 September 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: November 9, 2022

/s/ Graham A. Fleming

---

Graham A. Fleming

President and Interim Chief Executive Officer

**(Principal Executive Officer)**

**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 September 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: November 9, 2022

/s/ Johan Gericke

---

Johan Gericke

Executive Vice President, Chief Financial Officer

**(Principal Financial Officer)**