Risk Factors Comparison 2024-03-15 to 2023-03-16 Form: 10-K

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An investment in our Class A Common Stock involves risk. You should carefully consider the following risks as well as the other information included in this annual report on Form 10- K and the information incorporated by reference herein. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. However, the selected risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. In such a case, the trading price of the Class A Common Stock could decline and you may lose all or part of your investment in our Company. Certain statements below are forward- looking statements. See the information included under the heading" Cautionary Statement Regarding Forward- Looking Information" included elsewhere in this annual report on Form 10- K. Summary of Risk Factors Below is a summary of the risk factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary can be found below under the heading " Risk Factors " and should be carefully considered, together with other information in this Form 10- K and our other filings with the SEC, before making an investment decision regarding our common stock: • We may not achieve some or all of the expected benefits of our Vision 2025 plan and our initiatives may adversely affect our business. • Our loan production volume decreased significantly as a result of certain market factors. • Our ability to execute on our Vision 2025 Plan will depend, among other things, on our ability to maintain an operating platform and management system sufficient to conduct our business. • If new products, services, enhancements or expansions do not achieve sufficient market acceptance or do not result in anticipated efficiencies and revenues, our financial results and competitive position could be harmed. • The success and growth of our business will depend upon our ability to adapt to and implement technological changes. • If we fail to promote and maintain our brands in a cost- effective manner, or if we experience negative publicity, we may lose market share and our revenue may decrease. • We rely on warehouse lines of credit and other sources of capital and liquidity to meet the financing requirements of our business. • Our hedging strategies may not be successful in mitigating our risks associated with changes in interest rates. • In- house servicing of loans carries with it increased operational and compliance costs as we become directly responsible for complying with regulatory requirements. • Cyberattacks, information or security breaches and technology disruptions or failures, of ours or of our third **-** party vendors, could damage our business operations, increase our costs adversely affect our business. • The outcome of legal proceedings to which we are a party. • Our mortgage loan origination revenues are highly dependent on macroeconomic and U. S. residential real estate market conditions, including interest rates levels. • Changing federal, state and local laws, as well as changing regulatory enforcement policies and priorities. • The multi- class structure of our common stock may adversely affect the trading market for our Class A Common Stock and will limit or preclude your ability to influence corporate matters. • The multi- class structure of our common stock results in the Hsieh Stockholders holding a majority of the voting power of our capital stock. • We are a " controlled company " and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements. • ~~Our business could be impacted by a potential proxy contest for the election of directors at our 2023 Annual Meeting of Stockholders. •~~ Certain provisions in our certificate of incorporation and our by- laws that may delay or prevent a change of control, and the requirements of being a public company may strain our resources, divert management' s attention and affect our ability to attract and retain qualified board members and officers. Risks Related to our Business and Strategy In July 2022, we announced our Vision 2025 plan designed to address current and anticipated mortgage market conditions by **(i) increasing our focus on purchase transactions while servicing increasingly diverse communities across the country, (ii) executing on previously announced growth- generating initiatives including our HELOC offering, (iii) centralizing management of loan originations and loan fulfillment to enhance quality and effectiveness, and (iv) aggressively right sizing our cost structure by targeting approximately $ 375 million to $ 400 million in annualized cost reductions by December 31, 2022. By the end of December 31, 2022, we achieved annualized non- volume related cost reductions of over $ 500 million primarily by** reducing staffing levels **from 5** ~~to approximately 6~~ , ~~500 by year- end~~ **194 at December 31,** 2022 **, to 4, 250 at December 31, 2023,** and implementing business process optimization **, growth generating initiatives,** and other cost- saving measures. In ~~fact~~ **November 2023** , we **announced an** ~~reduced staffing levels to approximately 5, 194 by December 31, 2022, in addition~~ **additional** ~~to other~~ **$ 120 million annualized** cost ~~reductions~~ - **reduction target** . We may not realize, in full or in part, the anticipated benefits, savings and improvements in our operations from our restructuring efforts due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize the expected operational efficiencies and cost savings through headcount reduction, attrition, business process optimization, reduced marketing and third- party spending, and real estate consolidation, our operating results, financial condition, cash flows and competitive position may be materially adversely affected. We also cannot guarantee that we will not have to undertake additional staffing reductions or strategic reorganization activities in the future. Furthermore, staffing reductions that occurred in fiscal ~~2022~~ **2023** could create an additional risk of claims being made on behalf of affected employees. Any alleged violation of applicable wage laws or other labor or employment- related laws could result in complaints by current or former employees, adverse media coverage, investigations and damages or penalties **,** which could have a materially adverse effect on our reputation, business, operating results and prospects. While staffing reductions have not resulted in a significant increase in claims or costs to date, responding to existing and additional possible proceedings may result in a significant diversion of management' s attention and resources, significant defense costs and other professional fees. Finally, we may be exposed to unanticipated consequences of our staffing reductions, including attrition beyond the planned reductions, increased difficulties in our day- to- day operations, including as a result of a loss of continuity, loss of accumulated knowledge and / or efficiency, reduced employee morale and reduced ability to attract and retain qualified personnel. Employees who were not affected by our planned staffing reductions may seek alternate employment, which may force us to rely on third **-** party contract support creating unplanned additional expense or harm our productivity. Our loan production volume decreased significantly as a result of certain market factors, including elevated interest rates, which has materially adversely affected, and may continue to materially adversely affect, our business, financial condition and results of operations. Our loan originations, particularly our refinance mortgage loan volume, are dependent on interest rates and typically decline if interest rates increase. During fiscal 2022 **and part of 2023** , in response to increased inflation, the Federal Reserve raised interest rates significantly ~~and has signaled it expects additional future interest rate increases~~ . The resulting increase in mortgage interest rates have impacted mortgage transaction volumes **in** ~~which are expected to continue to decline through~~ 2023 ~~. As~~ **and as** a result, our ~~revenues~~ - **revenue** ~~have~~ decreased ~~substantially,~~ and we experienced net losses for fiscal ~~2022~~ **2023** . Our loan origination activities are also subject to overall market factors that can impact our ability to grow our loan production volume. For example, increased competition from new and existing market participants, slow growth in the level of new home purchase activity, inadequate inventory of homes for sale or reductions in the overall level of refinancing activity can impact our ability to grow our loan origination volume, and we may be forced to accept lower margins in order to continue to compete and keep our volume of activity consistent with past or projected levels. Our mortgage loan originations also depend on the referral- driven nature of the mortgage loan industry. The origination of purchase money mortgage loans is greatly influenced by traditional market participants in the home buying process such as real estate agents and builders. As a result, our ability to maintain existing, and secure new, relationships with such traditional market participants will influence our ability to grow our purchase money mortgage loan volume and, thus, our mobile and local retail originations business. Regulatory developments also limit our ability to enter into marketing services agreements with referral sources, which could adversely impact our ability to grow. In addition, our ability to convert leads into funded loans depends on the pricing that we will be able to offer relative to the pricing of our competitors and our ability to process, underwrite and close loans on a timely basis. Institutions that compete with us in this regard may have significantly greater access to capital or resources than we do, which may give them the benefit of a lower cost of operations. Our ability to execute on our Vision 2025 Plan will depend, among other things, on our ability to maintain an operating platform and management system sufficient to conduct our business, which may place significant demands on our operational, administrative and financial resources. We are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the lending markets and legal, accounting and regulatory developments relating to all of our existing and projected business activities. Our ability to execute on our Vision 2025 Plan will depend, among other things, on our ability to maintain an operating platform and management system sufficient to address our business plan and will require us to incur significant additional expenses and to commit additional senior management and operational resources. As a result, we may face significant challenges in: • securing funding to maintain our operations and future growth; • maintaining and improving our loan retention and recapture rates; • maintaining and scaling adequate financial, business and risk controls; • implementing new or updated information and financial systems and procedures; • training, managing and appropriately sizing our work force and other components of our business on a timely and cost- effective basis; • increasing and maintaining the number of borrowers utilizing our products and services; • increasing the volume of loans originated and facilitated through us; • entering into new markets and introducing new products; • continuing to develop, maintain and scale our platform; • effectively using personnel and technology resources; • maintaining the security of our platform, systems and infrastructure and the confidentiality of the information (including personally identifiable information) provided and utilized across our platform; and • attracting, integrating and retaining an appropriate number of qualified employees. We may not be able to execute on our Vision 2025 Plan and failure to do so could adversely affect our ability to generate revenue and control our expenses. We have derived substantially all of our revenue from originating, selling and servicing traditional mortgage loans. Efforts to expand into new consumer products, such as ~~home equity lines of credit (“~~ HELOCs ~~”)~~ , insurance, real estate services, or other products consistent with our business purpose, may not succeed and may reduce expected revenue growth. Furthermore, we incur expenses and expend resources upfront to develop, acquire and market new products and platform enhancements to incorporate additional features, improve functionality or otherwise make our products more desirable to consumers. New products and services must achieve high levels of market acceptance in order for us to recoup our investment in developing and bringing them to market. If we are unable to grow our revenues or if our margins become compressed, then our business, financial condition and results of operations could be adversely affected. Recently launched and future products could fail to attain sufficient market acceptance for many reasons, including: • our failure to predict market demand accurately or to supply products that meet market demand in a timely fashion; • negative publicity about our products’ performance or effectiveness or our customer experience; • our ability to obtain financing sources at competitive rates to support such products; • regulatory hurdles; • delays in releasing the new products to market; and • the offering or anticipated offering of competing products by our competitors. If our new and recently launched products do not achieve adequate acceptance in the market, our competitive position, revenue and operating results could be harmed. The adverse effect on our financial results may be particularly acute because of the significant development, marketing, sales and other expenses we will have incurred in connection with the new products or enhancements before such products or enhancements generate sufficient revenue. **Additionally, we can provide no assurance that we will be able to develop, commercially market and achieve acceptance of our new and recently launched products. Our investment of resources to develop new products may either be insufficient or result in expenses that are excessive in light of revenue actually originated from these new products.** In addition, significantly expanding existing business activities or strategies may expose us to new or increased financial, regulatory, reputational and other risks. For example, we increased the servicing of our own mortgage loans beginning in 2021 and, as of February 2023, service all loans for which we hold the MSR. Developing a servicing operation required us to heavily invest in employee recruiting and development, and to implement new technologies and new control processes to manage the increased risk and regulatory requirements. We cannot be certain that we will be able to manage the associated costs, risks and compliance requirements of maintaining our in- house mortgage servicing capabilities in accordance with our expectations. Such risks include a lack of experienced management- level personnel, increased administrative burden, increased logistical problems common to large, expansive operations, increased credit and liquidity risk and increased regulatory scrutiny. If our operations are not maintained effectively, any revenues we earn from any new or expanded business initiative or strategy may not be sufficient to offset the initial and ongoing costs of that initiative, which would result in a loss with respect to that initiative, strategy or acquisition. We rely on both our proprietary technology and third **-** party developed technology to make our platform available to clients, evaluate loan applicants, service loans, and enable greater operational efficiency. In addition, we may increasingly rely on technological innovation as we introduce new products, expand our current products into new markets and continue to streamline various loan- related and lending processes. The process of developing new technologies and products is complex, and if we are unable to successfully innovate and continue to deliver a superior client experience, the demand for our products and services may decrease **as** ~~our growth and~~ operational costs may increase. Further, the failure of certain technological enhancements to reduce our cost of production could have an adverse effect on our business, financial position and results of operations. All of our loan distribution channels are dependent upon technological advancement, such as our ability to process applications over the internet, accept electronic signatures, provide process status updates instantly and other conveniences expected by borrowers and counterparties. We must ensure that our technology facilitates a borrower experience that equals or exceeds the borrower experience provided by our competitors. Maintaining and improving this technology requires significant capital expenditures. To the extent we are dependent on any particular technology or technological solution, we may be harmed if such technology or technological solution becomes non-compliant with existing industry standards, fails to meet or exceed the capabilities of our competitors' equivalent technologies or technological solutions, becomes increasingly expensive to service, retain and update, becomes subject to third **-** party claims of intellectual property infringement, misappropriation or other violation, or malfunctions or functions in a way we did not anticipate that results in loan defects potentially requiring repurchase and increased operational expense. In particular, we utilize and are dependent upon certain service providers for significant loan origination and servicing systems and there is no assurance that we can renew the agreements at expiration on commercially favorable terms or at all. While we believe that we would be able to procure comparable services from alternative providers if required, our business and operations may be adversely affected in the short- term while we transition to such alternative providers. Additionally, new technologies and technological solutions are continually being released. As such, it is difficult to predict the problems we may encounter in improving our technologies' functionality. We may not be able to successfully adopt new technology as critical systems and applications become obsolete and better ones become available. Additionally, if we fail to develop our technologies to respond to technological developments and changing borrower needs in a cost- effective manner, or fail to acquire, integrate or interface with third **-** party technologies effectively, we may experience disruptions in our operations, lose market share or incur substantial costs. As these requirements increase in the future, we will have to fully develop these technological capabilities to remain competitive and any failure to do so could adversely affect our business, financial condition and results of operations. We believe that developing and maintaining awareness of our brands in a cost- effective manner is critical to attracting new and retaining existing consumers. Successful promotion of our brands will depend largely on the effectiveness of our marketing efforts and the experience of our consumers. Our efforts to build our brands have involved significant expense, and our future marketing efforts will require us to maintain or incur significant additional expense. These brand promotion activities may not result in increased revenue and, even if they do, any increases may not offset the expenses incurred. If we fail to successfully promote and maintain our brands or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brands, we may lose our existing consumers to our competitors or be unable to attract new consumers. Additionally, reputational risk, or the risk to our business, results of ~~operation~~ **operations** and financial condition from negative public opinion, is inherent in our business. Negative public opinion can result from actual or alleged conduct by our employees or representatives in any number of activities, including lending and debt collection practices **, cybersecurity incidents** , marketing and promotion practices, corporate governance and actions taken by government regulators and community organizations in response to those activities. Negative public opinion can also result from media coverage, whether accurate or not **. Negative public opinion could erode trust and confidence and damage our reputation among existing and potential customers. In turn, this could decrease the demand for our products, increase regulatory scrutiny and detrimentally affect our business** . In recent years, consumer advocacy groups and some media reports have advocated governmental action to prohibit or place severe restrictions on nonbank lenders. If the negative characterization of independent mortgage loan originators becomes increasingly accepted by consumers, demand for any or all of our mortgage loan products could significantly decrease. Additionally, if the negative characterization of independent mortgage loan originators is accepted by legislators and regulators, we could become subject to more restrictive laws and regulations applicable to mortgage loan products. In addition, our ability to attract and retain customers is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to isolated incidents or to practices not specific to the origination or servicing of loans, such as debt collection — could erode trust and confidence and damage our reputation among existing and potential customers. In turn, this could decrease the demand for our products, increase regulatory scrutiny and detrimentally effect our business. We may grow by making acquisitions, and we may not be able to identify or consummate acquisitions or otherwise manage our future growth effectively. Part of our growth strategy has included acquisitions, and we may acquire additional companies or businesses. We may not be successful in identifying origination platforms or businesses, or other businesses that meet our acquisition criteria in the future. In addition, even after a potential acquisition target has been identified, we may not be successful in completing or integrating the acquisition. We face significant competition for attractive acquisition opportunities from other well- capitalized companies, who may have greater financial resources and a greater access to debt and equity capital to secure and complete acquisitions than we do. As a result of such competition, we may be unable to acquire certain assets or businesses that we deem attractive or the purchase price may be significantly elevated or other terms may be substantially more onerous. Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate and integrate such acquisitions could impede our growth. There can be no assurance that we will be able to manage our future growth effectively, and any failure to do so could adversely affect our ability to generate revenue and control our expenses. Furthermore, we may be responsible for any legacy liabilities of businesses we acquire, including liabilities resulting from an acquisition target' s controls related to financial reporting, disclosure, and cyber and information security environment. The existence or amount of these liabilities may not be known at the time of acquisition and may have a material adverse effect on our consolidated financial position, results of operations or cash flow. We may not be able to retain loans from customers who refinance. One of the focuses of our origination efforts is retention, which involves actively working with existing customers to refinance their mortgage loans with us instead of another residential mortgage originator of mortgage loans. Customers who refinance have no obligation to refinance their loans with us and may choose to refinance with a competitor. Additionally, we may elect not to refinance an existing customer' s mortgage loan due to a number of reasons, including **, but not limited to,** the customer' s inability to meet our eligibility requirements. If customers refinance with a competitor, this decreases the profitability of our retained servicing portfolio because the original loan will be repaid prematurely, and we will not have an opportunity to earn further servicing fees after the original loan is ~~repaid~~ -- **paid in full** ~~. Moreover, retention allows us to generate additional loan servicing more cost- effectively than MSRs acquired on the open market~~ . If we are not successful in retaining our existing loans that are refinanced, our servicing portfolio will become increasingly subject to run- off, which could have a material adverse effect on our consolidated financial position, results of operations or cash flow. Risks Related to our Operations Our profitability is directly affected by the level of, and changes in, interest rates. The market value of closed LHFS and IRLCs generally decline as interest rates rise and increase when interest rates fall. Changes in interest rates could also lead to increased prepayment rates, which could materially and adversely affect the value of our MSRs. Historically, the value of MSRs has increased when interest rates rise as higher interest rates lead to decreased prepayment rates and have decreased when interest rates decline as lower interest rates lead to increased prepayment rates. As a result, large moves and substantial volatility in interest rates materially affect our consolidated financial position, results of operations and cash flows. We employ various economic hedging strategies that utilize derivative instruments to mitigate the interest rate and fall- out risks that are inherent in many of our assets, including our IRLCs, our LHFS and our MSRs. Our derivative instruments, which currently consist of ~~IRLCs,~~ forward sale contracts, interest rate swap futures, and put options on treasuries are accounted for as free- standing derivatives and are included on our consolidated balance sheet at fair market value. Our operating results may suffer because losses on derivatives we enter into may not be offset by changes in the fair value of the related hedged transaction. Our hedging strategies may also require us to post cash or collateral margin to our hedging counterparties. The level of cash or collateral that is required to be posted is largely driven by the mark to market of our derivative instruments. The exchange of margin with our hedging counterparties could under certain market conditions, adversely affect our short- term liquidity position. Some of our derivatives (forward sale contracts and TBA MBS) are not traded on a regulated exchange with a central clearinghouse that determines the margin requirements and offers protection against a lack of performance by individual market participants. This exposes us to the risk that a counterparty may not be able to post margin or otherwise perform on the terms of the contract. This failure could adversely affect our liquidity position and have a material adverse effect on our financial position, results of operations or cash flows. Our hedging activities in the future may include entering into interest rate swaps and / or purchasing caps and floors. Our hedging decisions in the future will be determined by the facts and circumstances existing at that time and may differ from our current hedging strategy. Moreover, our hedging strategies may not be effective in mitigating the risks related to changes in interest rates and could affect our profitability and financial condition. Poorly designed strategies or improperly executed transactions could increase our risk and losses. We rely on internal models to manage risk and to make business decisions. Our business could be adversely affected if those models fail to produce reliable and / or valid results. We make significant use of business and financial models in connection with our proprietary technology to measure and monitor our risk exposures and to manage our business. For example, we use models to measure and monitor our exposures to interest rate, credit and other market risks. The information provided by these models is used in making business decisions relating to strategies, initiatives, transactions, pricing and products. If these models are ineffective at predicting future losses or are otherwise inadequate, we may incur unexpected losses or otherwise be adversely affected. We build these models using historical data and assumptions about factors such as future mortgage loan demand, default rates, home price trends and other factors that may overstate or understate future experience. Our assumptions may be inaccurate and our models may not be as predictive as expected for many reasons, including the fact that they often involve matters that are beyond our control and difficult to predict, such as macroeconomic conditions, and that they often involve complex interactions between a number of variables and factors. Our models could produce unreliable results for a variety of reasons, including but not limited to, the limitations of historical data to predict results due to unprecedented events or circumstances, invalid or incorrect assumptions underlying the models, the need for manual adjustments in response to rapid changes in economic conditions, incorrect coding of the models, incorrect data being used by the models, or inappropriate application of a model to products or events outside of the model' s intended use. We continue to monitor the markets and make necessary adjustments to our models and apply appropriate management judgment in the interpretation and adjustment of the results produced by our models. This process takes into account updated information while maintaining controlled processes for model updates, including model development, testing, independent validation and implementation. As a result of the time and resources, including technical and staffing resources, that are required to perform these processes effectively, it may not be possible to replace existing models quickly enough to ensure that they will always properly account for the impacts of recent information and actions. The geographic concentration of our loan originations may adversely affect our lending business, which would adversely affect our financial condition and results of operations. A substantial portion of our aggregate mortgage loan origination is secured by properties concentrated in the states of California, **Texas and** Florida ~~and Texas~~, and properties securing a substantial portion of our outstanding UPB of mortgage loan servicing rights portfolio are located in California, **Texas,** Florida, ~~Texas,~~ Virgina, Washington and **Arizona** ~~New York~~. During the global financial crisis of 2007- 2008 (the " Financial Crisis "), the states of California and Florida experienced severe declines in property values and a disproportionately high rate of delinquencies and foreclosures relative to other states. To the extent that the states of California, Florida, Texas, Virginia, Washington and New York experience weaker economic conditions or greater rates of decline in real estate values than the United States generally, the concentration of loans that we service in those states may decrease the value of our servicing rights and adversely affect our lending business. The impact of property value declines may increase in magnitude and it may continue for a long period of time. Additionally, if states in which we have greater concentrations of business were to change their licensing or other regulatory requirements to make our business cost- prohibitive, we may be required to stop doing business in those states or may be subject to a higher cost of doing business in those states, which could materially adversely affect our business, financial condition and results of operations. We may be required to indemnify the purchasers of loans that we originate (including securitization trusts), or repurchase those loans, if those loans fail to meet certain criteria or characteristics or under other circumstances. Our contracts with purchasers of mortgage loans that we originate, including the GSEs and other financial institutions that purchase mortgage loans for investor or private label securitization, and the agreements for securitization transactions for which we act as the securitizer, contain provisions that require us to indemnify the related securitization trust or the purchaser of the mortgage loans or to repurchase the mortgage loans under certain circumstances. We also pool FHA- insured and VA- guaranteed mortgage loans, which back securities guaranteed by Ginnie Mae. While our contracts vary, they generally contain provisions that require us to indemnify these parties, or repurchase these mortgage loans, if: • our representations and warranties concerning mortgage loan quality and mortgage loan characteristics are inaccurate or are otherwise breached and not remedied within any applicable cure period (usually 90 days or less) after we receive notice of the breach; • we fail to secure adequate mortgage insurance within a certain period after closing of the applicable mortgage loan; • a mortgage insurance provider denies coverage; • if the borrower defaults on the on the loan payments within a contractually defined period (early payment default); or • the mortgage loans fail to comply with underwriting or regulatory requirements. We believe that, as a result of the current market environment, many purchasers of mortgage loans are particularly aware of the conditions under which mortgage loan originators or sellers must indemnify them against losses related to purchased mortgage loans, or repurchase those mortgage loans, and may benefit from enforcing any repurchase remedies they may have. Repurchased loans typically can only be resold at a discount to their repurchase price. Due in large part to current market conditions, we have experienced and may continue to experience increased severity of losses on repurchased loans or loans subject to repurchase that were originated at interest rates lower than currently prevailing rates. Additionally, certain investors may no longer offer alternatives to repurchase that could help to mitigate losses on repurchased loans. To recognize these potential indemnification and repurchase losses, we have recorded estimated loan loss obligations for loans sold of $ **32. 0 million and $** 70. 8 ~~million and $ 29. 9~~ million at December 31, **2023 and** 2022 ~~and 2021~~, respectively. Our liability for repurchase losses is assessed quarterly. Although not all mortgage loans repurchased are in arrears or default, as a practical matter most have been. Factors that we consider in evaluating our reserve for such losses include default expectations, actual and expected investor repurchase demands (influenced by, among other things, current and expected mortgage loan file requests and mortgage loan insurance rescission notices) and appeals success rates (where the investor rescinds the demand based on a cure of the defect or acknowledges that the mortgage loan satisfies the investor' s applicable representations and warranties), reimbursement by third **-** party originators and projected loss severity. Also, although we re- evaluate our reserves for repurchase losses each quarter, evaluations of that sort necessarily are estimates and there remains a risk that the reserves will not be adequate. Additionally, if home values decrease, our realized mortgage loan losses from mortgage loan indemnifications and repurchases may increase. As such, our indemnification and repurchase costs may increase beyond our current expectations. Any additional increase in repurchase volumes of loans originated at lower interest rates and / or if we are required to indemnify the GSEs or other purchasers against loan losses, or repurchase loans, that result in losses that exceed our reserve, this could materially adversely affect our business, financial condition and results of operations. Additionally, we may not be able to recover amounts from some third parties whom we may seek indemnification or against whom we may assert a loan repurchase demand in connection with a breach of a representation or warranty due to financial difficulties or otherwise. As a result, we are exposed to counterparty risk in the event of non- performance by counterparties to our various contracts, including, without limitation, as a result of the rejection of an agreement or transaction in bankruptcy proceedings, which could result in substantial losses for which we may not have insurance coverage. If the value of the collateral underlying certain of our loan funding facilities decreases, we could be required to satisfy a margin call, and an unanticipated margin call could have a material adverse effect on our liquidity. Certain of our loan funding and MSR- backed facilities are subject to margin calls based on the lender' s opinion of the value of the loan collateral securing such financing. In addition, certain of our hedges related to newly originated mortgages are also subject to margin calls. A margin call would require us to repay a portion of the outstanding borrowings. A large, unanticipated margin call could have a material adverse effect on our liquidity. As a result of the change in the interest rate market due to stimulus, interest rate and inflation uncertainty, we have faced some margin calls on hedges and our financing facilities and may face additional margin calls in the future. To date these calls have not been material, and we regularly stress test our positions, but if the interest rate market experiences significant volatility, we could face additional margin calls that could impact our liquidity. Our servicing rights are highly volatile assets with continually changing values, and these changes in value, or inaccuracies in our estimates of their value, could adversely affect our financial condition and results of operations. The value of our servicing rights is based on the cash flows projected to result from the servicing of the related loans and continually fluctuates due to a number of factors. Our servicing portfolio is subject to " run off, " meaning that loans serviced by us may be prepaid prior to maturity, refinanced with a loan not serviced by us or liquidated through foreclosure, deed- in- lieu of foreclosure or other liquidation process or repaid through standard amortization of principal. As a result, our ability to maintain the size of our servicing portfolio depends on our ability to originate additional mortgages. In determining the value for our servicing rights, management makes certain assumptions, many of which are beyond our control, including, among other things: • the speed of prepayment and repayment within the underlying pools of loans; • projected and actual rates of delinquencies, defaults and liquidations; • future interest rates and other market conditions; • our cost to service the loans; • ancillary fee income; and • amounts of future servicing advances. **Our mortgage** ~~We use external, third party valuations that utilize market participant data to value our~~ servicing rights **are capitalized at fair value** for purposes of financial reporting. We also benchmark these valuations to ~~internal~~ **external** ~~financial models~~ **, third- party valuations** . ~~These~~ -- **The valuation** models are complex and use asset- specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of servicing rights are complex because of the high number of variables that drive cash flows associated with servicing rights. Even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of the assumptions and the results of the models utilized in such valuations. If loan delinquencies or prepayment speeds are higher than anticipated or other factors perform worse than modeled, the recorded value of our servicing rights would decrease, which would adversely affect our financial condition and results of operations. The **performance** ~~prior failure~~ of our prior subservicer to effectively service our portfolio of MSRs, mortgage loans and other loan products, ~~would~~ **could** materially and adversely affect us. On February 1, 2023, we completed the transfer of servicing operations from Cenlar FSB (" Cenlar ") and brought the servicing of all MSRs in- house. However, Cenlar was our primary subservicer ~~since~~ **from** ~~2014~~ **2012 through March** ~~and as recently as December 31,~~ 2022, **and** ~~Cenlar serviced 6. 82 % of~~ our ~~MSRs~~ **subservicer until February 1, 2023** . Notably, on October 26, 2021, Cenlar entered into a consent order with its regulator, the Office of the Comptroller of the Currency, regarding an alleged failure to establish effective controls and risk management practices related to its mortgage servicing and subservicing activities. When Cenlar serviced our loans on our behalf, there were a number of factors out of our control that could have a negative impact on Cenlar' s ability to effectively service our portfolio and to satisfy their contractual obligations to us. These included both intentional actions Cenlar ~~takes~~ **took** in running their businesses such as management of staffing levels and the number of customers serviced, and the occurrence of external events, including, but not limited to regulatory changes, enforcement actions, and natural disasters that may have posed challenges to Cenlar. The failure on Cenlar' s part to effectively service our portfolio of MSRs in the past could result in residual, regulatory, operational and litigation risk which ~~would~~ **could** adversely impact our business, financial condition, liquidity and results of operations. Our current servicing operations also could be required to address any past servicing ~~failures~~ **concerns** on behalf of Cenlar, which also could result in regulatory, operational and litigation risk. Our transition from an outsourcing model to the servicing of loans in- house means that we are more directly responsible for complying with guidelines set forth by the Agencies and other investors (including securitization trusts) on whose behalf we service mortgage loans. Failure to meet stipulations of servicing guidelines can result in the assessment of fines and loss of reimbursement of loan- related advances, expenses, interest and servicing fees. When the subservicing of a loan is transferred to the Company to be serviced in- house, the loan may have been previously serviced in a manner that will contribute towards our not meeting certain servicing guidelines. If not recovered from a prior servicer, such event could lead to the eventual realization of a loss to us. We are required to make servicing advances that can be subject to delays in recovery or, to a lesser extent, may not be recoverable in certain circumstances, which could adversely affect our liquidity, business, financial condition and results of operations. For mortgage loans, during any period in which a borrower is not making payments, we are required under most of our servicing agreements in respect of our servicing rights to advance our own funds to meet contractual principal and interest remittance requirements for investors, pay property taxes and insurance premiums, legal expenses and other protective advances. We also advance funds under these agreements to maintain, repair and market real estate properties on behalf of investors. ~~As home values change, we may have to reconsider certain of the assumptions underlying our decisions to make advances.~~ In addition, if a mortgage loan serviced by us is in default or becomes delinquent, the repayment to us of the advance may be delayed until the mortgage loan is repaid or refinanced or foreclosure or a liquidation occurs. If **the home value decreases and the property is sold in foreclosure or is real estate owned,** we ~~receive requests~~ **may not recover some** ~~for~~ - **or all of our** ~~advances~~ - **advance funds. If we are required to advance funds** in excess of amounts that we are able to fund at that time, we may not be able to fund these advance requests, which could materially and adversely affect our mortgage loan servicing activities and our status as an approved servicer by Fannie Mae and Freddie Mac and result in our termination as an issuer and approved servicer by Ginnie Mae. A delay in our ability to collect an advance may adversely affect our liquidity, and our inability to be reimbursed for an advance could adversely affect our business, financial condition and results of operations. As our servicing portfolio continues to age, defaults might increase as the loans **age** ~~get older~~ , which may increase our costs of servicing and could be detrimental to our business. Market disruptions, natural disasters or economic downturns which may necessitate the offering of a temporary period of forbearance for customers unable to pay on certain mortgage loans may also increase the number of defaults, delinquencies or forbearances related to the loans we service, increasing the advances we make for such loans. With delinquent VA guaranteed loans, the VA guarantee may not make us whole on losses or advances we may have made on the loan. If the VA determines the amount of the guarantee payment will be less than the cost of acquiring the property, it may elect to pay the VA guarantee and leave the property securing the loan with us (a " VA no- bid "). If we cannot sell the property for a sufficient amount to cover amounts outstanding on the loan we will suffer a loss which may, on an aggregate basis and if the percentage of VA no- bids increases, have a detrimental impact on our business and financial condition. In addition, for certain loans securitized in accordance with Ginnie Mae guidelines, we, as the servicer, have the unilateral right to repurchase any individual loan in a Ginnie Mae securitization pool if that loan meets defined criteria, including being delinquent greater than 90 days. Once we have the unilateral right to repurchase the delinquent loan, we have effectively regained control over the loan and we must recognize the loan on our balance sheet and recognize a corresponding financial liability. Any significant increase in required servicing advances or delinquent loan repurchases, could have a significant adverse impact on our cash flows, even if they are reimbursable, and could also have a detrimental effect on our business and financial condition. Our counterparties may terminate our servicing rights, which could adversely affect our business, financial condition and results of operations. The owners of the mortgage loans (including securitization trusts) for which we have retained servicing rights, may, under certain circumstances, terminate our right to service the mortgage loans. As is standard in the industry, under the terms of our master servicing agreements with the GSEs in respect of the servicing rights for mortgage loans that we retain, the GSEs have the right to terminate us as servicer of the mortgage loans we service on their behalf at any time (and, in certain instances, without the payment of any termination fee) and also have the right to cause us to sell the servicing rights to a third **-** party. In addition, failure to comply with servicing standards could result in termination of our agreements with the GSEs with little or no notice and without any compensation. Adverse actions by Ginnie Mae could materially and adversely impact our business, reputation, financial condition, liquidity and results of operations, including if Ginnie Mae were to terminate us as an issuer or servicer of Ginnie Mae loans or otherwise take action indicating that such a termination was planned. For example, such actions could make financing our business more difficult, including by making future financing more expensive or, if a lender were to allege a default under our debt agreements, could trigger cross- defaults under all our other material debt agreements. See " — Changes in GSE or Ginnie Mae selling and / or servicing guidelines could adversely affect our business, financial condition and results of operations. " If we were to have our servicing rights terminated on a material portion of our servicing portfolio, the value of our servicing rights could be reduced or, potentially, eliminated entirely and our business, financial condition and results of operations could be adversely affected. Our servicing rights portfolio may experience unanticipated increased delinquencies and defaults as it ages, which may adversely affect our business and financial condition. With respect to mortgage loans, the likelihood of delinquencies and defaults, and the associated risks to our business, including higher costs to service such mortgage loans and a greater risk that we may incur losses due to repurchase or indemnification demands, may change as mortgage loans season, or increase in age. Newly originated mortgage loans typically exhibit low delinquency and default rates as the changes in economic conditions, individual financial circumstances and other factors that drive borrower delinquency often do not appear for months or years. **The** ~~As a result, we expect the~~ delinquency rate and defaults of the loans underlying the servicing rights portfolio **, in particular FHA insured loans, have increased in the last year and may continue** to increase ~~in future periods~~ as the portfolio **continues to** ~~seasons~~ - **season** , but we may not accurately predict the magnitude of this impact on our results of operations. In addition, it may be difficult to compare our business to our mortgage loan originator competitors. Such competitors may have better ability to model delinquency and default risk and may have a better ability than we do in establishing appropriate loss reserves based on their longer operating histories. Any inadequacy of our loss reserves established for delinquencies and defaults may result in future financial restatements or other adverse events. We may incur increased costs and related losses if a borrower challenges the validity of a foreclosure action on a mortgage loan or if a court overturns a foreclosure, which could adversely affect our business, financial condition, liquidity and results of operations. We may incur costs if we are required to, or if we elect to, execute or re- file documents or take other action in our capacity as a servicer in connection with pending or completed foreclosures on mortgage loans. We may incur litigation costs if the validity of a foreclosure action is challenged by a borrower. If a court overturns a foreclosure because of errors or deficiencies in the foreclosure process, we may have liability to a title insurer or the purchaser of the property sold in foreclosure. These costs and liabilities may not be legally or otherwise reimbursable to us, particularly to the extent they relate to securitized mortgage loans. In addition, if certain documents required for a foreclosure action are missing or defective, we could be obligated to cure the defect or repurchase the mortgage loan. A significant increase in litigation costs could adversely affect our liquidity, and our inability to be reimbursed for an advance could adversely affect our business, financial condition and results of operations. We rely on joint ventures with industry partners through which we originate mortgage loans. If any of these joint ventures are terminated, our revenues could decline. We are party to joint ventures, with partners such as home builders and real estate brokers, and the termination of any of these joint ventures (including as a result of one of our partners exiting the industry or the formation of a joint venture with another lender), or a decline in the activity of the building industry generally, could cause revenue from loans originated through these joint ventures to decline, which would negatively impact our business. Challenges to the MERS System could materially and adversely affect our business, results of operations and financial condition. MERSCORP, Inc. maintains an electronic registry, referred to as the MERS **®** System, which tracks servicers, ownership of servicing rights and ownership of mortgage loans in the United States. Mortgage Electronic Registration Systems, Inc. (" MERS "), a wholly owned subsidiary of MERSCORP, Inc., can serve as a nominee for the owner of a mortgage loan and in that role initiate foreclosures or become the mortgagee of record for the loan in local land records. We have in the past and intend to continue to use MERS as a nominee. The MERS **®** System is widely used by participants in the mortgage finance industry. Several legal challenges in the courts and by governmental authorities have been made disputing MERS' s legal standing to initiate foreclosures or act as nominee for lenders in mortgages and deeds of trust recorded in local land records. These challenges have focused public attention on MERS and on how mortgage loans are recorded in local land records. Although most legal decisions have accepted MERS as mortgagee, these challenges could result in delays and additional costs in commencing, prosecuting and completing foreclosure proceedings, conducting foreclosure sales of mortgaged properties and submitting proofs of claim in borrower bankruptcy cases. Finally, borrowers are raising new challenges to the recording of mortgages in the name of MERS, including challenges questioning the ownership and enforceability of mortgage loans registered in MERS. Currently, MERS is the primary defendant in several class action lawsuits in various state jurisdictions, where the plaintiffs allege improper mortgage assignment and the failure to pay recording fees in violation of state recording statutes. The plaintiffs in such actions generally seek to compel defendants to record all assignments, restitution, compensatory and punitive damages, and appropriate attorneys' fees and costs. An adverse decision in any jurisdiction may delay the foreclosure process in other jurisdictions. We depend on the accuracy and completeness of information about borrowers and any misrepresented information could adversely affect our business, financial condition and results of operations. In deciding whether to extend credit or to enter into other transactions with borrowers, we rely on information furnished to us by or on behalf of borrowers, including credit, identification, employment and other relevant information. Some of the information regarding borrowers provided to us is used to determine whether to lend to borrowers and the risk profiles of such borrowers. Such risk profiles are subsequently utilized by warehouse line counterparties who lend us capital to fund mortgage loans. We also may rely on representations of borrowers as to the accuracy and completeness of that information. While we have a practice of seeking to independently verify some of the borrower information that we use in deciding whether to extend credit or to agree to a loan modification, including, depending on the program, employment, assets, income and credit score, not all borrower information is independently verified, and if any of the information that is independently verified (or any other information considered in the loan review process) is misrepresented and such misrepresentation is not detected prior to loan funding, the value of the loan may be significantly lower than expected. Additionally, there is a risk that, following the date of the credit report that we obtain and review, a borrower may have become delinquent in the payment of an outstanding obligation, defaulted on a pre- existing debt obligation, taken on additional debt, lost his or her job or other sources of income; or sustained other adverse financial events. Whether a misrepresentation is made by the loan applicant, another third **-** party or one of our employees, we generally bear the risk of loss associated with the misrepresentation. We may not detect all misrepresented information in our mortgage loan originations or from service providers we engage to assist in the loan approval process. Any such misrepresented information could adversely affect our business, financial condition and results of operations. We are also subject to the risk of fraudulent activity associated with the origination of loans **, and this risk is compounded with recent advancements in technology innovation such as artificial intelligence (“ AI ”) which has the ability to make fraud schemes more sophisticated** . The level of our fraud charge- offs and results of operations could be materially adversely affected if fraudulent activity were to significantly increase. High profile fraudulent activity or significant increases in fraudulent activity could lead to regulatory intervention, increased losses, and negatively impact our operating results, brand and reputation and lead us to take steps to reduce fraud risk, which could increase our costs. Our underwriting guidelines may not be able to accurately predict the likelihood of defaults on some of the mortgage loans in our portfolio. We originate and sell Agency- eligible and non- Agency- eligible residential mortgage loans. Agency- eligible loans are underwritten in accordance with guidelines defined by the Agencies, as well as additional requirements in some cases, designed to predict a borrower’ s ability and willingness to repay **and reduce origination risk** . In spite of these standards, our underwriting guidelines may not always correlate with mortgage loan defaults. For example, FICO scores, which we obtain on a substantial majority of our loans, purport only to be a measurement of the relative degree of **historical** risk a borrower represents to a lender (i. e., that a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score). While we seek to consider these risks in our reserve assumptions and pricing, underwriting guidelines cannot predict all future events or other occurrences such as life events, natural disasters ~~or~~ **,** pandemics **, a change in the borrower’ s employment, financial condition or other negative local or macroeconomic conditions, including but not limited to, increased property tax rates and increased costs for homeowners’ insurance** . For example, two of the most common reasons for a default on a mortgage loan: loss of employment and serious medical illness. Any increase in default rates could have a material adverse effect on our business, financial condition, liquidity and results of operations. Our financial statements are based in part on assumptions and estimates made by our management, including those used in determining the fair values of a substantial portion of our assets. If the assumptions or estimates are subsequently proven incorrect or inaccurate, there could be a material adverse effect on our business, financial position, results of operations or cash flows. A substantial portion of our assets are recorded at fair value based upon significant estimates and assumptions with changes in fair value included in our consolidated results of operations. The determination of the fair value of our assets involves numerous estimates and assumptions made by our management. Such estimates and assumptions include, without limitation, estimates of future cash flows associated with our servicing rights and derivative assets based upon assumptions involving, among other things, discount rates, prepayment speeds, cost of servicing of the underlying serviced mortgage loans, pull- through rates and direct origination expenses. The use of different estimates or assumptions in connection with the valuation of these assets could produce materially different fair values, or our fair value estimates may not be realized in an actual sale or settlement, either of which could have a material adverse effect on our consolidated financial position, results of operations or cash flows. Accounting rules for mortgage loan sales and securitizations, valuations of financial instruments and servicing rights, and other aspects of our operations are highly complex and involve significant judgment and assumptions. For example, we utilize certain assumptions and estimates in preparing our financial statements, including when determining the fair values of certain assets and liabilities and reserves related to mortgage loan representations and warranty claims and to litigation claims and assessments. These complexities and significant assumptions could lead to a delay in the preparation of financial information and also increase the risk of errors and restatements, as well as the cost of compliance. Changes in accounting interpretations or assumptions could impact our financial statements and our ability to timely prepare our financial statements. If the assumptions or estimates underlying our financial statements are incorrect, we may experience significant losses as the ultimate realization of value may be materially different than the amounts reflected in our consolidated statement of financial position as of any particular date, and there could be a material adverse effect on our business, financial position, results of operations or cash flows. Reserves are established for mortgage loan representations and warranty claims when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated. In light of the inherent uncertainties involved in loan repurchase claims related to representations and warranties, it is not always possible to determine a reasonable estimate of the amount of a probable loss, and we may estimate a range of possible loss for consideration in our estimates. The estimates are based upon currently available information and involve significant judgment taking into account the varying stages and inherent uncertainties of such repurchase and indemnification requests. Accordingly, our estimates may change from time to time and such changes may be material to our consolidated results of operations, and the ultimate settlement of such matters may have a material adverse effect on our consolidated financial position, results of operations or cash flows. Reserves are established for pending or threatened litigation, claims or assessments when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated. In light of the inherent uncertainties involved in litigation and other legal proceedings, it is not always possible to determine a reasonable estimate of the amount of a probable loss, and we may estimate a range of possible loss for consideration in its estimates. The estimates are based upon currently available information and involve significant judgment taking into account the varying stages and inherent uncertainties of such matters. Accordingly, our estimates may change from time to time and such changes may be material to our consolidated results of operations, and the ultimate settlement of such matters may have a material adverse effect on our consolidated financial position, results of operations or cash flows. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see " Item 7. Management' s discussion and analysis of financial condition and results of operations — Critical accounting policies and estimates. " Our reported financial results may be materially and adversely affected by future changes in accounting principles generally accepted in the United States. GAAP is subject to standard setting or interpretation by the FASB, the Public Company Accounting Oversight Board, the United States Securities and Exchange Commission (" SEC ") and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could materially and adversely affect the transactions completed before the announcement of a change. A change in these principles or interpretations could also require us to alter our accounting systems in a manner that could increase our operating costs, impact the content of our financial statements and impact our ability to timely prepare our financial statements. Our vendor relationships subject us to a variety of risks and the failure of third parties to provide various services that are important to our operations could have a material adverse effect on our business. We have significant vendors that, among other things, provide us with financial, technology and other services to support our loan servicing and originations activities. Our servicing vendors help us provide escrow services, print vendor, loss mitigation, foreclosure and bankruptcy services. In the event that a vendor' s activities do not comply with the applicable servicing criteria, we could be exposed to liability as the servicer and it could negatively impact our relationships with our servicing customers or regulators, among others. In addition, if our current vendors were to stop providing services to us on acceptable terms, including as a result of one or more vendor bankruptcies due to poor economic conditions, we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms, or at all. If a vendor fails to comply with applicable legal requirements on our behalf, or provide to us the services we are contractually owed, we may incur significant costs to resolve any such disruptions in service and this could adversely affect our business, financial condition and results of operations. **If a vendor we rely on is unable to provide services expected to us, as a result of their own lack of operational resilience measures, we may experience operational impacts, including business disruption.** Our risk management policies and procedures may not be effective. Our risk management framework seeks to anticipate, mitigate, detect, measure and manage risk while balancing risk and return according to the Company' s risk appetite. We have established policies and procedures intended to help identify, monitor and manage the types of risk to which we are subject, including market and interest rate risk, liquidity risk, cyber risk, regulatory and legal risk, reputational risk, operational risk, vendor risk, and counterparty risk. Developing and maintaining our risk management policies, procedures and framework requires significant resources and while we expect to continue to devote such resources to the risk management program in the future, these policies and procedures, as well as our risk management techniques such as our hedging strategies, may not be fully effective. There may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated. As regulations and markets in which we operate continue to evolve, our risk management framework may not always keep sufficient pace with those changes. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially adversely affected. The loss of the services of our senior management could adversely affect our business. The experience of our senior management is a valuable asset to us. Our management team has significant experience in the residential mortgage loan production and servicing industry and the investment management industry, and, therefore, we are particularly dependent on retaining members of our management with such critical capabilities. If we are unable to do so, our ability to maintain relationships with counterparties and other third parties, operate, innovate and generate new business could be jeopardized, any of which could negatively impact our business, financial condition, and results of operations. We also depend on identifying, developing and retaining top talent to innovate and lead our businesses. In addition, our incentive compensation plans are intended to reward high- performing individuals for their contributions and provide incentives for them to remain with us. If the anticipated value of such incentives does not materialize because of volatility or lack of positive performance in our stock price, or if our total compensation package is not viewed as being competitive, our ability to attract and retain the personnel we need to operate could be adversely affected. The ~~loss of a member of senior management requires the remaining executives to divert immediate and substantial attention to seeking a replacement. The~~ inability to fill vacancies in our senior executive positions on a timely basis could adversely affect our ability to implement our business strategy, which could negatively impact our results of operations. **Additionally** ~~On February 7~~ , ~~2023, Anthony Hsieh, a director and~~ the ~~founder~~ **understanding** of **talent available with** the **appropriate expertise and development** ~~Company (" Hsieh "), announced the nomination~~ of ~~one candidate~~ **succession planning** for ~~election~~ **key positions is imperative** to **ensure** ~~our board of directors at our 2023 Annual Meeting of Stockholders. A proxy contest with Hsieh for the election of directors could result in the Company incurring substantial costs, including proxy solicitation, public relations and legal fees. Further, such a proxy contest could divert the time and attention of our board of directors and management from our~~ business **continuity** ~~, interfere with our ability to execute our strategic plan, give rise to perceived uncertainties as to our future direction, adversely affect our relationships with customers, investors, lenders, prospective and current employees and others, result in the loss of potential business opportunities~~

~~or make it more difficult to attract and retain qualified personnel. A proxy contest also could impact the market price and the volatility of our common stock~~ . Our business could suffer if we fail to attract and retain a highly skilled workforce. Our future success will depend on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization, in particular skilled managers, loan officers and underwriters. Trained and experienced personnel are in high demand and may be in short supply in some areas. Companies with which we compete for experienced employees may have greater resources than we have and may be able to offer more attractive terms of employment. The increased availability of flexible, hybrid or work- from- home arrangements has both intensified and expanded competition. In addition, we invest significant time and expense in training our employees, which may increase their value to competitors who may seek to recruit them. We may not be able to attract, develop and maintain an adequate skilled workforce necessary to operate our business and labor expenses may increase as a result of a shortage in the supply of qualified personnel. Further, to the extent changes in our workforce and related restructuring, reduction- in- force or other initiatives are not viewed favorably, our ability to attract, retain and motivate employees can be weakened. If we are unable to attract and retain such personnel, we may not be able to take advantage of acquisitions and other growth opportunities that may be presented to us and this could materially affect our business, financial condition and results of operations. Cyberattacks, information or security breaches and technology disruptions or failures, including failure of internal operational or security systems or infrastructure, **or other cybersecurity incidents** of ours or of our third **-** party vendors, ~~could~~ **have and may in the future** damage our business operations and increase our costs, which ~~could~~ **have and may in the future materially** adversely affect our business, financial condition and results of operations. The financial services industry as a whole is characterized by rapidly changing technologies and we are dependent on the security and efficacy of our infrastructure, computer and data management systems, as well as those of third parties with whom we interact. In the ordinary course of our business, we receive, process, retain, transmit and store proprietary information and sensitive or confidential data, including certain public and nonpublic personal information concerning employees and borrowers. Additionally, we enter into relationships with third **-** party vendors to assist with various aspects of our business, some of which require the exchange of personal employee or borrower information. We ~~devote significant resources to maintain and regularly update our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets against attempts by unauthorized parties to obtain access to confidential or sensitive information, destroy data, disrupt or degrade service, sabotage systems or cause other damage and we employ extensive layered security at all levels within our organization to help us detect malicious activity, both from within the organization and from external sources. Despite our efforts to ensure the integrity of our systems, it is possible that we~~ and our third **-** party vendors may not be able to anticipate or implement effective preventive measures against all **cybersecurity incidents, such as** security breaches or unauthorized access of our information technology systems or the information technology systems of third **-** party vendors that receive, process, retain and transmit electronic information on our behalf. The techniques used to obtain unauthorized, improper or illegal access to our systems and those of our third **-** party vendors, our data, our employees' customers' and loan applicants' data or to disable, degrade or sabotage service are constantly evolving, and have become increasingly complex and sophisticated. Furthermore, such techniques change frequently and are often not recognized or detected until after they have been launched and security attacks can originate from a wide variety of sources, including **employees or** third parties such as computer hackers, persons involved with organized crime or associated with external service providers, or foreign state or foreign state- supported actors. Those parties may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our borrowers. These risks may increase in the future as we continue to increase our reliance on the internet and use of web- based product offerings. Cybersecurity risks have significantly increased in recent years. **We** ~~From time to time, we~~ and our third **-** party vendors that collect, store, process, retain and transmit confidential or sensitive information, including borrower personal and transactional data or employee data (including service providers located offshore who conduct support services for us), are **vulnerable as** ~~targeted~~ **targets** ~~by~~ **of** unauthorized parties using malicious code and viruses or otherwise attempting to breach the security of our or our vendors' systems and data. We and our third **-** party vendors **have in the past and** may in the future experience system disruptions and failures caused by software failure, fire, power loss, telecommunications failures, employee misconduct, human error, unauthorized intrusion, security breaches, acts of vandalism, traditional computer hackers, computer viruses and disabling devices, phishing attacks, malicious or destructive code, denial of service or information, natural disasters, health pandemics and other similar events, which may result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary or other sensitive information of ours, our employees or customers, and otherwise interrupt or delay our ability to provide services to our customers. **For example, we experienced a cybersecurity incident in January 2024 that resulted from unauthorized access to our systems (as described further in Item 1C. Cybersecurity) (the " Cybersecurity Incident ").** Developments in technological capabilities and the implementation of technology changes or upgrades could also result in a compromise or breach of the technology that we use to protect our employees' and customers' personal information and transaction data. Although we have established, and continue to establish on an ongoing basis, defenses to identify and mitigate ~~cyberattacks~~ **cybersecurity incidents** , any loss, unauthorized access to, or misuse of confidential or personal information could disrupt our operations, damage our reputation **, increased costs to prevent, respond to, or mitigate cybersecurity incidents** , and expose us to claims from customers, financial institutions, regulators, employees and other persons, any of which could have an adverse effect on our business, financial condition and results of operations. **Any of the foregoing may be exacerbated by a delay or failure to detect a cybersecurity incident or the full extent of such incident. Further, the continuing and evolving nature of cybersecurity incidents has resulted in increased regulatory focus on prevention. To the extent we face increased regulatory requirements related to cybersecurity, we may be required to expend significant additional resources to meet such requirements.** A successful penetration, compromise, breach or circumvention of the security of our or our third **-** party vendors' information technology systems through electronic, physical or other means, or a defect in the integrity of our or our third **-** party vendors' systems or cybersecurity **has in the past and** could ~~cause serious~~ **in the future have a material** negative ~~consequences for~~ **impact on** our business, including **through** significant disruption of our operations, misappropriation of our proprietary, confidential or sensitive information, including personal information of our borrowers or employees, damage to our computers or operating systems and to those of our borrowers and counterparties, and subject us to significant costs, litigation, disputes, reporting obligations, regulatory action, investigation, fines, penalties, remediation costs, damages and other liabilities. In addition, our remediation efforts may not be successful and we may not have adequate insurance to cover these losses. Any of the foregoing events could result in violations of applicable privacy and other laws, financial loss to us or to our borrowers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure and harm to our reputation, and diversion of management attention, all of which could **materially** adversely affect our business, financial condition and results of operations. We face litigation and legal proceedings that could have a material adverse effect on our revenues, financial condition, cash flows and results of operations. We are routinely and currently involved in legal proceedings concerning matters that arise in the ordinary course of our business. These legal proceedings range from actions involving a single plaintiff to class action lawsuits with potentially tens of thousands of class members. These actions and proceedings are generally based on alleged violations of consumer protection, employment, contract **, securities** and other laws. ~~On~~ **For instance, beginning in September 2021, a later consolidated class action lawsuit alleging violations of the federal securities laws was filed against the Company and certain of its directors and officers, regarding certain disclosures made in connection with the Company' s IPO. Additionally, derivative lawsuits related to the Company' s IPO have been filed. Also, on** December 24, 2020, we received a demand letter from one of the senior members of our operations team asserting, among other things, allegations of loan origination noncompliance and various employment related claims, including allegations of a hostile work environment and gender discrimination, with unspecified damages. The executive has since resigned her position with the Company. While the Company' s management ~~does not believe~~ **believes there are substantial defenses to** these allegations ~~have merit~~ , ~~it has~~ **these legal matters** resulted in, and may continue to result in, substantial costs and a diversion of our management' s attention and resources **, and any associated negative publicity could negatively affect our future business and results of operations** . For further details on ~~this~~ **these** ~~matter~~ **matters** and other legal proceedings, see " Item 3- Legal Proceedings " and " Note ~~20~~ **19** - Commitments and Contingencies of the Notes to Consolidated Financial Statements included in " Item 8 Financial Statements and Supplementary Data. " **Further** ~~Beginning in September 2021~~ , **our share price has been, and may in the future be, volatile, and in the past companies that have experienced volatility in the market price of their stock have been subject** ~~two~~ - **to** ~~putative~~ **securities** class action **litigation. Such** lawsuits **are expensive** ~~alleging violations of the federal securities laws were filed against the Company and certain of its directors and officers, regarding certain disclosures made in connection with the Company' s IPO. Additionally, derivative lawsuits have been filed. While the Company' s management does not believe these allegations have merit, it has resulted in, and may continue~~ to **defend** ~~result in~~ , ~~substantial costs~~ and **may divert** ~~a diversion of~~ our management' s attention **from the conduct of our business, which could have** ~~and~~ - **an adverse effect** ~~resources. For further details~~ on **our business** ~~this matter and other legal proceedings, see " Item 3- Legal Proceedings " and " Note 22- Commitments and Contingencies of the Notes to Consolidated Financial Statements included in " Item 8 Financial Statements and Supplementary Data~~ . ~~"~~ Our business in general exposes us to both formal and informal periodic inquiries, from various state and federal agencies as part of those agencies' oversight of the origination and sale of mortgage loans and servicing activities. See " — Risks related to our regulatory environment " below. An adverse result in governmental investigations or examinations or private lawsuits, including purported class action lawsuits, may adversely affect our financial results. In addition, a number of participants in our industry have been the subject of purported class action lawsuits and regulatory actions by state regulators, and other industry participants have been the subject of actions by state Attorneys General. Litigation and other proceedings may require that we pay settlement costs, legal fees, damages, penalties or other charges, any or all of which could adversely affect our financial results. In particular, legal proceedings brought under state consumer protection statutes may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages substantially in excess of the amounts we earned from the underlying activities and that could have a material adverse effect on our liquidity, financial position and results of operations. Terrorist attacks and other acts of violence or war may affect the real estate industry generally and our business, financial condition and results of operations. The terrorist attacks on September 11, 2001, disrupted the U. S. financial markets, including the real estate capital markets, and negatively impacted the U. S. economy in general. Any future terrorist attacks, the anticipation of any such attacks, the consequences of any military or other response by the United States and its allies, and other armed conflicts, such as the war involving Russia and Ukraine **, the conflict in Israel** and ~~related unrest~~ **surrounding areas including the actions in the Red Sea region** , could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. The economic impact of these events could also adversely affect the credit quality of some of our loans and investments and the properties underlying our interests. We may suffer losses as a result of the adverse impact of any future attacks and these losses may adversely impact our performance. A prolonged economic slowdown, recession or declining real estate values could impair the performance of our investments and harm our financial condition and results of operations, increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. We cannot predict the severity of the effect that potential future armed conflicts and terrorist attacks would have on us. Losses resulting from these types of events may not be fully insurable. Flooding, severe storms, hurricanes, landslides, wildfires, mudslides, earthquakes or other natural disasters may affect the real estate industry generally and our business, financial condition and results of operations. From time to time, areas of the United States may be affected by flooding, severe storms, hurricanes, landslides, wildfires, mudslides, earthquakes or other natural disasters **, which may be exacerbated by the effects of climate change** . For instance, properties in California may be particularly susceptible to certain types of uninsurable hazards, such as earthquakes, floods, mudslides, wildfires and other natural disasters, properties in Florida, Georgia, South Carolina and North Carolina may be particularly susceptible to certain types of uninsurable hazards, such as hurricanes, and properties located in Texas, North Carolina, South Carolina, Louisiana and Mississippi may be particularly susceptible to damage by flooding. The Agencies or investors may be unwilling to reimburse for losses experienced with the property disposition and associated losses on sales in connection with material natural disasters. Additionally, such material natural disasters could disrupt or displace members of our workforce, which would affect our ability to operate our business in the ordinary course. The **lasting impacts of the** COVID- 19 pandemic **still** ~~poses~~ **pose** unique challenges to our business and ~~the effects of the pandemic~~ could adversely impact our ability to originate mortgages, our servicing operations ~~, our liquidity~~ and our employees. The COVID- 19 pandemic ~~has~~ had ~~, and continues to have,~~ a significant impact on the national economy and **its impacts are still felt in** the communities in which we operate ~~. Further, we expect that the pandemic and governmental programs created as a response to the pandemic, will continue to affect certain aspects of our business, including the origination of mortgages, our servicing operations, our liquidity and our employees~~. Although the impact of COVID- 19 on our business has been immaterial so far, such effects ~~have~~ contributed to a challenging macroeconomic environment, which ~~has~~ adversely affected our business and results of operation. Furthermore, at the height of the pandemic, federal, state and local executive, legislative and regulatory responses evolved quickly, were not consistent in their scope or application, and were subject to change without advance notification. This included compliance obligations imposed by the CARES Act and investors with respect to our mortgage servicing activities, and those of our prior subservicer, including, but not limited to mandatory forbearance offerings, altered credit reporting obligations, and moratoriums on foreclosure actions. While many pandemic- related protections have expired ~~or are set to expire~~, federal and state agencies may continue to assess industry compliance with those obligations. Risks Related to Our Intellectual Property We may be unable to sufficiently obtain, maintain, protect and enforce our intellectual property and proprietary rights and we may encounter disputes from time to time relating to our use of the intellectual property of third parties. We rely on a combination of trademarks, service marks, copyrights, trade secrets, domain names and confidentiality procedures and contractual provisions with employees and third parties to protect our intellectual property and proprietary rights. As of December 31, ~~2022~~ **2023**, we hold ~~31~~ **32** registered United States trademarks and ~~37~~ **26** United States trademark applications, including with respect to the name “ loanDepot, ” “ mello ” and other logos and various additional designs and word marks relating to the “ loanDepot ” name, as well as seven United States patent applications. Nonetheless, as new challenges with respect to intellectual property protection arise, we cannot assure you that these measures will be adequate to protect our intellectual property and proprietary rights that we have secured, that we will be able to secure appropriate protections for all of our intellectual property and proprietary rights in the future, or that third parties will not misappropriate, infringe upon or otherwise violate our intellectual property or proprietary rights, particularly in foreign countries where laws or enforcement practices may not protect our intellectual property and proprietary rights as fully as in the United States. Despite our efforts to protect our intellectual property and proprietary rights, unauthorized third parties may attempt to disclose, obtain, duplicate, copy or use proprietary aspects of our technology, curricula, online resource material, and other intellectual property. Our management’ s attention may be diverted by these attempts, and we may need to expend funds in litigation or other proceedings to protect our intellectual property proprietary rights against any infringement, misappropriation or violation. Furthermore, attempts to enforce our intellectual property rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part. Confidentiality procedures and contractual provisions can also be difficult to enforce and, even if successfully enforced, may not be entirely effective. In addition, we cannot guarantee that we have entered into confidentiality agreements with all employees, partners, independent contractors or consultants that have or may have had access to our trade secrets or other proprietary information. Any of our issued or registered intellectual property rights may be challenged, invalidated, held unenforceable or circumvented in litigation or other proceedings, including re- examination, inter partes review, post- grant review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions (e. g., opposition proceedings), and such intellectual property rights may be lost or no longer provide us meaningful competitive advantages. Third parties may also independently develop products, services and technology similar or duplicative of our products and services. Our success and ability to compete also depends in part on our ability to operate without infringing, misappropriating or otherwise violating the intellectual property or proprietary rights of third parties. We have encountered and may in the future encounter disputes from time to time over rights and obligations concerning intellectual property or proprietary rights of others, and we may not prevail in these disputes. Third parties may raise claims against us alleging an infringement, misappropriation or other violation of their intellectual property or proprietary rights. Some third **-** party intellectual property rights may be extremely broad, and it may not be possible for us to conduct our operations in such a way as to avoid all alleged infringements, misappropriations or other violations of such intellectual property rights. In addition, former employers of our current, former or future employees may assert claims that such employees have improperly disclosed to us the confidential or proprietary information of these former employers. The resolution of any such disputes or litigation is difficult to predict. Future litigation may also involve non- practicing entities or other intellectual property owners who have no relevant product offerings or revenue and against who our own intellectual property may therefore provide little or no deterrence or protection. Any such intellectual property claims could subject us to costly litigation and impose a significant strain on our financial resources and management personnel, regardless of whether such claim has merit. Such claims may also result in adverse judgements or settlement on unfavorable terms. Our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property, cease offering certain products or services, alter the content of our classes, or incur significant license, royalty or technology development expenses. Our products and operations use software, hardware and services that may be difficult to replace or cause errors or failures of our products and disrupt our operations, which could adversely affect our business. In addition to our proprietary technology, we license third **-** party software, utilize third **-** party hardware and depend on services from various third parties for use in our products and day- to- day operations. In the future, this software or these services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of the software or services could result in decreased functionality of our products and operations until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could adversely affect our business. In addition, any errors or defects in or failures of the software or services we rely on, whether maintained by us or by third parties, could result in errors or defects in our products or cause our products to fail or could disrupt our day- to- day operations, which could adversely affect our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our clients or to other third parties that could harm our reputation and increase our operating costs. We will need to maintain our relationships with third **-** party software and service providers and to obtain software and services from such providers that do not contain any errors or defects. Any failure to do so could adversely affect our ability to deliver effective products to our clients and loan applicants, as well as interrupt our day- to- day operations, which could adversely affect our business. Risks Related to the Mortgage Industry Our mortgage loan origination revenues are highly dependent on macroeconomic and U. S. residential real estate market conditions. Our results of operations are materially affected by conditions in the mortgage loan and real estate markets, the financial markets and the economy generally, including inflation fluctuations, interest rates, consumer confidence and demand. Continuing concerns about inflation, rising interest rates, energy costs, geopolitical issues (including the potential for increased tensions between the United States and Russia resulting from the war involving Russia and Ukraine **, the** ~~and unrest involving regional~~ conflict **in Israel and surrounding areas including the actions in the Red Sea region**), political gridlock on United States federal budget matters including full or partial government shutdowns, trade wars, pandemic (s) and the availability and cost of credit have and could continue to contribute to increased volatility and diminished expectations for the economy and markets going forward. As a result of such macroeconomic conditions, including elevated interest rates, loan origination activity significantly declined in fiscal ~~2022~~ **2023** and is expected to remain muted through ~~2023~~ **2024** . This has resulted in a substantial decrease in our revenues and we incurred a net loss in fiscal ~~2022~~ **2023** . Our earnings have decreased and may continue to be adversely affected because of elevated interest rates. We generate a sizeable portion of our revenues from loans we make to clients that are used to refinance existing mortgage loans. Generally, the refinance market experiences significant fluctuations. As interest rates rise, refinancing volumes generally decrease as fewer consumers are incentivized to refinance their mortgages. As interest rates rose in 2022 **and 2023** , refinancing volumes decreased. As a result, our revenues decreased substantially and we experienced net losses for fiscal **years** 2022 **and 2023** . Higher interest rates may also reduce demand for purchase mortgage loans as home ownership becomes more expensive, though demand for purchase money mortgage loans are expected to increase in ~~2023~~ **2024** (based on a report published by the **MBA** ~~Mortgage Bankers Association~~ dated ~~December 19~~ **February 20** , ~~2022~~ **2024**). Higher interest rates may reduce demand for our home equity ~~loans~~ **lines of credit** . Decreases in interest rates can also potentially adversely affect our business as the stream of servicing fees and, correspondingly the value of servicing rights, decreases as interest rates decrease. For more information regarding how changes in interest rates may negatively affect our financial condition and results of operations, see " Item 7. Management' s discussion and analysis of financial condition and results of operations — Key factors influencing our results of operations " and " Item 7A. Quantitative and qualitative disclosures about market risk. " The industries in which we operate are highly competitive, and are likely to become more competitive, and our inability to compete successfully or decreased margins resulting from increased competition could adversely affect our business, financial condition and results of operations. We operate in highly competitive industries that could become even more competitive as a result of economic, legislative, regulatory and technological changes. With respect to our mortgage loan businesses, we face and may in the future face competition in such areas as loan product offerings, rates, fees and customer service. With respect to servicing, we face competition in areas such as fees, compliance capabilities and performance in reducing delinquencies. Competition in originating loans comes from large commercial banks and savings institutions and other independent loan originators and servicers. These institutions may have significantly greater resources and access to capital than we do, which may give them the benefit of a lower cost of funds. Commercial banks and savings institutions may also have significantly greater access to potential customers given their deposit- taking and other banking functions. Also, some of these competitors are less reliant than we are on the sale of mortgage loans into the secondary markets to maintain their liquidity and may be able to participate in government programs that we are unable to participate in because we are not a state or federally chartered depository institution, all of which may place us at a competitive disadvantage. The advantages of our largest competitors include, but are not limited to, their ability to hold new loan originations in an investment portfolio and their access to lower rate bank deposits as a source of liquidity. Additionally, more restrictive loan underwriting standards have resulted in a more homogenous product offering, which has increased competition across the mortgage loan industry for loan originations. Furthermore, our existing and potential competitors may decide to modify their business models to compete more directly with our loan origination and servicing models. In addition, technological advances and heightened e-commerce activities have increased consumers' accessibility to products and services. This has intensified competition among banks and nonbanks in offering mortgage loans. We may be unable to compete successfully in our industries and this could adversely affect our business, financial condition and results of operations. Increases in mortgage loan delinquencies and defaults may adversely affect our business, financial condition and results of operations. The level of home prices and home price appreciation affects performance in the mortgage loan industry. For example, **during the financial crisis that occurred between 2007 and 2011,** falling home prices ~~between 2007 and 2011~~ across the United States resulted in higher LTV ratios, lower recoveries in foreclosure and an increase in loss severity above those that would have been realized had property values remained the same or continued to increase. There is a risk that housing prices decline, reducing borrower equity and incentive to repay. Additionally, adverse macroeconomic conditions may reduce borrowers' ability to pay. Further, if rates continue to rise, borrowers with adjustable rate mortgage loans may face higher monthly payments as the interest rates on those mortgage loans adjust upward from their initial fixed rates or low introductory rates. All of these factors could potentially contribute to an increase in mortgage loan delinquencies and correspondingly, defaults and foreclosures. Increased mortgage loan delinquencies, defaults and foreclosures may result in lower revenue for loans that we service for the Agencies, because we only collect servicing fees for performing loans. Additionally, while increased delinquencies generate higher ancillary fees, including late fees, these fees are not likely to be recoverable in the event that the related loan is liquidated. Also, increased mortgage loan defaults may ultimately reduce the number of mortgage loans that we service. Increased mortgage loan delinquencies, defaults and foreclosures will also result in a higher cost to service those loans due to the increased time and effort required to collect payments from delinquent borrowers and to liquidate properties or otherwise resolve loan defaults if payment collection is unsuccessful, and only a portion of these increased costs are recoverable under our servicing agreements. Any loan level advances made on defaulted loans within the allowable levels provided by investors and insurers are recoverable either from the borrower in a reinstatement or the investors / insurers in a liquidation. Increased mortgage loan delinquencies, defaults and foreclosures may also result in an increase in our interest expense and affect our liquidity if we are required to borrow to fund an increase in our advancing obligations. Any additional cost to service these loans, including interest expense on loan level advances, are generally not recoverable and are considered a cost of doing business. In addition, we are subject to risks of borrower defaults and bankruptcies in cases where we might be required to repurchase loans sold with recourse or under representations and warranties. In these cases, a borrower filing for bankruptcy during foreclosure could have the effect of staying the foreclosure and thereby delaying the foreclosure process, which may potentially result in a reduction or discharge of a borrower' s mortgage loan debt. Even if we are successful in directing a foreclosure on a mortgage loan that has been repurchased, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us. Furthermore, any costs or delays involved in the foreclosure of the mortgage loan or a liquidation of the underlying property will further reduce the net proceeds and, thus, increase the loss. If these risks materialize, they could have a material adverse effect on our business, financial condition and results of operations. In the event we originate mortgage loans that we are unable to sell, we will bear the risk of loss of principal on such mortgage loans. An increase in delinquency rates could therefore adversely affect our business, financial condition and results of operations. Adverse developments in the secondary mortgage loan market, including the MBS market, could have a material adverse effect on our business, financial position, results of operations and cash flows. We historically have relied on selling or securitizing our mortgage loans into the secondary market in order to generate liquidity to fund maturities of our indebtedness, the origination and warehousing of mortgage loans, the retention of servicing rights and for general working capital purposes. We bear the risk of being unable to sell or securitize our mortgage loans at advantageous times and prices or in a timely manner. Demand in the secondary market and our ability to complete the sale or securitization of our mortgage loans depends on a number of factors, many of which are beyond our control, including general economic conditions, general conditions in the banking system, the willingness of lenders to provide funding for mortgage loans, the willingness of investors to purchase mortgage loans and MBS and changes in regulatory requirements. If it is not possible or economical for us to complete the sale or securitization of certain of our LHFS, we may lack liquidity under our warehouse lines to continue to fund such mortgage loans and our revenues and margins on new loan originations would be materially and negatively impacted, which would materially and negatively impact our consolidated net revenue and net income and also have a material adverse effect on our overall business and our consolidated financial position. The severity of the impact would be most significant to the extent we were unable to sell conforming mortgage loans to the GSEs or securitize such loans pursuant to Agency- sponsored programs. Any significant disruption or period of illiquidity in the general MBS market would directly affect our liquidity because no existing alternative secondary market would likely be able to accommodate on a timely basis the volume of loans that we typically sell in any given period. Accordingly, if the MBS market experiences a period of illiquidity, we might be prevented from selling the loans that we produce into the secondary market in a timely manner or at favorable prices, which could materially adversely affect our business, financial condition and results of operations. Risks Related to Our Regulatory Environment We operate in a highly regulated industry that is undergoing regulatory transformation which has created inherent uncertainty. Changing federal, state and local laws, as well as changing regulatory enforcement policies and priorities, may negatively impact the management of our business, results of operations and ability to compete. We are required to comply with a wide array of federal, state and local laws and regulations that regulate, among other things, the manner in which we conduct our loan origination and servicing activities, the terms of our loans and the fees that we may charge, and the collection, use, retention, protection, disclosure, transfer and other processing of personal information. A material or continued failure to comply with any of these laws or regulations could subject us to lawsuits or governmental actions and / or damage our reputation, which could materially adversely affect our business, financial condition and results of operations. Additionally, federal, state and local governments and regulatory agencies have recently proposed or enacted numerous new laws, regulations and rules related to mortgage loans. Federal and state regulators are also rigorously enforcing existing laws, regulations and rules and enhancing their supervisory expectations regarding the management of legal and regulatory compliance risks. Consumer finance regulation is constantly changing, and new laws or regulations, or new interpretations of existing laws or regulations, could have a materially adverse impact on our ability to operate as we currently intend. See " — Regulatory agencies and consumer advocacy groups are becoming more aggressive in asserting claims that the practices of lenders and loan servicers result in a disparate impact on protected classes. " These regulatory changes and uncertainties make our business planning more difficult and could result in changes to our business model and potentially adversely impact our result of operations. Ensuring compliance with new or changing laws and regulations also require increased expense and may create significant operational impact. Accordingly, uncertainty persists regarding the competitive impact of new laws or regulations. As compared to our competitors, we could be subject to more stringent state or local regulations, or could incur marginally greater compliance costs as a result of regulatory changes. In addition, our failure to comply (or to ensure that our agents and third **-** party service providers comply) with these laws or regulations may result in costly litigation or enforcement actions, the penalties for which could include but are not limited to: revocation of required licenses; fines and other monetary penalties; civil and criminal liability; substantially reduced payments by borrowers; modification of the original terms of loans, permanent forgiveness of debt, or inability to directly or indirectly collect all or a part of the principal of or interest on loans; delays in the foreclosure process and increased servicing advances; and increased repurchase and indemnification claims. Proposals to change the statutes affecting financial services companies are frequently introduced in Congress, state legislatures and local governing bodies and, if enacted, may affect our operating environment in substantial and unpredictable ways. In addition, numerous federal, state and local regulators have the authority to pass or change regulations that could affect our operating environment in substantial and unpredictable ways. We cannot determine whether any such legislative or regulatory proposals will be enacted and, if enacted, the ultimate impact that any such potential legislation or implementing regulations, or any such potential regulatory actions by federal or state regulators, would have upon our financial condition or results of operations. With respect to state regulation, although we seek to comply with applicable state loan, loan broker, mortgage loan originator, servicing, debt collection and similar statutes in all U. S. jurisdictions, and with licensing or other requirements that we believe may be applicable to us, if we are found to not have complied with applicable laws, we could lose one or more of our licenses or authorizations or face other sanctions or penalties or be required to obtain a license in such jurisdiction, which may have an adverse effect on our ability to continue to originate mortgage loans, perform our servicing obligations or make our loan platform available to borrowers in particular states, which may adversely impact our business. We depend on the programs of the Agencies. Discontinuation, or changes in the roles or practices, of these entities, without comparable private sector substitutes, could materially and negatively affect our results of operations and ability to compete. We sell mortgage loans to various entities, including Fannie Mae and Freddie Mac, which include the mortgage loans in GSE-guaranteed securitizations. In addition, we pool FHA insured and VA guaranteed mortgage loans, which back securities guaranteed by Ginnie Mae. We derive material financial benefits from our relationships with the Agencies, as our ability to originate and sell mortgage loans under their programs reduces our credit exposure and mortgage loans inventory financing costs. In addition, we receive compensation for servicing loans on behalf of Fannie Mae, Freddie Mac and Ginnie Mae. The future of the GSEs and the role of the Agencies in the U. S. mortgage markets are uncertain. In 2008, Fannie Mae and Freddie Mac experienced catastrophic credit losses and were placed in the conservatorship of the FHFA. As a result, housing finance reform continues to be an ongoing topic of discussion. The roles of the GSEs (including as insurers or guarantors of MBS) could be eliminated, or significantly reduced as a consequence of ~~such proposed~~ **Congressional or administrative** reforms. Elimination of the traditional roles of Fannie Mae and Freddie Mac, or any changes to the nature or extent of the guarantees provided by Fannie Mae and Freddie Mac or the fees, terms and guidelines that govern our selling and servicing relationships with them, such as increases in the guarantee fees we are required to pay, initiatives that increase the number of repurchase requests and / or the manner in which they are pursued, or possible limits on delivery volumes imposed upon us and other seller / servicers, could also materially and adversely affect our business, including our ability to sell and securitize loans through our loan production segment, and the performance, liquidity and market value of our investments. Moreover, any changes to the nature of the GSEs or their guarantee obligations could redefine what constitutes an Agency MBS and could have broad adverse implications for the market and our business, financial condition, liquidity and results of operations. ~~In September 2019, the U. S. Department of the Treasury (" Treasury ") released a proposal for reform, and, in October 2019, FHFA released a strategic plan regarding the conservatorships, which included a Scorecard that has Fannie Mae and Freddie Mac preparing for exiting conservatorship as one of its key objectives. Among other things, the Treasury recommendations include recapitalizing the GSEs, increasing private- sector competition with the GSEs, replacing GSE statutory affordable housing goals, changing mortgage underwriting requirements for GSE guarantees, revising the CFPB qualified mortgage regulations (for further discussion of these regulations, see " — Risks related to regulatory environment — The CFPB continues to be active in its monitoring of the loan origination and servicing sectors, and its rules increase our regulatory compliance burden and associated costs. "), and continuing to support the market for 30- year fixed- rate mortgages. Some of Treasury' s recommendations would require administrative action whereas others would require legislative action. In January 2021, consistent with those recommendations, Treasury and FHFA took steps to permit the GSEs to increase their capital levels. However, it is uncertain whether these or other 2019 recommendations will be enacted, particularly in light of the new administration' s priorities. If these recommendations are enacted, the future roles of Fannie Mae and Freddie Mac could be reduced (perhaps significantly) and the nature of their guarantee obligations could be considerably limited relative to historical measurements. In addition, various other proposals to generally reform the U. S. housing finance market have been offered by members of the U. S. Congress, and certain of these proposals seek to significantly reduce or eliminate over time the role of the GSEs in purchasing and guaranteeing mortgage loans. Any such proposals, if enacted, may have broad adverse implications for the MBS market and our business. It is possible that the adoption of any such proposals might lead to higher fees being charged by the GSEs or lower prices on our sales of mortgage loans to them.~~ The extent and timing of any reform regarding the GSEs and / or the home mortgage market are uncertain, which makes our business planning more difficult. Discontinuation, or significant changes in the roles or practices, of the Agencies, including changes to their guidelines and other proposed reforms, could require us to revise our business models, which could ultimately ~~negatively impact our results of operations. Significant uncertainty also persists regarding the competitive impact of proposals to eliminate the GSEs in favor of private sector models.~~ The Agencies require us to follow specific guidelines, which may be changed at any time. The Agencies have the ability to provide monetary incentives for loan servicers **upon the performance of specific tasks** that ~~perform well~~ **conform to their requirements** and to assess penalties for those that do not, including compensatory penalties against loan servicers in connection with the failure to meet specified timelines relating to delinquent loans and foreclosure proceedings and other breaches of servicing obligations. We generally cannot negotiate the terms of these guidelines ~~or~~ **nor** predict the penalties that the Agencies might impose for a failure to comply with those guidelines. Any failure by us to ~~conform to these~~ **perform within Agency** guidelines ~~would~~ **could** materially adversely affect us. The Agencies, as well as their regulator **, the** FHFA, also have authority to approve or limit the number of **their** loans that may be transferred to **or from** our servicing portfolio, which may impact our ability to grow our existing mortgage servicing operation. We are required to follow specific guidelines that impact the way that we originate and service Agency loans, including guidelines with respect to: • credit standards for mortgage loans; • ~~maintaining~~ **managing** prepayment speeds commensurate with that of our peers; • our staffing levels and other origination and servicing practices; • the fees that we may charge to consumers or pass- through to the Agencies; • our modification standards and procedures; • unanticipated changes to pricing and guarantee fees; • the amount of non- reimbursable advances; and • internal controls such as data privacy and security, compliance, quality control and internal audit. Our selling and servicing obligations under our contracts with the Agencies may be amended, restated, supplemented or otherwise modified by the Agencies from time to time without our specific consent. A significant modification to our selling and / or servicing obligations under our Agency contracts could adversely affect our business, financial condition and results of operations. In particular, the nature of the GSEs' guidelines for servicing delinquent mortgage loans that they own, or that back securities which they guarantee, can result in monetary incentives for servicers that perform well and penalties for those that do not. In addition, the FHFA has directed Fannie Mae to assess compensatory penalties against servicers in connection with the failure to meet specified timelines relating to delinquent loans and foreclosure proceedings and other breaches of servicing obligations. A significant change in these guidelines that has the effect of decreasing the fees we charge or requires us to expend additional resources in providing mortgage loan services could decrease our revenues or increase our costs, which would adversely affect our business, financial condition and results of operations. In August 2022, the Federal Housing Finance Agency and Ginnie Mae announced updated minimum financial eligibility requirements for Fannie Mae and Freddie Mac Seller / Servicers, and Ginnie Mae for single family issuers. The updated minimum financial eligibility requirements modify the definitions of tangible net worth and eligible liquidity, modify their minimum standard measurement and include a new risk- based capital ratio, among other changes. In September 2022, at the direction of the FHFA, Fannie Mae and Freddie Mac announced similar revisions to minimum financial eligibility requirements. The majority of the requirements are effective on September 30, 2023 with origination liquidity and certain other capital requirements effective as of December 31, 2023. On October 21, 2022, Ginnie Mae extended the compliance date for its risk- based capital requirements to December 31, 2024. Certain of these new capital requirements may impact liquidity in Ginnie Mae markets and while the ultimate impact remains uncertain, such requirements could have the effect of devaluing certain Ginnie Mae MSRs. If we misjudge the magnitude of the costs and benefits of these updated minimum financial eligibility requirements and their impacts on our business, our financial results could be negatively impacted. We are subject to regulatory investigations and inquiries and may incur fines, penalties and increased costs that could negatively impact our future liquidity, financial position and results of operations or damage our reputation. Federal and state agencies have broad enforcement powers over us and others in the loan origination and servicing industry, including powers to investigate our lending and servicing practices and broad discretion to deem particular practices unfair, deceptive, abusive or otherwise not in accordance with the law. See " Business — Supervision and regulation. " The continued focus of regulators on the practices of the loan origination and servicing industry have resulted and could continue to result in new enforcement actions that could directly or indirectly affect the manner in which we conduct our business and increase the costs of defending and settling any such matters, which could impact our reputation and / or results of operations. In addition, the laws and regulations applicable to us are subject to administrative or judicial interpretation, but some of these laws and regulations have been enacted only recently and may not yet have been interpreted or may be interpreted infrequently. As a result of varied, infrequent, or unclear interpretations, ambiguities in these laws and regulations may leave uncertainty with respect to permitted or restricted conduct under them. Any ambiguity under a law to which we are subject may lead to regulatory investigations, governmental enforcement actions or private causes of action, such as class action lawsuits, with respect to our compliance with applicable laws and regulations. Provisions that by their terms, or as interpreted, apply to lenders or servicers of loans may be construed in a manner that favors our borrowers and customers over loan originators and servicers. Furthermore, provisions of our loan agreements could be construed as unenforceable by a court. **The CFPB continues to be active in its monitoring of the loan origination and servicing sectors, and its rules increase our regulatory compliance burden and associated costs.** We are subject to the regulatory, supervisory and enforcement authority of the CFPB, which has oversight of non- depository mortgage lending and servicing institutions. The CFPB has rulemaking authority with respect to many of the federal consumer protection laws applicable to mortgage lenders and servicers, including **HMDA,** ECOA, TILA and RESPA and the Fair Debt Collections Practices Act. The CFPB has issued a number of regulations under the Dodd- Frank Act relating to loan origination and servicing activities, including ability- to- repay and " Qualified Mortgage " standards and other origination standards and practices as well as servicing requirements that address, among other things, periodic billing statements, certain notices and acknowledgments, prompt crediting of borrowers' accounts for payments received, additional notice, review and timing requirements with respect to delinquent borrowers, loss mitigation, prompt investigation of complaints by borrowers, and lender- placed insurance notices. The CFPB has also amended provisions of HOEPA regarding the determination of high- cost mortgages, and of Regulation B, to implement additional requirements under the ECOA with respect to valuations, including appraisals and automated valuation models. The CFPB has also issued guidance to loan servicers to address potential risks to borrowers that may arise in connection with transfers of servicing. Additionally, through bulletins 2012- 03 and 2016- 02, the CFPB has increased the focus on lender liability and vendor management across the mortgage and settlement services industries, which may vary depending on the services being performed. For example, the CFPB iteratively adopted rules over the course of several years regarding mortgage servicing practices that required us to make modifications and enhancements to our mortgage servicing processes and systems. The CFPB' s examinations have increased, and will likely continue to increase, our administrative and compliance costs. They could also greatly influence the availability and cost of residential mortgage credit and increase servicing costs and risks. These increased costs of compliance, the effect of these rules on the lending industry and loan servicing, and any failure in our ability to comply with the new rules by their effective dates, could be detrimental to our business. ~~The CFPB also issued guidelines on sending examiners to banks and other institutions that service and / or originate mortgages to assess whether consumers' interests are protected.~~ We are regulated by the CFPB and are subject to routine examinations. The CFPB also has broad enforcement powers, and can order, among other things, rescission or reformation of contracts, the refund of moneys or the return of real property, restitution, disgorgement or compensation for unjust enrichment, the payment of damages or other monetary relief, public notifications regarding violations, limits on activities or functions, remediation of practices, external compliance monitoring and civil money penalties. The CFPB has been active in investigations and enforcement actions and, when necessary, has ~~issued~~ **assessed** civil money penalties to parties the CFPB determines have violated the laws and regulations it enforces. Our failure to comply with the federal consumer protection laws, rules and regulations to which we are subject, whether actual or alleged, could expose us to enforcement actions or potential litigation liabilities. In addition, the occurrence of one or more of the foregoing events or a determination by any court or regulatory agency that our policies and procedures do not comply with applicable law could impact our business operations. For example, if the violation is related to our servicing operations it could lead to downgrades by one or more rating agencies, a transfer of our servicing responsibilities, requirements to provide restitution, increased delinquencies on mortgage loans we service or any combination of these events. Such a determination could also require us to modify our servicing standards. The expense of complying with new or modified servicing standards may be substantial. Any such changes or revisions may have a material impact on our servicing operations, which could be detrimental to our business. Additional regulatory uncertainty now exists as a result of a decision issued by the United States Court of Appeals for the Fifth Circuit on October 19, 2022, **which is currently under review by the United States Supreme Court,** striking down a CFPB rulemaking as a result of its conclusion that the funding structure for the CFPB violates the Appropriations Clause of the U. S. Constitution. Because all CFPB rulemakings depend on the expenditure of CFPB funds, there is a risk that prior CFPB activities, including the promulgation of regulations impacting the mortgage market and upon which lenders, such as the Company, have relied in conducting their activities, may also be deemed unconstitutional **. The Financial Stability Oversight Council (" FSOC ") has recommended that federal and state regulators strengthen the prudential regulation of nonbank mortgage origination and servicing companies and has issued guidance describing the process FSOC would follow if it were to consider making a determination to subject a nonbank financial company to supervision by the Board of Governors of the Federal Reserve System and prudential standards. The FSOC has also been conducting a review of the secondary mortgage market focused on the regulation of the GSEs. Additionally, the Conference of State Bank Supervisors (" CSBS ") has issued a proposal for enhancing regulatory prudential standards for nonbank mortgage servicers subject to licensing and supervision by state financial regulators. The CSBS prudential regulatory proposal includes standards for capital, liquidity, risk management, data standards and integrity, data protection and cyber risk, corporate governance, servicing transfer requirements, and change of control requirements. To the extent that the FSOC and other regulators move forward with new prudential reforms of nonbank mortgage originators or servicers (including designating nonbank mortgage companies for heightened prudential regulation by the Federal Reserve), the markets they serve, or the secondary mortgage market, it could materially affect the operating costs, competitiveness, business plan, and prospects of our business** . The federal government may seek significant monetary damages and penalties against mortgage loan lenders and servicers under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (" FIRREA ") and the False Claims Act (" FCA ") for making false statements and seeking reimbursement for ineligible costs and expenses. The federal government has a history of taking actions against mortgage loan lenders and servicers alleging violations of FIRREA and the FCA. Some of the actions against lenders alleged that the lenders sold defective loans to Fannie Mae and Freddie Mac, while representing that the loans complied with the GSE' s underwriting guidelines. The federal government has also brought actions against lenders asserting that they submitted claims for FHA- insured loans that the lender falsely certified to HUD met FHA underwriting requirements that resulted in FHA paying out millions of dollars in insurance claims to cover the defaulted loans. See " Item 1. Business — Supervision and regulation — Supervision and enforcement " and the risk factor captioned " — We are subject to regulatory investigations and inquiries and may incur fines, penalties and increased costs that could negatively impact our future liquidity, financial position and results of operations or damage our reputation. " Because these actions carry the possibility for treble damages, many have resulted in settlements totaling in the hundreds of millions of dollars, as well as required lenders and servicers to make significant changes in their practices. The Company' s FCA litigation- related risk may increase as a result of administration changes, legislative changes, and changes in FCA case law. In July 2021, the U. S. Department of Justice (" DOJ ") rescinded Trump- administration DOJ memoranda restricting the DOJ' s use of agency guidance documents — such as agency manuals, policy statements, and opinion letters — to support civil and criminal enforcement actions. The rescission of such memoranda may give the DOJ more flexibility to pursue FCA actions premised on non- compliance with guidance documents (in addition to express contractual obligations, certification requirements, and formally enacted laws, rules, and regulations). Additionally, in July 2021, a bipartisan group of U. S. senators introduced legislation to amend the FCA. Among other things, the proposed legislation would reduce the burden on the United States to establish the materiality element of an FCA claim, heighten the burden on a defendant to rebut the materiality element of an FCA claim, increase certain FCA litigation costs for defendants in FCA qui tam litigation, and require a hearing before the DOJ' s dismissal of a qui tam relator' s FCA claim. It is uncertain whether these proposed changes will be enacted, but it is possible that the enactment of such changes will increase the risk of future FCA claims, increase the size of potential penalties arising from FCA enforcement actions, or increase the size of settlements entered into in connection with FCA claims. Finally, case law regarding the elements required to establish an FCA claim continues to evolve. It is possible that case law could make it easier for the DOJ or FCA qui tam plaintiffs to assert FCA claims or to advance new theories of FCA claims relating to our mortgage origination and servicing conduct. Unlike our competitors that are depository institutions, we are subject to state licensing and operational requirements that result in substantial compliance costs. Because we are not a federally chartered depository institution, we generally do not benefit from federal preemption of state mortgage loan origination, loan servicing or debt collection licensing and state and local regulatory requirements. We may also be subject to other licensing requirements applicable to one or more of our subsidiaries, such as title insurance, insurance production, or real estate brokerage licenses. We must comply with state licensing requirements and varying compliance requirements in all of the jurisdictions in which we operate, and we are sensitive to regulatory changes that may increase our costs through stricter licensing laws, disclosure laws or increased fees or that may impose conditions to licensing that we or our personnel are unable to meet. Further, due to not being a federally chartered depository institution, our reliance on warehouse lines for purposes of funding loans contains certain risks, such as limited access to backup liquidity as compared to federally charted depository institutions, and as illustrated in the mortgage loan crisis which resulted in warehouse lines lenders refusing to honor lines of credit for nonbanks without a deposit base. In all states in which we operate, a regulatory agency or agencies regulate and enforce laws relating to loan servicers, brokers and / or originators, as well as title insurers, insurance producers, and real estate brokers. These rules and regulations, which vary from state to state, generally provide for, but are not limited to: licensing as a loan servicer, lender or broker (including individual- level licensure for employees engaging in loan origination activities), loan modification or third **-** party debt default specialist (or a combination thereof); licensing as a title insurer, an insurance agency or producer, or as a real estate broker; requirements as to the form and content of contracts and other documentation; licensing of independent contractors with whom we contract; and employee hiring background checks. They also set forth restrictions on lending, brokering, servicing, collection insurance, and real estate practices, restrictions related to fees and charges, including loan interest rate limits, and disclosure and record- keeping requirements. They establish a variety of borrowers' and consumers' rights in the event of violations of such rules. Future state legislation and changes in existing laws and regulations may significantly increase our compliance costs or reduce the amount of ancillary fees, including late fees that we may charge to borrowers. This could make our business cost- prohibitive in the affected state or states and could materially affect our business. In addition, we are subject to periodic examinations by state and other regulators in the jurisdictions in which we conduct business, which can result in increases in our administrative costs and refunds to borrowers or consumers of certain fees earned by us, and we may be required to pay substantial penalties imposed by those regulators due to compliance errors, or we may lose our license or our ability to do business in the jurisdiction otherwise may be impaired. Fines and penalties incurred in one jurisdiction may cause investigations or other actions by regulators in other jurisdictions. We may not be able to maintain all currently requisite licenses and permits. In addition, the states that currently do not provide extensive regulation of our business may later choose to do so, and if such states so act, we may not be able to obtain or maintain all requisite licenses and permits, which could require us to modify or limit our activities in the relevant state (s). The failure to satisfy those and other regulatory requirements could result in a default under our warehouse lines, other financial arrangements and / or servicing agreements and thereby have a material adverse effect on our business, financial condition and results of operations. We may be subject to liability for potential violations of predatory lending laws, which could adversely impact our results of operations, financial condition and business. Various U. S. federal, state and local laws have been enacted that are designed to discourage predatory lending practices. HOEPA amended TILA to prohibit inclusion of certain provisions in " high cost mortgage loans " that have interest rates or origination costs in excess of prescribed levels, and require that borrowers receiving such loans be given certain disclosures, in addition to the standard TILA mortgage loan disclosures, prior to origination. It also provides that an assignee of such a " high cost mortgage loan " is subject to all claims and any defense which the borrower could assert against the original creditor, which has severely constrained the secondary market for such loans. The Dodd- Frank Act amended HOEPA to enhance its protections. The amendments expanded the types of loans covered by HOEPA to include home- purchase loans and open- end, home- secured credit transactions (such as home equity lines of credit) which were previously exempt; added a new HOEPA threshold for what is considered a high-cost mortgage based on prepayment penalties; lowered the two existing thresholds based on a loan' s rate and points and fees so more loans will qualify as high- cost loans; and imposed additional restrictions on high- cost loans, such as prohibiting balloon payment features (with certain exceptions) regardless of the term. Some states have enacted, or may enact, similar laws or regulations, which in some cases impose restrictions and requirements greater than those in HOEPA. In addition, under the anti-predatory lending laws of some states, the origination of certain mortgage loans, including loans that are not classified as " high-cost " loans under applicable law, must satisfy a net tangible benefit test with respect to the related borrower. Such tests may be highly subjective and open to interpretation. As a result, a court may determine that a residential mortgage loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied. If any of our mortgage loans are found to have been originated in violation of predatory or abusive lending laws, we could incur losses, which could adversely impact our results of operations, financial condition and business. If any of our mortgage loans are found to exceed high- cost thresholds under HOEPA or equivalent state laws, we may be unable to sell them on the secondary market and / or be required to repurchase them from our investors. Failure to comply with fair lending laws and regulations could lead to a wide variety of costs and penalties that could have a material adverse effect on our business, financial condition and results of operations. Antidiscrimination statutes **and regulations** , **including** ~~such as~~ the Fair Housing Act **, Equal Credit Opportunity Act ("** ECOA **")** , and other federal and state fair lending laws, prohibit creditors from discriminating against loan applicants and borrowers based on certain characteristics, such as race, ~~religion~~ **ethnicity, gender** and national origin. Various federal regulatory agencies and departments, including the DOJ and CFPB, take the position that these laws apply not only to intentional discrimination, but also to neutral practices that have a disparate impact on a group that shares a characteristic that a creditor may not consider in making credit decisions relating to protected classes (i. e., creditor or servicing practices that have a disproportionate negative affect on a protected class of individuals). The CFPB has also ~~taking~~ **taken** the position that it has authority under the Consumer Financial Protection Act to identify, prohibit and prosecute discrimination as an unfair, deceptive, or abusive act or practice to target discriminatory conduct, even where fair lending laws, such as ECOA, may not apply. Federal regulators and consumer advocates have also recently expressed concerns of ~~discriminatory~~ **biased** appraisal practices throughout the industry, and are investigating claims of consumer complaints. Although the Company, as **a** lender, does not control the appraisal process, it may be involved in litigation and borrower claims regarding appraisal ~~discrimination~~ **bias** . These regulatory agencies, as well as consumer advocacy groups and plaintiffs' attorneys, are focusing greater attention on " disparate impact " claims. In 2015, the U. S. Supreme Court confirmed that the " disparate impact " theory applies to cases brought under the Fair Housing Act, while emphasizing that a causal relationship must be shown between a specific policy of the defendant and a discriminatory result that is not justified by a legitimate objective of the defendant. Although it is still unclear whether the theory applies under ECOA, regulatory agencies and private plaintiffs can be expected to continue to apply it to both the Fair Housing Act and ECOA in the context of mortgage loan lending and servicing. To the extent that the " disparate impact " theory continues to apply, we may be faced with significant administrative burdens in attempting to comply and potential liability for failures to comply. In addition to reputational harm, violations of the ECOA and the Fair Housing Act can result in actual damages, punitive damages, injunctive or equitable relief, attorneys' fees and civil money penalties. The Dodd- Frank Act prevents us from using arbitration agreements to protect against class actions on residential real estate loans. At present, where permitted by applicable law, companies providing consumer products and services, frequently require their customers to agree to arbitrate any disputes on an individual basis rather than pursuing lawsuits, including class actions. Such agreements are binding in accordance with their terms as a matter of federal law, even where state law provides otherwise. Thus, arbitration agreements can serve as a vehicle for eliminating class action exposure. Under the Dodd- Frank Act, arbitration agreements are not permitted for residential real estate loans. Accordingly, in the event of a purported violation of applicable law with respect to our real estate lending activities, we could be subject to class action liability. In recent years, federal regulators and the DOJ have increased their focus on enforcing the Servicemembers Civil Relief Act (" SCRA ") against loan owners and servicers. Similarly, state legislatures have taken steps to strengthen their own state- specific versions of the SCRA. The SCRA provides relief to ~~borrowers~~ **servicemembers** who enter active military service **(Army, Navy, Air Force, Marines, Space Force** and **Coast Guard),** to ~~borrowers~~ **servicemembers** in **the** reserve ~~status~~ **component when serving on active duty, to servicemembers of the commissioned corps of the National Oceanic and Atmospheric or Public Health Services, or to servicemembers in the National Guard mobilized under federal orders for more than 30 days** who are called to active duty after the origination of their mortgage loan. The SCRA provides generally that a ~~borrower~~ **servicemember** who is covered by the SCRA may not be charged interest on a mortgage loan in excess of 6 % per annum during the period of the ~~borrower~~ **servicemember** ' s active duty **(plus one additional year after the end of active duty)** along with other servicing related benefits. The DOJ and federal regulators have entered into significant settlements with a number of loan servicers alleging violations of the SCRA. Some of the settlements have alleged that the servicers did not correctly apply the SCRA' s 6 % interest rate cap, while other settlements have alleged that servicers did not comply with the SCRA' s foreclosure and default judgment protections when seeking to foreclose upon a mortgage loan note or collect payment of a debt. Recent settlements indicate that the DOJ and federal regulators broadly interpret the scope of the substantive protections under the SCRA and are moving both to identify instances in which loan servicers have not complied with the SCRA. Alleged SCRA non- compliance has been a focal point of the National Mortgage Settlement by the DOJ as well as the Independent Foreclosure Review jointly supervised by the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve, and several additional SCRA- related settlements continue to make this a significant area of scrutiny for both regulatory examinations and public enforcement actions. In addition, most states have their own versions of the SCRA. In most instances these laws extend some or all of the substantive benefits of the federal SCRA to members of the state National Guard who are in state service, but certain states also provide greater substantive protections to National Guard members or individuals who are in federal military service. Recent years have seen states revise their laws to increase the potential benefits to individuals, and these changes pose additional compliance burdens on creditors as they seek to comply with both the federal and relevant state versions of the SCRA. Privacy and information security are an increasing focus of regulators at the federal and state levels. Privacy requirements under the Gramm- Leach- Bliley Act (" GLBA ") and Fair Credit Reporting Act (" FCRA ") are within the regulatory and enforcement authority of the CFPB and are a standard part of CFPB examinations. Information security requirements under GLBA and FCRA are, for non- depository mortgage lenders, generally under the regulatory and enforcement authority of the Federal Trade Commission (" FTC "). The FTC has taken several actions against financial institutions and other companies for failure to adequately safeguard personal information. State entities may also initiate actions for alleged violations of privacy or security requirements under state law. We are also subject to a variety of other local, state, national and international laws, directives and regulations that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information ~~, including~~ **. This includes** the California Consumer Privacy Act (" CCPA "), which took effect on January 1, 2020 and provides California consumers with ~~new~~ privacy rights such as the right to request deletion of their data, the right to receive data on record for them and the right to know what categories of data are maintained about them, and increases the privacy and security obligations of entities handling certain personal information of such consumers. The CCPA allows consumers to submit verifiable consumer requests regarding their personal information and requires our business to implement procedures to comply with such requests. The California Attorney General issued, and subsequently updated, proposed regulations to further define and clarify the CCPA. **Most recently** ~~The impact of this law and its corresponding regulations, future enforcement activity and potential liability is unknown. Moreover, a new proposed privacy law~~ , the California Privacy Rights Act (" CPRA ") ~~was approved by California voters in the November 3~~ , ~~2020 election. The~~ **an amendment to the** ~~CPRA~~ - **CCPA** , ~~which~~ became effective on January 1, 2023 ~~,~~ **. The CPRA** significantly modified the CCPA **by adding additional consumer privacy rights and obligations and expanded these rights to employees and obligations over employee data** , potentially resulting in further uncertainty and requiring us to incur additional costs and expenses ~~in an effort~~ to comply. While **the** CCPA ~~and~~ **, as**

amended by the CPRA ~~contain~~ **, maintains the** ~~exceptions~~ **exemptions** for data subject to GLBA, and those ~~exceptions~~ **exemptions** cover the majority of our transactional data, ~~these~~ **the** ~~data protection~~ **law also established a new agency, the CPPA, to implement and enforce the law. The impact of this law and its corresponding regulations, future enforcement activity and potential liability is unknown. Additionally, without the passing of** ~~and~~ **an overarching** privacy law **by Congress,** ~~regimes continue to evolve and~~ **an** ~~may result in ever-~~ increasing **number of states enacted or have pending comprehensive privacy legislation becoming effective through 2026 that include consumer rights and obligations similar to the CCPA / CPRA. Collectively, these state laws expand the potential for** public scrutiny and escalating levels of enforcement and sanctions and increased costs for compliance ~~. Several additional states have enacted similar laws to the CCPA and we expect more states to follow~~ . Furthermore, we also must comply with regulations in connection with doing business and offering loan products over the internet, including various state and federal e- signature rules mandating that certain disclosures be made, and certain steps be followed in order to obtain and authenticate e- signatures **. Finally** , ~~with which we have~~ **although our adoption and use of AI technologies is** limited ~~experience~~ **, ongoing and further adoption may be subject to expanding domestic and international AI laws and requirements** . Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officials and public censure, any of which could result in serious harm to our reputation, business and have a material adverse effect on our business, financial condition and results of operations. Subsequent changes to data protection and privacy laws could also impact how we process personal information, and therefore limit the effectiveness of our products or services or our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing of personal information. The Federal Communications Commission (" FCC ") and the FTC have increased their enforcement of the Telephone Consumer Protection Act (" TCPA ") and the Telemarketing Sales Rule. The TCPA, Telemarketing Sales Rule and related laws and regulations govern, among other things, communications via telephone and text and the use of automatic telephone dialing systems (" ATDS ") and artificial and prerecorded **or AI generated** voices. The FCC and the FTC have responsibility for regulating various aspects of these laws. These laws limit our ability to communicate with consumers and reduce the effectiveness of our marketing programs. Subject to certain exemptions, the TCPA makes it unlawful for any person within the United States, or any person outside the United States if the recipient is within the United States, to make any call (other than a call made for emergency purposes or made with the prior express consent of the called party) using any ATDS or an artificial or prerecorded **or AI generated** voice to any cellular telephone number or other number for which the called party is charged. Under FCC rulings and regulations " prior express consent " must be in writing if the call contains an advertisement or constitutes telemarketing **. In December 2023, the FCC recently promulgated a rule requiring that such consent be obtained on behalf of each calling party individually (which previously could have been obtained on behalf of multiple calling parties simultaneously)** . Separately, the TCPA requires telemarketers to maintain an internal DNC list and a policy adhering to " do- not- call " registry requirements which, in part, mandate callers to refrain from making unsolicited marketing calls to consumers who have listed their numbers on the National Do Not Call Registry, absent an inquiry or established business or personal relationship. Short message service and multimedia message service messages are also " calls " for the purpose of the TCPA and the FCC' s regulations implanting the statute. Many states have similar consumer protection laws regulating telemarketing and litigation related to these laws in some states, particularly Florida, has increased substantially in the last few years. The TCPA provides a private right of action under which a plaintiff, including a plaintiff in a class action, may recover actual monetary loss or $ 500 for each call or text made in violation of the prohibitions on calls made using an " artificial or pre- recorded voice " **, AI generated voice,** or ATDS. The TCPA authorizes a private right of action of " up to " $ 500 for each call or text made in violation of the DNC provisions of the TCPA beginning with the second violative call made in any 12 month period, unless the call is made as a result of a good faith error by a caller maintaining appropriate policies and procedures to comply with the statute. Under either provision a court may treble the amount of damages upon a finding of a " willful or knowing " violation. There is no statutory cap on maximum aggregate exposure (although some courts have applied in TCPA class actions constitutional limits on excessive penalties). An action may be brought by the FCC, a state attorney general, an individual, or a class of individuals. Like other companies that rely on telephone and text communications, we are regularly subject to putative, class action suits alleging violations of the TCPA and state enactments such as the Florida Telephone Solicitation Act (" FTSA "). To date, no such class has been certified. If in the future we are found to have violated the TCPA, ~~or~~ FTSA **or other state law equivalent** , the amount of damages and potential liability could be extensive and adversely impact our business. Accordingly, were such a class certified or if we are unable to successfully defend such a suit, then TCPA and / or ~~FTSA~~ damages **under equivalent state laws** could have a material adverse effect on our results of operations and financial condition. Changes in tax laws may adversely affect us, which may result in adverse effects on our financial condition. On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (the " Inflation Reduction Act "), which, among other things, imposed a 15 % minimum tax on book income of certain large corporations, a 1 % excise tax on net stock repurchases and several tax incentives to promote clean energy. Further proposed tax changes that may be enacted in the future could impact our current or future tax structure and effective tax rates. The Biden administration has previously proposed other legislation that would further broaden the tax base and limit tax deductions in certain situations. It is unclear at this time if any of these proposals will be enacted in the future. If enacted, these provisions could have a material, adverse impact on our tax rate, cash flow and financial results. There can be no assurance that future tax law changes will not increase the rate of the corporate income tax significantly, impose new limitations on deductions, credits or other tax benefits, or make other changes that may adversely affect our business, cash flows or financial performance. Risks Related to Our Indebtedness Our ability to finance our operations and repay maturing obligations rests on our ability to borrow money and secure investors to purchase loans we originate or facilitate. We rely in particular on our warehouse lines of credit to fund our mortgage loan originations. We are generally required to renew our warehouse lines each year, which exposes us to refinancing, interest rate, and counterparty risks. As of December 31, ~~2022~~ **2023** , we had ~~nine~~ **eight** warehouse lines **,**

which provide an aggregate available mortgage loan lending facility of $ ~~4~~ **3** . 1 billion, and ~~eight~~ **all** of our warehouse lines allow advances to fund loans at closing of the consumer' s mortgage loan. We rely on two such warehouse line providers for ~~32~~ **43** % of our aggregate available home lending facility. Our existing indebtedness includes our warehouse lines, secured credit facilities, and other debt obligations. Our secured credit facilities are collateralized by MSRs, trading securities, and servicing advances. If any warehouse line provider or lender ceased doing business with us, our business, operations, and results of operations could materially suffer. See " Item 7. Management' s discussion and analysis of financial condition and results of operations — Liquidity and capital resources — Warehouse Lines and Debt Obligations. " Our ability to extend or renew existing warehouse lines, secured credit and other debt facilities, as well as obtain new warehouse lines, secured credit and other debt facilities is affected by a variety of factors including: • limitations imposed on us under our warehouse lines, secured credit facilities, and other debt agreements, including restrictive covenants and borrowing conditions, which limit our ability to raise additional debt and require that we maintain certain financial results, including minimum tangible net worth, minimum liquidity, minimum pre- tax net income, minimum debt service coverage ratio, and maximum total liabilities to tangible net worth ratio as well as require us to maintain ~~committed~~ warehouse lines with third **-** party lenders; • changes in financial covenants mandated by lenders, which we may not be able to achieve; • any decrease in liquidity in the credit markets; • potential valuation changes to our mortgage loans, servicing rights or other collateral; • prevailing interest rates; • the strength of the lenders from whom we borrow, and the regulatory environment in which they operate, including proposed capital strengthening requirements; • our ability to sell our products to the Agencies; • lenders seeking to reduce their exposure to residential loans due to other reasons, including a change in such lender' s strategic plan or lines of business; and • accounting changes that may impact calculations of covenants in our warehouse lines and other debt agreements which result in our ability to continue to satisfy such covenants. Warehouse lines, secured credit and other debt facilities may not be available to us with counterparties on acceptable terms or at all. Our access to and our ability to renew our existing warehouse lines, secured credit and other debt facilities could suffer in the event of: (i) the deterioration in the performance of the mortgage loans underlying the warehouse lines; (ii) our failure to maintain sufficient levels of eligible assets or credit enhancements; (iii) our inability to access the secondary market for mortgage loans (see " — We depend on the programs of the Agencies. Discontinuation, or changes in the roles or practices, of these entities, without comparable private sector substitutes, could materially and negatively affect our; results of operations and ability to compete. ") or (iv) termination of our role as servicer of the underlying mortgage loan assets upon the occurrence of certain events such as (x) we default in the performance of our servicing obligations or (y) we declare bankruptcy or become insolvent. Our access to our existing warehouse lines, secured credit and other debt facilities could also suffer in the event of market disruptions, including in the event of a bank failure. An event of default, an adverse action by a regulatory authority or a general deterioration in the economy that constricts the availability of credit, similar to the **financial crisis that occurred between 2007 and 2011, the** market conditions ~~in 2007 through 2010,~~ may increase our cost of funds and make it difficult or impossible for us to renew existing warehouse lines, secured credit or other debt facilities or obtain new warehouse lines, secured credit or debt facilities, any of which would have a material adverse effect on our business and results of operations, and would result in substantial diversion of our management' s attention. Similarly, market disruptions, such as the unanticipated failure of our lenders, could disrupt our ability to access existing or identify new warehouse lines, secured credit and other debt facilities. Our existing indebtedness also imposes financial and non- financial covenants and restrictions on us that limit the amount of indebtedness that we may incur, impact our liquidity through minimum cash reserve requirements, and impact our flexibility to determine our operating policies and investment strategies. Certain of our warehouse lines contain financial covenants under which net income or net income before income taxes for the applicable measurement period must be $ 1. 00 or more. If we default on one of our obligations under a warehouse line, secured credit facility or debt obligation or breach our representations and warranties contained therein, the lender may be able to terminate the transaction, accelerate any amounts outstanding, require us to prematurely repurchase the loans, and cease entering into any other repurchase transactions with us. Because our warehouse lines typically contain cross- default provisions, a default that occurs under any one agreement could allow the lenders under our other agreements and under our other debt obligations to also declare a default. Additional warehouse lines, bank credit facilities or other debt facilities that we may enter into in the future may contain additional covenants and restrictions. If we fail to meet or satisfy any of these covenants, we would be in default under these agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their interests against existing collateral. Any losses that we incur on our warehouse lines, secured credit facilities or other debt obligations could materially adversely affect our financial condition and results of operations. As a result of our losses incurred in fiscal ~~2022~~ **2023** , we were required to amend certain of our warehouse lines, secured credit facilities and other debt obligations related to profitability covenants and we expect that we will need to execute additional amendments from certain of our lending counterparties related to our profitability covenants or other similar financial covenants in the future ~~, including for the first quarter of fiscal 2023~~ . There can be no assurance that such amendments will be agreed to, in which case we would be in default under these agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their interests against existing collateral, as well as triggering cross default provisions under other financing facilities which could materially adversely affect our financial condition and results of operations. See " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Warehouse Lines and Debt Obligations " for more information about these and other financing arrangements. If we are unable to access such other sources of capital and liquidity, our business, financial condition and results of operations may be negatively impacted. Our indebtedness and other financial obligations may limit our financial and operating activities and our ability to incur additional debt to fund future needs. As of December 31, ~~2022~~ **2023** , we had $ 4. ~~4~~ **2** billion of outstanding indebtedness, of which $ ~~2.~~ 1 **. 9** billion was secured, short term indebtedness under our warehouse lines, $ 1. 3 billion was secured debt obligations, and $ ~~1~~ **989** . ~~0~~ **3** ~~billion~~ **million** was unsecured debt obligations. For more information regarding our financing arrangements, see " Item 7. Management discussion and analysis — Liquidity and capital resources — Warehouse Lines and Debt Obligation. " Subject to the limits contained in the applicable agreements governing our warehouse lines and other debt obligations, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments, or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could increase. Specifically, our high level of debt could have important consequences to the holders of our Class A Common Stock, including the following: • require us to dedicate a substantial portion of cash flow from operations to the payment of principal and interest on indebtedness, including indebtedness we may incur in the future, thereby reducing the funds available for other purposes; • limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements, including our ability to obtain short- term credit, including renewing or replacing warehouse lines; • increase our vulnerability to fluctuations in market interest rates, to the extent that the spread we earn between the interest we receive on our LHFS and the interest we pay under our indebtedness is reduced; • increasing our cost of borrowing; • place us at a competitive disadvantage to competitors with relatively less debt in economic downturns, adverse industry conditions or catastrophic external events; or • reduce our flexibility in planning for, or responding to, changing business, industry and economic conditions. In addition, our indebtedness could limit our ability to obtain additional financing on acceptable terms, or at all, to fund our day- to- day loan origination operations, future acquisitions, working capital, capital expenditures, debt service requirements, general corporate and other purposes, any of which would have a material adverse effect on our business and financial condition. The agreements governing our outstanding indebtedness contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long- term best interests. Our failure to comply with those covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of such debt. Our liquidity needs could vary significantly and may be affected by general economic conditions, industry trends, performance and many other factors not within our control. Further, our warehouse lines are short- term debt that must to be renewed by our lenders on a regular basis, typically once a year. **We also depend primarily on cash generated by our operations to pay our expenses and any amounts due under our existing indebtedness and any future indebtedness we may incur. As a result, our ability to repay our indebtedness depends on the future performance of our business, which will be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flows from operations in the future and we may not achieve our currently anticipated growth in revenues and cash flows, either or both of which could result in our being unable to repay indebtedness or to fund other liquidity needs. If we do not have enough funds, we may be required to refinance all or part of our then existing indebtedness, sell assets or borrow additional funds, in each case on terms that may not be acceptable to us, if at all. In addition, the terms of existing or future debt agreements may restrict us from engaging in any of these alternatives.** Obligations under our indebtedness could have other important consequences. For example, our failure to comply with the restrictive covenants in the agreements governing our indebtedness that limit our ability to incur liens, to incur debt and to sell assets, among other things, could result in an event of default that, if not cured or waived, could harm our business or prospects and could result in our bankruptcy. In addition, if we defaulted on our obligations under any of our secured debt, our secured lenders could proceed against the collateral granted to them to secure that indebtedness. Furthermore, if we default on our obligations under one debt agreement, it may trigger defaults under our other debt agreements which include cross- default provisions ~~. Although we have shifted away from using the London Interbank Offered Rate (" LIBOR ") to originate adjustable rate loans and have amended our variable-rate indebtedness to account for the change to Secured Overnight Financing Rate (" SOFR "), we may still be exposed to risks relating to the transition from LIBOR and any successor rate and related volatility. In July 2017, the U. K. Financial Conduct Authority announced that it intended to stop collecting LIBOR rates from banks. The U. K. Financial Conduct Authority ceased publication of U. S. dollar LIBOR on December 31, 2021 in the case of one week and two month U. S. dollar LIBOR tenors and intends to phase out LIBOR for all other U. S. dollar tenors immediately after June 30, 2023. In our variable- rate indebtedness, U. S. dollar LIBOR has been replaced with SOFR, a new index calculated by reference to short- term repurchase agreements for U. S. Treasury securities. While SOFR has emerged as the successor reference rate to LIBOR in our existing variable- rate indebtedness, we and our lenders continue to monitor trends and there is no certainty that lenders will not elect to use an alternative rate for existing variable- rate indebtedness. Such changes, reforms or replacements relating to a change from LIBOR to SOFR or from SOFR to one more alternative rate could have an adverse impact on the market for or value of any reference-rate linked securities, loans, derivatives or other financial instruments or extensions of credit held by us. These changes could affect our overall results of operations and financial condition~~ . Risks Related to Our Organizational Structure We are a holding company with no operations of our own and, as such, we depend on our subsidiaries for cash to fund all of our operations and expenses, including future dividend payments, if any. We are a holding company and will have no material assets other than our equity interest in LD Holdings, which is a holding company and will have no material assets other than its 99. 99 % equity interests in LDLLC, and 100 % equity interests in ART, LDSS, and Mello (and indirect interests in other subsidiaries). We have no independent means of generating revenue. We intend to cause LDLLC (and the other subsidiaries, if practicable) to make distributions to LD Holdings, and LD Holdings to make distributions to its unitholders in an amount sufficient to cover all applicable taxes payable by them determined according to assumed rates under the Holdings LLC Agreement, payments owing under the tax receivable agreement, and dividends, if any, declared by us. To the extent that we need funds, and LDLLC or LD Holdings are restricted from making such distributions under applicable law or regulation or contract, or are otherwise unable to provide such funds, it could materially and adversely affect our liquidity and financial condition. We are a " controlled company " and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will therefore not have the same protections afforded to stockholders of companies that are subject to such requirements. We are a " controlled company " within the meaning of the NYSE corporate governance standards. Under these rules, a company of which more than 50 % of the voting power is held by an individual, group or another company is a " controlled company " and may elect not to comply with certain corporate governance requirements, including: • the requirement that a majority of the board of directors consists of independent directors; • the requirement that our director nominees be selected, or recommended for our board of directors' selection, by a nominating and governance committee comprised solely of independent directors with a written charter addressing the nomination process; • the requirement that the compensation of our executive officers be determined, or recommended to our board of directors for determination, by a compensation committee comprised solely of independent directors; and • the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. We currently rely on all of these exemptions. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements. The Continuing LLC Members including Mr. Hsieh and his affiliates (the " Hsieh Stockholders ") hold their ownership interests in our business through LD Holdings and their interests may conflict with yours in the future. Prior to the IPO, we completed a reorganization by changing our equity structure to create a single class of LLC Units in LD Holdings (the " Reorganization "). Prior to the Reorganization, our capital structure consisted of different classes of membership interests held by certain members of LD Holdings (" Continuing LLC Members "). The LLC Units were exchanged on a one- for- one basis for Class A holding units (" Holdco Units ") and Class C common stock. The Continuing LLC Members have the right to exchange one Holdco Unit and one share of Class B common stock or Class C common stock, as applicable, together for cash or one share of Class A common stock at our election, subject to customary conversion rate adjustments for stock splits, stock dividends, and reclassifications. The Hsieh Stockholders currently hold approximately ~~57~~ **54** . ~~6~~ **7** % of the voting power of our outstanding capital stock and therefore, for so long as they continue to hold a majority of the voting power, will be able to control all matters submitted to our stockholders for approval (other than items subject to a super majority vote or a separate class vote **)** . In addition, the Continuing LLC Members (including the Hsieh Stockholders) own ~~46~~ **43** . ~~2~~ **7** % of the Holdco Units. Because they hold their ownership interest in our business through LD Holdings, rather than us, these existing unitholders may have conflicting interests with holders of our Class A Common Stock. For example, the Continuing LLC Members may have different tax positions from us which could influence their decisions regarding whether and when to dispose of assets, and whether and when to incur new or refinance existing indebtedness, especially in light of the existence of the tax receivable agreement. In addition, the structuring of future transactions may take into consideration these existing unitholders' tax considerations even where no similar benefit would accrue to us. See Note 1- Description of Business, Presentation and Summary of Significant Accounting Policies " — Income Taxes " of the Notes to Consolidated Financial Statements contained in " Item 8. Financial Statements and Supplementary Data. " The multi- class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of our initial offering (including the Hsieh Stockholders), who hold ~~57~~ **54** . ~~6~~ **7** % of the voting power of our capital stock which includes the voting power of equity interests of other directors and officers currently held in vehicles for which Mr. Hsieh exercises sole voting power, and Parthenon Capital Partners (the " Parthenon Stockholders "), who together with the Hsieh Stockholders hold in the aggregate approximately 94. ~~4~~ **1** % of the voting power of our capital stock, which may limit or preclude your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction. Our Class C and Class D Common Stock have five votes per share, and our Class A Common Stock, has one vote per share. The Hsieh Stockholders and Parthenon Stockholders hold our Class **A, Class** C and Class D Common Stock which together aggregate to approximately 94. ~~5~~ **1** % of the voting power of our outstanding capital stock. The Hsieh Stockholders currently hold approximately ~~57~~ **54** . ~~6~~ **7** % of the voting power of our outstanding capital stock. Because of the five- to- one voting ratio between our Class C and Class D Common Stock and the Class A Common Stock, the Hsieh Stockholders alone, or with the Parthenon Stockholders, collectively **control, and** are expected to continue to control **,** a majority of the combined voting power of our common stock and therefore will be able to control all matters submitted to our stockholders for approval. Such rights and differential voting of the Parthenon Stockholders and Hsieh Stockholders shall cease five years from the date of our initial public offering **(referred to as " sunset ")** . This concentrated control could limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. The multi- class structure of our common stock may adversely affect the trading market for our Class A Common Stock. ~~Certain stock index providers, such as S & P Dow Jones, exclude companies with multiple classes of shares of common stock from being added to certain stock indices, including the S & P 500. In addition, proxy~~ **Proxy** advisory firms and several large institutional investors oppose the use of multiple class structures. As a result, the multi- class structure of our common stock ~~may prevent the inclusion of our Class A Common Stock in such indices,~~ has caused proxy advisory firms to publish negative commentary about our corporate governance practices, and may result in large institutional investors not purchasing shares of our Class A Common Stock. Any exclusion from stock indices could result in a less active trading market for our Class A Common Stock. Any actions or publications by proxy advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A Common Stock. Certain of our stockholders will have the right to engage or invest in the same or similar businesses as us. In the ordinary course of its business activities, Parthenon Capital and its affiliates may engage in activities where its interests conflict with our interests or those of our stockholders. Our amended and restated certificate of incorporation provides that Parthenon Capital or any of its officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries have no duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as us or any of our subsidiaries, even if the opportunity is one that we might reasonably have pursued or had the ability or desire to pursue if granted the opportunity to do so. No such person will be liable to us for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such person, acting in good faith, pursues or acquires any such business opportunity, directs any such business opportunity to another person or fails to present any such business opportunity, or information regarding any such business opportunity, to us unless, in the case of any such person who is our director or officer, any such business opportunity is expressly offered to such director or officer solely in his or her capacity as our director or officer. We will be required to pay, under the tax receivable agreement, the Parthenon Stockholders and certain Continuing LLC Members for certain tax benefits we may claim arising in connection with our purchase of Holdco Units and future exchanges of Holdco Units under the Holdings LLC Agreement, which payments could be substantial. The Continuing LLC Members may from time to time cause LD Holdings to exchange an equal number of Holdco Units and Class B or Class C Common Stock for cash or Class A Common Stock of loanDepot, Inc. on a one- for- one basis at our election. In addition, we purchased Holdco Units from the Exchanging Members. As a result of these transactions, we expect to become entitled to certain tax basis adjustments reflecting the difference between the price we pay to acquire Holdco Units of LD Holdings and the proportionate share of LD Holdings' tax basis allocable to such units at the time of the exchange. As a result, the amount of tax that we would otherwise be required to pay in the future may be reduced by the increase (for tax purposes) in depreciation and amortization deductions attributable to our interests in LD Holdings, although the U. S. Internal Revenue Service (" IRS ") may challenge all or part of that tax basis adjustment, and a court could sustain such a challenge. We entered into a tax receivable agreement with the Parthenon Stockholders, Parthenon affiliates owning Holdco Units and certain of the Continuing LLC Members that provides for the payment by us to such parties or their permitted assignees of 85 % of the amount of cash savings, if any, in U. S. federal, state and local tax that we realize or are deemed to realize as a result of (i) the tax basis adjustments referred to above, (ii) any incremental tax basis adjustments attributable to payments made pursuant to the tax receivable agreement and (iii) any deemed interest deductions arising from payments made by us pursuant to the tax receivable agreement. While the actual amount of the adjusted tax basis, as well as the amount and timing of any payments under this agreement will vary depending upon a number of factors, including the basis of our proportionate share of LD Holdings' assets on the dates of exchanges, the timing of exchanges, the price of shares of our Class A Common Stock at the time of each exchange, the extent to which such exchanges are taxable, the deductions and other adjustments to taxable income to which LD Holdings is entitled, and the amount and timing of our income, we expect that during the anticipated term of the tax receivable agreement, the payments that we may make to the Parthenon Stockholders, Parthenon affiliates owning Holdco Units and certain of the Continuing LLC Members or their permitted assignees could be substantial. Payments under the tax receivable agreement may give rise to additional tax benefits and therefore to additional potential payments under the tax receivable agreement. In addition, the tax receivable agreement will provide for interest accrued from the due date (without extensions) of the corresponding tax return for the taxable year with respect to which the payment obligation arises to the date of payment under the agreement. Further, upon consummation of our initial public offering, loanDepot, Inc. acquired a significant equity interest in LD Holdings from Parthenon Blocker after a series of transactions that resulted in Parthenon Blocker merging with and into loanDepot, Inc., with loanDepot, Inc. remaining as the surviving corporation. The Company did not realize any of the cash savings in U. S. federal, state and local tax described above regarding tax basis adjustments and deemed interest deductions in relation to any Class A Common Stock received by the Parthenon Stockholders in the Reorganization Transactions. The Parthenon Stockholders or their permitted assignees, however, are entitled to receive payments under the tax receivable agreement in respect of the cash tax savings, if any, that we realize or are deemed to realize as a result of future exchanges of Holdco Units and Class B or Class C Common Stock for cash or Class A Common Stock of loanDepot, Inc. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, (i) the payments under the tax receivable agreement exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement, and / or (ii) distributions to us by LD Holdings are not sufficient to permit us to make payments under the tax receivable agreement after it has paid its taxes and other obligations. For example, were the IRS to challenge a tax basis adjustment, or other deductions or adjustments to the taxable income of LD Holdings or its subsidiaries, none of the parties to the tax receivable agreement will reimburse us for any payments that may previously have been made under the tax receivable agreement, except that excess payments made to the Parthenon Stockholders, Parthenon affiliates owning Holdco Units and certain of the Continuing LLC Members or their permitted assignees will be netted against payments otherwise to be made, if any, after our determination of such excess. As a result, in certain circumstances we could make payments to the Parthenon Stockholders, Parthenon affiliates owning Holdco Units and certain of the Continuing LLC Members or their permitted assignees under the tax receivable agreement in excess of our ultimate cash tax savings. In addition, the payments under the tax receivable agreement are not conditioned upon any recipient' s continued ownership of interests in us or LD Holdings. The Parthenon Stockholders, Parthenon affiliates owning Holdco Units and certain of the Continuing LLC Members will receive payments under the tax receivable agreement until such time that they validly assign or otherwise transfer their rights to receive such payments. In certain circumstances, including certain changes of control of the Company, payments by us under the tax receivable agreement may be accelerated and / or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement. The tax receivable agreement provides that (i) in the event that we materially breach any of our material obligations under the agreement, whether as a result of failure to make any payment, failure to honor any other material obligation required thereunder or by operation of law as a result of the rejection of the agreements in a bankruptcy or otherwise, (ii) if, at any time, we elect an early termination of the agreement, or (iii) upon certain changes of control of the Company our (or our successor' s) obligations under the agreements (with respect to all Holdco Units of LD Holdings, whether or not such units have been exchanged or acquired before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions. These assumptions include the assumptions that (i) we (or our successor) will have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits subject to the tax receivable agreement, (ii) we (or our successor) will utilize any loss carryovers generated by the increased tax deductions and tax basis and other benefits in the earliest possible tax year, and (iii) LD Holdings and its subsidiaries will sell certain nonamortizable assets (and realize certain related tax benefits) no later than a specified date. As a result of the foregoing, if we materially breach a material obligation under the agreement, if we elect to terminate the agreement early, or if we undergo a change of control we would be required to make an immediate lump sum payment equal to the present value of the anticipated future tax savings, which payment may be made significantly in advance of the actual realization of such future tax savings. In these situations, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity. There can be no assurance that we will be able to fund or finance our obligations under the tax receivable agreement. Additionally, the obligation to make a lump sum payment on a change of control may deter potential acquirers, which could negatively affect our stockholders' potential returns. See Note 1- Description of Business, Presentation and Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements contained in " Item 8. Financial Statements and Supplementary Data. " for further information. In certain circumstances, LD Holdings will be required to make distributions to us and the other holders of Holdco Units and the distributions that LD Holdings will be required to make may be substantial. The holders of LD Holdings Units, including loanDepot, Inc., will incur U. S. federal, state and local income taxes on their proportionate share of any taxable income of LD Holdings. Net profits and net losses of LD Holdings will generally be allocated to the holders of Holdco Units (including loanDepot, Inc.) pro rata in accordance with their respective share of the net profits and net losses of LD Holdings. The Holdings LLC Agreement provides for cash distributions to each holder of Holdco Units (including loanDepot Inc.), which we refer to as " tax distributions, " based on certain assumptions. LD Holdings may be required to make tax distributions that, in the aggregate, may exceed the amount of taxes that LD Holdings would have paid if it were taxed on its net income at the assumed rate. Funds used by LD Holdings to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, the tax distributions that LD Holdings will be required to make may be substantial, and may exceed (as a percentage of LD Holdings' income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. Tax distributions to us may exceed the sum of our tax liabilities to various taxing authorities and the amount we are required to pay under the tax receivable agreement. This may lead, under certain scenarios, to us having significant cash on hand in excess of our current operating needs. We will, in the sole discretion of our board of directors, use this cash to invest in our business, pay dividends to our stockholders or retain such cash for business exigencies in the future. Risks Related to Ownership of Our Class A Common Stock and Public Company Status The market price of our Class A Common Stock may be volatile, which could cause the value of your investment to decline. The market price of our Class A Common Stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our Class A Common Stock may fluctuate and cause significant price variations to occur. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our Class A Common Stock in spite of our operating performance. In addition, our results of operations could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly or annual results of operations, additions or departures of key management personnel, changes in our earnings estimates (if provided) or failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or the investment community with respect to us or our industry, adverse announcements by us or others and developments affecting us, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnership, joint ventures or capital commitments, actions by institutional stockholders, increases in market interest rates that may lead investors in our shares to demand a higher yield, and in response the market price of shares of our Class A Common Stock could decreases significantly. You may be unable to resell your shares of Class A Common Stock at or above your purchase price, or at all. ~~These broad market and industry factors may decrease the market price of our Class A Common Stock, regardless of our actual operating performance. The stock market in general has from time to time experienced extreme price and volume fluctuations, including in recent months.~~ In addition, in the past, following periods of volatility in the overall market and the market price of a company' s securities, securities class action litigation has often been instituted against these companies. We are currently subject to securities class action litigation and derivative complaints related to our initial public offering and we may be subject to additional litigation in the future. Any such litigation could result in substantial costs and a diversion of our management' s attention and resources. For additional information about the litigation in which we are involved, see " Item 3. Legal Proceedings ". ~~We will continue to incur costs and be subject to additional regulations and requirements as a result of becoming a public company, and our management is required to devote substantial time to new compliance matters, which could lower profits or make it more difficult to run our business. As a public company, we incur significant legal, accounting, reporting and other expenses, including costs associated with public company reporting requirements and costs of recruiting and retaining non- executive directors. We also have incurred and will incur costs associated with compliance with the Sarbanes-Oxley Act and rules and regulations of the SEC, and various other costs of a public company. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing, including increased legal and financial compliance costs and may make some activities more time- consuming and costly. Our management needs to devote a substantial amount of time to ensure that we comply with all of these requirements. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We~~

~~have invested and intend to continue to invest resources to comply with evolving laws, regulations and standards, and this investment has resulted and may continue to result in increased general and administrative expenses and a diversion of management' s time and attention from revenue- generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us, which could have an adverse effect on our business, financial condition and results of operations. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A Common Stock, fines, sanctions and other regulatory action and potentially civil litigation.~~ Failure to comply with the requirements to design, implement and maintain effective internal controls **or an effective system of internal controls over financial reporting** could have a material adverse effect on our business and stock price. As a public company, we have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our operating results. In addition, we are required pursuant to Section 404 of the Sarbanes- Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. In addition, **because** ~~to the extent~~ we are **now** an " accelerated filer, " as defined in the Exchange Act, our independent registered public accounting firm **is** ~~will be~~ required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 (b). Testing and maintaining internal controls may divert our management' s attention from other matters that are important to our business. Further, our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified report, investors could lose confidence in our reported financial information, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. Future offerings of debt or equity securities by us may adversely affect the market price of our Class A Common Stock. In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our Class A Common Stock or offering additional debt or other equity securities, including commercial paper, medium- term notes, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. Future acquisitions could require substantial additional capital in excess of cash from operations. ~~We would expect to obtain the capital required for acquisitions through a combination of additional issuances of equity, corporate indebtedness and / or cash from operations.~~ Issuing additional shares of our Class A Common Stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our Class A Common Stock or both. Upon liquidation, holders of such debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our Class A Common Stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our Class A Common Stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. Future sales, or the perception of future sales, of shares of our Class A Common Stock by existing stockholders **or other dilution of our equity** could ~~result in dilution of the percentage ownership of our stockholders and~~ cause the market price of our Class A Common Stock to decline. The sale of substantial amounts of shares of our Class A Common Stock in the public market, or the perception that such sales could occur, including sales by the Parthenon Stockholders and the Continuing LLC Members, could have an adverse effect on our stock price and could impair our ability to raise capital through the sale of additional stock. **While** ~~In the future~~ , as **of March 13, 2024,** we ~~may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our common stock. Issuing additional shares of our Class A Common Stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our Class A Common Stock or both. Issuing additional shares of our Class B Common Stock and Class C Common Stock, as applicable, when issued with corresponding Holdco Units, may also dilute the economic and voting rights of our existing stockholders or reduce the market price of our Class A Common Stock or both. Additionally, further issuances of our Class D Common Stock, which is convertible into shares of our Class A Common Stock, may also dilute the economic and voting rights of our existing stockholders. We~~ have a total of **84,** ~~72~~ **732** , **443** ~~497, 011~~ shares of Class A Common Stock issued and outstanding ~~. The Class A Common Stock is freely tradable without restriction or further registration under the Securities Act of 1933~~ , **240** ~~as amended (the " Securities Act ")~~ , **164** ~~except for any Class A Common Stock that may be held or acquired by our directors~~ , **058** ~~executive officers and other affiliates (as that term is defined in the Securities Act), which will be restricted securities under the Securities Act. Restricted securities may be sold only in compliance with Rule 144 under the Securities Act. In addition~~ **additional** ~~, 248, 463, 990~~ shares of Class A Common Stock may be issued upon the exercise of the exchange and / or conversion rights described elsewhere in this annual report on Form 10- K (assuming all outstanding ~~151~~ **143** , ~~437~~ **137** , ~~319~~ **387** Holdco Units together with an equal number of shares of Class B

Common Stock or Class C Common Stock, as applicable, **and** ~~in addition to our~~ all **of our** outstanding 97, 026, 671 Class D Common Stock are exchanged for shares of Class A Common Stock) ~~all of which~~ **. To the extent shares or HoldCo Units** are held by our directors, executive officers and their affiliated entities, ~~and~~ **they** are subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements. These holders have registration rights that will permit them to sell the securities into the open market. ~~We filed~~ **As these holders continue** ~~two~~ - **to exercise** ~~and may file more registration statements on Form S- 8 under the~~ **their right** ~~Securities Act~~ to ~~register~~ **exchange their** shares **or units into shares of our Class A common Stock, the stock price** of our Class A Common Stock ~~or securities convertible or exchangeable for~~ **could drop significantly if the market perceives this as an intent to sell these shares. In addition,** shares of our Class A Common Stock ~~issued~~ **or securities convertible or exchangeable for shares of our Class A Common Stock granted or reserved for future issuance** pursuant to our 2021 Omnibus Incentive Plan or other equity plans or programs ~~. Any such Form S- 8 registration statements will automatically~~ become **eligible** ~~effective upon filing. Accordingly, shares registered under such registration statements will be available~~ for sale in the ~~open~~ **public** market **once those** ~~. The initial registration statement on Form S- 8 covers~~ shares **are issued in accordance with the terms** of ~~our Class A Common Stock~~ **applicable award agreements and equity plans and subject to Rule 144, as applicable** . As restrictions on resale ~~ended~~ -- **end** , the market price of our shares of Class A Common Stock could drop significantly if the holders of restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings or our shares of Class A Common Stock or other securities. ~~In addition, subject to certain limitations and exceptions, pursuant to certain provisions of the Holdings LLC Agreement, the Continuing LLC Members may exchange an equal number of Holdco Units and Class B Common Stock or Class C Common Stock, as applicable, for shares of our Class A Common Stock on a one- for- one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. Our amended and restated certificate of incorporation authorizes us to issue additional shares of Class A Common Stock and options, rights, warrants and appreciation rights relating to Class A Common Stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion. In accordance with the Delaware General Corporation Law (" DGCL ") and the provisions of our certificate of incorporation, we may also issue preferred stock that has designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to shares of Class A Common Stock. Similarly, the Holdings LLC Agreement permits LD Holdings to issue an unlimited number of additional limited liability company interests of LD Holdings with designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the Holdco Units, and which may be exchangeable for shares of our Class A Common Stock.~~ We cannot assure that we will pay any dividends on our Class A common stock. **While** ~~Any payment of any future dividends will be at the discretion of~~ our Board ~~. Although our Board has not adopted a written dividend policy, it~~ declared a regular cash dividend of $ 0. 08 per share on our Class A common stock for each quarter ~~since~~ **from** the completion of our IPO until March 2022 ~~. As previously disclosed~~ , since the second quarter of fiscal 2022, our Board has determined to suspend dividend payments. ~~Our~~ **There can be no assurance that our** Board ~~may~~ **will** determine ~~not~~ to recommend cash dividends in the future. Any such determination will depend on, among other things, our **results of operations,** financial condition, ~~results~~ **level** of ~~operations~~ **indebtedness** , **capital** ~~projections, liquidity, earnings, legal~~ requirements, ~~and~~ **contractual** restrictions **, including the satisfaction of our obligations under the tax receivable agreement, restrictions** in our debt **agreements** , **business prospects** and ~~there~~ - **other factors that our** ~~can be no assurance the~~ Board ~~will do so~~ **of Directors may deem relevant** . In addition, our ability to pay dividends depends on our receipt of distributions from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under any indebtedness we or our subsidiaries incur. For more information about our dividends, see " Item. 7. Management Discussion and Analysis- Liquidity and Capital Resources- Dividends and Distributions. " If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, the price of our Class A Common Stock and trading volume could decline. The trading market for our Class A Common Stock ~~will depend~~ **depends** in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Class A Common Stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, demand for our Class A Common Stock could decrease, which might cause our stock price and trading volume to decline. In addition, if our operating results fail to meet the expectations of securities analysts, our stock price would likely decline. The provision of our amended and restated certificate of incorporation requiring exclusive forum in certain courts in the State of Delaware or the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers. Our amended and restated certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or stockholders to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our certificate of incorporation or our bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery of the State of Delaware (or if the Court of Chancery of the State of Delaware lacks jurisdiction, any other state court of the State of Delaware, or if no state court of the State of Delaware has jurisdiction, the federal district court for the District of Delaware), unless we consent in writing to the selection of an alternative forum. The foregoing provision ~~will~~ **does** not apply to claims arising under the Securities Act, the Securities Exchange Act of 1934, as amended (the " Exchange Act "), or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. Additionally, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring or holding any interest in our common stock shall be deemed to have notice of and to have consented to the forum selection provisions described in our amended and restated certificate of incorporation. Although we believe these exclusive forum provisions benefit us by providing increased consistency in the application of Delaware law and federal securities laws in the types of lawsuits to which each applies, the exclusive forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or stockholders, which may discourage lawsuits with respect to such claims. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provisions. Further, in the event a court finds either exclusive forum provision contained in our certificate of incorporation to be unenforceable or inapplicable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws could hinder, delay or prevent a change in control of us, which could adversely affect the price of our Class A Common Stock. Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could make it more difficult for a third **-** party to acquire us without the consent of our board of directors. These provisions: **• provide for a multi- class structure with high vote / low vote until the applicable sunset;** • authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock; • prohibit stockholder action by written consent, requiring all stockholder actions be taken at a meeting of our stockholders ~~, if Parthenon Capital, Anthony Hsieh and their respective affiliates cease collectively to beneficially own more than 50 % of our voting common stock~~ ; • provide that the board of directors is expressly authorized to make, alter or repeal our amended and restated bylaws; • establish advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; • establish a classified board of directors, as a result of which our board of directors will be divided into three classes, with each class serving for staggered three- year terms, which prevents stockholders from electing an entirely new board of directors at an annual meeting; • limit the ability of stockholders to remove directors **by requiring that removal be " for cause "** ; • make it more difficult for a person who would be an " interested stockholder " to effect various business combinations with us for a three- year period; • prohibit stockholders from calling special meetings of stockholders; and • require the approval of holders of at least 66 2 ⁄ 3 % of the outstanding shares of our voting common stock to amend the amended and restated bylaws and certain provisions of the amended and restated certificate of incorporation. In addition, these provisions may make it difficult and expensive for a third party to pursue a tender offer, change in control or takeover attempt that is opposed by our management or our board of directors. Stockholders who might desire to participate in these types of transactions may not have an opportunity to do so, even if the transaction is favorable to stockholders. These anti- takeover provisions could substantially impede the ability of stockholders to benefit from a change in control or change our management and board of directors and, as a result, may adversely affect the market price of our Class A Common Stock and your ability to realize any potential change of control premium.