

Risk Factors Comparison 2025-02-21 to 2024-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

An investment in our common stock involves significant risk. We describe below material risks that management believes affect or could affect us. Understanding these risks is important to understanding any statement in this Annual Report and to evaluating an investment in our common stock. You should carefully read and consider the risks and uncertainties described below together with all the other information included or incorporated by reference in this Annual Report before you make any decision regarding an investment in our common stock. If any of the following risks actually occur, our business, financial condition, liquidity and results of operations could be materially and adversely affected. If this were to happen, the value of our common stock could significantly decline, and you could lose some or all of your investment. While the following discussion provides a description of material risks that could cause our results to vary materially from those expressed in public statements or documents, other factors besides those discussed within this Annual Report or elsewhere in other of our reports filed with or furnished to the SEC could also affect our business, financial condition, liquidity and results of operations. Summary of Risk Factors As a non- bank mortgage company, we are exposed in the normal course of business to multiple risks shared by other participants in our industry. In addition, some of the risks we face are unique to **Owen Onity** or such risks could have a different or greater impact on **Owen Onity** than on other companies. These risks could adversely impact our business, regulatory or agency approval, financial condition, liquidity, results of operations, ability to grow, and reputation, and are summarized below. This summary is intended to supplement, and should not be considered a substitute for, the complete Risk Factors that follow.

Legal and Regulatory Risks • Failure to operate our business in compliance with complex legal or regulatory requirements or contractual obligations • Adverse litigation outcomes • Adverse changes to GSE and Ginnie Mae business models, initiatives and other actions

Risks Related to Our Financial Performance, Financing Our Business, Liquidity and Net Worth, and the Economy • Inability to execute our strategic plan to return to sustainable profitability or pursue business or asset acquisitions • Inability to access capital to meet the financing requirements of our business, or noncompliance with our debt agreements or covenants • Inability to obtain sufficient servicer advance financing necessary to meet the financing requirements due to increased delinquencies or forbearance plans • Inability to obtain sufficient warehouse financing necessary to meet the financing requirements for reverse mortgage loan repurchases or draws • Failure to satisfy current or future minimum net worth and liquidity requirements established by regulators, GSEs, Ginnie Mae, lenders, or other counterparties • Policies or regulations adopted by the GSEs or Ginnie Mae that may be more advantageous to our competitors' business models than our own • Inability to appropriately manage liquidity, interest rate and foreign currency exchange risks, including ineffective hedging strategies • Inability to control decisions ~~made~~ **made** by the management of MSR Asset Vehicle LLC **to exercise their contractual rights to sell MSRs,** which potentially ~~impact~~ **impacts the size of** our subservicing portfolio, ~~funding for growth in our originations business and the profitability of our investment~~ • Economic slowdown or downturn, a capital market disruption, or a deterioration of the housing market, including but not limited to, in the states where we have some concentration of our business

Operational Risks • Inability to acquire additional profitable client relationships • Inability to meet future advance financing obligations if Rithm were to fail to comply with its servicing advance obligations under the subservicing agreement

Other Risks Related to Our Business • Disruption in our operations or technology systems due to the failure or disagreements of our service providers to fulfill their obligations under their agreements with us, including but not limited to Black Knight Financial Services, Inc. (Black Knight) • Failure by us or our vendors to adequately update technology systems and processes, interruption or delay in our or our vendors' operations due to cybersecurity breaches or system failures, and resulting economic loss or regulatory penalties • Adverse changes in political or economic stability or government policies in the U. S., India, the Philippines or the USVI • Disruption in our operations and reduced profitability in our servicing operations as a result of severe weather or natural disaster events • Material increase in loan put- backs and related liabilities for breaches of representations and warranties regarding sold loans or MSRs • Heightened reputational risk due to media and regulatory scrutiny of companies that originate and securitize reverse mortgages • Incurrence of losses by our captive reinsurance entity from catastrophic events, particularly in areas where a significant portion of the insured properties are located • Incurrence of litigation costs and related losses if the validity of a foreclosure action is challenged by a borrower or if a court overturns a foreclosure • Failure to maintain minimum servicer ratings and impairment of our ability to sell or fund servicing advances, access financing, consummate future servicing transactions, and maintain our status as an approved servicer by the GSEs • Volatility of our earnings due to MSR valuation changes, financial instrument valuation changes and other factors • Loss of the confidence of investors and counterparties if we fail to reasonably estimate the fair value of our assets and liabilities or our internal controls over financial reporting are found to be inadequate

Tax Risks • Changes in tax law and interpretations and tax challenges • Failure to retain or collect the tax benefits provided by the USVI, or certain past income becoming subject to increased U. S. federal income taxation • Inability to utilize our net operating losses carryforwards and other deferred tax assets due to " ownership change " as defined in Section 382 of the Internal Revenue Code or other factors

Risks Relating to Ownership of Our Common Stock • Substantial volatility in our common stock price • The vote by large shareholders of their shares to influence matters requiring shareholder approval in a way that management does not believe represents the best interests of all shareholders • The issuance of additional securities authorized by the ~~board~~ **Board** of ~~directors~~ **Directors** that causes dilution and depresses the price of our securities • Future offerings of debt securities that are senior to our common stock in liquidation, or equity securities that are senior to our common stock in respect of liquidation and distributions • Certain provisions in our organizational documents and regulatory restrictions may make takeovers more difficult, and significant investments in our common stock may be restricted

The business in which we engage is complex and heavily regulated. If we fail to operate our business in compliance with both existing and future regulations, our business, reputation, financial condition or results of operations could be materially and adversely affected. Our business is subject to extensive regulation by federal, state, local and foreign governmental authorities, including the CFPB, HUD, the SEC and various state agencies that license and conduct examinations of our servicing and lending activities. In addition, we operate under a number of regulatory settlements that subject us to ongoing reporting and other obligations. See the next risk factor below for additional detail concerning these regulatory settlements. From time to time, we also receive requests (including requests in the form of subpoenas and civil investigative demands) from federal, state and local agencies for records, documents and information relating to our servicing and lending activities. The GSEs (and their conservator, the FHFA), Ginnie Mae, the United States Treasury Department, various investors, non-Agency securitization trustees and others also subject us to periodic reviews and audits. In the current regulatory environment, we have faced and expect to continue to face heightened regulatory and public scrutiny as an organization as well as stricter and more comprehensive regulation of the entire mortgage sector. We must devote substantial resources to regulatory compliance, and we incurred, and expect to continue to incur, significant ongoing costs to comply with new and existing laws and governmental regulation of our business. If we fail to effectively manage our regulatory and contractual compliance, the resources we are required to devote and our compliance expenses would likely increase. Any significant delay or complication in fulfilling our regulatory commitments and resolving remaining legacy matters may jeopardize our ability to return to sustainable profitability. We must comply with a large number of federal, state and local consumer protection and other laws and regulations including, among others, the CARES Act, the Dodd-Frank Act, the TCPA, the Gramm-Leach-Bliley Act, the FDICPA, RESPA, TILA, the Fair Credit Reporting Act, the Servicemembers Civil Relief Act, the Homeowners Protection Act, the Federal Trade Commission Act, the Equal Credit Opportunity Act, as well as individual state laws pertaining to licensing, general mortgage origination and servicing practices and foreclosure and federal and local bankruptcy rules. These laws and regulations apply to all facets of our business, including, but not limited to, licensing, loan originations, consumer disclosures, default servicing and collections, foreclosure, filing of claims, registration of vacant or foreclosed properties, handling of escrow accounts, payment application, interest rate adjustments, assessment of fees, loss mitigation, use of credit reports, handling of unclaimed property, safeguarding of non-public personally identifiable information about our customers, and the ability of our employees to work remotely. These complex requirements can and do change as laws and regulations are enacted, promulgated, amended, interpreted and enforced. In addition, we must maintain an effective corporate governance and compliance management system. See “Business-Regulation” for additional information regarding our regulators and the laws that apply to us. We must structure and operate our business to comply with applicable laws and regulations and the terms of our regulatory settlements. This can require judgment with respect to the requirements of such laws and regulations and such settlements. While we endeavor to engage proactively with our regulators in an effort to ensure we do so correctly, if we fail to interpret correctly the requirements of such laws and regulations or the terms of our regulatory settlements, we could be found to be in breach of such laws, regulations or settlements. Failure or alleged failure to comply with the terms of our regulatory settlements or applicable federal, state and local consumer protection laws, regulations and licensing requirements could lead to any of the following: • administrative fines and penalties and litigation; • loss of our licenses and approvals to engage in our servicing and lending businesses; • governmental investigations and enforcement actions; • civil and criminal liability, including class action lawsuits and actions to recover incentive and other payments made by governmental entities; • breaches of covenants and representations under our servicing, debt or other agreements; • damage to our reputation; • inability to raise capital or otherwise secure the necessary financing to operate the business and refinance maturing liabilities; • changes to our operations that may otherwise not occur in the normal course, and that could cause us to incur significant costs; or • inability to execute our business strategy. Any of these outcomes could materially and adversely affect our business, reputation, financial condition, liquidity and results of operations. In recent years, the general trend among federal, state and local legislative bodies and regulatory agencies as well as state attorneys general has been toward increasing laws, regulations, investigative proceedings and enforcement actions with regard to residential mortgage lenders and servicers. The CFPB continues to take a very active role in the mortgage industry, and its rule-making and regulatory agenda relating to loan servicing and origination continues to evolve. Individual states have also been active, as have other regulatory organizations such as the MMC, a multistate coalition of various mortgage banking regulators. In addition to their traditional focus on licensing and examination matters, certain regulators make observations, recommendations or demands with respect to areas such as corporate governance, safety and soundness, and risk and compliance management. We must endeavor to work cooperatively with our regulators to understand all their concerns if we are to be successful in our business. The CFPB and state regulators have also increasingly focused on the use, and adequacy, of technology in the mortgage servicing industry, privacy concerns and other topical issues, such as communications from debt collectors and the ability of borrowers to repay mortgage loans, including in relation to COVID-19. See below as well as Business-Regulation for additional information regarding the rules, regulations and legislative developments most pertinent to our operations. Presently, a level of heightened uncertainty exists with respect to the future of regulation of mortgage lending and servicing. We cannot predict the specific legislative or executive actions that may result or what actions federal or state regulators might take in response to potential changes to the federal regulatory environment generally. Such actions could impact the industry generally or us specifically, could impact our relationships with other regulators, and could adversely impact our business. New regulatory and legislative measures, or changes in enforcement practices, including those related to the technology we use, could, either individually or in the aggregate, require significant changes to our business practices, impose additional costs on us, limit our product offerings, limit our ability to efficiently pursue business opportunities, negatively impact asset values or reduce our revenues. Accordingly, they could materially and adversely affect our business and our financial condition, liquidity and results of operations. **Finally, the regulations and requirements to which we are subject changed especially rapidly as the GSEs, Ginnie Mae, the United States Treasury**

Department and state regulators responded to the COVID-19 pandemic. In March 2020, the CARES Act was signed into law, allowing borrowers affected by COVID-19 to request temporary loan forbearance for federally-backed mortgage loans. Multiple forbearance programs, moratoria of foreclosure and eviction and other requirements to assist borrowers enduring financial hardship due to COVID-19 were issued by states, agencies and regulators. In addition, the CFPB promulgated certain amendments to RESPA (Regulation X) that became effective in August 2021 and that imposed additional COVID-19-related requirements with respect to loss mitigation, early intervention call requirements, and initiating new foreclosures. The requirements described above vary across jurisdiction, appeared to conflict in some circumstances, and in some instances were complex to interpret and implement. If regulators reviewing our compliance with COVID-19-related regulations allege that we breached applicable laws, regulations or other requirements, we may face regulatory action, including fines, penalties, and restrictions on our business. In addition, we could face litigation and reputational damage. Any of these risks could have a material adverse impact on our business, financial condition, liquidity and results of operations. Governmental bodies have taken regulatory and legal actions against us in the past and may in the future impose regulatory fines or penalties or impose additional requirements or restrictions on our activities that could increase our operating expenses, reduce our revenues or otherwise adversely affect our business, financial condition, liquidity, results of operations, ability to grow and reputation. We are subject to a number of ongoing federal and state regulatory examinations, consent orders, inquiries, subpoenas, civil investigative demands, requests for information and other actions that could result in further adverse regulatory action against us, including certain matters summarized below. See Note 24-25 — Regulatory Requirements and Note 26-27 — Contingencies to the Consolidated Financial Statements. We are subject to supervision by the CFPB. In April 2017, the CFPB filed a lawsuit in the federal district court for the Southern District of Florida against **Oewen-Onity**, OMS and OLS alleging violations of federal consumer financial laws relating to our servicing business dating back to 2014. This lawsuit was resolved in **Oewen-Onity**'s favor in 2023 following years of litigation that generated significant legal expense and adversely impacted our reputation and business. The CFPB has resumed normal course supervisory activities with respect to our business and operations. If the CFPB identifies asserts any alleged deficiencies in **Oewen-Onity**'s practices in the future that we are unable to refute or defend, it the CFPB could result in potentially commence an enforcement action activity potentially involving monetary fines or, penalties or restrictions on our business and, which could have a material adverse impact on our business, reputation, financial condition, liquidity and results of operations. State Licensing and State Attorneys General Our licensed entities are required to renew their licenses, typically on an annual basis, and to do so they must satisfy the license renewal requirements of each jurisdiction, which generally include financial requirements such as providing audited financial statements or satisfying minimum net worth requirements and non-financial requirements such as satisfactorily completing examinations as to the licensee's compliance with applicable laws and regulations. The minimum net worth requirements to which our licensed entities are subject are unique to each state and type of license. We believe our licensed entities were in compliance with all of their minimum net worth requirements at December 31, 2023-2024. However, it is possible that regulators could disagree with our calculations, and one state regulator has disagreed with our calculation for a prior year period; we have discussed the matter with the regulator, including why we believe we were in compliance with the applicable net worth requirements. Failure to satisfy any of the requirements to which our licensed entities are subject could result in a variety of regulatory actions ranging from a fine, a directive requiring a certain step to be taken, a suspension or, ultimately, a revocation of a license, any of which could have a material adverse impact on our results of operations and financial condition. In April 2017 and shortly thereafter, mortgage and banking regulatory agencies from 29 states and the District of Columbia took regulatory actions against OLS and certain other Oewen companies that alleged deficiencies in our compliance with laws and regulations relating to our servicing and lending activities. These regulatory actions generally took the form of orders styled as "cease and desist orders" and prohibited a range of actions relating to our lending and servicing activities. In addition, the Florida Attorney General and the Florida Office of Financial Regulation brought a lawsuit on similar grounds, as did the Massachusetts Attorney General. In resolving these matters, we entered into agreements containing restrictions and commitments with respect to the operation of our business and our regulatory compliance activities, including restrictions and conditions relating to acquisitions of MSRs, a transition to an alternate loan servicing system from the REALServicing system, engagement of third-party auditors, escrow and data testing, loss mitigation solicitations, error remediation, and financial condition reporting. We also provided certain borrower financial remediation and made payments to state regulators and attorneys general. We have incurred significant costs complying with the terms of these settlements with regulatory agencies. To the extent that legal or other actions are taken against us by regulators or others with respect to matters, they could result in additional costs or other adverse impacts and could have a materially adverse impact on our business, reputation, financial condition, liquidity and results of operations. In January 2018, prior to our acquisition of PHH Corporation, PHH entered into a settlement agreement with the MMC and consent orders with certain state attorneys general to resolve and close out findings of an MMC examination of PHH's legacy mortgage servicing practices. Under the terms of these settlements, PHH agreed to comply with certain servicing standards, to conduct testing of compliance with such servicing standards for a period of three years, and to report to the MMC regarding the same. We believe we complied with these obligations, and the three-year period has ended. We continue to work with the **New York Department of Financial Services (NY DFS)** to address matters they raise with us as well as to fulfill our commitments under the 2017 NY Consent Order and PHH Corporation acquisition conditional approval. To the extent that we fail to address adequately any concerns raised by the NY DFS or fail to fulfill our commitments to the NY DFS, the NY DFS could take regulatory action against us, including imposing fines or penalties or otherwise restricting our business activities. Any such actions could have a material adverse impact on our business, financial condition liquidity and results of operations. Other Matters On occasion, we engage with agencies of the federal government on various matters, including the Department of Justice, the Office of Inspector General of HUD, Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and the VA Office of the Inspector General. In addition to the expense of responding to subpoenas and other requests for

information from such agencies, in the event that any of these engagements result in allegations of wrongdoing by us, we may incur fines or penalties or significant legal expenses defending ourselves against such allegations. In the past, we have entered into significant settlements with the NY DFS, the CA DFPI, and the 2013 **Owen-Unity** National Mortgage Settlement which involved payments of significant monetary amounts, monitoring by third-party firms for which we were financially responsible and other restrictions on our business. While we are not currently subject to active monitorships under these settlements, we remain obligated to comply with the commitments made to our regulators and if we violate those commitments one or more of these entities could take regulatory action against us. Any future settlements or other regulatory actions against us could have a material adverse impact on our business, reputation, operating results, liquidity and financial condition. To the extent that an examination or other regulatory engagement results in an alleged failure by us to comply with applicable laws, regulations or licensing requirements, or if allegations are made that we have failed to comply with applicable laws, regulations or licensing requirements or the commitments we have made in connection with our regulatory settlements (whether such allegations are made through administrative actions such as cease and desist orders, through legal proceedings or otherwise) or if other regulatory actions of a similar or different nature are taken in the future against us, this could lead to (i) administrative fines, penalties and litigation, (ii) loss of our licenses and approvals to engage in our servicing and lending businesses, (iii) governmental investigations and enforcement actions, (iv) civil and criminal liability, including class action lawsuits and actions to recover incentive and other payments made by governmental entities, (v) breaches of covenants and representations under our servicing, debt or other agreements, (vi) damage to our reputation, (vii) inability to raise capital or otherwise secure the necessary funding to operate the business, (viii) changes to our operations that may otherwise not occur in the normal course, and that could cause us to incur significant costs, and (ix) inability to execute on our business strategy. Any of these outcomes could increase our operating expenses and reduce our revenues, hamper our ability to grow or otherwise materially and adversely affect our business, reputation, financial condition, liquidity and results of operations. Our regulatory settlements and public allegations regarding our business practices by regulators and other third parties may affect other regulators', rating agencies', and creditors' perceptions, which could adversely impact our financial results and ongoing operations. Our regulatory settlements and public allegations regarding our business practices by regulators and other third parties may affect other regulators', rating agencies' and creditors' perceptions of us. As a result, our ordinary course interactions with regulators may be adversely affected. We may incur additional compliance costs and management time may be diverted from other aspects of our business to address regulatory issues. It is possible that we may incur additional fines or penalties or even that we could lose the licenses and approvals necessary to engage in our servicing and lending businesses. In addition, certain regulators make observations, recommendations or demands with respect to areas such as corporate governance, safety and soundness and risk and compliance management, which could require us to incur additional expense or which could result in the imposition of additional requirements such as liquidity and capital requirements or restrictions on business conduct such as engaging in stock repurchases. To the extent that rating agencies or creditors perceive us negatively, our servicer or credit ratings could be adversely impacted and our access to funding could be limited. If regulators allege that we do not comply with the terms of our regulatory settlements, or if we enter into future regulatory settlements, it could significantly impact our ability to maintain and grow our servicing portfolio. Our servicing portfolio naturally decreases over time as homeowners make regularly scheduled mortgage payments, prepay loans prior to maturity, refinance with a mortgage loan not serviced by us or involuntarily liquidate through foreclosure or other liquidation process. Our ability to maintain or grow the size of our servicing portfolio depends on our ability to acquire the right to service or subservice additional pools of mortgage loans or to originate additional loans for which we retain the MSR. Historically, our regulatory settlements significantly impacted our ability to maintain or grow our servicing portfolio because we agreed to certain restrictions that effectively prohibited future bulk acquisitions of residential servicing. While certain of these restrictions have been eased in connection with our resolution of state regulatory matters and acquisition of PHH Corporation, we are still restricted in our ability to grow our portfolio under the terms of our agreements with the NY DFS. If we are unable to satisfy the conditions of the regulatory commitments we made to these and other regulators, or if a future regulatory settlement restricts our ability to acquire MSRs, we will be unable to grow or even maintain the size of our servicing portfolio through acquisitions and our business could be materially and adversely affected. Moreover, even when regulatory restrictions are lifted, the reputational damage done by these actions may inhibit our ability to acquire new business. If we are unable to respond timely and effectively to routine or other regulatory examinations and borrower complaints, our business and financial conditions may be adversely affected. Regulatory examinations by state and federal regulators are part of our ordinary course business activities. If we are unable to respond effectively to regulatory examinations, our business and financial conditions may be adversely affected. In addition, we receive various escalated borrower complaints and inquiries from our state and federal regulators and state Attorneys General and are required to respond within the time periods prescribed by such entities. If we fail to respond effectively and timely to regulatory examinations and escalations, legal action could be taken against us by such regulators and, as a result, we may incur fines or penalties or we could lose the licenses and approvals necessary to engage in our servicing and lending businesses. We could also suffer from reputational harm and become subject to private litigation. Private legal proceedings and related costs alleging failures to comply with applicable laws or regulatory requirements could adversely affect our financial condition and results of operations. We are subject to various pending private legal proceedings, including purported class actions, challenging whether certain of our loan servicing practices and other aspects of our business comply with applicable laws and regulatory requirements. For example, we are currently a defendant in various matters alleging that (1) certain fees imposed on borrowers relating to payment processing, payment facilitation, or payment convenience violate state laws similar to the Fair Debt Collection Practices Act, (2) certain fees we assess on borrowers are marked up improperly in violation of applicable state and federal law, (3) we breached fiduciary duties we purportedly owe to benefit plans due to the discretion we exercise in servicing certain securitized mortgage loans, (4) certain legacy mortgage reinsurance arrangements violated RESPA, and (5) we failed to subservice loans appropriately pursuant to

servicing and other agreements, **(6) we violated the False Claims Act related to our participation in the Home Affordable Modification Program, and (7) we originated and sold loans to counterparties that were not underwritten in accordance with applicable guidelines.** In the future, we are likely to become subject to other private legal proceedings alleging failures to comply with applicable laws and regulations, including putative class actions, in the ordinary course of our business. While we do not currently believe that the resolution of the vast majority of the legal proceedings we face will have a material adverse effect on our financial condition or results of operations, we cannot express a view with respect to all of these proceedings. The outcome of any pending legal matter is never certain, and it is possible that adverse results in private legal proceedings could materially and adversely affect our financial results and operations. We have paid significant amounts to settle private legal proceedings in recent periods and paid significant amounts in legal and other costs in connection with defending ourselves in such proceedings. To the extent we are unable to avoid such costs in future periods, our business, financial position, results of operations and cash flows could be materially and adversely affected. Non-compliance with laws and regulations could lead to termination of servicing agreements or defaults under our debt agreements. Most of our servicing agreements and debt agreements contain provisions requiring compliance with applicable laws and regulations. While the specific language in these agreements takes many forms and materiality qualifiers are often present, if we fail to comply with applicable laws and regulations, we could be terminated as a servicer and defaults could be triggered under our debt agreements, which could materially and adversely affect our revenues, cash flows, liquidity, business and financial condition. We could also suffer reputational damage and trustees, lenders and other counterparties could cease wanting to do business with us. If new laws and regulations lengthen foreclosure times or introduce new regulatory requirements regarding foreclosure procedures, our operating costs and liquidity requirements could increase and we could be subject to regulatory action. When a mortgage loan that we service is in foreclosure, we are generally required to continue to advance delinquent principal and interest to the securitization trust and to make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent that we determine that such amounts are recoverable. These servicing advances are generally recovered when the delinquency is resolved or upon liquidation. Regulatory actions that lengthen the foreclosure process will increase the amount of servicing advances that we are required to make, lengthen the time it takes for us to be reimbursed for such advances and increase the costs incurred during the foreclosure process. Increased regulatory scrutiny and new laws and procedures could cause us to adopt additional compliance measures and incur additional compliance costs in connection with our foreclosure processes. We may incur legal and other costs responding to regulatory inquiries or any allegation that we improperly foreclosed on a borrower. We could also suffer reputational damage and could be fined or otherwise penalized if we are found to have breached regulatory requirements. If we fail to comply with the TILA- RESPA Integrated Disclosure (TRID) rules, our business and operations could be materially and adversely affected and our plans to expand our lending business could be adversely impacted. The TRID rules include requirements relating to consumer facing disclosure and waiting periods to allow consumers to reconsider committing to loans after receiving required disclosures. If we fail to comply with the TRID rules, we may be unable to sell loans that we originate or purchase, or we may be required to sell such loans at a discount compared to other loans. We also could be subject to repurchase or indemnification claims from purchasers of such loans, including the GSEs. Additionally, loans might stay on our warehouse lines for longer periods before sale, which would increase our liquidity needs, holding costs and interest expense. We could also be subject to regulatory actions or private lawsuits. In response to the TRID rules, we have implemented significant modifications and enhancements to our loan production processes and systems, and we continue to devote significant resources to TRID compliance. As regulatory guidance and enforcement and the views of the GSEs and other market participants such as warehouse loan lenders evolve, we may need to modify further our loan production processes and systems in order to adjust to evolution in the regulatory landscape and successfully operate our lending business. In such circumstances, if we are unable to make the necessary adjustments, our business and operations could be adversely affected and we may not be able to execute on our plans to grow our lending business. Failure to comply with the Home Mortgage Disclosure Act (HMDA) and related CFPB regulations could adversely impact our business. HMDA requires financial institutions to report certain mortgage data in an effort to provide the regulators and the public with information that will help show whether financial institutions are serving the housing credit needs of the neighborhoods and communities in which they are located. The data points include information related to the loan applicant / borrower (e. g., age, ethnicity, race and credit score), the underwriting process, loan terms and fees, lender credits and interest rate, among others. The scope of the information available to the public could increase fair lending regulatory scrutiny and third- party plaintiff litigation, as the changes will expand the ability of regulators and third parties to compare a particular lender to its peers in an effort to determine differences among lenders in certain demographic borrower populations. We have devoted, and continue to devote, significant resources to establishing and maintaining systems and processes for complying with HMDA on an ongoing basis. If we are not successful in capturing and reporting the new HMDA data, and analyzing and correcting any adverse patterns, we could be exposed to regulatory actions and private litigation against us, we could suffer reputational damage and we could incur losses, any of which could materially and adversely impact our business, financial condition and results of operations. There may be material changes to the laws, regulations, rules or practices applicable to reverse mortgage programs sponsored by HUD and FHA, and securitized by Ginnie Mae, which could materially and adversely affect us and the reverse mortgage industry as a whole. The reverse mortgage industry is largely dependent upon rules and regulations implemented by HUD, FHA and Ginnie Mae. There can be no guarantee that HUD / FHA will retain Congressional authorization to continue the HECM program, which provides FHA government insurance for qualifying HECM loans, or that they will not make material changes to the laws, regulations, rules or practices applicable to reverse mortgage programs. For example, HUD previously implemented certain lending limits for the HECM program, and added credit- based underwriting criteria designed to assess a borrower' s ability and willingness to satisfy future tax and insurance obligations. In addition, Ginnie Mae' s participation in the reverse mortgage industry may be subject to economic and political changes that cannot be

predicted. Any of the aforementioned circumstances could materially and adversely affect the performance of our reverse mortgage business and the value of our common stock. Regulators continue to be active in the reverse mortgage space, including due to the perceived susceptibility of older borrowers to be influenced by deceptive or misleading marketing activities. Regulators have also focused on appraisal practices because reverse mortgages are largely dependent on collateral valuation. If we fail to comply with applicable laws and regulations relating to the origination of reverse mortgages, we could be subject to adverse regulatory actions, including potential fines, penalties or sanctions, and our business, reputation, financial condition and results of operations could be materially and adversely affected. Violations of fair lending and / or servicing laws could negatively affect our business. Various federal, state and local laws have been enacted that are designed to discourage predatory lending and servicing practices. The federal Home Ownership and Equity Protection Act of 1994 (HOEPA) prohibits inclusion of certain provisions in residential loans that have mortgage rates or origination costs in excess of prescribed levels and requires that borrowers be given certain additional disclosures prior to origination. Some states have enacted, or may enact, similar laws or regulations, which in some cases impose restrictions and requirements greater than are those in HOEPA. In addition, under the anti-predatory lending laws of some states, the origination of certain residential loans, including loans that are not classified as “high cost” loans under HOEPA or other applicable law, must satisfy a net tangible benefits test with respect to the related borrower. A failure by us to comply with these laws, to the extent we originate, service or acquire residential loans that are non-compliant with HOEPA or other predatory lending or servicing laws, could subject us, as an originator or a servicer, or as an assignee, in the case of acquired loans, to monetary penalties and could result in the borrowers rescinding the affected loans. Lawsuits have been brought in various states making claims against originators, servicers and assignees of high cost loans for violations of state law. Named defendants in these cases have included numerous participants within the secondary mortgage market. If we are found to have violated predatory or abusive lending laws, defaults could be declared under our debt or servicing agreements, we could suffer reputational damage, and we could incur losses, any of which could materially and adversely impact our business, financial condition and results of operations. Failure to comply with FHA underwriting guidelines could adversely impact our business. We must comply with FHA underwriting guidelines in order to successfully originate FHA loans. If we fail to do so, we may not be able to collect on FHA insurance. In addition, we could be subject to allegations of violations of the False Claims Act asserting that we submitted claims for FHA insurance on loans that had not been underwritten in accordance with FHA underwriting guidelines. If we are found to have violated FHA underwriting guidelines, we could face regulatory penalties and damages in litigation, suffer reputational damage, and we could incur losses due to an inability to collect on such insurance, any of which could materially and adversely impact our business, financial condition and results of operations. Failure to comply with U. S. and foreign laws and regulations applicable to our global operations could have an adverse effect on our business, financial position, results of operations or cash flows. As a business with a global workforce, we need to ensure that our activities, including those of our foreign operations, comply with applicable U. S. and foreign laws and regulations. Various states have implemented regulations which specifically restrict the ability to perform certain servicing and originations functions offshore and, from time to time, various state regulators have scrutinized the operations of our foreign subsidiaries. Our failure to comply with applicable laws and regulations could, among other things, result in restrictions on our operations, loss of licenses, fines, penalties or reputational damage and have an adverse effect on our business. Failure to comply with the S. A. F. E. Act could adversely impact our business. The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the S. A. F. E. Act) requires the individual licensing and registration of those engaged in the business of loan origination. The S. A. F. E. Act is designed to improve accountability on the part of loan originators, combat fraud and enhance consumer protections by encouraging states to establish a national licensing system and minimum qualification requirements for applicants. Thus, **Owen-Unity** must ensure proper licensing for all employees who participate in certain specified loan origination activities. Failure to comply with the S. A. F. E. Act licensing requirements could adversely impact **Owen-Unity**'s origination business. Risks Related to Our Financial Performance, Financing Our Business, Liquidity and Net Worth and the Economy Our strategic plan to return to sustainable profitability may not be successful. We are facing certain challenges and uncertainties that could have significant adverse effects on our business, financial condition, liquidity and results of operations. The ability of management to appropriately address these challenges and uncertainties in a timely and effective manner is critical to our ability to operate our business successfully. Historical losses significantly eroded stockholders' equity and weakened our financial condition. We established a set of key initiatives to achieve our objective of returning to sustainable profitability in the shortest timeframe possible within an appropriate risk and compliance environment. While we generated net income in 2021 and, 2022 and 2024, we incurred a net loss in 2023 driven by MSR fair value losses, net of hedging. We are exposed to earnings volatility due to the effect of changes in interest rates and other market conditions on the valuation of our assets and liabilities measured at fair value, including MSRs which represent our most interest-rate sensitive asset. While the objective of our MSR interest rate risk management and hedging policy is to protect shareholders' equity and earnings against the fair value volatility of interest-rate sensitive MSR portfolio exposure considering market, liquidity and other conditions, our hedging strategy may not be as effective as desired due to the actual performance of an MSR and hedges differing from the expected performance. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations- Overview- Business Initiatives. There can be no assurance that we will continue to successfully execute on these initiatives, or that even if we do execute on these initiatives we will be able to return to sustained profitability. In addition to successful operational execution of our key initiatives, our success will also depend on market conditions and other factors outside of our control, including continued access to capital. If we continue to experience losses, our share price, business, reputation, financial condition, liquidity and results of operations could be materially and adversely affected. If we are unable to obtain sufficient capital to meet the financing requirements of our business, or if we fail to comply with our debt agreements, our business, financing activities, financial condition and results of operations will be adversely affected. Our business requires substantial amounts of capital and our financing strategy includes the use of leverage. Accordingly, our ability

to finance our operations and repay maturing obligations rests in large part on our ability to continue to borrow money at reasonable rates. If we are unable to maintain adequate financing, or other sources of capital are not available, we could be forced to suspend, curtail or reduce our revenue generating objectives, which could harm our results of operations, liquidity, financial condition and business prospects. Our ability to borrow money is affected by a variety of factors including: • limitations imposed on us by existing debt agreements that contain restrictive covenants that may limit our ability to raise additional debt; • credit market conditions; • the potential for ongoing disruption in the financial markets and in commercial activity generally related to changes in monetary and fiscal policy, international events including conflicts or wars and other sources of instability; • the strength of the lenders from whom we borrow; • lenders' perceptions of us or our sector; • changes in interest rates or other drivers that affect the value of pledged collateral; • corporate credit and servicer ratings from rating agencies; • limitations on borrowing under our MSR and advance facilities and mortgage loan warehouse facilities due to structural features in these facilities and the amount of eligible collateral that is pledged; and • revenue opportunities including products not currently supported in the financing market. **Our advance facilities are revolving facilities, and in that generally have a revolving period up to 24 months. In** a typical monthly cycle, we repay a portion of the borrowings under these facilities from collections. During the remittance cycle, which starts in the middle of each month, we depend on our lenders to provide **us with a significant portion of** the cash necessary to make the advances that we are required to make as servicer. If one or more of these lenders were to restrict our ability to access these revolving facilities or were to fail, we may not have sufficient funds to meet our obligations. We typically require significantly more liquidity to meet our advance funding obligations than our available cash on hand. ~~Our advance financing facilities are comprised of revolving notes issued to large financial institutions that generally have a revolving period of 12 months. At December 31, 2023, we had \$ 499.7 million outstanding under these facilities. The revolving periods for our advance financing facilities end in August 2025, except for \$ 0.9 million outstanding under a facility maturing in May 2026. In the event we are unable to renew, replace or extend the revolving period of one or more of these advance financing facilities, we would no longer have access to available borrowing capacity and repayment of the outstanding balances on the revolving notes must begin at the end of the applicable revolving period.~~ In addition, we use mortgage loan warehouse facilities to fund newly originated loans, HECM tails, buyouts and a number of other assets on a short- term basis until they are sold to secondary market investors, including GSEs or other third-party investors. Currently, our master repurchase and participation agreements for financing new loan originations generally have maximum terms of 364 days, and ~~similar to the revolving notes in the advance financing facilities, they are typically renewed, replaced or extended annually. At December 31,~~ **We issued asset- backed securitization notes in 2023 and 2024 to diversify our**, we had \$ 731.6 million outstanding under these warehouse financing **of reverse mortgage buyouts and REO properties** arrangements, all under agreements maturing in 2024 with a the **three - year anniversary** exception of \$ 164.4 million of notes issued in 2023 which have a mandatory call date ~~dates~~ of June 2026. **We have diversified sources of funding for our GSE**, we entered into three separate **Ginnie Mae and PLS MSR portfolios. GSE MSR financing is** arrangements related to loans we service for (i) Fannie Mae and Freddie Mac, (ii) Ginnie Mae, and (iii) private investors (PLS MSRs). The Fannie Mae / Freddie Mac and Ginnie Mae facilities were provided through **two** bank financing **and had facilities whose** total capacity of was \$ 365 **500**.0 million and \$ 250 **400**.0 million **and borrowed amounts of \$ 242.9 million and \$ 212.5 million**, respectively, at December 31, ~~2023~~ **2024**. **The \$ 500.0 million GSE MSR facility terminates in September 2025 and the \$ 400.0 million GSE MSR facility converts into a term loan in February 2025 with a final maturity date in December 2026. The Ginnie Mae facility, provided through private investor arrangement, carried total capacity of \$ 300.0 million at December 31, 2024**. The PLS MSR financing was issued to capital markets investors as an amortizing note structure ~~with an initial principal amount of \$ 100.0 million, replaced with a new series of notes in 2022 with an initial principal amount of \$ 75.0 million.~~ The Fannie Mae / Freddie Mac and Ginnie Mae facilities **and PLS financing arrangements** terminate in June 2024 and April 2024, respectively, and the PLS MSR facility matures in February 2025. ~~In 2021, we entered into a facility which included a \$ 135.0 million term loan and~~ **are expected** a \$ 285.0 million revolving loan secured by a lien on our Agency MSRs. In November, 2022, the term loan was paid off and the revolving loan capacity was upsized to \$ 400.0 million (\$ 393.9 million outstanding at December 31, 2023). Any outstanding borrowings on the revolving loan will convert into a term loan in November 2024. The final maturity date of the term loan is December 2025. MSR financing is dependent on investor appetite and conditions in the capital markets, among other factors. As a result, MSR financing may not be **extended** readily available to finance the growth of our portfolio, or **for another 364- day period** at rates and terms that may not be favorable to our business. Our MSR financing facilities provide funding based on an advance rate of **against** MSR value that is subject to periodic mark- to- market valuation adjustments (MSR valuation is expected to decline if market interest rates decline). In the normal course, and without any additions to our MSR portfolio from production or acquisition activities, MSR value is expected to decline over time due to run off of the loan balances in our servicing portfolio. As a result, we anticipate having to repay a portion of our MSR debt over a given time period. The requirements to repay MSR debt including those due to unfavorable fair value adjustment attributable to interest rates or other factors may require us to allocate a substantial amount of our available liquidity or future cash flows to meet these requirements. To the extent we are unable to generate sufficient cash flows from operations to meet these requirements, we may be more constrained to invest in our business and fund other obligations, and our business, financing activities, liquidity, financial condition and results of operations will be adversely affected. **We** **On November 6, 2024, we successfully completed our corporate debt restructuring. PHH Corporation issued \$ 500.0 million aggregate principal amount of 9.875 % Senior Notes due November 1, 2029 (Senior Notes Due 2029) in a syndicated private placement. Interest on the Senior Notes Due 2029 is payable semi- annually and principal is due at maturity. The Senior Notes Due 2029 are guaranteed by Onity and certain wholly- owned subsidiaries including PMC (collectively " restricted subsidiaries "). The Senior Notes are secured by the equity interests of the restricted subsidiaries and any available cash in excess of regulatory requirements, as defined. The proceeds from the issuance of the Senior**

Notes Due 2029 described above, together with proceeds from the sale of MAV Canopy and available cash, were used to redeem in November 2024 all of the outstanding \$ 289. 1 million 7. 875 % PMC Senior Secured Notes due in 2026 and \$ 285. 0 million 12 % Onity Senior Secured Notes due in 2027. While we currently plan to renew, replace or extend all of the above debt agreements consistent with our historical **practice** experience. ~~In addition, \$ 360. 0 million aggregate principal amount of PHH's 7. 875 % senior secured notes (the PMC Senior Secured Notes) mature on March 15, 2026 and OFC's \$ 285. 0 million aggregate principal amount senior secured notes (the OFC Senior Secured Notes) mature on March 4, 2027. There~~ **there** can be no assurance that we will be able to **do so** ~~renew, replace or extend all our debt agreements~~ on appropriate terms or at all and, if we fail to do so, we may not have adequate sources of funding for our business. Our debt agreements contain various qualitative and quantitative covenants, including financial covenants, covenants to operate in material compliance with applicable laws and regulations, monitoring and reporting obligations and restrictions on our ability to engage in various activities, including but not limited to incurring or guarantying additional debt, paying dividends or making distributions on or purchasing equity interests of ~~Oewen Onity~~ **Oewen Onity** and its subsidiaries, repurchasing or redeeming capital stock or junior capital, repurchasing or redeeming subordinated debt prior to maturity, issuing **certain types of** preferred stock, selling or transferring assets or making loans or investments or other restricted payments, entering into mergers or consolidations or sales of all or substantially all of the assets of ~~Oewen Onity~~ **Oewen Onity** and its subsidiaries, creating liens on assets to secure debt, and entering into transactions with affiliates. As a result of the covenants to which we are subject, we may be limited in the manner in which we conduct our business and may be limited in our ability to engage in favorable business activities or raise additional capital to finance future operations or satisfy future liquidity needs. In addition, breaches or events that may result in a default under our debt agreements include, among other things, noncompliance with our covenants, nonpayment of principal or interest, material misrepresentations, the occurrence of a material adverse effect or material adverse change, insolvency, bankruptcy, certain material judgments and changes of control. Covenants and defaults of this type are commonly found in debt agreements such as ours. Certain of these covenants and defaults are open to subjective interpretation and, if our interpretation were contested by a lender, a court may ultimately be required to determine compliance or lack thereof. In addition, our debt agreements generally include cross default provisions such that a default under one agreement could trigger defaults under other agreements. If we fail to comply with our debt agreements and are unable to avoid, remedy or secure a waiver of any resulting default, we may be subject to adverse action by our lenders, including termination of further funding, acceleration of outstanding obligations, enforcement of liens against the assets securing or otherwise supporting our obligations and other legal remedies. In addition to these covenants, certain agreements also include trigger events which may lead to adverse actions such as acceleration of outstanding obligations, step down in advance rates and termination of further funding. An actual or alleged default under any of our debt agreements, negative ratings action by a rating agency (including as a result of our increased leverage or erosion of net worth), the perception of financial weakness, an adverse action by a regulatory authority or GSE, a lengthening of foreclosure timelines or a general deterioration in the economy that constricts the availability of credit may increase our cost of funds and make it difficult for us to renew existing credit facilities or obtain new lines of credit. Any or all the above could have an adverse effect on our business, financing activities, financial condition and results of operations. We may be unable to obtain sufficient servicer advance financing necessary to meet the financing requirements of our business, which could adversely affect our liquidity position and result in a loss of servicing rights. We currently fund a substantial portion of our servicing advance obligations through our servicing advance facilities. Under normal market conditions, mortgage servicers typically have been able to renew or refinance these facilities. However, market conditions or lenders' perceptions of us at the time of any renewal or refinancing may mean that we are unable to renew or refinance our advance financing facilities or obtain additional facilities on favorable terms or at all. If we fail to satisfy minimum net worth and liquidity requirements established by regulators, GSEs, Ginnie Mae, lenders, or other counterparties, our business, financing activities, financial condition or results of operations could be materially and adversely affected. As a result of our servicing and loan origination activities, we are subject to minimum net worth and liquidity requirements established by state regulators, GSEs, Ginnie Mae, lenders, and other counterparties. Losses incurred in prior years and in 2023 have eroded our net worth. In addition, we must structure our business so each licensed entity satisfies the net worth and liquidity requirements applicable to it, which can be challenging. The minimum net worth and liquidity requirements to which our licensed entities are subject vary by state and type of license. We must also satisfy the minimum net worth and liquidity requirements of the GSEs and Ginnie Mae in order to maintain our approved status with such agencies and the minimum net worth and liquidity requirements set forth in our agreements with our lenders. Minimum net worth requirements and liquidity are generally calculated using specific adjustments that may require interpretation or judgment. Changes to these adjustments have the potential to significantly affect net worth and liquidity calculations and imperil our ability to satisfy future minimum net worth and liquidity requirements. We believe our licensed entities were in compliance with all of their minimum net worth and liquidity requirements at December 31, ~~2023~~ **2024**. However, it is possible that regulators could disagree with our calculations. If we fail to satisfy minimum net worth or liquidity requirements, absent a waiver or other accommodation, we could lose our licenses or have other regulatory action taken against us, we could lose our ability to sell and service loans to or on behalf of the GSEs or Ginnie Mae, or it could trigger a default under our debt agreements. Any of these occurrences could have a material adverse effect on our business, reputation, financing activities, liquidity, financial condition or results of operations. In 2022, ~~the FHFA and~~ **Ginnie Mae** announced updated minimum financial eligibility requirements for ~~GSE seller / servicers and Ginnie Mae issuers~~ **GSE seller / servicers and Ginnie Mae issuers**. ~~The updated minimum financial eligibility requirements modify the definitions of tangible net worth and eligible liquidity, modify their minimum standard measurement and include~~ **included** a new risk-based capital ratio ~~, among other changes. The majority of the updated requirements became effective~~ **December 31 on September 30, 2023-2024**. ~~In October 2022, Ginnie Mae issued a waiver extending the deadline by which PHH must meet the RBCR requirements to October 1, 2025. PHH will be required to maintain a minimum of 6 % ratio of Adjusted Net Worth less Excess MSRs, as defined, to risk weighted assets. We are currently implementing certain actions~~ **extended**

~~intended the to achieve compliance date for its with the requirements. We intend to continue to operate our Ginnie Mae issuer activities through PHH which would be subject to the risk- based capital rules requirements to December 31, 2024. and separately operate our GSE MSR investment activities through PHH Asset Services LLC (PAS) would not be in compliance with the upcoming risk- based capital requirements if they were in effect as of December 31, 2023 a wholly owned subsidiary of PHH Corporation and Onity . We have identified, received all necessary licensing and regulatory approvals to operate PAS except for one state with whom discussions are ongoing commencing activities to implement, a course of actions intended to achieve compliance with the requirements. If we are unable to execute this solution in a timely and cost- effective manner that allows us to continue the Ginnie Mae related businesses and are unable to replace the lost income from these activities, or if we misjudge the magnitude of the costs and benefits and their impacts on our business, our financial results, liquidity, financing activities and reputation could be negatively impacted. As of December 31, 2023, our forward owned servicing portfolio included government- insured loans with a UPB of \$ 18. 6 billion, 11 % of our total forward owned MSR servicing portfolio or 6 % of our total UPB serviced and subserviced. We use estimates in measuring or determining the fair value of the majority of our assets and liabilities. If our estimates prove to be incorrect, we may be required to write down the value of these assets or write up the value of these liabilities, which could adversely affect our earnings. Our ability to measure and report our financial position and operating results is influenced by the need to estimate the impact or outcome of future events based on information available at the time of the financial statements. An accounting estimate is considered critical if it requires that management make assumptions about matters that were highly uncertain at the time the accounting estimate was made. If actual results differ from our judgments and assumptions, then it may have an adverse impact on the results of operations and cash flows. Fair value is estimated based on a hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity' s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy prioritizes the inputs to valuation techniques into three broad levels whereby the highest priority is given to Level 1 inputs and the lowest to Level 3 inputs. Most At December 31, 2023, 87 % and 72 % of our consolidated total assets and liabilities are measured at fair value , respectively, on a recurring and nonrecurring basis, most 96 % and 100 % of which are considered Level 3 valuations, including our MSR portfolio. Our largest Level 3 asset and liability carried at fair value on a recurring basis is Loans held for investment- reverse mortgages and the related secured financing. We pool home equity conversion mortgages (reverse mortgages) into Ginnie Mae Home Equity Conversion Mortgage- Backed Securities (HMBS). Because the securitization of reverse mortgage loans does not qualify for sale accounting, we account for these transfers as secured financings and classify the transferred reverse mortgages as Loans held for investment- reverse mortgages and recognize the related Financing liabilities. Holders of HMBS have no recourse against our assets, except for standard representations and warranties and our contractual obligations to service the reverse mortgages and HMBS. We estimate the fair value of our assets and liabilities utilizing assumptions that we believe are appropriate and are used by market participants. We generally engage third- party valuation experts to support our fair value determination for Level 3 assets and liabilities. The methodology used to estimate these values is complex and uses asset- and liability- specific data and market inputs for assumptions including interest and discount rates, collateral status and expected future performance. If these assumptions prove to be inaccurate, if market conditions change or if errors are found in our models, the value of certain of our assets may decrease, which could adversely affect our business, financial condition and results of operations, including through negative impacts on our ability to satisfy minimum net worth and liquidity covenants. Valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of our valuation methodologies. If changes to interest rates or other factors cause prepayment speeds to increase more than estimated, delinquency and default levels are higher than anticipated or financial market illiquidity is greater than anticipated, or other inputs or assumptions change, we may be required to adjust the value of certain assets or liabilities, which could adversely affect our business, financial condition and results of operations. We are exposed to liquidity, interest rate and foreign currency exchange risks. We are exposed to liquidity risk primarily because of the highly variable daily cash requirements to support our servicing business, including the requirement to make advances pursuant to our servicing agreements and the process of collecting and applying recoveries of advances. We are also exposed to liquidity risk due to margin calls or potential accelerated repayment of our debt depending on the performance of the underlying collateral, including the fair value of MSRs, and certain covenants or trigger events, among other factors. We are also exposed to liquidity and interest rate risk by our decision to originate and finance mortgage loans and the timing of their subsequent sales into the secondary market. Further, as discussed below, the derivative instruments that we have entered into in order to limit MSR fair value change exposure may require margin calls should the hedge instrument lose value. In general, we finance our operations through operating cash flows and various other sources of funding, including advance match funded borrowing agreements, secured lines of credit and repurchase agreements. We are exposed to interest rate risk to the degree that our interest- bearing liabilities mature or reprice at different speeds, or on different bases, than our interest earning assets or when financed assets are not interest- bearing. Our servicing business is characterized by non- interest earning assets financed by interest- bearing liabilities. Servicing advances are among our more significant non- interest earning assets. At December 31, 2023, we had total advances of \$ 678. 8 million. We are also exposed to interest rate risk because a portion of our advance financing and other outstanding debt at December 31, 2023 is at variable rates. Rising interest rates may increase our interest expense. Earnings on float balances may partially offset these higher funding costs. Our MSRs, which we carry at fair value, are subject to substantial interest rate risk, primarily because the mortgage loans underlying the servicing rights permit the borrowers to prepay the loans. A decrease in interest rates generally increases prepayment speeds and vice versa. An interest rate decrease could result in an array of fair value changes, the severity of which would depend on several factors,~~

including the magnitude of the change, whether the decrease is across specific rate tenors or a parallel change across the entire yield curve, and impact from market- side adjustments, among others. The objective of our MSR hedging policy is to provide a targeted level of hedge coverage on our interest- rate sensitive MSR portfolio exposure. The targeted hedge coverage ratio increased in **the second quarter of 2023 from 25 % to 60 % . Effective in the second quarter and 100 % in December 2023 , we established a targeted hedge coverage ratio range between 95 % and 105 % . In April 2024, we changed the risk measure to an interest rate sensitivity measure (dollar DV01) that resulted in an equivalent range of approximately 90 % to 110 % .** However, as discussed below, there can be no assurance that our hedging strategy will be effective in partially mitigating our exposure to changes in fair value of our MSRs due to interest rate changes. Also refer to Item 7A. Quantitative and Qualitative Disclosures about Market Risk. In our Originations business, we are exposed to interest rate risk and related price risk on our pipeline (i. e., interest rate loan commitments (IRLCs) and mortgage loans held for sale) from the commitment date up until the date the commitment is cancelled or expires, or the loan is sold into the secondary market. Generally, the fair value of the pipeline will decline in value when interest rates increase and will rise in value when interest rates decrease. We economically hedge our pipeline interest rate risk with freestanding derivatives such as TBAs and forward sale contracts. **We In addition, we** are exposed to foreign currency exchange rate risk in connection with our investment in non- U. S. dollar currency operations to the extent that our foreign exchange positions remain unhedged. Our operations in the Philippines and India expose us to foreign currency exchange rate risk. While we have established policies and procedures intended to identify, monitor and manage the risks described above, our risk management policies and procedures may not be effective. Further, such policies and procedures are not designed to mitigate or eliminate all of the risks we face. As a result, these risks could materially and adversely affect our business, financial condition and results of operations. Our hedging strategy may not be successful in partially mitigating our exposure to interest rate risk. Our hedging strategy may not be as effective as desired due to the actual performance of an MSR differing from the expected performance. While we actively track the actual performance of our MSRs across rate change environments, there is potential for our economic hedges to underperform. The underperformance may be a result of various factors, including but not limited to the following: available hedge instruments have a different profile than the underlying asset, the duration of the hedge is different from the MSR, the convexity of the hedge is not proportional to the valuation change of the MSR asset, the actual asset and hedge performance may differ from the model- expected asset and hedge instruments performance, transacting in certain TBA, swap futures and options hedges drives costs, the counterparty with which we have traded has failed to deliver under the terms of the contract, or we fail to renew or adjust the hedge position in a timely or efficient manner. Unexpected changes in market rates or secondary liquidity may have a materially adverse impact on the cash flows or operating performance of **Oewen Onity**. The expected hedge coverage profile may not correlate to the asset as desired, resulting in poorer performance than had we not hedged at all. In addition, hedging strategies involve transaction and other costs. We cannot be assured that our hedging strategy and the derivatives that we use will adequately offset the risks of interest rate volatility or that our hedging transactions will not result in or magnify losses. Rising inflation may result in increased compensation and benefit expense and exacerbate pressures created by current labor market trends, increase the rates charged by vendors, and generally increase our operating costs, which could negatively impact our operations and financial results. Our ability to provide competitive compensation packages and employee benefits programs is impacted by increases in the cost of living and wage inflation. This pressure, combined with tightening and competitive labor markets could increase the cost and difficulty of recruiting and retaining skilled employees. In addition, inflation may increase the rates charged by our vendors and our operating expenses generally. Any of these risks could negatively impact our operations and financial results. **Growth of our subservicing portfolio and originations business, and the profitability of our investment in MAV, are partially dependent on decisions made by a third party which we do not control. MAV is owned and managed by an intermediate holding company, MAV Canopy, which is controlled by a board of directors on which Oewen has minority representation. As part of our agreements with MAV, Oewen has agreed not to compete with MAV with respect to the purchase of certain GSE MSRs through specific channels. As a result of these arrangements, the growth of Oewen's GSE subservicing portfolio and originations business depends in part on MAV's ability to successfully bid on MSRs and in turn on the pricing and valuation considerations underlying MAV's bidding strategy. If, and to the extent, MAV were to have limited success acquiring MSRs, the growth of Oewen's subservicing portfolio and originations business could be negatively impacted. More broadly, MAV's profitability depends on business, operating and financial strategies determined by the management of MAV Canopy, which Oewen does not control. If MAV Canopy's business, operating or financial strategies are not successful, Oewen's 15 % investment or returns on its investment, which as of December 31, 2023 amounted to \$ 37. 8 million, could be reduced or we may be requested to contribute additional capital. See the next risk factor below. Because MAV Canopy may make additional capital calls without Oewen's consent, to the extent we are unable or unwilling to contribute additional capital to MAV Canopy when requested, our ownership in MAV Canopy will be diluted and our control over investment decisions and other matters may be reduced. In November 2022, Oewen and Oaktree agreed to increase the aggregate capital contributions to MAV Canopy by up to an additional \$ 250 million during an investment period ending May 2, 2024, subject to two annual extensions upon mutual agreement. Under the agreement, Oewen may elect to contribute up to its pro rata share of the additional capital commitment. To the extent Oewen does not contribute its pro rata share of the additional capital commitment, the ownership percentages held by Oewen and Oaktree will be adjusted based on the parties' current percentage interests, capital contributions, and book value. Because Oewen does not control the MAV Canopy board of directors, it is possible that MAV Canopy may exercise its right to make capital calls to fund additional MSR investments at times that Oewen is unable to, or prefers for strategic reasons related to its own operations not to, contribute additional capital to MAV Canopy. To the extent we do not contribute additional capital to MAV Canopy, our ownership will be diluted. If our ownership of MAV Canopy falls below 5 %, we will lose our voting rights on certain routine management matters at MAV Canopy and our influence over MAV's management and investment decisions may be reduced. GSE and Ginnie Mae initiatives and other actions may affect our**

financial condition and results of operations. Due to the significant role that the GSEs and Ginnie Mae play in the secondary mortgage market, new initiatives and other actions that they may implement could become prevalent in the mortgage originations and servicing industry industries generally. To the extent that FHFA, the GSEs, HUD, Ginnie Mae or other authoritative body implement implements reforms that materially affect the market not only for conventional and / or government- insured loans but also the for non- qualifying loan markets, such reforms could have a material adverse effect on the creation of new MSR, the economics or performance of any MSR that we acquire, servicing fees that we can charge and costs that we incur to comply with new servicing requirements. Further, to the extent a GSE or Ginnie Mae proposal or requirement impacts our business model differently than our competitors', we may face a competitive disadvantage. In addition, our ability to generate revenues through mortgage loan sales to institutional investors depends to a significant degree on programs administered by the GSEs, Ginnie Mae, and others that facilitate the issuance of MBS in the secondary market. These entities play a critical role in the residential mortgage industry and we have significant business relationships with many of them. If it is not possible for us to complete the sale or securitization of certain of our mortgage loans due to changes in GSE and Ginnie Mae programs, we may lack liquidity to continue to fund mortgage loans and our revenues and margins on new loan originations would be materially and negatively impacted. Our plans to acquire MSR will require approvals and cooperation by the GSEs and Ginnie Mae. Should approval or cooperation be withheld, we would have difficulty meeting our MSR acquisition objectives. There are various proposals that deal with the future of the GSEs, including with respect to their ownership and role in the mortgage market, as well as proposals to implement GSE reforms relating to borrowers, lenders and investors in the mortgage market. Thus, the long- term future of the GSEs remains uncertain. Any change in the ownership of the GSEs, or in their programs or role within the mortgage market, could materially and adversely affect our business, liquidity, financial position and results of operations . **A disruption in the mortgage capital markets may affect our financial and results of operations. In addition to Fannie Mae, Freddie Mac and Ginnie Mae, we are heavily reliant on the mortgage capital markets to provide liquidity for loans we originate. If the securitization or whole loan markets are disrupted, prices of the loans we have originated and not yet sold could be adversely impacted and / or we could be forced to hold these loans on balance sheet for longer than intended. To the extent we expand our originations business into new non- Agency product offerings, these risks may increase** . An economic slowdown or a deterioration of the housing market could increase both interest expense on servicing advances and operating expenses and could cause a reduction in income from, and the value of, our servicing portfolio. During any period in which a borrower is not making payments, we are required under most of our servicing contracts to advance our own funds to meet contractual principal and interest remittance requirements for investors, pay property taxes and insurance premiums and process modifications and foreclosures. We also advance funds to maintain, repair and market real estate properties on behalf of investors. Most of our advances have the highest standing and are " top of the waterfall " so that we are entitled to repayment from respective loan or REO liquidations proceeds before most other claims on these proceeds, and in the majority of cases, advances in excess of respective loan or REO liquidation proceeds may be recovered from pool level proceeds. Consequently, the primary impacts of an increase in advances are generally increased interest expense as we finance a large portion of servicing advance obligations and a decline in the fair value of MSR as the projected funding cost of existing and future expected servicing advances is a component of the fair value of MSR. Our liquidity is also negatively impacted because we must fund the portion of our advance obligations that is not financed. Our liquidity would be more severely impacted if we were unable to continue to finance a large portion of servicing advance obligations. Higher delinquencies also decrease the fair value of MSR and increase our cost to service loans, as loans in default require more intensive effort to bring them current or manage the foreclosure process. An increase in delinquencies may delay the timing of revenue recognition because we recognize servicing fees as earned, which is generally upon collection of payments from borrowers or proceeds from REO liquidations. An increase in delinquencies also generally leads to lower balances in custodial and escrow accounts (float balances) and lower net earnings on custodial and escrow accounts (float earnings). Additionally, an increase in delinquencies in our servicing portfolio will result in lower revenue because we collect servicing fees only on performing loans. Foreclosures are involuntary prepayments resulting in a reduction in UPB. This may also result in declines in the value of our MSR. Adverse economic conditions could also negatively impact our lending businesses. For example, declining home prices and increasing loan- to- value ratios may preclude many borrowers from refinancing their existing loans or obtaining new loans. Any of the foregoing could adversely affect our business, liquidity, financial condition and results of operations. A significant increase in prepayment speeds could adversely affect our financial results. Prepayment speed is a significant driver of our business. Prepayment speed is the measurement of how quickly borrowers pay down the UPB of their loans or how quickly loans are otherwise modified involving forgiveness of principal, liquidated or charged off. Prepayment speeds have a significant impact on our servicing fee revenues, our expenses and on the valuation of our MSR as follows: • Revenue. If prepayment speeds increase, our servicing fees will decline more rapidly than anticipated because of the greater decrease in the UPB on which those fees are based. The reduction in servicing fees would be somewhat offset by increased float earnings because the faster repayment of loans will result in higher float balances that generate the float earnings. Conversely, decreases in prepayment speeds result in increased servicing fees but lead to lower float balances and float earnings. • Expenses. Faster prepayment speeds result in higher compensating interest expense, which represents the difference between the full month of interest we are required to remit in the month a loan pays off and the amount of interest we collect from the borrower for that month. Slower prepayment speeds also lead to lower compensating interest expense. • Valuation of MSR. The fair value of MSR is based on, among other things, projection of the cash flows from the related pool of mortgage loans. The expectation of prepayment speeds is a significant assumption underlying those cash flow projections from the perspective of market participants. Increases or decreases in interest rates have an impact on prepayment rates. If prepayment speeds were significantly greater than expected, the fair value of our MSR, which we carry at fair value, could decrease. When the fair value of these MSR decreases, we record a loss on fair value, which also has a negative impact

on our financial results. If we do not comply with our obligations under our servicing agreements or if others allege non-compliance, our business and results of operations may be harmed. We have contractual obligations under the servicing agreements pursuant to which we service mortgage loans. Our non-Agency servicing agreements generally contain detailed provisions regarding servicing practices, reporting and other matters. In addition, PHH is party to seller / servicer agreements and / or subject to guidelines and regulations (collectively, seller / servicer obligations) with one or more of the GSEs, HUD, FHA, VA and Ginnie Mae. These seller / servicer obligations include financial covenants that include capital requirements related to tangible net worth, as defined by the applicable agency, an obligation to provide audited consolidated financial statements within 90 days of the applicable entity's fiscal year end as well as extensive requirements regarding servicing, selling and other matters. To the extent that these requirements are not met or waived, the applicable agency may, at its option, utilize a variety of remedies including requirements to provide certain information or take actions at the direction of the applicable agency, requirements to deposit funds as security for our obligations, sanctions, suspension or even termination of approved seller / servicer status, which would prohibit future originations or securitizations of forward or reverse mortgage loans or servicing for the applicable agency. Many of our servicing agreements require adherence to general servicing standards, and certain contractual provisions delegate judgment over various servicing matters to us. Our servicing practices, and the judgments that we make in our servicing of loans, could be questioned by parties to these agreements, such as GSEs, Ginnie Mae, trustees or master servicers, or by investors in the trusts which own the mortgage loans or other third parties. As a result, we could be required to repurchase mortgage loans, make whole or otherwise indemnify such mortgage loan investors or other parties. Advances that we have made could be unrecoverable. We could also be terminated as servicer or become subject to litigation or other claims seeking damages or other remedies arising from alleged breaches of our servicing agreements. For example, we are currently involved in a dispute with a former subservicing client relating to alleged violations of our contractual agreements. We are unable to predict the outcome of this dispute or the size of any loss we might incur. In addition, several trustees are currently defending themselves against claims by RMBS investors that the trustees failed to properly oversee mortgage servicers-including **Oewen-Onity**- in the servicing of hundreds of trusts. Trustees subject to those suits have informed **Oewen-Onity** that they may seek indemnification for losses they suffer as a result of the filings. Any of the foregoing could have a significant negative impact on our business, financial condition and results of operations. Even if allegations against us lack merit, we may have to spend additional resources and devote additional management time to contesting such allegations, which would reduce the resources available to address, and the time management is able to devote to, other matters. GSEs or Ginnie Mae may curtail or terminate our ability to sell, service or securitize newly originated loans to them. As noted in the prior risk factor, if we do not comply with our seller / servicer obligations, the GSEs or Ginnie Mae may utilize a variety of remedies against us. Such remedies include curtailment of our ability to sell newly originated loans or even termination of our ability to sell, service or securitize such loans altogether. Any such curtailment or termination would likely have a material adverse impact on our business, liquidity, financial condition and results of operations. A significant reduction in, or the total loss of, our remaining Rithm-related servicing would significantly impact our business, liquidity, financial condition and results of operations. Rithm is one of our largest servicing clients, accounting for **16-14%** of the UPB and **27-24%** of the loan count in our servicing and subservicing portfolio as of December 31, **2023-2024**. ~~On February 20, 2020, we received a notice of termination from Rithm with respect to the legacy PHH subservicing agreement.~~ It is possible that Rithm could exercise its rights to terminate for convenience or opt not to renew some or all of our servicing agreements. **See Note 8 — Other Financing Liabilities, at Fair Value for information regarding renewal of our agreements with Rithm.** In addition, any failure ~~under by us to comply with~~ a financial covenant could result in Rithm terminating **Oewen-Onity** as subservicer under the subservicing agreements or in directing the transfer of servicing away from **Oewen-Onity** under the Rights to MSR agreements. Similarly, failure by **Oewen-Onity** to meet operational requirements, including service levels, critical reporting and other obligations, could also result in termination or transfer for cause. In addition, if there is a change of control to which Rithm did not consent, Rithm could terminate for cause and direct the transfer of servicing away from **Oewen-Onity**. A termination for cause and transfer of servicing could materially and adversely affect **Oewen-Onity**'s business, liquidity, financial condition and results of operations. Further, under our Rights to MSR agreements, in certain circumstances, Rithm has the right to sell its Rights to MSR to a third-party and require us to transfer title to the related MSR, subject to an **Oewen-Onity** option to acquire at a price based on the winning third-party bid rather than selling to the third party. If Rithm sells its Rights to MSR to a third party, the transaction can only be completed if the third-party buyer can obtain the necessary third-party consents to transfer the MSR. Rithm also has the obligation to use reasonable efforts to encourage such third-party buyer to enter into a subservicing agreement with **Oewen-Onity**. **Oewen-Onity** may lose future compensation for subservicing, however, if no subservicing agreement is ultimately entered into with the third-party buyer. Because of the large percentage of our servicing business that is represented by the agreements with Rithm, if Rithm exercised all or a significant portion of its rights to decline to continue doing business with us we anticipate that we would need to restructure many aspects of our servicing business as well as the related corporate support functions to address our smaller servicing portfolio **and we may need to adjust our daily liquidity management due to the reduction of servicing float balances associated with the Rithm agreements**. If Rithm were to fail to comply with its servicing advance obligations under its agreements with us, it could materially and adversely affect us. Under the Rights to MSR agreements, Rithm is responsible for financing all servicing advance obligations in connection with the loans underlying the MSR. At December 31, **2023-2024**, such servicing advances made by Rithm were approximately \$ **450-408.8-5** million. However, under the Rights to MSR structure, we are contractually required under our servicing agreements with the RMBS trusts to make the relevant servicing advances even if Rithm does not perform its contractual obligations to fund those advances. Therefore, if Rithm were unable to meet its advance financing obligations, we would remain obligated to meet any future advance financing obligations with respect to the loans underlying these Rights to MSR, which could materially and adversely affect our liquidity, financial condition, results of operations and servicing operations. Rithm currently uses advance

financing facilities to fund a substantial portion of the servicing advances that Rithm is contractually obligated to make pursuant to the Rights to MSR agreements. Although we are not an obligor or guarantor under Rithm's advance financing facilities, we are a party to certain of the facility documents as the entity performing the work of servicing the underlying loans on which advances are being financed. As such, we make certain representations, warranties and covenants, including representations and warranties in connection with our sale of advances to Rithm. If we were to make representations or warranties that were untrue or if we were otherwise to fail to comply with our contractual obligations, we could become subject to claims for damages or events of default under such facilities could be asserted. If MAV ~~were~~ **exercises its rights** to sell its MSR ~~MSRs~~ **subserviced by PHH and we are unable to either continue as subservicer of the sold MSRs or replenish our subservicing** portfolio after May 3, 2024 **to replace the sold MSRs**, it could result in our loss of subservicing income and could significantly impact our business, liquidity, financial condition and results of operations. MAV is one of our largest subservicing clients, accounting for ~~19-14~~ **14** % of the UPB and ~~15-11~~ **11** % of the loan count in our servicing and subservicing portfolio as of December 31, 2023. ~~The~~ **Upon the sale of our 15 % interest in MAV Canopy in November 2024, PHH and MAV amended the** Subservicing Agreement ~~with~~ **to provide that PHH will have the right to be the exclusive subservicer for an initial term of five years (subject to certain extensions) of all MSRs that MAV provides exclusivity rights to currently owns, for all future MSRs that MAV acquires from PHH, as subservicer and will continue until terminated by mutual agreement of the parties or for cause the majority of MAV's MSR portfolio overall**, as defined. ~~However~~ **In addition**, the parties agreed to a **six-month lockout during which MAV shall not sell or otherwise transfer any MSRs owned by MAV at the MAV Canopy sale date without the prior consent of PHH. Following this initial six-month period, the lockout restriction is subject to reduction in 25 % increments through September 30, 2027. MAV may freely sell or transfer any MSRs thereafter.** ~~Under~~ the terms of our Subservicing Agreement, our subservicing rights terminate as to MSRs sold by MAV to any unaffiliated third party. ~~Prior to May 3, 2024, MAV may sell MSRs, in one or more sales, constituting up to 20 % of MAV's total assets without our consent. During 2023 and 2022, MAV has exercised these rights to sell MSRs with a book value (at the time of sale) of approximately \$ 80 million and \$ 120 million, respectively, or approximately 12 % and 20 % of the portfolio. After May 3, 2024, MAV may sell the entire servicing portfolio or any portion thereof without our consent (although we have a right of first offer with respect to the full or partial sale of the MAV entity itself).~~ If MAV chooses to exercise these sale rights, and we are unable to reach an agreement with the purchaser (s) of the MSRs to continue as subservicer, we will lose the corresponding subservicing income. Further, if the MSRs sold by MAV include MSRs previously sold by PHH, we may recognize additional losses on the associated MSR and Pledged MSR liability reported at fair value on our consolidated balance sheets (see Note 12 — Investment in Equity Method Investee and Related Party Transactions). In addition, MAV has the right to terminate the Subservicing Agreement entirely in the event of certain events of default, including failure by **Oewen Onity** to meet financial or operational requirements, including service levels. MAV may also terminate the Subservicing Agreement in the event of a change of control of **Oewen Onity** or PHH. Termination of some or all of our subservicing rights due to sales by MAV or termination of the entire Subservicing Agreement for cause could result in the loss of a significant portion of **Oewen Onity**'s total subservicing portfolio and materially and adversely affect **Oewen Onity**'s business, liquidity, financial condition and results of operations. Technology or process failures or employee misconduct could damage our business operations or reputation, harm our relationships with key stakeholders and lead to regulatory sanctions or penalties. We are responsible for developing and maintaining sophisticated operational systems and infrastructure, which is challenging. As a result, operational risk is inherent in virtually all of our activities. In addition, the CFPB and other regulators have emphasized their focus on the importance of servicers' and lenders' systems and infrastructure operating effectively. If our systems and infrastructure fail to operate effectively, such failures could damage our business and reputation, harm our relationships with key stakeholders and lead to regulatory sanctions or penalties. Our business is substantially dependent on our ability to process and monitor a large number of transactions, many of which are complex, across various parts of our business. These transactions often must adhere to the terms of a complex set of legal and regulatory standards, as well as the terms of our servicing and other agreements. In addition, given the volume of transactions that we process and monitor, certain errors may be repeated or compounded before they are discovered and rectified. For example, because we send over ~~2 million~~ **millions of** communications in an average month, a process problem such as erroneous letter dating has the potential to negatively affect many parts of our business and have widespread negative implications. We are similarly dependent on our employees. We could be materially adversely affected if an employee or employees, acting alone or in concert with non-affiliated third parties, causes a significant operational break-down or failure, either because of human error or where an individual purposefully sabotages or fraudulently manipulates our operations or systems, including by means of cyberattack, **such as unauthorized data exfiltration or manipulation denial-of-service attack**. In addition to direct losses from such actions, we could be subject to regulatory sanctions or suffer harm to our reputation, financial condition, customer relationships, and ability to attract future customers or employees. Employee misconduct could prompt regulators to allege or to determine based upon such misconduct that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. It is not always possible to deter employee misconduct, and the precautions we take **that are designed** to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business. Third parties with which we do business could also be sources of operational risk to us, including risks relating to break-downs or failures of such parties' own systems or employees. Any of these occurrences could diminish our ability to operate one or more of our businesses or lead to potential liability to clients, reputational damage or regulatory intervention. We could also be required to take legal action against or replace third-party vendors, which could be costly, involve a diversion of management time and energy and lead to operational disruptions. Any of these occurrences could materially adversely affect us. We are dependent on Black Knight and other vendors, service provider and other contractual counterparties for much of our technology, business

process outsourcing and other services. Our vendor relationships subject us to a variety of risks. We have significant exposure to third-party risks, as we are dependent on vendors, including Black Knight, Altisource and other vendors for a number of key services to operate our business effectively and in compliance with applicable regulatory and contractual obligations, and on banks and other financing sources to finance our business. We use the Black Knight MSP servicing system pursuant to a seven-year agreement with Black Knight expiring in 2026, and we are highly dependent on the successful functioning of it to operate our loan servicing business effectively and in compliance with our regulatory and contractual obligations. It would be difficult, costly and complex to transfer all of our loans to another servicing system in the event Black Knight failed to perform under its agreements with us and any such transfer would take considerable time. Any such transfer would also likely be subject to considerable scrutiny from regulators, GSEs, Ginnie Mae and other counterparties. If Black Knight were to fail to properly fulfill its contractual obligations to us, including through a failure to provide services at the required level to maintain and support our systems, our business and operations would suffer. In addition, if Black Knight fails to develop and maintain its technology so as to provide us with an effective and competitive servicing system, our business could suffer. Similarly, we are reliant on other vendors for the proper maintenance and support of our technological systems and our business and operations would suffer if these vendors do not perform as required. If our vendors do not adequately maintain and support our systems, including our servicing systems, loan originations and financial reporting systems, our business and operations could be materially and adversely affected. Altisource and other vendors supply us with other services in connection with our business activities such as property preservation and inspection services and valuation 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 clients, borrowers or regulators, among others. In addition, if our current vendors were to stop providing services to us on acceptable terms, we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms, or at all. Further, 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. In addition to our reliance on the vendors discussed above, our business is reliant on a number of **technological technology** vendors that provide services such as integrated cloud applications and financial institutions that provide essential banking services on a daily basis. Even short-term interruptions in the services provided by these vendors and financial institutions could be disruptive to our business and cause us financial loss. Significant or prolonged disruptions in the ability of these companies to provide services to us could have a material adverse impact on our operations. Certain provisions of the agreements underlying our relationships with our vendors, service providers, financing sources and other contractual counterparties could be open to subjective interpretation. Disagreements with these counterparties, including disagreements over contract interpretation, could lead to business disruptions or could result in litigation or arbitration or mediation proceedings, any of which could be expensive and divert senior management's attention from other matters. While we have been able to resolve disagreements with these counterparties in the past, if we were unable to resolve a disagreement, a court, arbitrator or mediator might be required to resolve the matter and there can be no assurance that the outcome of a material disagreement with a contractual counterparty would not materially and adversely affect our business, financing activities, financial condition or results of operations. We have undergone and continue to undergo significant change to our technology infrastructure and business processes. Failure to adequately update our systems and processes could harm our ability to run our business and adversely affect our results of operations. We are currently making, and will continue to make, technology investments and process improvements to improve or replace the information processes and systems that are key to managing our business, to improve our compliance management system, and to reduce costs. Additionally, as part of the transition to Black Knight MSP and the integration of our information processes and systems with PHH Corporation, we have undergone and continue to undergo significant changes to our technology infrastructure and business processes. Failure to select the appropriate technology investments, or to implement them correctly and efficiently, could have a significant negative impact on our operations. **Furthermore, rapid technological advancements that could make existing products or services obsolete could negatively impact on our operations. We and the third parties with whom we work** are subject to stringent and evolving U.S. laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our **(or the third parties with whom we work)** actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences. In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions, and financial information (collectively, sensitive data). Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security. In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). Additionally, certain sector-specific regulations, including regarding the financial industry, may require additional privacy and security-related obligations. For example, the Gramm-Leach-Bliley Act, as amended, imposes specific requirements relating to the privacy and security of certain "nonpublic personal information" processed by covered financial institutions. In the past few years, numerous U.S. states — including California, Virginia, Colorado, Connecticut, and Utah — have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and

automated decision- making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive **information data**, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018, ~~as amended by the California Privacy Rights Act of 2020~~ (CPRA) (collectively, CCPA), applies to personal data of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for fines of up to \$ 7, 500 per **including increased fines for** intentional ~~violation~~ **violations**, and allows private litigants affected by certain data breaches to recover significant statutory damages. Similar laws are being considered in several other states, as well as at the federal and local levels, and we expect more states to pass similar laws in the future. These developments ~~may~~ **may** further complicate compliance efforts and increase legal risk and compliance costs for us and the third parties ~~upon with whom we rely work~~. **Our employees and personnel use generative artificial intelligence (“ AI ”) technologies to perform their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages.** In addition to data privacy and security laws, we are bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We publish privacy policies, marketing materials, and other statements, such as **statements related to** compliance with certain certifications or self- regulatory principles, ~~regarding~~ **concerning** data privacy and security. **If Regulators are increasingly scrutinizing these statements, and if** these policies, materials, or statements are found to be deficient, lacking in transparency, deceptive, unfair, **misleading**, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences. Obligations related to data privacy and security (and consumers’ data privacy expectations) are quickly changing, becoming increasingly stringent, and creating uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources and **has in the past and may in the future** necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties ~~on~~ **with** whom we ~~work~~ **rely on** may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e. g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class- action claims) and mass arbitration demands; additional reporting requirements and / or oversight; bans on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing privacy- related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations. Cybersecurity risks and the failure to maintain the security, confidentiality, integrity, and availability of our information technology systems or data, and those maintained on our behalf, could result in a material adverse impact to our business, including without limitation regulatory investigations or actions, a material interruption to our ability to provide services to our customers, damage to our reputation and / or subject us to costs, fines and penalties or lawsuits and otherwise adversely affect our operations. In the ordinary course of our business, we and the third parties ~~upon which~~ **with whom** we ~~rely work~~ process sensitive data, and, as a result, we and the third parties ~~upon which~~ **with whom** we ~~rely work~~ face a variety of evolving threats that could cause security incidents. Cyber- attacks, malicious internet- based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive data and information technology systems, and those of the third parties ~~upon which~~ **with whom** we ~~rely work~~. We have programs in place designed to detect and respond to security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. While none of the cybersecurity incidents that we have experienced to date have had a material adverse impact on our business, financial condition or operations, ~~a recent cybersecurity incident~~ **incidents** involving ~~one of our vendors~~ **and other contractual counterparties** briefly impacted our operations, and we cannot assure that future **third- party** incidents will not materially and adversely impact us. Security breaches, ~~computer~~ **malicious code (such as** viruses **and worms)**, phishing attacks, ~~worms~~, cyberattacks, ransomware **attacks**, hacking, social- engineering attacks (including through deep fakes, which ~~are~~ **may be** increasingly more difficult to identify as fake, and phishing attacks), malware (including as a result of advanced persistent threat intrusions), denial- of- service attacks, credential stuffing, credential harvesting, personnel misconduct or error, supply- chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, attacks enhanced or facilitated by AI, telecommunications failures, earthquakes, fires, floods, and other similar threats could result in a compromise or breach of the technology that we or our vendors use to protect our sensitive data and other information that we must keep secure. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive

data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Remote work ~~has become more common and~~ has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and / or software, including that of third parties ~~upon which~~ **with whom** we ~~rely~~ **work**). We may not, however, detect and remediate all such vulnerabilities including on a timely basis. Unremediated high risk or critical vulnerabilities pose material risks to our business and we may experience delays in deploying remedial measures and patches designed to address identified vulnerabilities. Furthermore, our financial, accounting, data processing or other operating systems and facilities (or those of our vendors) may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a cyberattack, a spike in transaction volume or unforeseen catastrophic events, potentially resulting in data loss and adversely affecting our ability to process transactions or otherwise operate our business. If one or more of these events occurs, this could potentially jeopardize data integrity or confidentiality of information processed and stored in, or transmitted through, our computer systems and networks. Any failure, interruption or breach ~~in of our cyber security~~ **computer systems and networks** could result in reputational harm, disruption of our customer relationships, or an inability to originate and service loans and otherwise operate our business. **Applicable data privacy and security obligations may require us, or we may voluntarily choose, to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents (including those impacting our vendors), or to take other actions, such as providing credit monitoring and identity theft protection services, and we have done so in the past. Such disclosures and related actions can be costly, and the disclosure or the failure to comply with such applicable requirements could lead to adverse consequences.** Further, if we (or a third party ~~upon with~~ **whom** we ~~rely~~ **work**) experience a security incident or are perceived to have experienced a security incident, we could experience **material** adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and / or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may prevent or cause customers to stop using our services, deter new customers from using our services, and negatively impact our ability to grow and operate our business. Regulators may impose penalties or require remedial action if they identify weaknesses in our systems, and we may be required to incur significant costs to address any identified deficiencies or to remediate any harm caused. A number of states have specific reporting and other requirements with respect to cybersecurity in addition to applicable federal laws. For instance, the NY DFS Cybersecurity Regulation requires New York insurance companies, banks, and other regulated financial services institutions- including certain ~~Oewen-Onity~~ entities licensed in the state of New York- to assess their cybersecurity risk profile. Regulated entities are required, among other things, to adopt the core requirements of a cybersecurity program, including a cybersecurity policy, effective access privileges, cybersecurity risk assessments, training and monitoring for all authorized users, and appropriate governance processes. This regulation also requires regulated entities to submit notices to the NY DFS of any security breaches or other cybersecurity events, and to certify their compliance with the regulation on an annual basis. In addition, consumers generally are concerned with security breaches and privacy on the Internet, and Congress or individual states could enact new laws regulating the use of technology in our business that could adversely affect us or result in significant compliance costs. As part of our business, we may share sensitive data with customers, vendors, service providers, and business partners. Our ability to monitor these third parties' information security practices is limited and the information systems of these third parties may be vulnerable to security breaches as these third parties may not have appropriate security controls in place to protect the sensitive data we share with them. If our sensitive data is intercepted, stolen, misused, or mishandled while in possession of a third party, it could result in reputational harm to us, loss of customer business, and additional regulatory scrutiny, and it could expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our results of operations, financial condition and liquidity. While we may be entitled to damages if our third- party vendors and / or service providers fail to satisfy their privacy or security- related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. **Our insurance coverage may not be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, such coverage may not continue to be available on commercially reasonable terms or at all, and such coverage may not pay future claims.** Damage to our reputation could adversely impact our financial results and ongoing operations. Our ability to serve and retain customers and conduct business transactions with our counterparties could be adversely affected to the extent our reputation is damaged. Our failure to address, or to appear to fail to address, the various regulatory, operational and other challenges facing ~~Oewen-Onity~~ could give rise to reputational risk that could cause harm to us and our business prospects. Reputational issues may arise from the following, among other factors: • negative news about ~~Oewen-Onity~~ or the mortgage industry generally; • allegations of non- compliance with legal and regulatory requirements; • ethical issues, including alleged deceptive or unfair servicing or lending practices; • our practices relating to collections, foreclosures, property preservation, modifications, interest rate adjustments, loans impacted by natural disasters, escrow and insurance; • consumer privacy concerns; • consumer financial fraud; • data security issues related to our customers or employees; • cybersecurity issues and

cyber incidents, whether actual, threatened, or perceived; • customer service or consumer complaints; • legal, reputational, credit, liquidity and market risks inherent in our businesses; • a downgrade of or negative watch warning on any of our servicer or credit ratings; and • alleged or perceived conflicts of interest. The proliferation of social media websites as well as the personal use of social media by our employees and others, including personal blogs and social network profiles, also may increase the risk that negative, inappropriate or unauthorized information may be posted or released publicly that could harm our reputation or have other negative consequences, including as a result of our employees interacting with our customers in an unauthorized manner in various social media outlets. The failure to address, or the perception that we have failed to address, any of these issues appropriately could give rise to increased regulatory action, which could adversely affect our results of operations. The industry in which we operate is highly competitive, and, to the extent we fail to meet these competitive challenges, it would have a material adverse effect on our business, financial position, results of operations or cash flows. We operate in a highly competitive industry that could become even more competitive as a result of economic, legislative, regulatory or technological changes. Competition to service mortgage loans and for mortgage loan originations comes primarily from commercial banks and savings institutions and non-bank lenders and mortgage servicers. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources, and lower funding costs. Further, our competitors that are national banks may also benefit from a federal exemption from certain state regulatory requirements that is applicable to depository institutions. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of revenue generating options (e.g., originating types of loans that we choose not to originate) and establish more favorable relationships than we can. With the proliferation of smartphones and technological changes enabling improved payment systems and cheaper data storage, newer market participants, often called “disruptors,” are reinventing aspects of the financial industry and capturing profit pools previously enjoyed by existing market participants. As a result, the lending industry could become even more competitive if new market participants are successful in capturing market share from existing market participants such as ourselves. Competition to service mortgage loans may result in lower margins. Because of the relatively limited number of servicing clients, our failure to meet the expectations of any significant client could materially impact our business. **Owen Onity** has suffered reputational damage as a result of our regulatory settlements and the associated scrutiny of our business. We believe this may have weakened our competitive position against both our bank and non-bank mortgage servicing competitors. These competitive pressures could have a material adverse effect on our business, financial condition or results of operations. The unexpected departure of key executives or an inability to attract and retain qualified personnel could harm our business, financial condition and results of operations. We are highly dependent on an experienced leadership team, including our Chair, President and Chief Executive Officer, Glen A. Messina. We do not maintain key man life insurance relating to Mr. Messina or any other executive officer. The unexpected loss of the services of Mr. Messina or any of our other senior officers could have a material adverse effect on us. More generally, our future success depends, in part, on our ability to identify, attract and retain highly skilled servicing, lending, finance, risk, compliance and technical personnel. We face intense competition for qualified individuals from numerous financial services and other companies, some of which have greater resources, better recent financial performance, fewer regulatory challenges and better reputations than we do. If we are unable to attract and retain the personnel necessary to conduct our originations business, or other operations, or if the costs of doing so rise significantly, it could negatively impact our financial condition and results of operations. The human capital components of our ongoing cost-reduction efforts could disrupt operations, impair productivity and reduce morale, which could have a material adverse effect on our operations, business and financial performance. As part of our ongoing initiatives to reduce operating costs, we **have significantly** reduced both our U.S.-based and **offshore APAC** staffing levels **in compared to December 31, 2022 2023 and 2024**. While we believe these planned departures are necessary in order to simplify our operations and drive stronger financial performance, internal reorganizations and personnel turnover add uncertainty to our operations in the short-term and divert management and employee attention from our other initiatives. In addition, the reduction in our workforce may negatively impact employee morale. It is possible that critical employees may seek other employment, and if we have misjudged the number or allocation of positions needed to run our operations efficiently, critical functions could be understaffed. Finally, our workforce reductions, management changes and internal reorganization could potentially invite increased regulatory inquiries. Any of the above risks, or a combination of these risks, could impair our ability to realize intended productivity increases and cost savings and result in a material adverse effect on our business and operating results. We have operations in India and the Philippines that could be adversely affected by changes in the political or economic stability of these countries or by government policies in India, the Philippines or the U.S. Approximately **3-2,000 900**, or 67%, of our employees as of December 31, **2023-2024** are located in India. A significant change in India’s economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular. The political or regulatory climate in the U.S. or elsewhere also could change so that it would not be lawful or practical for us to use international operations in the manner in which we currently use them. For example, changes in regulatory requirements could require us to curtail our use of lower-cost operations in India to service our businesses. If we had to curtail or cease our operations in India and transfer some or all of these operations to another geographic area, we could incur significant transition costs as well as higher future overhead costs that could materially and adversely affect our results of operations. We may need to increase the levels of our employee compensation more rapidly than in the past to retain talent in India. Unless we can continue to enhance the efficiency and productivity of our employees, wage increases in the long-term may negatively impact our financial performance. Political activity or other changes in political or economic stability in India and the Philippines could affect our ability to operate our business effectively. In 2023, for instance, our Philippines operations were briefly impacted by a series of transportation strikes. While we have implemented and maintain business continuity plans to reduce the disruption such events cause to our critical operations, we cannot guarantee that such plans will eliminate any negative impact on our business. Depending on the frequency and intensity of future occurrences of instability, our India or

Philippines operations could be significantly adversely affected. There are a number of foreign laws and regulations that are applicable to our operations in India and the Philippines, including laws and regulations that govern licensing, employment, **privacy and data security**, safety, taxes and insurance and laws and regulations that govern the creation, continuation and winding up of companies as well as the relationships between shareholders, our corporate entities, the public and the government in these countries. Non-compliance with the laws and regulations of India or the Philippines could result in (i) restrictions on our operations in these countries, (ii) fines, penalties or sanctions or (iii) reputational damage. Our operations are vulnerable to disruptions resulting from severe weather events. Our operations are vulnerable to disruptions resulting from severe weather events, including our operations in India, the Philippines, the USVI and Florida. Approximately 3, ~~400~~ **300**, or 76 %, of our employees as of December 31, ~~2023~~ **2024** are located in India or the Philippines. In recent years, severe weather events caused disruptions to our operations in India, the Philippines, and the USVI and we incurred expense resulting from the evacuation of personnel and from property damage. In addition, employees located in Pennsylvania, New Jersey and Texas have been impacted by severe weather events in recent years, including as a result of power failures due to such events which temporarily prevented some remote employees from working. While we have implemented and maintain business continuity plans to reduce the disruption such events cause to our critical operations, we cannot guarantee that such plans will eliminate any negative impact on our business, including the cost of evacuation and repairs. As the frequency of severe weather events continues to increase in connection with rising global temperatures and other climatic changes, interruptions to our business operations may become more frequent and costly, and future weather events could have a significant adverse effect on our business and results of operations. If a rise in severe weather events increases the proportion of borrowers facing financial hardship, our servicing operations and financial condition could be negatively impacted. Certain regions of the U. S. have experienced an increase in the frequency and severity of significant weather events during the last decade, resulting in costly property repairs and rising homeowner' s insurance costs. To the extent borrowers living in impacted areas experience a financial hardship and become unable to meet their mortgage obligations or choose to abandon severely damaged property, our servicing operations will become more costly due to the increased expense of servicing delinquent mortgages and managing REO property. While we have programs in place to assist homeowners negatively impacted by weather events and other emergencies, we cannot guarantee that these programs would mitigate impacts to all borrowers. Consequently, if the frequency and severity of weather events continues to increase and the regions subject to extreme weather continue to expand, the results of our servicing operations and financial condition could be significantly impacted. A significant portion of our business is in the states of California, Texas, Florida, New ~~Jersey and New~~ **Jersey and New** York ~~and New Jersey~~, and our business may be significantly harmed by a slowdown in the economy or the occurrence of a natural disaster in those states. A significant portion of the mortgage loans that we service and originate are secured by properties in California, Texas, Florida, New ~~Jersey and New~~ **Jersey and New** York ~~and New Jersey~~. Any adverse economic conditions in these markets, including a downturn in real estate values, could increase loan delinquencies. Delinquent loans are more costly to service and require us to advance delinquent principal and interest and to make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent that we determine that such amounts are recoverable. We could also be adversely affected by business disruptions triggered by **incidents impacting specific geographic areas such as acts of terrorism or natural disasters, including the recent California wildfires, with respect to which we have not fully completed our acts analysis but do not presently expect to have a material impact on or our business** ~~war or terrorism in these geographic areas~~. Reinsuring risk through our captive reinsurance entity could adversely impact our results of operation and financial condition. If our captive reinsurance entity incurs losses from a severe catastrophe or series of catastrophes, particularly in areas where a significant portion of the insured properties are located, claims that result could substantially exceed our expectations, which could adversely impact our results of operation and financial condition. An increase in the frequency with which severe weather events occur in the U. S. would increase the risk of adverse impacts on our captive reinsurance business. Pursuit of business or asset acquisitions exposes us to financial, execution and operational risks that could adversely affect us. We are actively looking for opportunities to grow our business through acquisitions of businesses and assets. The performance of the businesses and assets we acquire through acquisitions may not match the historical performance of our other assets. Nor can we assure you that the businesses and assets we may acquire will perform at levels meeting our expectations. We may find that we overpaid for the acquired businesses or assets or that the economic conditions underlying our acquisition decision have changed. It may also take several quarters or longer for us to fully integrate newly acquired ~~business~~ **businesses** and assets into our business, during which period our results of operations and financial condition may be negatively affected. Further, certain one- time expenses associated with such acquisitions may have a negative impact on our results of operations and financial condition. We cannot assure you that acquisitions will not adversely affect our liquidity, results of operations and financial condition. The risks associated with acquisitions include, among others: • unanticipated issues in integrating servicing, information, communications and other systems; • unanticipated incompatibility in servicing, lending, purchasing, logistics, marketing and administration methods; • unanticipated liabilities assumed from the acquired business; • not retaining key employees; and • the diversion of management' s attention from ongoing business concerns. The acquisition integration process can be complicated and time consuming and could potentially be disruptive to borrowers of loans serviced by the acquired business. If the integration process is not conducted successfully and with minimal effect on the acquired business and its borrowers, we may not realize the anticipated economic benefits of particular acquisitions within our expected timeframe, or we could lose subservicing business or employees of the acquired business. In addition, integrating operations may involve significant reductions in headcount or the closure of facilities, which may be disruptive to operations and impair employee morale. Through acquisitions, we may enter into business lines in which we have not previously operated. Such acquisitions could require additional integration costs and efforts, including significant time from senior management. We may not be able to achieve the synergies we anticipate from acquired businesses, and we may not be able to grow acquired businesses in the manner we anticipate. In fact, the businesses we

acquire could decrease in size, even if the integration process is successful. Further, prices at which acquisitions can be made fluctuate with market conditions. We have experienced times during which acquisitions could not be made in specific markets at prices that we considered to be acceptable, and we expect that we will experience this condition in the future. In addition, to finance an acquisition, we may borrow funds, thereby increasing our leverage and diminishing our liquidity, or we could raise additional equity capital, which could dilute the interests of our existing shareholders. The timing of closing of our acquisitions is often uncertain. We have in the past and may in the future experience delays in closing our acquisitions, or certain aspects of them. For example, we and the applicable seller are often required to obtain certain regulatory and contractual consents as a prerequisite to closing, such as the consents of GSEs, the FHFA, RMBS trustees or regulators. Accordingly, even if we and the applicable seller are efficient and proactive, the actions of third parties can impact the timing under which such consents are obtained. We and the applicable seller may not be able to obtain all the required consents, which may mean that we are unable to acquire all the assets that we wish to acquire. Regulators may have questions relating to aspects of our acquisitions and we may be required to devote time and resources responding to those questions. It is also possible that we will expend considerable resources in the pursuit of an acquisition that, ultimately, either does not close or is terminated. Loan put-backs and related liabilities for breaches of representations and warranties regarding sold loans could adversely affect our business. We have exposure to representation, warranty and indemnification obligations relating to our Originations business, including lending, loan sales and securitization activities, and in certain instances, we have assumed these obligations on loans we service. Our contracts with purchasers of originated loans generally contain provisions that require indemnification or repurchase of the related loans under certain circumstances. While the language in the purchase contracts varies, such contracts generally contain provisions that require us to indemnify purchasers of loans or repurchase such loans if: • representations and warranties concerning loan quality, contents of the loan file or loan underwriting circumstances are inaccurate; • adequate mortgage insurance is not secured within a certain period after closing; • a mortgage insurance provider denies coverage; or • there is a failure to comply, at the individual loan level or otherwise, with regulatory requirements. We believe that many purchasers of residential mortgage loans are particularly aware of the conditions under which originators must indemnify or repurchase loans and under which such purchasers would benefit from enforcing any indemnification rights and repurchase remedies they may have. ~~At December 31, 2023, we had outstanding representation and warranty repurchase demands related to 71 loans of \$ 20.7 million total UPB.~~ If home values decrease, our realized loan losses from loan repurchases and indemnifications may increase as well. As a result, our liability for repurchases may increase beyond our current expectations. Depending on the magnitude of any such increase, our business, financial condition and results of operations could be adversely affected. We originate and securitize FHA- insured HECM reverse mortgages, which subjects us to risks that could have a material adverse effect on our business, reputation, liquidity, financial condition and results of operations. We originate, securitize and service FHA- insured HECM mortgages. The reverse mortgage business is subject to substantial risks, including market, credit, interest rate, liquidity, operational, reputational and legal risks. Generally, a HECM reverse mortgage is a government- insured loan available to seniors aged 62 or older that allows homeowners to borrow money against the value of their home. No repayment of the mortgage is required until a default event under the terms of the mortgage occurs **such as the borrower fails to pay real estate taxes or maintain proper insurance**, the borrower dies, the borrower moves out of the home, or the home is sold. ~~A decline in the demand for HECM reverse mortgages may reduce the number of HECM reverse mortgages we originate and adversely affect our ability to sell HECM reverse mortgages in the secondary market.~~ Although foreclosures **Foreclosures** involving HECM reverse mortgages generally occur ~~less~~ **more** frequently than forward mortgages, **HUD HECM reverse mortgage program requires foreclosure upon death of the borrower. Borrower's heirs have very limited loss mitigation options under the HECM program, either payoff the debt at a discount (95 % of UPB) or go through probate, a costly, time- consuming process, in order to sell the property or complete a deed in lieu of foreclosure. In addition, uncured** loan defaults on HECM reverse mortgages ~~leading can lead to foreclosures may occur~~ if borrowers fail to occupy the home as their primary residence, maintain their property or fail to pay taxes or home insurance premiums. A general increase in foreclosure rates may adversely impact how HECM reverse mortgages are perceived by potential customers and thus reduce demand for HECM reverse mortgages. **A decline in the demand for HECM reverse mortgages may reduce the number of HECM reverse mortgages we originate and adversely affect our ability to sell HECM reverse mortgages in the secondary market.** Additionally, we could become subject to negative headline risk in the event that loan defaults on HECM reverse mortgages lead to foreclosures or evictions of the elderly. The HUD HECM reverse mortgage program has in the past responded to scrutiny around similar issues by implementing rule changes, and may do so in the future. It is not possible to predict whether any such rule changes would negatively impact us. All of the above factors could have a material adverse effect on our business, reputation, liquidity, financial condition and results of operations. Our HMBS repurchase obligations may reduce our liquidity, and if we are unable to comply with such obligations, it could materially adversely affect our business, financial condition, and results of operations. As an HMBS issuer, we assume the obligation to purchase loans out of the Ginnie Mae securitization pools once the outstanding principal balance of the related HECM is equal to or greater than 98 % of the maximum claim amount (MCA repurchases). Active repurchased loans are assigned to HUD and payment is typically received within ~~75~~ **60** days of repurchase. HUD reimburses us for the outstanding principal balance on the loan up to the maximum claim amount. We bear the risk of exposure if the amount of the outstanding principal balance on a loan exceeds the maximum claim amount. Inactive repurchased loans (the borrower is deceased, no longer occupies the property or is delinquent on tax and insurance payments) are generally liquidated through foreclosure and subsequent sale of REO, with a claim filed with HUD for recoverable remaining principal and advance balances. The recovery timeline for inactive repurchased loans depends on various factors, including foreclosure status at the time of repurchase, state- level foreclosure timelines, and the post- foreclosure REO liquidation timeline. The timing and amount of our obligations with respect to MCA repurchases are uncertain as repurchase is dependent largely on circumstances outside of our control. MCA repurchases are expected to continue to increase due to the

seasoning of our portfolio, **the acquisition of more seasoned portfolios**, and the increased flow of HECMs and REO that are reaching 98 % of their maximum claim amount. If we do not have sufficient liquidity or borrowing capacity to comply with our Ginnie Mae repurchase obligations, Ginnie Mae could take adverse action against us, including terminating us as an approved HMBS issuer. In addition, if we are required to purchase a significant number of loans with respect to which the outstanding principal balances exceed HUD's maximum claim amount, we could be required to absorb significant losses on such loans following assignment to HUD. **In or, in the case of inactive loans, active loans whereby we strategically opted to not assign the loans to HUD, and active loans with collateral defects preventing assignment, we could be required to absorb significant losses on such loans following** liquidation and subsequent claim for HUD reimbursement. Further, during the periods in which HUD reimbursement is pending, our available borrowing or liquidity will be reduced by the repurchase amounts and we will have reduced resources with which to further other business objectives. For all of the foregoing reasons, our liquidity, business, financial condition, and results of operations could be materially and adversely impacted by our HMBS repurchase obligations. Liabilities relating to our past sales of Agency MSRs could adversely affect our business. We have made representations, warranties and covenants relating to our past sales of Agency MSRs, including sales made by PHH Corporation before we acquired it. To the extent that we (including PHH Corporation prior to its acquisition by us) made inaccurate representations or warranties or if we fail otherwise to comply with our sale agreements, we could incur liability to the purchasers of these MSRs pursuant to the contractual provisions of these agreements. We may incur litigation costs and related losses if the validity of a foreclosure action is challenged by a borrower or if a court overturns a foreclosure. 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. We may incur litigation costs if the validity of a foreclosure action is challenged by a borrower. If a court were to overturn a foreclosure because of errors or deficiencies in the foreclosure process, we may have liability to a title insurer 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 loan. A significant increase in litigation costs could adversely affect our liquidity, and our inability to be reimbursed for servicing advances could adversely affect our business, financial condition or results of operations. A failure to maintain minimum servicer ratings could have an adverse effect on our business, financing activities, financial condition or results of operations. S & P, Moody's, Fitch and others rate us as a mortgage servicer. Failure to maintain minimum servicer ratings could adversely affect our ability to sell or fund servicing advances going forward, could affect the terms and availability of debt financing facilities that we may seek in the future, and could impair our ability to consummate future servicing transactions or adversely affect our dealings with lenders, other contractual counterparties and regulators, including our ability to maintain our status as an approved servicer by Fannie Mae and Freddie Mac. The servicer rating requirements of Fannie Mae do not necessarily require or imply immediate action, as Fannie Mae has discretion with respect to whether we are in compliance with their requirements and what actions it deems appropriate under the circumstances in the event that we fall below their desired servicer ratings. Certain of our servicing agreements require that we maintain specified servicer ratings. As a result of our current servicer ratings, termination rights have been triggered in some non- Agency servicing agreements. While the holders of these termination rights have not exercised them to date, they have not waived the right to do so, and we could, in the future, be subject to terminations either as a result of servicer ratings downgrades or future adverse actions by ratings agencies, which could have an adverse effect on our business, financing activities, financial condition and results of operations. Downgrades in our servicer ratings could also affect the terms and availability of advance financing or other debt facilities that we may seek in the future. Our failure to maintain minimum or specified ratings could adversely affect our dealings with contractual counterparties, including GSEs, Ginnie Mae and regulators, any of which could have a material adverse effect on our business, financing activities, financial condition and results of operations. To date, terminations as servicer as a result of a breach of any of these provisions have been minimal. Changes in tax laws and interpretation and tax challenges may adversely affect our financial condition and results of operations. The enactment of Federal Tax Reform has had, and is expected to continue to have, far reaching and significant effects. Further, U. S. tax authorities may at any time clarify and / or modify by legislation, administration or judicial changes or interpretation the income tax treatment of corporations. Such changes could adversely affect us. In the course of our business, we are sometimes subject to challenges from taxing authorities, including the Internal Revenue Service (IRS), individual states, municipalities, and foreign jurisdictions, regarding amounts due. These challenges may result in adjustments to the timing or amount of taxable income or deductions, the allocation of income among tax jurisdictions, or the rate of tax imposed in such jurisdiction, all of which may require a greater provision for taxes or otherwise adversely affect our financial condition and results of operations. Failure to retain the tax benefits provided by the USVI would adversely affect our financial condition and results of operations. During 2019, in connection with our acquisition of PHH Corporation, overall corporate simplification and cost- reduction efforts, we executed a legal entity reorganization whereby OLS, through which we previously conducted a substantial portion of our servicing business, was merged into PHH. OLS was previously the wholly- owned subsidiary of OMS, which was incorporated and headquartered in the USVI prior to its merger with Ocwen USVI Services, LLC, an entity which is also organized and headquartered in the USVI. The USVI has an Economic Development Commission (EDC) that provides certain tax benefits to qualified businesses. OMS received its certificate to operate as a company qualified for EDC benefits in October 2012 and as a result received significant tax benefits. Following our legal entity reorganization, we are no longer able to avail ourselves of favorable tax treatment for our USVI operations on a going forward basis. However, if the EDC were to determine that we failed to conduct our USVI operations in compliance with EDC qualifications prior to our reorganization, the value of the EDC benefits corresponding to the period prior to the reorganization could be reduced or eliminated, resulting in an increase to our tax expense. In addition, under our agreement with the EDC, we remain obligated to continue to operate Ocwen USVI Services, LLC in compliance with EDC requirements

through 2042. If we fail to maintain our EDC qualification, we could be alleged to be in violation of our EDC commitments and the EDC could take adverse action against us, which could include demands for payment and reimbursement of past tax benefits, and it could result in the loss of anticipated income tax refunds. If any of these events were to occur, it could adversely affect our financial condition and results of operations. In December 2022, we executed an agreement with the USVI Bureau of Internal Revenue (BIR) for payment of the income tax refunds related to tax years 2013 through 2015, plus accrued interest, over a two-year period ending December 31, 2024. The BIR did not make the payment that was due on December 31, 2023, **nor any subsequent payments** pursuant to the agreement. On February 8, 2024, we filed a lawsuit against the USVI for the refund of income taxes paid in prior years and for the USVI's breach of the above-referenced agreement. We may be subject to increased U. S. federal income taxation. OMS was incorporated under the laws of the USVI and operated in a manner that caused a substantial amount of its net income to be treated as not related to a trade or business within the U. S., which caused such income to be exempt from U. S. federal income taxation. However, because there are no definitive standards provided by the Internal Revenue Code (the Code), regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the U. S., and as any such determination is essentially factual in nature, we cannot assure you that the IRS will not successfully assert that OMS was engaged in a trade or business within the U. S. with respect to that income. If the IRS were to successfully assert that OMS had been engaged in a trade or business within the U. S. with respect to that income in any taxable year, it may become subject to U. S. federal income taxation on such income. Our tax returns and positions are subject to review and audit by federal and state taxing authorities. An unfavorable outcome to a tax audit could result in higher tax expense. Any "ownership change" as defined in Section 382 of the Internal Revenue Code could substantially limit our ability to utilize our net operating losses carryforwards and other deferred tax assets. **Onity has** As of December 31, 2023, ~~Oewen had~~ U. S. federal, **state** and USVI net operating loss (NOL) carryforwards of approximately \$ 504.8 million, which we estimate to be worth approximately \$ 106.0 million to Oewen under our present assumptions related to Oewen's various relevant jurisdictional tax rates as a result of recently passed tax legislation (which assumptions reflect a significant degree of uncertainty). As of December 31, 2023, Oewen had state NOL and state tax credit carryforwards which we estimate to be worth approximately \$ 82.0 million, and capital loss carryforwards of \$ 0.1 million in the U. S. jurisdiction. As of December 31, 2023, ~~Oewen had~~ disallowed interest **expense carryforwards** under Section 163 (j) of \$ 498.7 million in the U. S. jurisdiction. **- Refer to Note 21 — Income Taxes**. NOL carryforwards, Section 163 (j) disallowed interest **expense** carryforwards and certain built-in losses or deductions may be subject to annual limitations under Internal Revenue Code Section 382 (Section 382) (or comparable provisions of foreign or state law) in the event that certain changes in ownership were to occur as measured under Section 382. In addition, tax credit carryforwards may be subject to annual limitations under Internal Revenue Code Section 383 (Section 383). We periodically evaluate whether certain changes in ownership have occurred as measured under Section 382 that would limit our ability to utilize our NOLs, tax credit carryforwards, deductions and / or certain built-in losses. If it is determined that an ownership change (s) has occurred, there may be annual limitations under Sections 382 and 383 (or comparable provisions of foreign or state law). ~~Oewen~~ **Onity** and PHH Corporation have both experienced historical ownership changes that have caused the use of certain tax attributes to be limited and have resulted in the write-off of certain of these attributes based on our inability to use them in the carryforward periods defined under tax law. ~~Oewen~~ **Onity** continues to monitor the ownership in its stock to evaluate whether any additional ownership changes have occurred that would further limit our ability to utilize certain tax attributes. As such, our analysis regarding the amount of tax attributes that may be available to offset taxable income in the future without restrictions imposed by Section 382 may continue to evolve. Our inability to utilize our pre-ownership change NOL carryforwards, Section 163 (j) disallowed interest carryforwards, any future recognized built-in losses or deductions, and tax credit carryforwards could have an adverse effect on our financial condition, results of operations and cash flows. Finally, any future changes in our ownership or sale of our stock could further limit the use of our NOLs and tax credits in the future. Our common stock price experiences substantial volatility and has dropped significantly on a number of occasions in recent periods, which may affect your ability to sell our common stock at an advantageous price. The market price of our shares of common stock has been, and may continue to be, volatile. For example, the closing market price of our common stock on the New York Stock Exchange fluctuated during ~~2023-2024~~ between \$ ~~21-22~~ **37-48** per share and \$ ~~36-34~~ **26-10** per share, and the closing stock price on February ~~22-14~~ **2024-2025** was \$ ~~28-35~~ **31-66** per share. Therefore, the volatility in our stock price may affect your ability to sell our common stock at an advantageous price. Market price fluctuations in our common stock may be due to factors both within and outside our control, including regulatory or legal actions, acquisitions, dispositions or other material public announcements or speculative trading in our stock (e. g., traders "shorting" our common stock), as well as a variety of other factors including, but not limited to those set forth under this Item 1. A. Risk Factors. In addition, the stock markets in general, including the New York Stock Exchange, have, at times, experienced extreme price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of our common stock. When the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against us, even if unsuccessful, could cause us to incur substantial costs and could divert the time and attention of our management and other resources. We have several large shareholders, and such shareholders may vote their shares to influence matters requiring shareholder approval. Based on SEC filings, we understand several shareholders each own or control over five percent of our common stock. These large shareholders individually and collectively have the ability to vote a meaningful percentage of our outstanding common stock on all matters put to a vote of our shareholders. As a result, these shareholders could influence matters requiring shareholder approval, including the amendment of our articles of incorporation, the approval of mergers or similar transactions and the election of directors. If situations arise in which management and certain large shareholders have divergent views, we may be unable to take actions management believes to be in the best interests of ~~Oewen~~ **Onity**. Further, certain of our large

shareholders also hold significant percentages of stock in companies with which we do business. It is possible these interlocking ownership positions could cause these shareholders to take actions based on factors other than solely what is in the best interests of **Owen Onity**. Our **board Board** of **directors Directors** may authorize the issuance of additional securities that may cause dilution and may depress the price of our securities. Our articles of incorporation permit our **board Board** of **directors Directors**, without our stockholders' approval, to:

- authorize the issuance of additional common stock or preferred stock in connection with future equity offerings or acquisitions of securities or other assets of companies; and
- classify or reclassify any unissued common stock or preferred stock and to set the preferences, rights and other terms of the classified or reclassified shares, including the issuance of shares of preferred stock that have preference rights over the common stock and existing preferred stock with respect to dividends, liquidation, voting and other matters or shares of common stock that have preference rights over common stock with respect to voting.

While any such issuance would be subject to compliance with the terms of our debt and other agreements, our issuance of additional securities could be substantially dilutive to our existing stockholders and may depress the price of our common stock. Future offerings of debt securities, which would be senior to our common stock in liquidation, or equity securities, which would dilute our existing stockholders' interests and may be senior to our common stock in liquidation or for the purposes of distributions, may harm the market price of our securities. We will continue to seek to access the capital markets from time to time and, subject to compliance with our other contractual agreements, may make additional offerings of term loans, debt or equity securities, including senior or subordinated notes, preferred stock or common stock. We are not precluded by the terms of our articles of incorporation from issuing additional indebtedness. Accordingly, we could become more highly leveraged, resulting in an increase in debt service obligations and an increased risk of default on our obligations. If we were to liquidate, holders of our debt and lenders with respect to other borrowings would receive a distribution of our available assets before the holders of our common stock. Additional equity offerings by us may dilute our existing stockholders' interest in us or reduce the market price of our existing securities. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Further, conditions could require that we accept less favorable terms for the issuance of our securities in the future. Thus, our existing stockholders will bear the risk of our future offerings reducing the market price of our securities and diluting their ownership interest in us. Because of certain provisions in our organizational documents and regulatory restrictions, takeovers may be more difficult, possibly preventing you from obtaining an optimal share price. In addition, significant investments in our common stock may be restricted, which could impact demand for, and the trading price of, our common stock. Our amended and restated articles of incorporation provide that the total number of shares of all classes of capital stock that we have authority to issue is 33.3 million, of which 13.3 million are common shares and 20.0 million are preferred shares, **of which 2.4 million have been designated as Series B Preferred Stock. See Note 16 — Mezzanine Equity**. Our **board Board** of **directors Directors** has the authority, without a vote of the shareholders, to establish the preferences and rights of any preferred or other class or series of shares to be issued and to issue such shares. The issuance of preferred shares could delay or prevent a change in control. Since our **board Board** of **directors Directors** has the power to establish the preferences and rights of the preferred shares without a shareholder vote, our **board Board** of **directors Directors** may give the holders of preferred shares preferences, powers and rights, including voting rights, senior to the rights of holders of our common shares. In addition, our bylaws include provisions that, among other things, require advance notice for raising business or making nominations at meetings, which could impact the ability of a third party to acquire control of us or the timing of acquiring such control. Third parties seeking to acquire us or make significant investments in us must do so in compliance with state regulatory requirements applicable to licensed mortgage servicers and lenders. Many states require change of control applications for acquisitions of "control" as defined under each state's laws and regulation, which may apply to an investment without regard to the intent of the investor. For example, New York has a control presumption triggered at 10% ownership of the voting stock of the licensee or of any person that controls the licensee. In addition, we have licensed insurance subsidiaries in New York and Vermont. Accordingly, there can be no effective change in control of **Owen Onity** unless the person seeking to acquire control has made the relevant filings and received the requisite approvals in New York and Vermont. These regulatory requirements may discourage potential acquisition proposals or investments, may delay or prevent a change in control of us and may impact demand for, and the trading price of, our common stock.