

PHH CORP  
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April 21, 2017

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**PHH CORPORATION**

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(Name of Registrant as Specified In Its Charter)

N/A

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.

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- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - (1) Title of each class of securities to which transaction applies:  
Not applicable.
    - (2) Aggregate number of securities to which transaction applies:  
Not applicable.
    - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
Not applicable.
    - (4) Proposed maximum aggregate value of transaction:  
\$928,024,000.00
    - (5) Total fee paid:  
\$107,557.98
  
  - ý Fee paid previously with preliminary materials.
  
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

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**INVITATION TO SPECIAL MEETING**

[ • ], 2017

To our Stockholders:

You are cordially invited to attend a special meeting of stockholders of PHH Corporation, a Maryland corporation (the "**Company**"), which will be held on [ • ], 2017, at [ • ] a.m., local time, at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054. At the special meeting, stockholders will be asked to vote on a proposal to approve the sale of substantially all of the assets of the Company pursuant to the following transactions (the "**Transactions**"):

the sale, or "**MSR Sale**", of the Company's portfolio of mortgage servicing rights, or "**MSRs**", as of October 31, 2016 (excluding the Company's Ginnie Mae MSRs that were part of a sale transaction with Lakeview Loan Servicing, LLC announced in November 2016, or the "**MSR Portfolio**"), together with all servicing advances related to the MSR Portfolio, to New Residential Mortgage LLC, or "**New Residential**", on the terms and conditions of an agreement for the purchase and sale of servicing rights dated as of December 28, 2016 by and between New Residential Mortgage LLC, PHH Mortgage Corporation and, solely for the limited purposes set forth therein, the Company, or the "**MSR Purchase Agreement**"; and

the sale of certain assets and liabilities of PHH Home Loans, LLC, or "**PHH Home Loans**", to Guaranteed Rate Affinity, LLC, or "**GRA**", on the terms and conditions of the asset purchase agreement dated as of February 15, 2017 by and between GRA, PHH Home Loans and RMR Financial, LLC and the Company, or the "**Asset Purchase Agreement**," and the transactions contemplated by the Asset Purchase Agreement are referred to as the "**Home Loans Asset Sale**". In connection with the Home Loans Asset Sale, the Company has agreed to acquire the joint venture interests in PHH Home Loans that it does not currently own on the terms and conditions of the joint venture interests purchase agreement, dated as of February 15, 2017, between Realogy Services Venture Partner LLC, PHH Broker Partner Corporation, and the Company, or the "**JV Interests Purchase Agreement**" and together with the Asset Purchase Agreement and the other agreements contemplated thereby, collectively, the "**Home Loans Transactions Agreements**," and the transactions contemplated by the Home Loans Transactions Agreements are referred to as the "**Home Loans Transactions**". The closing of the transactions contemplated by the Asset Purchase Agreement is conditioned on the satisfaction of the conditions to closing set out in the JV Interests Purchase Agreement, and the closing of the transactions contemplated by the JV Interests Purchase Agreement is conditioned on the consummation of the transactions contemplated by the Asset Purchase Agreement.

In addition, stockholders will be asked to vote on an advisory resolution approving the compensation of our named executive officers related to the MSR Sale and Home Loans Transactions as disclosed pursuant to Item 402(t) of Regulation S-K in the accompanying proxy statement and the other matters described in the accompanying Notice of Special Meeting.

Our Board of Directors, after consideration of a variety of factors has unanimously determined that (1) the MSR Sale on the terms and conditions of the MSR Purchase Agreement is advisable and in the best interests of our stockholders and approved the MSR Sale on the terms and conditions of the MSR Purchase Agreement, and (2) the Home Loans Transactions, including the Home Loans Asset Sale, on the terms and conditions of the Home Loans Transactions Agreements are advisable and in the best interests of our stockholders and approved the Home Loans Transactions on the terms and conditions of the Home Loans Transactions Agreements. **Our Board of Directors unanimously recommends that you vote "FOR" the sub-proposal to approve the MSR Sale on the terms and conditions of the MSR Purchase Agreement and "FOR" the sub-proposal to approve the Home Loans Asset Sale on the terms and conditions of the Asset Purchase Agreement.**

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**YOUR VOTE IS EXTREMELY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN.**

The sub-proposal to approve the sale of substantially all of the Company's assets pursuant to the MSR Sale and the MSR Purchase Agreement and the sub-proposal to approve the sale of substantially all of the Company's assets pursuant to the Home Loans Asset Sale and the Asset Purchase Agreement must be approved by the affirmative vote of the holders of at least a majority of the shares of our common stock outstanding on the record date and entitled to vote at the special meeting. The advisory resolution approving the compensation of our named executive officers related to the MSR Sale and Home Loans Transactions must be approved by the affirmative vote of holders of a majority of the shares of common stock present at the meeting (in person or represented by proxy) and entitled to vote thereon. More information about the sale of substantially all of the Company's assets pursuant to the MSR Sale and the Home Loans Asset Sale, and the advisory resolution approving the compensation of our named executive officers related to the MSR Sale and Home Loans Transactions and the special meeting (including any adjournment or postponement thereof) is contained in the accompanying proxy statement. We encourage you to read the accompanying proxy statement in its entirety because it describes the terms of the MSR Sale, the MSR Purchase Agreement, the Home Loans Transactions, the Home Loans Transactions Agreements and the compensation of our named executive officers related to the MSR Sale and Home Loans Transactions pursuant to Item 402(t) of Regulation S-K, as well as provides specific information about the special meeting and any adjournment or postponement thereof.

**In order to ensure that your shares are represented at the special meeting, whether you plan to attend or not, please vote in accordance with the enclosed instructions. You can vote your shares by telephone, electronically via the Internet or by completing and returning the enclosed proxy card or vote instruction form. If you vote using the enclosed proxy card or vote instruction form, you must sign, date and mail the proxy card or vote instruction form in the enclosed envelope. If you decide to attend the special meeting and wish to modify your vote, you may revoke your proxy and vote in person at the meeting.**

Admission to the special meeting will be by admission ticket only. If you are a stockholder of record and plan to attend the special meeting, retain the top portion of your proxy card as your admission ticket and bring it and a photo ID with you so that you may gain admission to the meeting. If your shares are held through a bank, broker or other nominee, please contact your nominee and request that the nominee obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the special meeting.

Thank you for your continued interest in PHH Corporation. We look forward to seeing you at the special meeting.

Sincerely,

Glen A. Messina  
*President and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the transactions, passed upon the merits or fairness of the transactions or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

The proxy statement is dated [ • ], 2017, and is first being made available to stockholders on or about [ • ], 2017.

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NOTICE OF SPECIAL MEETING

TO BE HELD ON [ • ], 2017

**PHH CORPORATION**

3000 Leadenhall Road  
Mt. Laurel, New Jersey 08054

To our Stockholders:

A special meeting of stockholders of PHH Corporation, a Maryland corporation (the "**Company**"), will be held on [ • ], 2017, at [ • ] a.m., local time, at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 for the following purposes:

1.

*Proposal 1:* To consider and vote upon a proposal to approve the sale of substantially all of the assets of the Company pursuant to the following sub-proposals:

A.

*Sub-proposal 1A:* to consider and vote upon a sub-proposal to approve the sale, or "**MSR Sale**", of the Company's portfolio of Mortgage Servicing Rights, or "**MSRs**", as of October 31, 2016 (excluding the Company's Ginnie Mae MSRs that were part of a sale transaction with Lakeview Loan Servicing, LLC announced in November 2016, or the "**MSR Portfolio**"), together with all servicing advances related to the MSR Portfolio, to New Residential Mortgage LLC, or "**New Residential**", pursuant to the agreement for the purchase and sale of servicing rights, dated as of December 28, 2016, by and between New Residential, PHH Mortgage Corporation and, solely for the limited purposes set forth therein, the Company, a copy of which is attached as *Annex A* to the accompanying proxy statement, or the "**MSR Purchase Agreement**" and this sub-proposal is referred to as the "**MSR Sale Sub-Proposal**";

B.

*Sub-proposal 1B:* to consider and vote upon a sub-proposal to approve the sale of certain assets and liabilities of PHH Home Loans, LLC, or "**PHH Home Loans**", to Guaranteed Rate Affinity, LLC, or "**GRA**", on the terms and conditions of the asset purchase agreement dated as of February 15, 2017 by and between GRA, PHH Home Loans and RMR Financial, LLC, and the Company, a copy of which is attached as *Annex D* to the accompanying proxy statement, or the "**Asset Purchase Agreement**" and the transactions contemplated by the Asset Purchase Agreement are referred to as the "**Home Loans Asset Sale**" and this sub-proposal as the "**Homes Loans Asset Sale Sub-Proposal**". In connection with the Home Loans Asset Sale, the Company has agreed to acquire the joint venture interests in PHH Home Loans that it does not currently own on the terms and conditions of the joint venture interests purchase agreement, dated as of February 15, 2017, between Realogy Services Venture Partner LLC, PHH Broker Partner Corporation, and the Company, or the "**JV Interests Purchase Agreement**" and together with the Asset Purchase Agreement and the other agreements contemplated thereby, collectively, the "**Home Loans Transactions Agreements**," and the transactions contemplated by the Home Loans Transactions Agreements are referred to as the "**Home Loans Transactions**". The closing of the transactions contemplated by the Asset Purchase Agreement is conditioned on the satisfaction of the conditions to closing set out in the JV Interests Purchase Agreement, and the closing of the transactions contemplated by the JV Interests Purchase Agreement is conditioned on the consummation of the transactions contemplated by the Asset Purchase Agreement.

2.

*Proposal 2:* To consider and vote upon an advisory (non-binding) resolution concerning the compensation of our named executive officers based on or that otherwise relates to the MSR

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Sale or Home Loans Asset Sale as disclosed pursuant to Item 402(t) of Regulation S-K in the accompanying proxy statement, or the "*Transactions-Related Compensation Proposal*".

3. *Proposal 3:* To consider and vote upon a proposal to approve any adjournment or postponement of the special meeting to another date, time or place if necessary or appropriate, for the purpose of soliciting additional proxies for the proposals to be acted upon at the special meeting in the event that there are insufficient votes at the time of the special meeting or any adjournment thereof to approve one or more of the proposals, or the "*Adjournment Proposal*"; and
4. To consider and vote upon such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Our Board of Directors has fixed the close of business on March 10, 2017 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting and any adjournment or postponement thereof. Each share of the Company's common stock is entitled to one vote on all matters presented at the special meeting and any adjournment or postponement thereof.

**Our Board of Directors has unanimously determined that the sale of substantially all of the Company's assets pursuant to the MSR Sale on the terms and conditions of the MSR Purchase Agreement and the Home Loans Transactions, including the Home Loans Asset Sale, on the terms and conditions of the Home Loans Transactions Agreements each are advisable and in the best interests of our stockholders and has approved each of the MSR Sale on the terms and conditions of the MSR Purchase Agreement and the Home Loans Transactions on the terms and conditions of the Home Loans Transactions Agreements.**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE MSR SALE SUB-PROPOSAL, "FOR" THE HOME LOANS ASSET SALE SUB-PROPOSAL AND "FOR" THE TRANSACTIONS-RELATED COMPENSATION PROPOSAL.**

Under the Maryland General Corporation Law, as amended (the "*MGCL*"), holders of shares of our common stock are *not* entitled to appraisal or dissenters' rights or rights of objecting stockholders in connection with the MSR Sale or the Home Loans Asset Sale because our common stock is listed on the New York Stock Exchange (the "*NYSE*").

We cannot complete the MSR Sale unless our stockholders approve the MSR Sale Sub-Proposal, in addition to the satisfaction of the other conditions to closing of the MSR Sale. Similarly, we cannot complete the Home Loans Transactions unless our stockholders approve the Home Loans Asset Sale Sub-Proposal, in addition to the satisfaction of the other conditions to closing of the Home Loans Transactions. A vote for or against the MSR Sale Sub-Proposal does not count as a vote for or against the Home Loans Asset Sale Sub-Proposal. Similarly, a vote for or against the Home Loans Asset Sale Sub-Proposal does not count as a vote for or against the MSR Sale Sub-Proposal. The closing of the Home Loans Transactions, however, is contingent on the closing of a portion of the MSR Sale that requires the consent of Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency (but not the origination source), unless we have obtained consents from a sufficient number of holders of our senior notes to the effect that the consummation of the Home Loans Asset Sale would not require us to redeem our senior notes. Accordingly, if the MSR Sale Sub-Proposal does not receive the vote required for its approval, then the Home Loans Transactions will likely be terminated. The MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal will not be approved unless such sub-proposal receives the affirmative vote of the holders of at least a majority of the shares of our common stock then outstanding and entitled to vote on the sub-proposal. The Transactions-Related Compensation Proposal is only advisory in nature and is not binding on our Board of Directors or the Company. We, however, intend to review the voting results with our Board of Directors and the Human Capital and Compensation Committee of our Board of Directors so that such voting results may be taken into consideration in connection with our executive compensation decisions in connection with the MSR Sale and the Home Loans Transactions.

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Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy by telephone or via the Internet prior to the special meeting to ensure that your shares of common stock will be represented at the special meeting if you are unable to attend.

**YOUR VOTE IS EXTREMELY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN.**

If you have Internet access, we encourage you to record your vote via the Internet. The failure of any stockholder to vote on either the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal will have the same effect as a vote against the applicable sub-proposal. If you fail to return your proxy card or fail to submit your proxy by telephone or via the Internet and you fail to attend the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the meeting, but will not affect the outcome of the vote regarding the Transactions-Related Compensation Proposal or the Adjournment Proposal, if necessary. If you are a stockholder of record, voting in person at the special meeting will revoke any previously submitted proxy. If you hold your shares through a bank, broker or other custodian, you must obtain a legal proxy from such custodian in order to vote in person at the special meeting.

Please note that space limitations make it necessary to limit attendance at the special meeting only to stockholders as of the record date (or their authorized representatives) holding evidence of ownership of our common stock. If your shares are held by a bank or broker, please bring to the special meeting your statement evidencing your beneficial ownership of common stock and valid photo identification. The list of stockholders entitled to vote at the special meeting will be available for inspection at our principal executive offices at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 during ordinary business hours.

BY ORDER OF THE BOARD OF DIRECTORS

William F. Brown  
*Senior Vice President, General Counsel and Secretary*

Date: [ • ], 2017

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS  
FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [ • ], 2017.  
THIS NOTICE OF SPECIAL MEETING AND PROXY STATEMENT IS AVAILABLE ON THE INTERNET AT:**

<http://www.proxyvote.com>

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**PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS**

**PHH CORPORATION**

**3000 Leadenhall Road  
Mt. Laurel, New Jersey 08054**

This proxy statement is being furnished to the holders of common stock, par value \$0.01 per share, of PHH Corporation, a Maryland corporation (the "**Company**"), in connection with the solicitation by our Board of Directors of proxies to be voted at a special meeting of stockholders of the Company to be held on [ • ], 2017, at [ • ] a.m., local time, at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, or at any adjournment or postponement of the special meeting, for the purposes set forth in the accompanying Notice of Special Meeting.

This proxy statement and the other proxy materials are first being made available to stockholders on or about [ • ], 2017. If a stockholder executes and returns the enclosed proxy card or submits vote instructions to us by telephone or via the Internet, the stockholder may nevertheless revoke his, her or its proxy at any time prior to its use by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date or by submitting revised vote instructions to us by telephone or via the Internet prior to 11:59 p.m. Eastern time on [ • ], 2017, in accordance with the instructions on the enclosed proxy card. A stockholder who attends the special meeting in person may revoke his or her proxy at that time and vote in person if so desired.

Admission to the special meeting will be by admission ticket only. If you are a stockholder of record and plan to attend the special meeting, retain the top portion of your proxy card as your admission ticket and bring it and a photo ID with you so that you may gain admission to the meeting. If your shares are held through a bank, broker or other nominee, please contact your nominee and request that the nominee obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the special meeting.

Unless revoked or unless contrary instructions are given, each proxy that is properly signed, dated and returned or authorized by telephone or via the Internet in accordance with the instructions on the enclosed proxy card or vote instruction form prior to the start of the special meeting will be voted as indicated on the proxy card or vote instruction form or via telephone or the Internet and if no indication is made, each such proxy will be deemed to grant authority to vote, as applicable:

1.

**Proposal 1:** To approve the sale of substantially all of the assets of the Company pursuant to the following sub-proposals:

A.

**Sub-proposal 1A:** To approve the sale, or "**MSR Sale**", of the Company's portfolio of Mortgage Servicing Rights, or "**MSRs**", as of October 31, 2016 (excluding the Company's Ginnie Mae MSRs that were part of a sale transaction with Lakeview Loan Servicing, LLC announced in November 2016, or the "**MSR Portfolio**"), together with all servicing advances related to the MSR Portfolio, to New Residential Mortgage LLC, or "**New Residential**", pursuant to the agreement for the purchase and sale of servicing rights, dated as of December 28, 2016, by and between New Residential, PHH Mortgage Corporation and, solely for the limited purposes set forth therein, the Company, a copy of which is attached as *Annex A* to the accompanying proxy statement, or the "**MSR Purchase Agreement**" and this sub-proposal is referred to as the "**MSR Sale Sub-Proposal**";

B.

**Sub-proposal 1B:** To approve the sale of certain assets and liabilities of PHH Home Loans, LLC, or "**PHH Home Loans**", to Guaranteed Rate Affinity, LLC, or "**GRA**", on the terms and conditions of the asset purchase agreement dated as of February 15, 2017 by and between GRA, PHH Home Loans and RMR Financial, LLC, and the Company, a copy of which is attached as *Annex D* to the accompanying proxy statement, or the "**Asset Purchase Agreement**" and we refer to the transactions contemplated by the Asset Purchase Agreement as the "**Home Loans Asset Sale**" and this sub-proposal as the "**Homes Loans Asset Sale Sub-Proposal**". In connection with the Home Loans Asset Sale, the Company



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has agreed to acquire the joint venture interests in PHH Home Loans that it does not currently own on the terms and conditions of the joint venture interests purchase agreement, dated as of February 15, 2017, between Realogy Services Venture Partner LLC, PHH Broker Partner Corporation, and the Company, or the "**JV Interests Purchase Agreement**" and together with the Asset Purchase Agreement and the other agreements contemplated thereby, collectively, the "**Home Loans Transactions Agreements**," and the transactions contemplated by the Home Loans Transactions Agreements are referred to as the "**Home Loans Transactions**". The closing of the transactions contemplated by the Asset Purchase Agreement is conditioned on the satisfaction of the conditions to closing set out in the JV Interests Purchase Agreement, and the closing of the transactions contemplated by the JV Interests Purchase Agreement is conditioned on the consummation of the transactions contemplated by the Asset Purchase Agreement.

2.

**Proposal 2:** To approve an advisory (non-binding) resolution concerning the compensation of our named executive officers based on or that otherwise relates to the MSR Sale or Home Loans Asset Sale as disclosed pursuant to Item 402(t) in this proxy statement, or the "**Transactions-Related Compensation Proposal**";

3.

**Proposal 3:** To approve any adjournment or postponement of the special meeting to another date, time or place if necessary or appropriate, for the purpose of soliciting additional proxies for the proposals to be acted upon at the special meeting in the event that there are insufficient votes at the time of the special meeting or any adjournment thereof to approve one or more of the proposals, or the "**Adjournment Proposal**"; and

4.

At the discretion of the persons named in the enclosed proxy card, on any other matter that may properly come before the Annual Meeting or any adjournment or postponement of the special meeting.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE MSR SALE SUB-PROPOSAL, "FOR" THE HOME LOANS ASSET SALE SUB-PROPOSAL, "FOR" THE TRANSACTIONS-RELATED COMPENSATION PROPOSAL AND "FOR" THE ADJOURNMENT PROPOSAL.**

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**SUMMARY TERM SHEET**

*This summary term sheet, together with the question and answer section that follows, highlights selected information contained in this proxy statement and may not contain all of the information that is important to you. To understand the transactions and the special meeting fully, and for a more complete description of the terms of the Transactions, the MSR Purchase Agreement and the Home Loans Transactions Agreements, you should carefully read this entire proxy statement and the documents delivered with and incorporated by reference into this proxy statement. See "Incorporation by Reference." In this proxy statement, unless the context otherwise requires, the terms "we," "us," "our" "PHH" and "the Company" refer to PHH Corporation, a Maryland corporation.*

At the special meeting, our stockholders will be asked to approve the sale of substantially all of the assets of the Company pursuant to the following transactions (the "**Transactions**");

the sale, or "**MSR Sale**", of the Company's portfolio of Mortgage Servicing Rights, or "**MSRs**", as of October 31, 2016 (excluding the Company's Ginnie Mae MSRs that were part of a sale transaction with Lakeview Loan Servicing, LLC announced in November 2016, or the "**MSR Portfolio**"), together with all servicing advances related to the MSR Portfolio, to New Residential Mortgage LLC, or "**New Residential**", pursuant to the agreement for the purchase and sale of servicing rights, dated as of December 28, 2016, by and between New Residential, PHH Mortgage Corporation and, solely for the limited purposes set forth therein, the Company, a copy of which is attached as *Annex A* to the accompanying proxy statement, or the "**MSR Purchase Agreement**" and this sub-proposal is referred to as the "**MSR Sale Sub-Proposal**"; and

the sale of certain assets and liabilities of PHH Home Loans, LLC, or "**PHH Home Loans**", to Guaranteed Rate Affinity, LLC, or "**GRA**", on the terms and conditions of the asset purchase agreement dated as of February 15, 2017 by and between GRA, PHH Home Loans and RMR Financial, LLC, and the Company, a copy of which is attached as *Annex D* to the accompanying proxy statement, or the "**Asset Purchase Agreement**" and the transactions contemplated by the Asset Purchase Agreement are referred to as the "**Home Loans Asset Sale**" and this sub-proposal as the "**Homes Loans Asset Sale Sub-Proposal**". In connection with the Home Loans Asset Sale, the Company has agreed to acquire the joint venture interests in PHH Home Loans that it does not currently own on the terms and conditions of the joint venture interests purchase agreement, dated as of February 15, 2017, between Realogy Services Venture Partner LLC, PHH Broker Partner Corporation, and the Company, or the "**JV Interests Purchase Agreement**" and together with the Asset Purchase Agreement and the other agreements contemplated thereby, collectively, the "**Home Loans Transactions Agreements**," and the transactions contemplated by the Home Loans Transactions Agreements are referred to as the "**Home Loans Transactions**". The closing of the transactions contemplated by the Asset Purchase Agreement is conditioned on the satisfaction of the conditions to closing set out in the JV Interests Purchase Agreement, and the closing of the transactions contemplated by the JV Interests Purchase Agreement is conditioned on the consummation of the transactions contemplated by the Asset Purchase Agreement.

In addition, stockholders will be asked to vote on an advisory resolution approving the compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K and any adjournment or postponement of the special meeting to another date, time or place if necessary or appropriate, for the purpose of soliciting additional proxies for the proposals to be acted upon at the special meeting in the event that there are insufficient votes at the time of the special meeting or any adjournment thereof to approve one or more of the foregoing proposals.

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**THE MSR SALE**

**The Parties to the MSR Sale**

***PHH Corporation***

We were incorporated in 1953 as a Maryland corporation. For periods between April 30, 1997 and February 1, 2005, we were a wholly owned subsidiary of Cendant Corporation (now known as Avis Budget Group, Inc.) and its predecessors and provided mortgage banking services, facilitated employee relocations and provided vehicle fleet management and fuel card services. On February 1, 2005, we began operating as an independent, publicly traded company pursuant to our spin-off from Cendant. On July 1, 2014, we sold our fleet management services business and began operating as a stand-alone mortgage business.

As a stand-alone mortgage company, we provide outsourced mortgage banking services to a variety of clients, including financial institutions and real estate brokers throughout the U.S. and are focused on originating, selling, servicing and subservicing residential mortgage loans through our wholly-owned subsidiary, PHH Mortgage Corporation, and its subsidiaries.

For more information about us, please visit our website at [www.phh.com](http://www.phh.com). Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement, and therefore is not incorporated by reference. Our common stock is publicly traded on the NYSE under the symbol "PHH." Our executive offices are located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 and our telephone number is (856) 917-1744.

***PHH Mortgage Corporation***

PHH Mortgage Corporation and its subsidiaries, or "***PHH Mortgage***," is a wholly-owned subsidiary of PHH, through which we provide outsourced mortgage banking services to a variety of clients, including financial institutions and real estate brokers throughout the U.S. and are focused on originating, selling, servicing, and subservicing residential mortgage loans. PHH Mortgage's executive offices are located at 1 Mortgage Way, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

In the second quarter of 2016, PHH Mortgage exited its wholesale/correspondent lending channel. Through this channel, PHH Mortgage purchased closed mortgage loans from community banks, credit unions, mortgage brokers and mortgage bankers. For the year ended December 31, 2016, the wholesale/correspondent lending channel represented 1% of our total closing volume (based on dollars).

In November 2016, we announced our intentions for PHH Mortgage to exit the business of our Private Label solutions channel, or "***PLS business***". The PLS business includes providing outsourced mortgage origination services for wealth management firms, regional banks and community banks throughout the U.S. For the year ended December 31, 2016, the PLS business represented 79% of our total closing volume (based on dollars). We believe PHH Mortgage will be in a position to substantially exit the PLS business by the first quarter of 2018, subject to certain transition support requirements.

In November 2016, we also announced the sale of our capitalized Ginnie Mae mortgage servicing rights to Lakeview Loan Servicing, LLC, or "***Lakeview***", which included the transfer of all servicing to another servicer. On February 2, 2017, the initial sale of Ginnie Mae MSRs under this agreement was completed, with proceeds expected for \$77 million of MSR fair value, and \$11 million of servicing advances.

On February 15, 2017, PHH and PHH Mortgage entered into an asset purchase agreement with LenderLive Network, LLC, or "***LenderLive***," to assign our interests under the lease of our Jacksonville, Florida office and to sell information technology and other equipment and fixtures. Upon the closing of the asset sale with LenderLive on March 31, 2017, we also entered into agreements to outsource to LenderLive certain processing, underwriting and closing services that PHH Mortgage is contractually

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obligated to provide to certain of its clients of the PLS business, or "**PLS clients**". The agreements with LenderLive are intended to mitigate the operating risk related to our wind-down of our PLS business, including by alleviating the risk of employee attrition that could adversely impact PHH Mortgage's ability to satisfy its service level agreements and other contractual requirements of our PLS business.

***New Residential Mortgage LLC***

New Residential is a subsidiary of New Residential Investment Corp., a publicly traded real estate investment trust primarily focused on opportunistically investing in, and actively managing, investments related to residential real estate. New Residential Investment Corp. was formed as a wholly owned subsidiary of Newcastle Investment Corp., or Newcastle, in September 2011 and was spun-off from Newcastle on May 15, 2013. New Residential Investment Corp.'s stock is traded on the New York Stock Exchange under the symbol "NRZ." New Residential Investment Corp. is externally managed and advised by an affiliate of Fortress Investment Group LLC pursuant to a management agreement. The principal executive offices of New Residential Investment Corp. are located at 1345 Avenue of the Americas, New York, New York and the New Residential Investment Corp. telephone number is (212) 798-3150.

**The MSR Purchase Agreement (See page [ • ] and Annex A)**

PHH Mortgage, New Residential and, solely for the limited purposes set forth therein, PHH, entered into the MSR Purchase Agreement on December 28, 2017. In addition, PHH Mortgage and New Residential entered into a Flow Mortgage Loan Subservicing Agreement, or the "**Subservicing Agreement**." Copies of the MSR Purchase Agreement and Subservicing Agreement are attached to this proxy statement respectively as *Annex A* and *Annex B*. We encourage you to read the MSR Purchase Agreement and Subservicing Agreement in their entirety.

**Effects of the MSR Sale (See page [ • ])**

Pursuant to the MSR Purchase Agreement, PHH has agreed to sell the MSR Portfolio to New Residential, together with all servicing advances related to the MSR Portfolio, or the "**Advances**". The MSR Sale may constitute a sale of substantially all of the assets of the Company.

**Sale Dates (See page [ • ])**

The mortgage loans related to the MSRs are owned by different investors, including Freddie Mac, Fannie Mae and private mortgage loan investors (each, an "**Investor**"), and the sale of the MSR Portfolio will take place on multiple closing dates (each, a "**Sale Date**") following the satisfaction or waiver of the conditions to closing, including the receipt of the required consents from the applicable Investor and/or origination source.

**Consideration (See page [ • ])**

The purchase price for the MSRs relating to each Investor will be calculated in accordance with the applicable fixed pricing formula set forth in the MSR Purchase Agreement. In addition, New Residential will pay PHH for all of the Advances acquired in the transaction in accordance with a fixed pricing formula determined in accordance with the MSR Purchase Agreement. The MSR Portfolio had a book value of \$541 million as of September 30, 2016 and related Advances of \$307 million as of October 31, 2016. As of December 31, 2016, the MSR Portfolio had a book value of \$579 million and related Advances of \$279 million. Based on the MSR Portfolio composition as of December 31, 2016 and market conditions as of the date of the MSR Purchase Agreement, and assuming all Investor and origination source consents are received, total proceeds are expected to be up to \$858 million, of which up to \$579 million was calculated from the applicable fixed purchase price percentage of the unpaid principal balance, or "**UPB**", of the MSR Portfolio and up to \$279 million was calculated from the fixed purchase price percentage for the Advances. Actual proceeds will be based on the MSR Portfolio



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composition at each transfer date and may vary from our expectations primarily due to run-off from the MSR Portfolio resulting in a reduction of the MSR Portfolio's UPB or from the failure to receive certain Investor and origination source consents. As of December 31, 2016, our MSR asset was recorded at fair value with the assessment of value incorporating the pricing associated with the New Residential agreement. Therefore, there is no expected gain or loss on the MSR Sale as of that date. The MSR Sale proceeds exclude estimated transaction fees and expenses of approximately 5% of MSR value, and represent a valuation of 84 basis points on total unpaid principal balance of \$70 billion as of December 31, 2016. We expect that substantially all of the proceeds from the MSR Sale will be used to repay PHH's 7.375% Senior Notes due 2019 and PHH's 6.375% Senior Notes due 2021 (or, collectively, our "*Senior Notes*"), to repay borrowings under PHH Servicer Advance Receivables Trust ("*PSART*") servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes. For additional information about our anticipated use of proceeds from the MSR Sale, see "*Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions.*"

**Recommendation of our Board of Directors (See page [ • ])**

Our Board of Directors, at a special meeting held on December 28, 2016, after due consideration, unanimously (i) determined that the MSR Sale on the terms and conditions of the MSR Purchase Agreement is advisable and in the best interests of the Company and its stockholders, (ii) approved the MSR Purchase Agreement and the Subservicing Agreement and the transactions contemplated by the MSR Purchase Agreement, along with the other transaction documents contemplated by the MSR Purchase Agreement, and (iii) directed that the MSR Sale on the terms and conditions of the MSR Purchase Agreement be submitted for consideration by our stockholders at the special meeting of stockholders. **Our Board of Directors has approved the MSR Sale on the terms and conditions of the MSR Purchase Agreement and unanimously recommends that stockholders vote "FOR" the MSR Sale Proposal.** For a discussion of the factors considered by our Board of Directors in reaching its conclusions, See "*Sub-Proposal 1A: Approval of the MSR Sale Sub-Proposal Reasons for Recommending the MSR Sale*" on page [ • ].

**Opinion of Houlihan Lokey (See page [ • ] and Annex C)**

On December 28, 2016, Houlihan Lokey Capital, Inc., or "*Houlihan Lokey*", verbally rendered its opinion to our Board of Directors (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to our Board of Directors dated December 28, 2016), as to, as of December 28, 2016, the fairness, from a financial point of view, to PHH of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSR Portfolio subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement.

**Houlihan Lokey's opinion was directed to our Board of Directors (in its capacity as such) and only addressed the fairness, from a financial point of view, to PHH of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSR Portfolio subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement and did not address any other aspect or implication of the MSR Sale, any related transaction or any agreement, arrangement or understanding entered into in connection therewith or otherwise. The summary of Houlihan Lokey's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex C to this proxy statement and describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in connection with the preparation of its opinion,**

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including the use of pricing data and other information as of November 21, 2016. However, neither Houlihan Lokey's opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute, advice or a recommendation to our Board of Directors, PHH, PHH Mortgage, any security holder or any other person as to how to act or vote with respect to any matter relating to the MSR Sale or otherwise.

**Nonsolicitation of Competing Proposals (See page [ • ])**

Under the MSR Purchase Agreement, PHH Mortgage and PHH, or, collectively, the "*Seller Parties*", have agreed that, subject to certain exceptions described below, none of the Seller Parties or any of their respective subsidiaries will, and they will not authorize any of their respective officers, directors, representatives or other intermediaries or subsidiaries to:

solicit, initiate or knowingly facilitate the submission of any inquiries, proposals or offers from any person relating to any Competing Proposal, or agree to or recommend any Competing Proposal;

enter into any agreement to consummate any Competing Proposal, to approve any Competing Proposal or to abandon, terminate or fail to consummate the transactions contemplated by the MSR Purchase Agreement;

enter into or participate in any discussions or negotiations with respect to any Competing Proposal, or furnish any non-public information with respect to the MSR Portfolio in connection with any Competing Proposal; or

agree or resolve to take any of the actions described above.

A "*Competing Proposal*" is any offer to acquire, in one transaction or a series of related transactions (however structured), directly or indirectly, 20% or more of the MSR Portfolio or the control thereover, provided that any such inquiry, proposal or offer will constitute a Competing Proposal only if and to the extent it would prohibit or prevent PHH Mortgage or PHH from consummating the transactions contemplated by the MSR Purchase Agreement.

Notwithstanding the nonsolicitation obligations described above, prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, the Seller Parties may engage in negotiations or discussions with any person and its representatives that has made an unsolicited written Competing Proposal not resulting from or arising out of a material breach by the Seller Parties of their nonsolicitation obligations and/or furnish to such person information relating to the MSR Portfolio pursuant to an acceptable confidentiality agreement if, prior to taking these actions, our Board of Directors has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal.

A "*Superior Proposal*" is any Competing Proposal to acquire 50% or more of the MSR Portfolio subject to the MSR Purchase Agreement or the control thereover that our Board of Directors determines in good faith, after consultation with legal and financial advisors and taking into account any changes to the MSR Purchase Agreement proposed by New Residential in response to one or more Competing Proposals, is more favorable to PHH and/or its stockholders than the transactions contemplated by the MSR Purchase Agreement (taking into consideration, among other things, all legal, financial, regulatory and other aspects of the proposal deemed relevant by our Board of Directors, including financing terms and the likelihood of consummation).

PHH has agreed to notify New Residential promptly (but in any event within 48 hours) after receipt of any bona fide Competing Proposal and the material terms and conditions of any such Competing Proposal, and to keep New Residential reasonably informed of the status and material details of any such Competing Proposal.

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**Changes in the Recommendation our Board of Directors; Fiduciary Termination (See page [ • ])**

Subject to compliance with the obligations described in the next paragraph, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, withdraw, modify or amend in any manner adverse to New Residential its approval or recommendation of the MSR Purchase Agreement, recommend a Competing Proposal, and/or enter into an acquisition agreement with respect to a Competing Proposal (each of these actions is referred to as a "**Change of Recommendation**"). If our Board of Directors effects a Change of Recommendation, New Residential may terminate the MSR Purchase Agreement and upon such termination, PHH will be obligated to pay a termination fee (see "*Termination Fee*" beginning on page [ • ]). In addition, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, following receipt of an unsolicited written Competing Proposal that did not result in a material breach of the Seller Parties' nonsolicitation obligations and which our Board of Directors determines in good faith (after consulting with its financial and legal advisors) constitutes or could reasonably be expected to lead to a Superior Proposal, terminate the MSR Purchase Agreement and enter into a definitive acquisition agreement with respect to such Superior Proposal, subject to the payment of a termination fee (see "*The MSR Purchase Agreement and Subservicing Agreement Termination Fee*").

The Board may take the actions described in the immediately preceding paragraph if and only if it has determined in good faith, after consulting with its financial and legal advisors, that failure to take such actions would be inconsistent with its fiduciary duties under applicable law. Additionally, prior to making a Change of Recommendation, PHH must provide New Residential with at least four business days' prior written notice advising New Residential that it intends to make a Change of Recommendation and specifying the reasons for the Change of Recommendation and all material information with respect to such Change of Recommendation. If requested by New Residential, during such four-business day period, PHH must negotiate in good faith with New Residential to enable New Residential to propose an offer in writing to make such adjustments to the MSR Purchase Agreement so that our Board of Directors could determine in good faith (after consulting with its financial and legal advisors) that the failure to make a Change of Recommendation would not be inconsistent with its fiduciary duties. Similarly, prior to entering into a definitive acquisition agreement with respect to a Superior Proposal, PHH must provide New Residential with at least four business days' prior written notice (and material amendment to the amount or form of consideration payable under any Competing Proposal will require a new notice and an additional two-business day period) advising New Residential that our Board of Directors intends to enter into a definitive acquisition agreement, specifying the material terms thereof and that the relevant Seller Party will, if requested by New Residential, during such four- or two-business day period, negotiate with New Residential to enable New Residential to make such adjustments to the MSR Purchase Agreement such that the Competing Proposal is no longer a Superior Proposal.

**Regulatory Approvals (See page [ • ])**

The MSR Purchase Agreement requires each of the parties to submit any required filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "**HSR Act**"). If such filings are required, the MSR Purchase Agreement requires each of the parties to use their respective reasonable best efforts to resolve as promptly as practicable such objections, if any, that may be asserted by any governmental entity with respect to the transactions contemplated by the MSR Purchase Agreement under the HSR Act. If any governmental entity seeks any injunction or the entry of any governmental order prohibiting the transactions contemplated by the MSR Purchase Agreement, each party must defend claims seeking such an injunction or entry of such governmental order and use its reasonable best effort to avoid the entry of and seek to have lifted or vacated any such governmental order. Based on their analysis, the parties have determined that the MSR Sale is exempt from the reporting obligations under the HSR Act.

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**Required Consents (See page [ • ])**

The purchase and sale of the MSR Portfolio and the appointment of PHH as the servicer for the related mortgage loans are subject to approval by the applicable Investors (i.e., Freddie Mac, Fannie Mae or any other owner of the mortgage loans) and origination sources (i.e., any person who, in connection with the origination of a mortgage loan, retained the right to consent to the transfer of servicing of such mortgage loan and/or the sale of the related MSR) on or before the applicable Sale Date. PHH has agreed to undertake commercially reasonable efforts to obtain these consents in a timely manner, and to pay for all fees and costs charged by each Investor or origination source in connection with such consents. New Residential has agreed to provide such assistance to PHH and enter into such letter agreements and certifications as reasonably requested by PHH, including the provision of any information regarding New Residential and its business required by any applicable Investor or origination source.

**Termination of Seller's Right as Servicer under the Subservicing Agreement (See page [ • ])**

Prior to the initial Sale Date, New Residential may terminate the right of PHH Mortgage to act as a servicer under the Subservicing Agreement upon the occurrence of certain events that would allow New Residential to terminate the Subservicing Agreement if it had occurred after the effectiveness of the Subservicing Agreement. Upon New Residential's exercise of such termination right, the Seller Parties may elect to either effect the sale of the MSR Portfolio pursuant to the MSR Purchase Agreement and transfer the servicing to New Residential or its designee, or terminate the MSR Purchase Agreement. If the Seller Parties elect to effect the sale of the MSR Portfolio, New Residential will seek to obtain a replacement servicer as soon as reasonably practicable on substantially same terms as the Subservicing Agreement, and all Sale Dates will be postponed until New Residential obtains such replacement. PHH Mortgage will be responsible for all servicing transfer costs incurred by New Residential in connection with the transfer of servicing to the replacement servicer. If the Seller Parties elect to terminate the MSR Purchase Agreement, PHH will pay New Residential a break-up fee equal to \$10 million.

**Conditions to the Transactions (See page [ • ])**

The obligations of New Residential to effect the transactions contemplated by the MSR Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

the representations and warranties made by PHH Mortgage (other than those with respect to the MSR Portfolio and the related mortgage loans) are true and correct in all material respects as of the applicable Sale Date;

PHH Mortgage's compliance with and performance of all terms and covenants of the MSR Purchase Agreement in all material respects as of the applicable Sale Date;

the required consents of the applicable Investors and origination sources have been issued by all appropriate persons, and the related sale of the MSRs and transfer of servicing do not otherwise violate the terms of their underlying servicing agreements;

the approval by Fannie Mae and Freddie Mac of bifurcation of liability with respect to the MSRs and the related mortgage loans;

the absence of any order or injunction enjoining, restraining or otherwise prohibiting the MSR Purchase Agreement or the transactions contemplated by the MSR Purchase Agreement;

to the extent any Advances are subject to any security interest, execution and delivery by PHH of escrow agreements with respect to such Advances;

the receipt by New Residential of a certificate signed by the CEO or another senior officer of PHH that the conditions to New Residential's obligations have been satisfied;



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the absence of any litigation, proceeding or investigation pending, threatened or contemplated that (i) would reasonably be expected to have a material adverse effect with respect to PHH, PHH Mortgage, a material portion of the MSR's or a material portion of the related mortgage loans or (ii) enjoins, restrains or prohibits the MSR Purchase Agreement or the consummation of the transactions contemplated by the MSR Purchase Agreement;

the release of any liens on the MSR's;

the receipt by New Residential of an assignment agreement conveying the applicable MSR's on the relevant Sale Date, along with a cross receipt;

the receipt of the approval of PHH's stockholders of the transactions contemplated by the MSR Purchase Agreement;

the receipt of any required approvals under the HSR Act;

the receipt by New Residential of a true sale opinion from PHH's counsel relating to the sale of the MSR's;

with respect to the private label mortgage loans, receipt by New Residential of the applicable servicing agreements;

the receipt by New Residential of a non-exclusive portfolio retention agreement;

in the event the Subservicing Agreement with respect to the applicable MSR's has been terminated by New Residential in accordance with the terms of the MSR Purchase Agreement, New Residential's entry into a replacement subservicing agreement with a replacement servicer in accordance with the terms of the MSR Purchase Agreement, and receipt of all required approvals from the applicable Investors and origination sources with respect thereto.

The obligations of PHH to effect the transactions contemplated by the MSR Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

the representations and warranties made by New Residential are true and correct in all material respects as of the applicable Sale Date;

New Residential's compliance with and performance of all terms and covenants of the MSR Purchase Agreement in all material respects as of the applicable Sale Date;

the required consents of the applicable Investors and origination sources have been issued by all appropriate persons, and the related sale of the MSR's and transfer of servicing do not otherwise violate the terms of their underlying servicing agreements;

to the extent any Advances are subject to any security interest, execution and delivery by New Residential of escrow agreements with respect to such Advances;

if requested by PHH Mortgage, provision of information reasonably satisfactory to PHH Mortgage that the financial condition of New Residential is adequate to support the performance of its payment obligations under the MSR Purchase

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Agreement and the Subservicing Agreement;

the receipt of the approval of PHH's stockholders of the transactions contemplated by the MSR Purchase Agreement;

the receipt by PHH of a certificate signed by the CEO or another senior officer of New Residential that the conditions to PHH's obligations have been satisfied;

the absence of any pending, threatened or contemplated litigation, proceeding or investigation and the absence of any order or injunction that enjoins, restrains or prohibits or seeks to enjoin, restrain or prohibit the MSR Purchase Agreement or the transactions contemplated thereby;

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the receipt by PHH Mortgage of an assignment agreement conveying the applicable MSR's on the relevant Sale Date, along with a cross receipt;

the receipt of any required approvals under the HSR Act;

the receipt by PHH Mortgage of a non-exclusive portfolio retention agreement;

Neither PHH nor New Residential may rely on the failure of any closing condition to be satisfied to excuse such party from its obligation to effect the transactions contemplated by the MSR Purchase Agreement if such failure was caused by such party's failure to comply with its obligations to consummate the transactions contemplated by the MSR Purchase Agreement to the extent required by the MSR Purchase Agreement.

**Termination of the MSR Purchase Agreement (See page [ • ])**

The MSR Purchase Agreement may be terminated and the transactions contemplated by the MSR Purchase Agreement may be abandoned by any party in the following circumstances:

the initial Sale Date has not occurred by August 17, 2017;

either Fannie Mae and/or Freddie Mac has stated in writing that they will not provide the necessary Investor consents;

by mutual consent of the parties;

the special meeting has concluded and the vote required to approve the MSR Purchase Agreement and the transactions contemplated thereby is not obtained; or

any final, nonappealable order, judgment, injunction or other similar decree has been issued or taken by a governmental entity with jurisdiction over PHH, New Residential, the MSR Portfolio, the related mortgage loans or the transactions contemplated by the MSR Purchase Agreement restraining or prohibiting the consummation of such transactions.

New Residential may terminate the MSR Purchase Agreement if:

any tender offer or exchange offer for PHH's shares that constitutes a Competing Proposal has been commenced and PHH has not, within 10 business days thereafter (or, if earlier, prior to the date of the special meeting), made any recommendation or public statement pursuant to Rule 14e-2 under the Securities Exchange Act of 1934, as amended, or the "*Exchange Act*", reaffirming its recommendation of the MSR Purchase Agreement and the transactions contemplated thereby and recommending that the stockholders reject such tender or exchange offer;

prior to the special meeting of stockholders, our Board of Directors has made a Change of Recommendation;

the special meeting of stockholders has not occurred on or before May 31, 2017; or

either Seller Party breaches, in any material respect, any representation, warranty (other than as set forth in the representation and warranties regarding the MSR Portfolio and the related mortgage loans), covenant, obligation or agreement set forth in the MSR Purchase Agreement and such breach is not cured within 30 days of notice.



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Either PHH Corporation or PHH may terminate the MSR Purchase Agreement if:

the Subservicing Agreement has been terminated pursuant to the terms of the MSR Purchase Agreement (see "*Termination of Subservicing Agreement*" on page [ • ]);

New Residential loses any approval by Fannie Mae, Freddie Mac or any of the other applicable Agency to own the MSRs and such approval is not restored within 45 days after initial revocation of such approval;

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New Residential breaches, in any material respect, any representation, warranty, covenant, obligation or agreement set forth in the MSR Purchase Agreement and such breach is not cured within 30 days of notice; or

if, before the receipt of the approval of the stockholders, our Board of Directors determines to terminate the MSR Purchase Agreement in order to enter into an acquisition agreement with respect to a Superior Proposal, provided, however, that any such purported termination will be void unless the Seller Parties have complied with the provisions in the MSR Purchase Agreement relating to payment of the termination fee to New Residential, and provided, further that Seller Parent or its relevant subsidiary have entered into such acquisition agreement substantially concurrently with such termination.

**Termination Fee (See page [ • ])**

PHH will be required to pay New Residential a termination fee equal to 3.5% of the purchase price for the MSR Portfolio under the following circumstances:

New Residential terminates the MSR Purchase Agreement as a result of PHH's failure to recommend against any tender or exchange offer that constitutes a Competing Proposal or reaffirm its recommendation of the MSR Purchase Agreement and the transactions contemplated thereby;

New Residential terminates the MSR Purchase Agreement as a result of a Change of Recommendation by our Board of Directors;

New Residential terminates the MSR Purchase Agreement because the special meeting has not occurred on or before May 31, 2017;

a Seller Party terminates the MSR Purchase Agreement because (i) the initial Sale Date has not occurred by August 17, 2017 or (ii) the special meeting of stockholders has concluded and the vote required to approve the MSR Purchase Agreement and the transactions contemplated thereby is not obtained and, at the time of such termination, New Residential has the right to terminate the MSR Purchase Agreement because of (x) PHH's failure to recommend against any tender or exchange offer that constitutes a Competing Proposal or reaffirm its recommendation of the MSR Purchase Agreement and the transactions contemplated thereby or (y) any Change of Recommendation by our Board of Directors;

prior to the receipt of stockholder approval of the MSR Purchase Agreement and the transactions contemplated thereby, a Seller Party terminates the MSR Purchase Agreement in order to enter into an acquisition agreement with respect to a Superior Proposal; or

(i) any party terminates the MSR Purchase Agreement because the initial Sale Date has not occurred by August 17, 2017 and provided that the PHH stockholder approval of the MSR Purchase Agreement and the transactions contemplated thereby is not obtained at the special meeting, or (ii) any party terminates the MSR Purchase Agreement because the special meeting of stockholders has concluded and the vote required to approve the MSR Purchase Agreement and the transactions contemplated thereby is not obtained, and, in each case of (i) and (ii), prior to the termination of the MSR Purchase Agreement or prior to the special meeting of stockholders, (x) a Competing Proposal is publicly disclosed and not withdrawn and (y) within 12 months of termination of the MSR Purchase Agreement, a Seller Party enters into an acquisition agreement with respect to a Competing Proposal (which is subsequently consummated) or consummates a Competing Proposal for 50% or more of the MSR Portfolio.

**Subservicing Agreement (See page [ • ] and Annex B)**

In connection with the execution of the MSR Purchase Agreement, PHH Mortgage and New Residential entered into the Subservicing Agreement, which will become effective upon the initial Sale



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Date of the MSR's under the MSR Purchase Agreement. Pursuant to the Subservicing Agreement, PHH Mortgage will be retained by New Residential as a subservicer for the MSR Portfolio, which as of December 31, 2016 consisted of approximately 467,000 mortgage loans. (See " *The MSR Purchase Agreement and Subservicing Agreement Subservicing Agreement*") A copy of the Subservicing Agreement is attached to this proxy statement as *Annex B*. We encourage you to read the Subservicing Agreement in its entirety.

**Certain Federal Income Tax Consequences of the MSR Sale (See page [ • ])**

The following is a discussion of all material federal income tax consequences to us of the MSR Sale. This discussion is a summary for our common stockholders and is intended for general information only. The MSR Sale will not result in any direct federal income tax consequences to our stockholders. Each stockholder is urged to consult his or her own tax advisor as to the federal income tax consequences of the MSR Sale to such stockholder.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the "*Code*," administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as in effect on the date hereof and all of which may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those described below. No rulings have been requested or received from the Internal Revenue Service, or "*IRS*," as to the tax consequences of the MSR Sale transaction and there is no intent to seek any such ruling. Accordingly, no assurance can be given that the IRS will not challenge the tax treatment of tax consequences of the MSR Sale discussed below or, if it does challenge the tax treatment, that it will not be successful.

The MSR Sale will be treated for federal income tax purposes as a taxable sale upon which we will recognize a gain or loss. The amount of gain or loss we recognize will be measured by the difference between the cash and any other amount realized by us from the sale of the respective MSR's and our tax basis in MSR's sold.

**Certain Accounting Consequences of the MSR Sale (See page [ • ])**

For the MSR Sale, we will recognize cash proceeds from the legal sale and transfer of the MSR's; however, we expect to record the transaction as a secured borrowing with pledge of collateral, under accounting principles generally accepted in the United States of America. As a result, we expect to recognize in our financial statements Cash received from each transfer, offset by a reduction in Servicing advance receivables and the recognition of a liability for secured borrowing. In future periods, the Change in fair value of the transferred MSR asset accounted for as collateral pledged under a secured borrowing arrangement will fully offset the Change in fair value of the related secured borrowing liability, as we expect to elect to account for that liability at fair value.

As of December 31, 2016, our MSR asset was recorded at fair value with the assessment of value incorporating the pricing associated with the New Residential MSR Purchase Agreement. Therefore, there is no expected gain or loss on the MSR Sale as of that date; however, we expect to recognize a loss of approximately \$40 million related to transaction costs and retained risk on the MSR Sale. After the execution of this transaction, we expect to continue to operate as a servicer and we will continue to recognize results from servicing in our financial information.

**THE HOME LOANS TRANSACTIONS**

**The Parties to the Home Loans Transactions**

***PHH Corporation***

Please refer above to " The MSR Sale The Parties to the MSR Sale PHH Corporation" for a description of PHH. Our executive offices are located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 and our telephone number is (856) 917-1744.

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***Realogy Holdings Corp.***

Realogy Holdings Corp., or "**Realogy**," was incorporated on December 14, 2006 in the State of Delaware. Realogy, through its subsidiaries, is a global provider of residential real estate services. For more information about Realogy, please visit Realogy's website at <http://www.realogy.com>. Realogy's website address is provided as an inactive textual reference only. The information provided on Realogy's website is not part of this proxy statement, and therefore is not incorporated by reference. Realogy's common stock is publicly traded on the NYSE under the symbol "RLGY." Realogy's executive offices are located at 175 Park Avenue, Madison, New Jersey 07940 and its general telephone number is (973) 407-2000.

***PHH Home Loans, LLC***

PHH Home Loans is our joint venture with Realogy. We own 50.1% of PHH Home Loans through our wholly-owned subsidiary, PHH Broker Partner Corporation, and Realogy owns the remaining 49.9% through Realogy Services Venture Partner, LLC. PHH Home Loans was formed for the purpose of originating and selling mortgage loans primarily sourced through Realogy's owned real estate brokerage business, NRT, and corporate relocation business, Cartus. All loans originated by PHH Home Loans are sold to unaffiliated third-party investors or PHH Mortgage, in all cases at arm's length terms.

During the years ended December 31, 2016, 2015 and 2014, PHH Home Loans originated residential mortgage loans of \$7.1 billion, \$7.9 billion and \$7.4 billion, respectively, and PHH Home Loans brokered or sold \$2.0 billion, \$2.7 billion and \$3.3 billion, respectively, of mortgage loans to PHH Mortgage under the terms of a loan purchase agreement. For the year ended December 31, 2016, 20% of the mortgage loans originated by the Company were derived from Realogy's affiliates, of which 96% were originated by PHH Home Loans.

PHH Home Loans does not hold any mortgage loans for investment purposes or retain mortgage servicing rights. In addition to the PHH Home Loans Operating Agreement, PHH Home Loans, PHH Mortgage and PHH are parties to a Strategic Relationship Agreement with Realogy Services Group LLC and the Realogy Member. (We refer to the Strategic Relationship Agreement and the PHH Home Loans Operating Agreement collectively as the "**PHH Home Loans JV Agreements**".) PHH Mortgage operates under a Management Services Agreement with PHH Home Loans, pursuant to which PHH Mortgage provides certain mortgage origination processing and administrative services for PHH Home Loans. In exchange for such services, PHH Home Loans pays PHH Mortgage a fee per service and a fee per loan, subject to a minimum amount.

PHH Home Loans' executive offices are located at 1 Mortgage Way, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

***PHH Broker Partner Corporation***

PHH Broker Partner Corporation, or the "**PHH Member**", is an indirectly wholly-owned subsidiary of PHH. We manage PHH Home Loans through the PHH Member, which owns 50.1% of the membership interests of PHH Home Loans, with the exception of certain specified actions that are subject to approval through PHH Home Loans' board of advisors, which consists of representatives of Realogy and the Company. The PHH Member's executive offices are located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

***RMR Financial, LLC***

RMR Financial, LLC, or "**RMR**," is a wholly-owned subsidiary of PHH Home Loans. RMR's executive offices are located at 1 Mortgage Way, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

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***Guaranteed Rate Affinity, LLC***

GRA is a new joint venture formed by subsidiaries of Realogy and Guaranteed Rate, Inc., or "**GRI**." GRA's executive offices are located at 1800 W. Larchmont, Chicago, Illinois 60613 and its general telephone number is 773-516-6900.

***Guaranteed Rate, Inc.***

GRI is one of the largest independent retail mortgage companies in the United States. GRI's executive offices are located at 3940 N. Ravenswood, Chicago, Illinois 60613 and its general telephone number is 773-290-0505.

***Realogy Services Venture Partner LLC***

Realogy Services Venture Partner LLC, or the "**Realogy Member**", is a wholly-owned subsidiary of Realogy. The Realogy Member owns 49.9% of the membership interests of PHH Home Loans. The Realogy Member's executive offices are located at 175 Park Avenue, Madison, New Jersey 07940 and its general telephone number is (973) 407-2000.

**The Asset Purchase Agreement (See page [ • ] and Annex D)**

We entered into an asset purchase agreement dated as of February 15, 2017 with GRA, PHH Home Loans and RMR pursuant to which GRA has agreed, subject to the terms and conditions set forth therein, to acquire certain assets and liabilities held by PHH Home Loans and RMR. We refer to this agreement as the "**Asset Purchase Agreement**" in this proxy statement and to PHH, PHH Home Loans and RMR as the "**PHH parties**". A copy of the Asset Purchase Agreement is attached as *Annex D* to this proxy statement. We encourage you to read the Asset Purchase Agreement in its entirety. The Home Loans Asset Sale may constitute a sale of substantially all of the assets of the Company.

**Purchased Assets and Assumed Liabilities (See page [ • ])**

Subject to the terms and conditions of the Asset Purchase Agreement, PHH Home Loans and RMR will sell, assign and convey to GRA certain assets, or the "**Purchased Assets**", that are held by PHH Home Loans and RMR, and are used in the business of originating and selling mortgage loans sourced through a variety of sources, including Realogy's owned residential real estate brokerage and corporate relocations businesses and from all U.S.-based employees of Realogy, or the "**Home Loans Business**." The Purchased Assets include, among other things, (i) certain office leases and vendor contracts specified in the schedules to the Asset Purchase Agreement, (ii) fixtures, furniture, office equipment and other tangible personal property owned by PHH Home Loans and RMR, (iii) certain IT assets (other than certain excluded IT assets) and certain business intellectual property of PHH Home Loans and RMR, (iv) subject to certain exceptions, unlocked pipeline loans that are expected to close more than 20 days after the applicable closing date, and (v) customer data and books and records of the Home Loans Business. None of the Purchased Assets or Assumed Liabilities had any significant recorded book value in the Audited Consolidated Balance Sheet of PHH Corporation and its Subsidiaries as of December 31, 2016, nor do we anticipate any material changes to their book value. (See the PHH Corporation and Subsidiaries Audited Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014 attached hereto at *Annex H* for more information.) In connection with GRA's purchase of the Purchased Assets, GRA is also making offers of employment to certain employees of PHH, PHH Home Loans and RMR (see "*Employee Matters*" beginning on page [ • ]).

PHH Home Loans, RMR and their affiliates will retain all assets that are not Purchased Assets, including, among other things, all mortgage loans held for sale, all pipeline loans other than those that

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are part of the Home Loans Asset Sale, insurance proceeds, cash, and contracts that are not scheduled as Purchased Assets under the Asset Purchase Agreement.

The Home Loans Asset Sale will be effected over five closings following the satisfaction or waiver of the conditions applicable to each closing, including the receipt of certain specified licensing approvals, the closing of the portion of the MSR Sale to New Residential that requires the consent of Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency (but not the origination source) under the MSR Purchase Agreement (unless we have obtained consents from a sufficient number of holders of our Senior Notes to the effect that the consummation of the Home Loans Asset Sale would not require us to redeem our Senior Notes) and, in the case of the first closing of the transactions contemplated by the Asset Purchase Agreement, or the "**First Closing**", investor approvals and third party consents (see " *Conditions to Closings*" beginning on page [ • ]). Unless otherwise agreed by the parties, each closing will take place on PHH Home Loans' and RMR's payroll date that is closest to the middle of the month that is at least ten business days following the first day on which the conditions to such closing are satisfied or waived. At each closing, the Purchased Assets and Transferred Employees (as defined below) relating to branch offices of PHH Home Loans and RMR in those states for which the applicable licensing approvals and investor approvals have been obtained will be transferred to GRA. The exact order of transfer of the branch offices will depend on the status and expected timing of GRA's receipt of the applicable licensing approvals in the relevant states.

In connection with the Home Loans Asset Sale, GRA will assume all liabilities relating to the ownership and use of the Purchased Assets that arise after the applicable closings, and PHH Home Loans and RMR will retain all liabilities to the extent relating to the ownership, use or operation of the Purchased Assets or the Home Loans Business at or prior to the applicable closings, including liabilities for excluded assets, retained employee liabilities, retained pipeline loans and certain specified legal proceedings.

**Purchase Price (See page [ • ])**

In consideration of the Home Loans Asset Sale, GRA will pay PHH Home Loans \$70,024,000 in cash, or the "**Purchase Price**", 20% of which will be paid at each of the five closings. The net proceeds from the Home Loans Asset Sale will be distributed to the members of PHH Home Loans on a pro rata basis based on their respective ownership in PHH Home Loans. The PHH Member owns 50.1% of the common interests in PHH Home Loans and the Realty Member owns 49.9% of the common interests in PHH Home Loans. We expect to receive \$35 million in net proceeds from our share of Distributable Cash resulting from the Home Loans Asset Sale under the Asset Purchase Agreement. See " *Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions*" for more information about our anticipated use of proceeds from the Home Loans Transactions.

**Recommendation of our Board of Directors (See page [ • ])**

Our Board of Directors, at a special meeting held on February 15, 2017, after due consideration, unanimously (i) determined that the Home Loans Transactions, including the Home Loans Asset Sale, are advisable and in the best interests of the Company and its stockholders, (ii) approved the Home Loans Transactions on the terms and conditions of the Home Loans Transactions Agreements, and (iii) directed that the Home Loans Asset Sale on the terms and conditions of the Asset Purchase Agreement be submitted for consideration by our stockholders at the special meeting of stockholders. **Our Board of Directors has approved the Home Loans Transactions on the terms and conditions of the Home Loans Transactions Agreements and unanimously recommends that stockholders vote "FOR" the Home Loans Asset Sale Sub-Proposal.** For a discussion of the factors considered by our Board of Directors in reaching its conclusions, See " *Sub-Proposal 1B: Approval of the Home Loans Asset Sale Sub-Proposal Reasons for Recommending the Home Loans Asset Sale*" on page [ • ].

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**Opinion of Credit Suisse Securities (USA) LLC (See page [ • ] and Annex E)**

In connection with the Home Loans Asset Sale, the Company's financial advisor for a series of strategic alternative transactions, Credit Suisse Securities (USA) LLC, or "*Credit Suisse*," delivered an opinion, dated February 15, 2017, to the Board of Directors as to the fairness, from a financial point of view and as of the date of such opinion, to the Company of its pro rata share of the Purchase Price to be paid for the PHH Home Loans transferred business. For purposes of Credit Suisse's analyses and opinion, the term "*PHH Home Loans transferred business*" refers to the portion of the business to be sold by PHH Home Loans and RMR, or collectively the "*PHH Home Loans entities*," in the Home Loans Asset Sale, and the term "*PHH Home Loans retained business*" refers to the assets that are not part of the PHH Home Loans transferred business, and certain liabilities, to be retained by the PHH Home Loans entities. The full text of Credit Suisse's written opinion, dated February 15, 2017, is attached to this proxy statement as *Annex G* and sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Credit Suisse in connection with such opinion. **The description of Credit Suisse's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of Credit Suisse's opinion. Credit Suisse's opinion was provided to the Board of Directors (in its capacity as such) for its information in connection with its evaluation of the Company's pro rata share of the Purchase Price from a financial point of view to the Company and did not address any other terms, aspects or implications of the proposed Home Loans Asset Sale or any related transactions, including the relative merits of the Home Loans Asset Sale or any related transactions as compared to alternative transactions or strategies that might be available to the Company or the underlying business decision of the Company or the PHH Home Loans entities to proceed with the Home Loans Asset Sale and related transactions. Credit Suisse's opinion does not constitute advice or a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the proposed Home Loans Asset Sale, any related transactions or otherwise.**

**Nonsolicitation of Competing Proposals (See page [ • ])**

Under the Asset Purchase Agreement, the PHH parties have agreed that, subject to certain exceptions described below, they will and will direct their respective subsidiaries and representatives to cease any ongoing discussions or negotiations with any person with respect to a Competing Proposal (as defined below), and that none of the PHH parties will, and each of them will direct its subsidiaries and representatives not to:

directly or indirectly through another Person, solicit, initiate or knowingly encourage any inquiries, proposals or offers from any person (other than GRA and its affiliates) regarding, or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, a Competing Proposal;

engage in or otherwise participate in any discussions or negotiations regarding, or furnish to any other person any non-public information in connection with or for the purpose of encouraging or facilitating, a Competing Proposal;

enter into any letter of intent or any other contract providing for a Competing Proposal; or

agree or resolve to take any of the actions described above.

A "*Competing Proposal*" means any inquiry, proposal or offer to acquire (other than the transactions contemplated by the Asset Purchase Agreement), directly or indirectly, 20% or more of the common interests of PHH Home Loans and its subsidiary or 20% or more of the Purchased Assets; provided that any such inquiry, proposal or offer will only constitute a Competing Proposal if and to the extent it would, by its terms and if agreed by PHH, PHH Home Loans or RMR, prohibit the PHH parties from consummating the transactions contemplated by the Asset Purchase Agreement.



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Notwithstanding the nonsolicitation obligations described above, if at any time prior to obtaining stockholder approval of the transactions contemplated by the Asset Purchase Agreement, PHH or any of its subsidiaries or representatives receives an unsolicited written Competing Proposal not resulting from or arising out of their material breach of the nonsolicitation obligations, and our Board of Directors determines, after consultation with its outside legal counsel and financial advisors, that such Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal (as defined below), then PHH and its representatives may (i) furnish, pursuant to a confidentiality agreement with terms that are no less favorable to the PHH parties than those contained in the confidentiality agreement between the PHH parties and GRA, information (including non-public information) with respect to PHH Home Loans and RMR, and the Home Loans Business to the person or group of persons who has made such Competing Proposal and (ii) engage in or otherwise participate in discussions or negotiations with the person or group of persons making such Competing Proposal.

A "**Superior Proposal**" is a bona fide written Competing Proposal to acquire 50% or more of the common interests of PHH Home Loans and its subsidiary or 50% or more of the Purchased Assets that our Board of Directors determines in good faith, after consultation with outside legal counsel and financial advisors and taking into account any changes to the Asset Purchase Agreement proposed by GRA in response to one or more Competing Proposals, is more favorable to PHH or its stockholders than the transactions contemplated by the Asset Purchase Agreement (taking into consideration, among other things, all legal, financial, regulatory and other aspects of the proposal deemed relevant by our Board of Directors, including the financing terms thereof and the likelihood of consummation).

PHH has agreed to keep GRA reasonably informed of the status and any material developments, discussions or negotiations regarding any Competing Proposal on a prompt basis (and in any event within 24 hours).

**Changes in the Recommendation of our Board of Directors; Fiduciary Termination (See page [ • ])**

PHH has agreed, subject to certain exceptions as described below, that it will not (i) fail to include the recommendation of our Board of Directors of the transactions contemplated by the Asset Purchase Agreement in this proxy statement, (ii) change, qualify, withdraw or modify, or publicly propose to change, qualify, withdraw or modify, in a manner adverse to GRA, the recommendation of our Board of Directors, (iii) take any formal action or make any recommendation or public statement in connection with a Competing Proposal other than a recommendation against such offer, a "stop, look and listen" communication or other public disclosure that our Board of Directors determines, after consultation with its outside legal counsel, is required to be disclosed by law, or (iv) adopt, approve, or recommend or publicly propose to adopt, approve or recommend, to the stockholders of PHH, a Competing Proposal (any action described in the foregoing clauses (i) through (iv) is referred to as an "**Acquisition Recommendation Change**") or (v) authorize, cause or permit PHH or any of its subsidiaries to enter into any letter of intent or other agreement with respect to any Competing Proposal other than a confidentiality agreement (each such agreement is referred to as an "**Acquisition Agreement**").

Notwithstanding the foregoing restrictions, subject to the compliance with the obligations described in the next paragraph, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the Asset Purchase Agreement, make an Acquisition Recommendation Change in response to a Competing Proposal or enter into an Acquisition Agreement, if our Board of Directors has determined in good faith that, (i) after consultation with its outside legal counsel, the failure to do so could be inconsistent with our Board of Directors' fiduciary duties under applicable law and (ii) after consultation with its outside legal counsel and financial advisors, such Competing Proposal constitutes a Superior Proposal.

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Our Board of Directors may take the actions described in the immediately preceding paragraph if and only if prior to taking such actions, (i) PHH has provided GRA with at least four business days' prior written notice (and any material change to the material terms of such Superior Proposal, including any change in price, will require a new notice and an additional two-business day notice period) of its intention to make an Acquisition Recommendation Change or enter into an Acquisition Agreement and specifying the reasons for and all material information with respect to such actions, (ii) if requested by GRA, during such four-business day notice period, PHH has negotiated in good faith with GRA to enable GRA to propose an offer in writing to make such revisions to the Asset Purchase Agreement so that our Board of Directors could determine in good faith (after consultation with its outside legal advisors) that the failure to make an Acquisition Recommendation Change or enter into an Acquisition Agreement would not be inconsistent with its fiduciary duties, and (iii) following the end of such notice period, our Board of Directors has considered in good faith such binding offer by GRA and has determined that the Superior Proposal continues to constitute a Superior Proposal if the revisions proposed by GRA were to be given effect.

In addition, subject to the compliance with the obligations described in the next paragraph, at any time prior to obtaining stockholder approval of the transactions contemplated by the Asset Purchase Agreement, our Board of Directors may, in response to an "Intervening Event" (as defined below), change, qualify, withdraw or modify its recommendation of the transactions contemplated by the Asset Purchase Agreement or publicly propose to do so, in a manner adverse to GRA, or a "**Change of Recommendation**", if our Board of Directors has determined in good faith, after consultation with its outside legal counsel, that the failure to make a Change of Recommendation could be inconsistent with our Board of Directors' fiduciary duties under applicable law. An "**Intervening Event**" refers to a material event or change with respect to PHH, PHH Home Loans and their subsidiaries taken as a whole (other than a Competing Proposal and the MSR Sale) first occurring after the date of the Asset Purchase Agreement that was not known by our Board of Directors (or if known, the magnitude or material consequences of which were not known by our Board of Directors) as of the date of the Asset Purchase Agreement.

Our Board of Directors may take the actions described in the immediately preceding paragraph if and only if prior to taking such actions, (i) PHH has provided GRA with at least four business days' prior written notice of its intention to effect a Change of Recommendation and a description of the reasons for such action, (ii) if requested by GRA, during such four-business day notice period, PHH has negotiated in good faith with GRA to enable GRA to propose an offer in writing to make such revisions to the Asset Purchase Agreement that would obviate the need for making such Change of Recommendation in respect of such Intervening Event, and (iii) following the end of such notice period, our Board of Directors has considered in good faith such binding offer by GRA and has determined, after consultation with outside legal, that that failure to effect a Change of Recommendation could be inconsistent with the fiduciary duties of our Board of Directors under applicable law.

In the event our Board of Directors effects an Acquisition Recommendation Change or a Change of Recommendation, GRA may terminate the Asset Purchase Agreement and PHH will be obligated to pay a termination fee. PHH will also be obligated to pay the termination fee if it terminates the Asset Purchase Agreement in order to enter into an Acquisition Agreement in respect of a Superior Proposal. See "*Termination Fees and Other Consequences*" beginning on page [ • ].

Notwithstanding the foregoing, nothing in the Asset Purchase Agreement obligates Realogy to enter into a joint venture, directly or indirectly, with any third party, and Realogy retains all of its existing consent and other rights under the PHH Home Loans JV Agreements.

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**Regulatory Approvals and Investor Approvals**

GRA has agreed to use reasonable best efforts to make all regulatory, d/b/a, fictitious name and similar filings and seek to obtain all permits, authorizations and licenses from governmental entities and investors as will be necessary for GRA to conduct its loan origination, loan sales and related operations after the closing. GRA will be responsible for all filing fees and other costs and expenses relating to the licensing approvals and investor approvals. GRA will keep PHH Home Loans reasonably informed of the status of the licensing approvals and investor approvals, and will promptly notify PHH Home Loans of any material development, including any refusal or material objection by any governmental entity or investor to grant the required approval and any material condition imposed or requested by any governmental entity or investor in connection with these approvals. At least 20 days prior to the First Closing and 15 days prior to each subsequent closing, GRA will provide written confirmation to PHH Home Loans that GRA has received reasonable assurance from the relevant state licensing authorities that they will issue the applicable branch office licenses upon the surrender by PHH Home Loans or RMR of its branch office license for these locations at the applicable closing.

**Conditions to Closings (See page [ • ])**

*Conditions to the First Closing.*

The respective obligations of each party to effect the First Closing are subject to the satisfaction or waiver of each of the following conditions:

the approval of the transactions contemplated by the Asset Purchase Agreement by holders of a majority of the outstanding shares of PHH common stock entitled to vote on the transaction;

the consummation of a portion of the MSR Sale that requires the consent of Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency, but does not require consent from the origination source (this condition will be deemed satisfied upon receipt of consents from a sufficient number of holders of PHH's 7.375% Senior Notes due 2019 and PHH's 6.375% Senior Notes due 2021, to the effect that the consummation of the transactions contemplated under the Asset Purchase Agreement will not require PHH to redeem such Senior Notes);

the satisfaction or waiver of the conditions to the closing of the transactions contemplated by the JV Interests Purchase Agreement;

the receipt by GRA of certain specified licensing approvals; and

the absence of any order or injunction prohibiting the consummation of the Asset Purchase Agreement or the transactions contemplated thereby, and the absence of any outstanding written material objection by certain specified governmental entities to the consummation of the transactions contemplated thereby that the parties conclude, in good faith, would result in significant reputational harm to one or more of the parties if they were to proceed to the First Closing over the objection.

The obligation of GRA to effect the First Closing is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by the PHH parties, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect (subject to limited exceptions);

the compliance with and performance of the covenants and agreements in the Asset Purchase Agreement by the PHH parties in all material respects;

the absence of a Material Adverse Effect since the date of the Asset Purchase Agreement;



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the receipt by GRA of an officer's certificate from each PHH party to the effect that the foregoing conditions have been satisfied;

the receipt of certain required third party consents and certain investor approvals;

the delivery by the PHH parties of certain documents and instruments that are required to be delivered at the First Closing;  
and

the acceptance by a specified supermajority of the PHH, PHH Home Loans and RMR employees, including a specified supermajority of the loan officers, who receive offers of employment from GRA. The parties expect that they will know whether this condition has been satisfied by May 2, 2017.

The obligation of the PHH parties to effect the First Closing is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by GRA, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or impair the ability of GRA to consummate the transactions;

the compliance with and performance of the covenants and agreements in the Asset Purchase Agreement by GRA in all material respects;

the receipt by the PHH parties of an officer's certificate from GRA to the effect that the foregoing conditions have been satisfied; and

the delivery by GRA of the applicable portion of the Purchase Price and certain documents and instruments that are required to be delivered at the First Closing.

*Conditions to Subsequent Closings*

The respective obligations of each party to effect each subsequent closing of the transactions contemplated by the Asset Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

the receipt by GRA of the required licensing approvals from states covering 85% of the Home Loan Business's loan origination volume for the applicable jurisdiction for the last 12 months preceding the applicable closing date; and

the absence of any order or injunction prohibiting the consummation of the Asset Purchase Agreement or the transactions contemplated thereby.

**Termination of the Asset Purchase Agreement (See page [ • ])**

The Asset Purchase Agreement may be terminated and the transactions contemplated by the Asset Purchase Agreement may be abandoned at any time prior to the First Closing date by mutual consent or by either GRA or PHH if:

the First Closing has not occurred on or before November 15, 2017 (this date, which may be extended to January 15, 2018 under certain circumstances in order to obtain the required licensing approvals and investor approvals, is referred to as the "**Outside Date**"), provided that this right to terminate the Asset Purchase Agreement will not be available to any party whose

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breach of the Asset Purchase Agreement has been the proximate cause of the failure to consummate the First Closing on or prior to the Outside Date;

a final and nonappealable order prohibiting the consummation of the transactions contemplated by the Asset Purchase Agreement has been issued or taken by a governmental entity of competent jurisdiction, provided that this right to terminate the Asset Purchase Agreement will

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only be available if the party seeking to use this right has used its reasonable best efforts to prevent the entry of such order to the extent required by the terms of the Asset Purchase Agreement; or

the special meeting of PHH's stockholders has concluded and the required stockholder approval is not obtained.

PHH may terminate the Asset Purchase Agreement if:

prior to the receipt of the required PHH stockholder approval, our Board of Directors determines to terminate the Asset Purchase Agreement in order to enter into an Acquisition Agreement with respect to a Superior Proposal, provided that PHH has complied with the procedures for effecting such termination (see *Changes in the Recommendation of our Board of Directors; Fiduciary Termination*" beginning on page [ • ]) and paid the applicable termination fee to GRA (see *Termination Fee and Other Consequences*" beginning on page [ • ]); or

there has been a breach by GRA of any representation, warranty, covenant, obligation or agreement set forth in the Asset Purchase Agreement, which breach, either individually or in the aggregate, would result in the failure to satisfy certain closing condition(s) and is not cured within the earlier of the Outside Date or 30 days of PHH's written notice of such breach, provided that this termination right will not be available if any PHH party is then in material breach of any of its representations, warranties, covenants or agreements in the Asset Purchase Agreement.

GRA may terminate the Asset Purchase Agreement if:

prior to the special meeting of PHH's stockholders, (i) our Board of Directors has made an Acquisition Recommendation Change or a Change of Recommendation (see *Changes in the Recommendation of our Board of Directors; Fiduciary Termination*" beginning on page [ • ]) or (ii) an offer relating to a Competing Proposal has been formally commenced by a third party and our Board of Directors has not, within 10 business days thereafter, made any recommendation or public statement reaffirming its recommendation of the Asset Purchase Agreement and recommending that PHH's stockholders reject such Competing Proposal;

there has been a breach by any PHH party of any representation, warranty, covenant, obligation or agreement set forth in the Asset Purchase Agreement, which breach, either individually or in the aggregate, would result in the failure to satisfy certain closing condition(s) and is not cured within the earlier of the Outside Date or 30 days of GRA's written notice of such breach, provided that this termination right will not be available if GRA is then in material breach of any of its representations, warranties, covenants or agreements in the Asset Purchase Agreement; or

the closing condition relating to the consummation of the MSR Sale has not been satisfied or waived by September 1, 2017 and all of the other conditions to the First Closing have been satisfied or waived, if the First Closing were to occur on September 1, 2017.

In addition, the Asset Purchase Agreement will terminate automatically if the JV Interests Purchase Agreement has been terminated pursuant to its terms. (See below *JV Interests Purchase Agreement Termination of the JV Interests Purchase Agreement*" for more information.)

If the Asset Purchase Agreement is terminated, it will become void and of no effect with no liability on the part of any party to another party, except that (i) certain provisions, including those relating to the effect of termination and termination fees, will survive the termination, and (ii) no party will be released from any liability for any deliberate material breach of any of its covenants in the Asset Purchase Agreement prior to such termination.

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**Termination Fees and Other Consequences (See page [ • ])**

PHH will be required to pay GRA a termination fee equal to 3.5% of the Purchase Price if:

GRA terminates the Asset Purchase Agreement as a result of an Acquisition Recommendation Change or Change of Recommendation by our Board of Directors, or the failure of our Board of Directors to reaffirm its recommendation of the Asset Purchase Agreement within 10 business days following the commencement of any offer that constitutes a Competing Proposal;

PHH terminates the Asset Purchase Agreement in order to enter into an Acquisition Agreement with respect to a Superior Proposal; or

the Asset Purchase Agreement is terminated (x) by either party due to the failure to consummate the transaction on or prior to the Outside Date or the failure to obtain PHH stockholder approval or (y) by GRA due to any uncured breach by the PHH parties that results in the failure to satisfy a closing condition, (ii) prior to such termination, a Competing Proposal to acquire 50% or more of the common interests of PHH Home Loans or 50% or more of the Purchased Assets had been publicly announced and not publicly withdrawn, and (iii) within 12 months following such termination, a Competing Proposal for 50% or more of the common interests of PHH Home Loans or 50% or more of the Purchased Assets is consummated, or PHH or any of its subsidiaries enters into an Acquisition Agreement with respect to such a Competing Proposal, which is subsequently consummated.

PHH will also be required to pay GRA a termination fee, or the "*MSR Termination Fee*", equal to 1.75% of the Purchase Price if:

either PHH or GRA terminates the Asset Purchase Agreement due to the failure to consummate the transaction on or prior to the Outside Date, and the condition relating to the consummation of the MSR Sale has not been satisfied as of the Outside Date;

GRA terminates the Asset Purchase Agreement as a result of the PHH parties' breach of the Asset Purchase Agreement resulting in the failure to satisfy a closing condition, and the PHH parties have materially breached their obligation to keep GRA informed of the status of the MSR Sale; or

GRA terminates the Asset Purchase Agreement due to the failure to satisfy the closing condition relating to the consummation of the MSR Sale by September 1, 2017.

In addition, if the Asset Purchase Agreement is terminated under circumstances in which the MSR Termination Fee is payable, PHH will be automatically deemed to have irrevocably waived (i) any provision of the PHH Home Loans JV Agreements that would limit or restrict Realogy from entering into any joint venture with any third party (including GRI) and (ii) any notice or waiting periods under the PHH Home Loans JV Agreements to allow Realogy to exercise its right to terminate those agreements and sell its interest in PHH Home Loans to PHH.

**PHH Guaranty (See page [ • ])**

PHH has agreed to guarantee the obligations of PHH Home Loans to pay and perform its obligations under the Asset Purchase Agreement. If the Asset Purchase Agreement is terminated, the guaranty will terminate 180 days after the termination, except with respect to any obligations arising at or prior to such termination.

**JV INTERESTS PURCHASE AGREEMENT (See page [ • ] and Annex E)**

In connection with the execution of the Asset Purchase Agreement, PHH and the PHH Member entered into a JV interests purchase agreement dated as of February 15, 2017 with the Realogy





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Member. We refer to this agreement as the "*JV Interests Purchase Agreement*." A copy of the JV Interests Purchase Agreement is attached as *Annex E* to this proxy statement. We encourage you to read the JV Interests Purchase Agreement in its entirety.

**JV Interests Purchase; Consideration (See page [ • ])**

The PHH Member owns 50.1% of the common interests in PHH Home Loans and the Realogy Member owns 49.9% of the common interests in PHH Home Loans. Under the JV Interests Purchase Agreement, the PHH Member has agreed to acquire all of the Realogy Member's interests in PHH Home Loans (we refer to this transaction as the "*JV Interests Purchase*") for an aggregate cash amount equal to 49.9% of the book equity of PHH Home Loans at the closing of the JV Interests Purchase. The total of cash outflows to Realogy for its equity interests, including the JV Interests Purchase, Distributable Cash (as discussed below), and its pro rata share of the Home Loans Asset Sale, is estimated to be \$90 million.

The closing of the JV Interests Purchase will take place on the 90th day following the final closing under the Asset Purchase Agreement, with an adjustment (if any) in the purchase price paid to occur 45 days thereafter.

**Cash Distributions (See page [ • ])**

During the period between the First Closing under the Asset Purchase Agreement and the closing of the JV Interests Purchase, the parties will review PHH Home Loans' "Distributable Cash" regularly (in any event on a monthly basis), and the PHH parties will cause PHH Home Loans to distribute such amount of the Distributable Cash as the parties may agree to its members on a pro rata basis based on their respective ownership interests in PHH Home Loans. "*Distributable Cash*" refers to all cash and cash equivalents held by PHH Home Loans, including (i) all proceeds received by PHH Home Loans under the Asset Purchase Agreement, (ii) all proceeds from the mortgages held for sale by PHH Home Loans, and (iii) cash realized from the reduction in PHH Home Loans' warehouse lines, less (1) cash required to satisfy working capital requirements and minimum statutory deposits, (2) cash required to repay the warehouse loans, and (3) cash required to fund the costs and expenses to wind down the operations of PHH Home Loans, including severance, retention, pension and other employee-related costs and expenses.

In connection with the foregoing, the PHH parties have agreed to (i) seek in good faith to maximize the amount of PHH Home Loans' distribution cash, (ii) use reasonably best efforts to monetize any remaining assets of PHH Home Loans and its subsidiaries prior to the closing of the JV Interests Purchase, and (iii) regularly review the foregoing with the Realogy Member.

We expect to receive \$35 million in net proceeds from our share of Distributable Cash resulting from the Home Loans Asset Sale under the Asset Purchase Agreement, together with \$57 million in net proceeds from the JV Interests Purchase and subsequent monetization of our net investment in PHH Home Loans, before PHH's share of costs associated with the exit and disposal of PHH Home Loans, and excluding taxes related to the Transactions, for total net proceeds of \$92 million from the Home Loans Transactions. See "*Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions*" for more information about our anticipated use of proceeds from the Home Loans Transactions.

**Closing Conditions (See page [ • ])**

The respective obligations of each party to effect the closing of the JV Interests Purchase are subject to the following conditions:

the completion of each of the closings under the Asset Purchase Agreement; and

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the absence of any order or injunction prohibiting the consummation of the JV Interests Purchase Agreement or the transactions contemplated thereby.

The obligation of the Realogy Member to effect the closing of the JV Interests Purchase is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by the PHH parties, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or impair the ability of the PHH parties to consummate the transactions;

the compliance with and performance of all terms and covenants of the JV Interests Purchase Agreement by the PHH parties in all material respects;

the receipt by the Realogy Member of an officer's certificate from the PHH Member to the effect that the foregoing conditions have been satisfied; and

the delivery by the PHH Member of the cash consideration and certain documents and instruments that are required to be delivered at the closing.

The obligation of the PHH parties to effect the closing of the JV Interests Purchase is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by the Realogy Member, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or impair the ability of the Realogy Member to consummate the transactions;

the compliance with and performance of all terms and covenants of the JV Interests Purchase Agreement by the Realogy Member in all material respects;

the receipt by the PHH parties of an officer's certificate from the Realogy Member to the effect that the foregoing conditions have been satisfied; and

the delivery by the Realogy Member of certain documents and instruments that are required to be delivered at the closing.

**Termination of the JV Interests Purchase Agreement (See page [ • ])**

The JV Interests Purchase Agreement may be terminated and the transactions contemplated thereby may be abandoned by mutual consent or by the Realogy Member upon the occurrence of certain circumstances set forth in the Asset Purchase Agreement which would have provided GRA the right to terminate the Asset Purchase Agreement. In addition, the JV Interests Purchase Agreement will terminate automatically if the Asset Purchase Agreement is terminated in accordance with its terms.

**SUPPORT AGREEMENT (See page [ • ] and Annex F)**

In connection with the execution of the Asset Purchase Agreement and the JV Interests Purchase Agreement, PHH has entered into a support agreement with GRI and Realogy, or the "**Support Agreement**." The Support Agreement is for the benefit of PHH and for the purpose of providing support by GRI and Realogy, as the ultimate parents and members of GRA. A copy of the Support Agreement is attached as *Annex F* to this proxy statement. We encourage you to read the Support Agreement in its entirety.

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Subject to the terms and conditions set forth in the Support Agreement, each of GRI and Realogy has agreed to (i) provide to GRA its proportionate share of capital contributions required for GRA to obtain the required licensing approvals and investor approvals and effect the transactions contemplated by the Asset Purchase Agreement and (ii) support GRA's efforts to obtain the required licensing

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approvals and Investor approvals. Each of GRI and Realogy have also agreed to severally (based on its pro rata ownership of GRA) and not jointly guarantee the payment obligations of GRA under the Asset Purchase Agreement and the assignment and assumption agreement and transition services agreement contemplated thereby, including payment of monetary damages resulting from pre-closing breaches of the Asset Purchase Agreement up to a maximum amount of \$3,000,000.

In addition, (i) Realogy has agreed to guarantee the payment and performance obligations of the Realogy Member under the JV Interests Purchase Agreement and the assignment and assumption and transition services agreement contemplated thereby and (ii) each of GRI, Realogy and PHH has agreed to use its reasonable best efforts to resolve any written material objections to the consummation of the Home Loans Asset Sale that are raised by certain specified governmental entities.

**Certain Federal Income Tax Consequences of the Home Loans Transactions (See page [ • ])**

The following is a discussion of all material federal income tax consequences to us of the Home Loans Transactions. This discussion is a summary for our common stockholders and is intended for general information only. The Home Loans Transactions will not result in any direct federal income tax consequences to our stockholders. Each stockholder is urged to consult his or her own tax advisor as to the federal income tax consequences of the Home Loans Transactions to such stockholder.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as in effect on the date hereof and all of which may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those described below. No rulings have been requested or received from the Internal Revenue Service, or IRS, as to the tax consequences of the Home Loans Transactions and there is no intent to seek any such ruling. Accordingly, no assurance can be given that the IRS will not challenge the tax treatment of the Home Loans Transactions described in this paragraph, or, if it does challenge the tax treatment, that it will not be successful.

The Home Loans Transactions will be treated for federal income tax purposes as taxable transactions to us. Accordingly, we will recognize a gain or loss. The amount of gain or loss we recognize with respect to these transactions will be measured by the difference between the cash and any other amount realized by us and our tax basis.

**Certain Accounting Consequences of the Home Loans Transactions (See page [ • ])**

For the Home Loans Asset Sale, we expect to recognize in our financial statements our 50.1% share of the anticipated gain on the sale of the assets of PHH Home Loans, net of any applicable taxes, exit costs and transaction costs, at the time of each transfer under the Asset Purchase Agreement. The Purchased Assets and the Assumed Liabilities are comprised of (i) certain office leases and vendor contracts specified in the schedules to the Asset Purchase Agreement, (ii) fixtures, furniture, office equipment and other tangible personal property owned by PHH Home Loans and RMR, (iii) certain IT assets (other than certain excluded IT assets) and certain business intellectual property of PHH Home Loans and RMR, (iv) subject to certain exceptions, unlocked pipeline loans that are expected to close more than 20 days after the applicable closing date, and (v) customer data and books and records of the Home Loans Business (none of which has any significant recorded book value in our Balance sheets as of December 31, 2016, nor do we anticipate any material changes to their book value) that we will transfer to GRA for aggregate proceeds of \$70,024,000.

In connection with the JV Interests Purchase, our purchase of the Realogy Member's 49.9% ownership interests in the joint venture for an amount equal to its interest in the residual equity of PHH Home Loans after the final closing of the Home Loans Asset Sale will result in a reduction to Minority interest on our Consolidated Balance Sheets related to the cash payment in connection with

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this interest purchase. We do not expect to recognize any gain or loss specific to the JV Interests Purchase in our financial statements.

After completing the JV Interests Purchase, PHH Home Loans will be a wholly-owned subsidiary of the Company and its residual net assets will be included in our consolidated financial statements. We will monetize the remaining residual assets and resolve the residual liabilities of the entity after completing the transactions. As the assets of this entity consist primarily of interest rate lock commitments and mortgage loans held for sale, which are short-term in nature, we expect to settle substantially all of the residual net assets of the entity within six months of the first closing under the Home Loans Asset Sale. We expect to reflect the historical results of operations of the Real Estate channel as discontinued operations beginning on the later of either: (i) the date of the final closing of the Home Loans Asset Sale; or (ii) the date the operations of the Real Estate channel cease.

All expected accounting treatments outlined above are based on accounting principles generally accepted in the United States of America. For further information, see the unaudited pro forma condensed financial information attached as *Annex I* to this proxy statement.

**ANTICIPATED USE OF PROCEEDS FROM THE TRANSACTIONS (See page [ • ])**

We estimate the Company will receive total gross proceeds of approximately \$950 million from the Transactions, assuming the closing of the MSR Sale and the Home Loans Transactions and receipt of all required approvals, investor consents and origination source consents for the MSR Sale, and based on the December 31, 2016 MSR Portfolio composition, among other assumptions. (See " *Sub-Proposal IA: Approval of the MSR Sale Sub-Proposal The MSR Purchase Agreement Consideration*" for more information about the composition of our MSR Portfolio as of December 31, 2016.) We expect that substantially all of the proceeds from the MSR Sale (the total gross proceeds of which are expected to be up to \$858 million, based on the December 31, 2016 MSR Portfolio composition) and a portion of the proceeds from the Home Loans Transactions (the total gross proceeds to us of which are expected to be \$92 million) will be used to repay our Senior Notes, to repay borrowings under the Company's PSART servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes associated with the Transactions. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes.

Once we have the appropriate level of certainty with respect to the amount and timing of sources and uses of cash from our strategic actions (including any cash generated from the MSR Sale and Home Loans Asset Sale, if executed), we intend to take the necessary actions to commence any returns of capital to stockholders. See " *Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions*."

**EFFECTS ON THE COMPANY IF THE TRANSACTIONS ARE COMPLETED**

Assuming the successful closing of the MSR Sale and Home Loans Transactions and the successful execution of our PLS business exit, we intend to transition to a business comprised of subservicing and portfolio retention, or "**PHH 2.0**." While we do not anticipate a material change to our Servicing segment operations as a result of the closing of the MSR Sale, if executed, we do anticipate material changes to our Mortgage Production segment operations as a result of the closing of the Home Loans Transactions, if executed, and our efforts to exit our PLS business.

Immediately following each Sale Date of the MSR Sale, if executed, our employee base, facilities, and current operations that are involved in performing our Servicing segment operations will remain with PHH and PHH Mortgage and we will continue to perform servicing activities for our subservicing

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clients (which will include New Residential under the Subservicing Agreement). We do, however, anticipate that we will experience a shift in our customer base, whereby immediately following the final Sale Date of the MSR Sale, our contractual relationships governing our Servicing segment operations will shift from our performing servicing activities directly for mortgage loan investors, to our performing services for our subservicing clients under our subservicing contracts (including under the Subservicing Agreement). Our revenue-producing operations from our Servicing segment, however, will otherwise be generally the same before and after the closing of the MSR Sale, if executed. Additionally, our Servicing segment operations and the rules and regulations governing our activity (including required compliance with Agency servicing standards) will remain substantially the same.

Following the final closing of the Home Loans Transactions, if executed, we anticipate that we will no longer have any operations in the Real Estate channel of our Mortgage Production segment. In particular, we anticipate that immediately following the final closing of the Home Loans Transactions, our employee base will decrease by approximately 1,066 employees in total, assuming the transfer of employment to GRA of up to approximately 958 employees, with the balance of the decrease resulting from a reduction in force of PHH Home Loans employees. Further, after the final closing we anticipate that we will no longer originate mortgage loans or sell MSRs originated through the Real Estate channel of our Mortgage Production segment. Additionally, we expect to transfer to GRA in connection with the closing of the Home Loans Transactions our leases for substantially all of the facilities used by PHH Home Loans that housed the subsidiaries of PHH Home Loans and certain operations of the Real Estate channel of our Mortgage Production segment. For more information about our costs associated with the successful closing of the Home Loans Transactions, which we estimate to be \$10 million, please refer to our Unaudited Pro Forma Financial Statements attached to this proxy statement as *Annex J* for additional information.

In November 2016, we announced our intentions to exit the PLS channel of our Mortgage Production segment. The PLS channel includes providing outsourced mortgage origination services for wealth management firms, regional banks and community banks throughout the U.S. For the year ended December 31, 2016, the PLS channel represented 79% of our total closing volume (based on dollars). Due to elevated operating losses, increasing regulatory and client customization costs and a shrinking market for financial institution origination services, we determined the exit of the business was necessary. We expect that we will be in a position to substantially exit this channel by the first quarter of 2018, subject to transition support requirements. We currently have exit plans in place with clients representing 55% of our PLS closing volume. For more information about the costs associated with our exit from the PLS channel, see Note 2 "Exit Costs" in the PHH Corporation and Subsidiaries Audited Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014 attached hereto at *Annex H*.

Our transition to PHH 2.0 will be contingent upon successfully executing the Transactions and the PLS business exits outlined above, as well as restructuring our remaining business and shared services platform and achieving our growth objectives and assumptions. We intend to re-engineer and reduce operating and overhead costs, which may take up to 12 to 18 months following the closing of the Transactions to complete. We expect successful execution will enable us to maximize near term capital distributions, preserve the value of our tax assets and create incremental value through potential future earnings and by maintaining flexibility to consider future strategic actions.

Additionally, the MSR Sale and Home Loans Transactions do not involve any transfer of risk with respect to our legal and regulatory contingencies. We will retain the recorded and unrecorded liabilities in respect of our various legal proceedings, including private and civil litigation, and regulatory matters to which we and our subsidiaries are subject as described in Note 15, 'Commitments and Contingencies' in the PHH Corporation and Subsidiaries Audited Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014 attached hereto at *Annex H*. Successful completion of our transition to our PHH 2.0 subservicing and portfolio retention business is also contingent upon

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resolution of our outstanding legal and regulatory matters. As discussed in greater detail in " *Anticipated Use of Proceeds from the Transactions*" we intend to maintain excess cash reserves to cover various contingencies, which include \$114 million related to our legal and regulatory reserves. (See " *Risk Factors Risks Relating to our Company if the Transactions are Completed*" for more information.)

Please refer to our Unaudited Pro Forma Financial Statements attached to this proxy statement as *Annex J* for additional information.

**INTERESTS OF OUR DIRECTORS AND OFFICERS IN THE TRANSACTIONS (See page [ • ])**

In considering the recommendation of our Board of Directors with respect to the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal, you should be aware that certain of our directors and executive officers may have interests in the Transactions that are different from, or in addition to, your interests as a stockholder and that such interests may present actual or potential conflicts of interest. Such interests include, among other matters, potential bonus payments that would vest upon a qualifying termination (subject to the achievement of the applicable performance criteria), severance payments and benefits payable to certain executive officers upon qualifying terminations of employment pursuant to our existing policies and agreements (which potential bonus payments and severance payments and benefits would equal \$7,350,507 in the aggregate for our named executive officers under the assumptions described below), accelerated vesting and/or payment of certain cash performance incentive awards and restricted stock units upon qualifying terminations of employment (in each case, subject to the achievement of any applicable performance criteria and which, under the assumptions described below, would have an aggregate value of \$2,668,607 for our named executive officers and result in the accelerated vesting of restricted stock units covering an aggregate of 528,646 shares of Company common stock for our named executive officers, respectively) and certain rights to continued indemnification and insurance coverage.

As of March 10, 2017, the record date, our directors and executive officers held in the aggregate less than 1% of the shares of our common stock entitled to vote at the special meeting.

**NO DISSENTERS' RIGHTS OR RIGHTS OF OBJECTING STOCKHOLDERS (See page [ • ])**

Holders of our common stock are not entitled to dissenting stockholders' appraisal rights, rights of objecting stockholders or other similar rights in connection with the Transactions. The MGCL does not provide for appraisal rights or other similar rights to stockholders of a corporation in connection with a sale of substantially all of the assets of a corporation if the shares of the corporation are listed on the NYSE on the record date for determining stockholders entitled to vote on the transaction.

**THE SPECIAL MEETING**

**Date, Time and Place (See page [ • ])**

The special meeting will take place on [ • ], 2017, at [ • ] a.m., local time, at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054. See " *The Special Meeting Date, Time, Place and Purpose of the Special Meeting.*"

**Purpose (See page [ • ])**

At the special meeting, you will be asked to consider and vote upon: (1) a proposal to approve the sale of substantially all of the assets of the Company pursuant to (A) the MSR Sale Sub-Proposal and (B) the Home Loans Asset Sale Sub-Proposal; (2) the Transactions-Related Compensation Proposal, (3) the Adjournment Proposal, and (4) such other business as may properly come before the special meeting and any adjournment or postponement thereof. See " *The Special Meeting Date, Time, Place and Purpose of the Special Meeting.*"



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**Record Date and Voting Securities (See page [ • ])**

You are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof, if you are a holder of record of our common stock as of the close of business on March 10, 2017, the record date for the special meeting. You will have one vote for each share of our common stock that you owned on the record date. As of the record date, there were 53,612,270 shares of our common stock issued and outstanding and entitled to receive notice of and to vote at the special meeting. See " *The Special Meeting Record Date.*"

**Quorum; Vote Required (See page [ • ])**

Under Section 1.05 of our Amended and Restated Bylaws, a quorum consisting of a majority of all the votes entitled to be cast at the meeting must be represented in person or by proxy for the transaction of business at the special meeting. Pursuant to Article EIGHTH, paragraph (a)(4) of our Articles of Amendment and Restatement and as permitted by Section 2-104(b)(5) of the Maryland General Corporation Law, or the "*MGCL*," the approval of the sale of substantially all of our assets pursuant to the MSR Sale Sub-Proposal and the approval of the sale of substantially all of our assets pursuant to the Home Loans Asset Sale Sub-Proposal each requires the affirmative vote of the holders of a majority of the total number of shares of our common stock outstanding and entitled to vote on the matter, notwithstanding the requirements of the MGCL requiring authorization by a greater proportion for that purpose. Under Section 1.05 of our Amended and Restated Bylaws, the approval of the advisory resolution approving the compensation of our named executive officers as disclosed pursuant to Item 402(t) of Regulation S-K and any adjournment of the special meeting each requires the affirmative vote of a majority of the votes cast on such proposal at a special meeting at which a quorum is present. See " *The Special Meeting Quorum; Vote Required.*"

**Voting by, and Revocation of, Proxy (See page [ • ])**

Our Board of Directors has selected Glen A. Messina, our President and Chief Executive Officer, and William F. Brown, our Senior Vice President, Secretary and General Counsel, to serve as proxies at the special meeting. The shares of common stock represented by each executed and returned proxy will be voted in accordance with the directions indicated on the proxy card. If no direction is indicated on a signed proxy card, the proxy holders will not vote your shares on any matter presented in this proxy statement. The proxy also confers discretionary authority to vote the shares authorized to be voted thereby on any matter that properly may be presented for action at the special meeting. We know of no other business to be presented at the special meeting, and no other matters properly may be presented for a vote at the special meeting. See " *The Special Meeting Other Business.*"

Any proxy given may be revoked by the person giving it at any time before it is voted at the special meeting. Proxies may be revoked by signing and delivering a new proxy bearing a later date to our corporate secretary, by delivering a written notice of revocation to our corporate secretary bearing a later date than the date of your proxy card, or by attending the special meeting and voting in person. Your attendance at the special meeting, however, will not, by itself, revoke your proxy.

You can vote your shares by telephone, electronically via the Internet or by completing and returning the enclosed proxy card. If you vote using the enclosed proxy card, you must sign, date and mail the proxy card in the enclosed envelope.

For the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not be counted as votes cast or shares voting on the proposal to approve the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal, as applicable, but will count for the purpose of determining whether a quorum is present at the special meeting. **If you abstain, it will have the same effect as a vote "AGAINST" the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal, as applicable.** See " *The Special Meeting Proxies and Revocation.*"

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE TRANSACTIONS**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting and the Transactions. These questions and answers may not address all questions that may be important to you as a PHH stockholder. Please refer to the "Summary Term Sheet" and the more detailed information contained elsewhere in this proxy statement and the annexes to this proxy statement which you should read carefully.*

**Special Meeting and Voting**

**Q.** *When and where is the special meeting going to be held?*

A. The special meeting will be held at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey, on [ • ], [ • ], 2017, at [ • ] a.m., local time. Registration and seating will begin at [ • ] a.m., local time.

**Q.** *What is the purpose of the special meeting?*

A. At the special meeting, stockholders will vote on the matters described in the accompanying Notice of Special Meeting and this proxy statement. The only matters expected to be voted upon at the special meeting are (1) a proposal to approve the sale of substantially all of the assets of the Company pursuant to (A) the MSR Sale Sub-Proposal, and (B) the Home Loans Asset Sale Sub-Proposal, (2) the advisory (non-binding) resolution concerning the compensation of our named executive officers based on or that otherwise relates to the MSR Sale or Home Loans Asset Sale as disclosed pursuant to Item 402(t) in the accompanying proxy statement, and (3) if necessary, the Adjournment Proposal.

**Q.** *Which stockholders may vote?*

A. Our Board of Directors has fixed the close of business on March 10, 2017 as the record date for determining the stockholders entitled to receive notice of the special meeting, and to vote their shares at the special meeting and any adjournment or postponement of the special meeting. Only stockholders of record at the close of business on the record date will be entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting. Each share of the Company's common stock is entitled to one vote.

At the close of business on the record date, the Company had issued and outstanding 53,612,270 shares of common stock.

**Q.** *What am I being asked to vote on?*

A. Our Board of Directors is asking the Company's stockholders of record at the close of business on March 10, 2017, the record date for the special meeting, to consider and vote upon: (1) a proposal to approve the sale of substantially all of the assets of the Company pursuant to (a) the sale of the Company's MSR Portfolio, together with all servicing advances related to the MSR Portfolio, to New Residential on the terms and conditions of the MSR Purchase Agreement, and (b) the sale of certain assets and liabilities of PHH Home Loans to GRA on the terms and conditions of the Asset Purchase Agreement; (2) the advisory (non-binding) resolution concerning the compensation of our named executive officers based on or that otherwise relates to the MSR Sale or Home Loans Asset Sale as disclosed pursuant to Item 402(t) in the accompanying proxy statement, (3) the adjournment or postponement of the special meeting to another date, time or place if necessary or appropriate, for the purpose of soliciting additional proxies for the proposals to be acted upon at the special meeting in the event that there are insufficient votes at the time of the special meeting or any adjournment thereof to approve one or more of the proposals, and (4) such

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other business as may properly come before the special meeting and any adjournment or postponement thereof. Our Board of Directors currently knows of no other business that will be presented for consideration at the special meeting. In the event any matters other than those referred to in the accompanying Notice of Meeting and this proxy statement should properly come before and be considered at the special meeting, it is intended that proxies in the form the Company provides to its stockholders will be voted thereon in accordance with the judgment of the person or persons voting such proxies.

**Q.**

***What are the Board of Directors' recommendations for how I should vote my shares?***

Our Board of Directors recommends that you vote your shares as follows:

***Proposal 1:*** To approve the sale of substantially all of the assets of the Company pursuant to the following sub-proposals:

***Sub-Proposal 1A:*** ***FOR*** the sale of the Company's MSR Portfolio, together with all servicing advances related to the MSR Portfolio, to New Residential on the terms and conditions of the MSR Purchase Agreement;

***Sub-Proposal 1B:*** ***FOR*** the sale of certain assets and liabilities of PHH Home Loans to GRA on the terms and conditions of the Asset Purchase Agreement. In connection with the Home Loans Asset Sale, the Company has agreed to acquire the joint venture interests in PHH Home Loans that it does not currently own on the terms and conditions of the JV Interests Purchase Agreement. The closing of the transactions contemplated by the Asset Purchase Agreement is conditioned on the satisfaction of the conditions to closing set out in the JV Interests Purchase Agreement, and the closing of the transactions contemplated by the JV Interests Purchase Agreement is conditioned on the consummation of the transactions contemplated by the Asset Purchase Agreement.

***Proposal 3:*** ***FOR*** the advisory (non-binding) resolution concerning the compensation of our named executive officers based on or that otherwise relates to the MSR Sale or Home Loans Asset Sale; and

***Proposal 3:*** ***FOR*** the adjournment or postponement of the special meeting to another date, time or place if necessary or appropriate, for the purpose of soliciting additional proxies for the proposals to be acted upon at the special meeting in the event that there are insufficient votes at the time of the special meeting or any adjournment thereof to approve one or more of the proposals.

**Q.**

***Why is the Company seeking a stockholder vote on the Adjournment Proposal?***

**A.**

Adjourning the special meeting to a later date will give us additional time to solicit proxies to vote in favor of approval of the MSR Sale Sub-Proposal, the Home Loans Asset Sale Sub-Proposal and/or the Transactions-Related Compensation Proposal if there are not sufficient votes in favor of any of the proposals. Consequently, we are seeking your approval of the Adjournment Proposal to ensure that, if necessary, we will have enough time to solicit the required votes for approval of the MSR Sale Sub-Proposal, the Home Loans Asset Sale Sub-Proposal and/or the Transactions-Related Compensation Proposal.

**Q.**

***Who can attend the special meeting?***

**A.**

Only stockholders of record as of the close of business on March 10, 2017, or their duly appointed proxies, may attend the special meeting. Stockholders will be asked to present valid picture identification, such as a driver's license or passport. Please note that, if you hold your shares in "street name" (that is, through a bank, broker or other nominee), you must bring either a copy of

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the vote instruction form provided by your bank, broker or other nominee or a copy of a brokerage statement reflecting your stock ownership as of the record date.

Cameras and video recording devices will not be permitted at the special meeting. A list of stockholders entitled to vote at the special meeting will be available for examination by any stockholder for any purpose germane to the special meeting beginning ten days prior to the special meeting during ordinary business hours at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, our principal place of business, and ending on the date of the special meeting.

**Q.**

***Do I need an admission ticket to attend the special meeting?***

**A.**

Yes. Attendance at the special meeting will be limited to stockholders of record as of the record date, their authorized representatives and our guests. Admission will be by admission ticket only. For registered stockholders, the top portion of the proxy card enclosed with the proxy statement will serve as an admission ticket. If you are a beneficial owner and hold your shares in "street name," or through an intermediary, such as a bank, broker or other nominee, you should request an admission ticket from your bank, broker or other nominee or send a request in writing to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, and include proof of ownership of our common stock, such as a bank or brokerage firm account statement or letter from the bank, broker or other nominee holding your stock, confirming your beneficial ownership. Stockholders who do not obtain admission tickets in advance of the special meeting may obtain them on the date of the special meeting at the registration desk upon verifying their stock ownership as of the record date. In accordance with our security procedures, all persons attending the special meeting must present picture identification along with their admission ticket or proof of beneficial ownership in order to gain admission to the meeting. Admission to the special meeting will be expedited if admission tickets are obtained in advance. Admission tickets may be issued to others at our discretion.

**Q.**

***How many votes must be present at the special meeting to constitute a quorum?***

**A.**

Stockholders holding a majority of the issued and outstanding shares of our common stock entitled to vote as of the record date, March 10, 2017, must be present, in person or by proxy, to constitute a quorum at the special meeting. As of the record date, there were 53,612,270 shares of our common stock issued and outstanding. Shares represented by abstentions on any proposal to be acted upon by stockholders at the special meeting will be treated as present at the special meeting for purposes of determining whether a quorum is present.

**Q.**

***How many votes can be cast by all stockholders?***

**A.**

53,612,270 votes may be cast at the special meeting. Each stockholder is entitled to cast one vote for each share of common stock held by such stockholder as of the record date. There is no cumulative voting and the holders of our common stock vote together as a single class.

**Q.**

***What vote is needed for each of the proposals to be adopted?***

**A.**

Pursuant to our charter and as permitted by Maryland law, the approval of the sale of substantially all of our assets pursuant to the MSR Sale Sub-Proposal and the approval of the sale of substantially all of our assets pursuant to the Home Loans Asset Sale Sub-Proposal each requires the affirmative vote of the holders of a majority of the total number of shares of our common stock outstanding and entitled to vote on the matter, notwithstanding the requirements of the MGCL requiring authorization by a greater proportion for that purpose. A vote for or against the MSR Sale Sub-Proposal does not count as a vote for or against the Home Loans Asset Sale

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Sub-Proposal. Similarly, a vote for or against the Home Loans Asset Sale Sub-Proposal does not count as a vote for or against the MSR Sale Sub-Proposal.

Under Section 1.05 of our Amended and Restated Bylaws, the approval of the advisory (non-binding) resolution concerning the compensation of our named executive officers based on or that otherwise relates to the MSR Sale or Home Loans Asset Sale as disclosed pursuant to Item 402(t) in the accompanying proxy statement and any adjournment of the special meeting requires the affirmative vote of a majority of the votes cast on such proposal at a special meeting at which a quorum is present.

***Q***

***What is a broker non-vote?***

**A.**

Generally, a broker non-vote occurs when shares held by a bank, broker or other nominee for a beneficial owner are not voted with respect to a particular proposal because (i) the nominee has not received voting instructions from the beneficial owner and (ii) the nominee lacks discretionary voting power to vote such shares. Under the rules of the New York Stock Exchange (the "**NYSE**"), a nominee does not have discretionary voting power with respect to "non-routine" matters.

"Non-routine" matters under the NYSE's rules include director elections, whether contested or uncontested, and votes concerning executive compensation and certain corporate governance proposals. As a result, your bank, broker or other nominee may only vote your shares on "non-routine" matters if you have provided your bank, broker or other nominee with specific voting instructions.

Thus, if your shares are held in "street name" and you do not provide instructions as to how your shares are to be voted on "non-routine" matters, your bank, broker or other nominee will not be able to vote your shares on your behalf and your shares will be reported as "broker non-votes." For matters that are still considered "routine" under the NYSE's rules (e.g., ratification of auditors), your bank, broker or other nominee may continue to exercise discretionary voting authority and may vote your shares on your behalf for such routine matters even if you fail to provide your bank, broker or other nominee with specific voting instructions as to how you would like your shares voted on such routine matters.

We urge you to provide instructions to your bank, broker or other nominee so that your votes may be counted for each proposal to be voted upon. You should vote your shares by following the instructions provided on the vote instruction form that you receive from your bank, broker or other nominee.

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**Q.** *How do I vote?*

A. You can vote in person or by valid proxy received by telephone, via the Internet or by mail. We urge you to vote by doing one of the following:

**Vote by Telephone:**

You can vote your shares by calling the toll-free number indicated on your proxy card using a touch-tone telephone 24 hours a day. Easy-to-follow voice prompts enable you to vote your shares and confirm that your voting instructions have been properly recorded. If you are a beneficial owner, or you hold your shares in "street name," please check your vote instruction form or contact your bank, broker or other nominee to determine whether you will be able to vote by telephone.

**Vote by Internet:**

You can also vote via the Internet by following the instructions on your proxy card. The website address for Internet voting is indicated on your proxy card. Internet voting is also available 24 hours per day. If you are a beneficial owner, or you hold your shares in "street name," please check your vote instruction form or contact your bank, broker or other nominee to determine whether you will be able to vote via the Internet.

**Vote by Mail:**

If you choose to vote by mail, complete, sign, date and return your proxy card in the postage-paid envelope provided. Please promptly mail your proxy card to ensure that it is received on or before [•], 2017.

The deadline for voting by telephone or electronically through the Internet is 11:59 p.m. EDT on [ • ], 2017.

**Q.** *Can I change my vote?*

A. Yes. A proxy may be revoked at any time prior to the voting at the special meeting by submitting a later dated proxy (including a proxy authorization submitted by telephone or electronically through the Internet prior to the deadline for voting by telephone or the Internet), by giving timely written notice of such revocation to our Corporate Secretary in advance of the special meeting or by attending the special meeting and voting in person. If you have shares held by a bank, broker or other nominee or in "street name," you may change your vote by submitting a later dated voting instruction form to your broker, bank or other nominee or fiduciary, or if you obtained a legal proxy from your broker, bank nominee or fiduciary giving you the right to vote your shares, by attending the special meeting and voting in person.

**Q.** *Could other matters be decided at the special meeting?*

A. Our Board of Directors does not intend to bring any matter before the special meeting other than those described in this proxy statement. If any other matters properly come before the special meeting, the persons named in the enclosed proxy card, or their duly appointed substitutes acting at the special meeting, will be authorized to vote or otherwise act in respect of any such matters in their discretion.

**Q.** *What if I vote for some but not all of the proposals?*

A. Shares of our common stock represented by proxies received by us (whether received through the return of the enclosed proxy card or received via telephone or the Internet) where the stockholder has provided voting instructions with respect to the proposals described in this proxy statement,

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including the MSR Sale Sub-Proposal, the Home Loans Asset Sale Sub-Proposal, the Transactions-Related Compensation Proposal and the Adjournment Proposal, will be voted in accordance with the voting instructions so made. If your proxy card is properly executed and returned but does not contain voting instructions as to one or more of the proposals to be voted upon at the special meeting, or if you give your proxy by telephone or via the Internet without indicating how you want to vote on each of the proposals to be voted upon at the special meeting, your shares will be voted:

**Proposal 1:** To approve the sale of substantially all of the assets of the Company pursuant to the following sub-proposals:

**Sub-Proposal 1A:** *FOR* the sale of the Company's MSR Portfolio, together with all servicing advances related to the MSR Portfolio, to New Residential on the terms and conditions of the MSR Purchase Agreement;

**Sub-Proposal 1B:** *FOR* the sale of certain assets and liabilities of PHH Home Loans to GRA on the terms and conditions of the Asset Purchase Agreement. In connection with the Home Loans Asset Sale, the Company has agreed to acquire the joint venture interests in PHH Home Loans that it does not currently own on the terms and conditions of the JV Interests Purchase Agreement. The closing of the transactions contemplated by the Asset Purchase Agreement is conditioned on the satisfaction of the conditions to closing set out in the JV Interests Purchase Agreement, and the closing of the transactions contemplated by the JV Interests Purchase Agreement is conditioned on the consummation of the transactions contemplated by the Asset Purchase Agreement.

**Proposal 3:** *FOR* the advisory (non-binding) resolution concerning the compensation of our named executive officers based on or that otherwise relates to the MSR Sale or Home Loans Asset Sale; and

**Proposal 3:** *FOR* the adjournment or postponement of the special meeting to another date, time or place if necessary or appropriate, for the purpose of soliciting additional proxies for the proposals to be acted upon at the special meeting in the event that there are insufficient votes at the time of the special meeting or any adjournment thereof to approve one or more of the proposals.

If your shares are held in street name and you do not properly instruct your bank, broker or other nominee how to vote your shares, your bank, broker or other nominee may either use its discretion to vote your shares on matters deemed "routine" by the NYSE or may not vote your shares. For any matters deemed "non-routine" by the NYSE, your bank, broker or other nominee would not be able to vote your shares on such matters. We encourage you to provide instructions to your bank, broker or other nominee by carefully following the instructions provided to ensure that your shares are voted at the special meeting in accordance with your desires.

**Q.**

**Who will pay for the cost of this proxy solicitation?**

**A.**

We will pay the cost of soliciting proxies on behalf of our Board of Directors. Our directors, officers and employees may solicit proxies on our behalf in person or by telephone, facsimile or electronically through the Internet, as described above. We have engaged Broadridge Financial Solutions, Inc. ("**Broadridge**") to assist us in the distribution and solicitation of proxies. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending our proxy materials to beneficial owners of our common stock as of the record date.

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**Q.**

***Who will count and certify the vote?***

**A.**

Representatives of Broadridge will count the votes and certify the voting results. The voting results are expected to be published in a Current Report on Form 8-K filed with the SEC within four business days following the conclusion of the special meeting.

**Q.**

***How can I access the proxy materials electronically?***

**A.**

Copies of the Notice of Special Meeting, proxy statement and 2016 Annual Report, as well as other materials filed by us with the SEC, are available without charge to stockholders on our corporate website at [www.phh.com](http://www.phh.com) or upon written request to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054. You can elect to receive future annual reports, proxy statements and other proxy materials electronically by marking the appropriate box on your proxy card or vote instruction form or by following the instructions provided if you vote by telephone or via the Internet.

Copies of our Corporate Governance Guidelines, Independence Standards for Directors, Code of Business Ethics & Conduct, Code of Ethics for Chief Executive Officer and Senior Financial Officers, and the charters of each standing committee of our Board, including our Audit Committee, Human Capital and Compensation Committee, Corporate Governance Committee and Finance, Compliance & Risk Management Committee, are also available without charge to stockholders on our corporate website at [www.phh.com](http://www.phh.com) under the heading "Investors Corporate Governance" or upon written request to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054.

**Proposed MSR Sale and Home Loans Transactions**

**Q.**

***What are the proposed Transactions?***

**A.**

The proposed Transactions are comprised of the sale of substantially all of the assets of the Company pursuant to the following transactions:

1.

the sale of the Company's MSR Portfolio, together with all Advances related to the MSR Portfolio to New Residential on the terms and conditions of the MSR Purchase Agreement, and

2.

the sale of certain assets and liabilities of PHH Home Loans to GRA on the terms and conditions of the Asset Purchase Agreement.

**Q**

***What are the total gross proceeds that the Company estimates it will receive for the Transactions?***

**A.**

We estimate the Company will receive total gross proceeds of up to \$950 million from the Transactions, assuming the closing of the MSR Sale and receipt of 100% of the approvals, investor consents and origination source consents required for the MSR Sale (based on the December 31, 2016 MSR Portfolio composition among other assumptions) and the Home Loans Transactions.

Under the MSR Purchase Agreement, the purchase price we will receive for the MSRs relating to each Investor will be calculated in accordance with the applicable fixed pricing formula set forth in the MSR Purchase Agreement. In addition, New Residential will pay PHH for all of the Advances acquired in the transaction in accordance with a fixed pricing formula determined in accordance with the MSR Purchase Agreement. The MSR Portfolio had a book value of \$541 million as of September 30, 2016 and related Advances of \$307 million as of October 31, 2016. As of December 31, 2016, the MSR Portfolio had a book value of \$579 million and related Advances of \$279 million. Based on the MSR Portfolio composition as of December 31, 2016 and market conditions as of the date of the MSR Purchase Agreement, and assuming all investor and





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origination source consents are received, total proceeds are expected to be up to \$858 million, of which up to \$579 million was calculated from the applicable fixed purchase price percentage of the UPB of the MSR Portfolio, and up to \$279 million was calculated from the fixed purchase price percentage for the Advances. Actual proceeds will be based on the MSR Portfolio composition at each transfer date and may vary from our expectations primarily due to run-off from the MSR Portfolio resulting in a reduction of the MSR Portfolio's UPB or the failure to receive certain Investor and origination source consents. As of December 31, 2016, our MSR asset was recorded at fair value with the assessment of value incorporating the pricing associated with the New Residential agreement. Therefore, there is no expected gain or loss on the MSR Sale as of that date. The MSR Sale proceeds exclude estimated transaction fees and expenses of approximately 5% of MSR value, and represent a valuation of 84 basis points on total unpaid principal balance of \$70 billion as of December 31, 2016.

Under the Asset Purchase Agreement, PHH Home Loans will receive aggregate consideration of \$70,024,000 million in cash, 20% of which will be paid at each of the five closings. The net proceeds from the Home Loans Asset Sale will be distributed to PHH and Realogy on a pro rata basis based on their respective ownership interests in PHH Home Loans. The PHH Member owns 50.1% of the common interests in PHH Home Loans and the Realogy Member owns 49.9% of the common interests in PHH Home Loans. We expect to receive \$35 million in net proceeds from our share of Distributable Cash resulting from the Home Loans Asset Sale under the Asset Purchase Agreement.

Under the JV Interests Purchase Agreement, the PHH Member has agreed to acquire all of the Realogy Member's interests in PHH Home Loans (we refer to this transaction as the JV Interests Purchase) for an aggregate cash amount equal to 49.9% of the book equity of PHH Home Loans at the closing of the JV Interests Purchase. The total of cash outflows to Realogy for its equity interests, including the JV Interests Purchase, Distributable Cash (as discussed below), and its pro rata share of the Home Loans Asset Sale, is estimated to be \$90 million.

During the period between the first closing under the Asset Purchase Agreement and the closing of the JV Interests Purchase, the PHH Member and the Realogy Member will review PHH Home Loans' "Distributable Cash" regularly (in any event on a monthly basis), and the PHH parties will cause PHH Home Loans to distribute such amount of the Distributable Cash as the parties may agree to its members on a pro rata basis based on their respective ownership interests in PHH Home Loans. We expect to receive \$35 million in net proceeds from our share of Distributable Cash resulting from the Home Loans Asset Sale under the Asset Purchase Agreement, together with \$57 million in net proceeds from the JV Interests Purchase and subsequent monetization of our net investment in PHH Home Loans, before PHH's share of costs associated with the exit and disposal of PHH Home Loans, and excluding taxes related to the Transactions.

We expect that substantially all of the proceeds from the MSR Sale and a portion of the proceeds from the Home Loans Transactions will be used to repay PHH's Senior Notes, to repay borrowings under the Company's PSART servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes. For additional information about our anticipated use of proceeds from the MSR Sale, see " *Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions.*"

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Q.

*If the MSR Sale and the Home Loans Asset Sale are consummated, how does the Company intend to use the proceeds from the Transactions?*

A.

We estimate the Company will receive total gross proceeds of approximately \$950 million from the Transactions, assuming the closing of the MSR Sale and the Home Loans Transactions and receipt of all required approvals, investor consents and origination source consents for the MSR Sale, and based on the December 31, 2016 MSR Portfolio composition, among other assumptions. (See " *Sub-Proposal 1A: Approval of the MSR Sale Sub-Proposal The MSR Purchase Agreement Consideration*" for more information about the composition of our MSR Portfolio as of December 31, 2016.) We expect that substantially all of the proceeds from the MSR Sale (the total gross proceeds of which are expected to be up to \$858 million, based on the December 31, 2016 MSR Portfolio composition) and a portion of the proceeds from the Home Loans Transactions (the total gross proceeds to us of which are expected to be \$92 million) will be used to repay our Senior Notes, to repay borrowings under the Company's PSART servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes associated with the Transactions. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes.

Once we have the appropriate level of certainty with respect to the amount and timing of sources and uses of cash from our strategic actions, we intend to take the necessary actions to commence any returns of capital to stockholders. We estimate that up to \$550 million of excess cash could be available for return to our stockholders, however, the method, timing and amount of the return of capital to our stockholders, if any, will depend on several factors, including:

the closing and proceeds realized from our MSR Sales, which will be based on the MSR Portfolio composition as of each respective transfer date and to the extent to which we receive investor and origination source consents;

the closing of, and the value realized from, our Home Loans Asset Transaction;

the successful execution of our PLS business exit, and costs and operating losses in connection with such exit;

the resolution of our outstanding legal and regulatory matters;

the successful completion of other restructuring and capital management activities, including debt repayment; and

the working capital requirements and contingency needs for the remaining business.

Other factors that may impact our decisions regarding the method, timing and amount of any return of capital include economic and market conditions, our financial condition and operating results, cash requirements, capital requirements of our operating subsidiaries, legal requirements, regulatory constraints, investment opportunities at the time any such payment is considered, and other factors deemed relevant. There can be no assurances we will complete any return of capital to our stockholders. (See " *Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions*" for additional information.

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**Q.**

***What will happen if stockholders do not approve the proposal for the sale of substantially all of the assets of the Company pursuant to either the MSR Sale Sub-Proposal, or the Home Loans Asset Sale Sub-Proposal?***

**A.**

We cannot complete the MSR Sale unless our stockholders approve the MSR Sale Sub-Proposal, in addition to the satisfaction of the other conditions to closing of the MSR Sale. If our stockholders do not approve the MSR Sale Sub-Proposal, then the MSR Purchase Agreement may be terminated by either us or New Residential.

Similarly, we cannot complete the Home Loans Transactions unless our stockholders approve the Home Loans Asset Sale Sub-Proposal, in addition to the satisfaction of the other conditions to closing of the Home Loans Transactions. If our stockholders do not approve the Home Loans Asset Sale Sub-Proposal, then the Home Loans Transaction Agreements may be terminated by either us, GRA or Realogy.

In addition, the closing of the Home Loans Asset Sale is conditioned upon the closing of the portion of the MSR Sale to New Residential that requires the consent of Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency (but not the origination source) under the MSR Purchase Agreement (unless we have obtained consents from a sufficient number of holders of our senior notes to the effect that the consummation of the Home Loans Asset Sale would not require us to redeem our senior notes). Therefore, if our stockholders do not approve the MSR Sale Sub-Proposal, it is likely that we will be unable to complete the Home Loans Transactions. Moreover, the Home Loans Transaction Agreements may be terminated if the closing condition regarding the MSR Sale (or, alternatively, the receipt of the required noteholder consents) is not satisfied by September 1, 2017 under certain specified circumstances and, upon such termination, PHH would be obligated to pay a termination fee to GRA and would be deemed to have waived (i) any restrictions under the PHH Home Loans operating agreement that prohibit Realogy from entering into any joint venture with third parties and (ii) the two-year notice requirement with respect to Realogy's right to terminate the PHH Home Loans joint venture. (See " *Sub-Proposal 1B: Approval of the Home Loans Asset Sale Sub-Proposal Termination Fees and Other Consequences*" for additional information.)

**Q.**

***What is the Transactions-Related Compensation Proposal?***

**A:**

The Transactions-Related Compensation Proposal is a non-binding advisory vote to approve the payment of certain compensation to our named executive officers that is based on or otherwise relates to the MSR Sale and the Home Loans Transactions. For further information regarding the compensation arrangements, see " *Proposal 1: Sale of Substantially All of the Assets of the Company Interests of Our Directors and Officers in the Transactions*".

**Q:**

***What will happen if the Transactions-Related Compensation Proposal is approved by our stockholders?***

**A:**

The advisory (nonbinding) vote on executive compensation payable in connection with the Transactions is a vote separate and apart from the MSR Sale Sub-Proposal and Home Loans Asset Sale Sub-Proposal. Accordingly, approval of this proposal is not a condition to completion of the MSR Sale or any of the Home Loans Transactions, and as an advisory vote, the result will not be binding on our Board of Directors or on our Human Capital and Compensation Committee of our Board of Directors. Although the Transactions-Related Compensation Proposal is only advisory in nature and is not binding on our Board of Directors or the Company, we intend to review the voting results with our Board of Directors and the Human Capital and Compensation Committee of our Board of Directors so that such voting results may be taken into consideration in connection with future executive compensation decisions.

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Q.

*What if the Company receives another offer for the MSR Portfolio?*

A.

Under the MSR Purchase Agreement, we have agreed that, subject to certain exceptions, we will not, and will not authorize, our officers, directors, representatives or other intermediaries or subsidiaries, to (i) solicit, initiate or knowingly facilitate the submission of any inquiries, proposals or offers from any person relating to any offer to acquire 20% or more of the MSR Portfolio, or an "**MSR Competing Proposal**," or agree to or recommend any MSR Competing Proposal; (ii) enter into any agreement to consummate any MSR Competing Proposal, to approve any MSR Competing Proposal or to abandon, terminate or fail to consummate the transactions contemplated by the MSR Purchase Agreement; (iii) enter into or participate in any discussions or negotiations with respect to any MSR Competing Proposal, or furnish any non-public information with respect to the MSR Portfolio in connection with any MSR Competing Proposal; or (iv) agree or resolve to take any of the foregoing actions.

If, however, prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, we receive an unsolicited written MSR Competing Proposal not resulting from or arising out of a material breach by PHH or PHH Mortgage of their nonsolicitation obligations, then PHH or PHH Mortgage may engage in negotiations or discussions with any person and its representatives that has made such unsolicited MSR Competing Proposal and/or furnish to such person information relating to the MSR Portfolio pursuant to an acceptable confidentiality agreement if, prior to taking these actions, our Board of Directors has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such MSR Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal. After compliance with the notice and negotiation provisions of the MSR Purchase Agreement, our Board of Directors may withdraw, modify or qualify its recommendation that the stockholders approve the MSR Sale and the MSR Purchase Agreement, and recommend the Superior Proposal or terminate the MSR Purchase Agreement in order to enter into a definitive agreement with respect to the Superior Proposal, in each case, subject to the payment of a termination fee. (See "*Sub-Proposal 1A: Approval of the MSR Sale Sub-Proposal Change in Recommendation; Fiduciary Termination*" for more information.)

Q.

*What if the Company receives another offer for PHH Home Loans or its assets?*

Under the Asset Purchase Agreement, we have agreed that, subject to certain exceptions, PHH and PHH Home Loans will, and will direct our respective subsidiaries and representatives, to cease all ongoing discussions and negotiations and not to (i) solicit, initiate or knowingly encourage any inquiries, proposals or offers from any person regarding, or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any offer to acquire 20% or more of the common interests of PHH Home Loans and its subsidiary or 20% or more of the Purchased Assets, or a "**Home Loans Competing Proposal**"; (ii) engage in or participate in any discussions or negotiations regarding, or furnish to any other person any non-public information in connection with a Home Loans Competing Proposal; (iii) enter into any letter of intent or any other contract providing for a Home Loans Competing Proposal; or (iv) agree or resolve to take any of the foregoing actions.

If, however, prior to obtaining stockholder approval of the transactions contemplated by the Asset Purchase Agreement, we receive an unsolicited written Home Loans Competing Proposal not resulting from or arising out of a material breach by PHH or PHH Mortgage of their nonsolicitation obligations, and our Board of Directors has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Home Loans Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal, then PHH and its representatives PHH or PHH Mortgage may (i) furnish, pursuant to a confidentiality agreement with terms that are no less favorable to PHH or PHH Homes Loans

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than those contained in the confidentiality agreement between PHH and GRA, information (including non-public information) with respect to PHH Home Loans and the Home Loans Business to the person or group who has made such Home Loans Competing Proposal and (ii) engage in other otherwise participate in discussion or negotiations with the person or group making such Home Loans Competing Proposal. After compliance with the notice and negotiation provisions of the asset purchase agreement, our Board of Directors may withdraw, modify or qualify its recommendation that the stockholders approve the Home Loans Transactions, and recommend the Superior Proposal or terminate the Asset Purchase Agreement in order to enter into a definitive agreement with respect to the Superior Proposal (see " *Sub-Proposal 1B: Approval of the Home Loans Asset Sale Sub-Proposal Change in Recommendation; Fiduciary Termination*"). Notwithstanding any change in the recommendation of our Board of Directors or the termination of the Asset Purchase Agreement, nothing the Home Loans Transaction Agreements obligates Realogy to enter into a joint venture with any third party, and Realogy retains all of its existing consents and other rights under the Home Loans joint venture agreements if the Home Loans Transaction Agreements are terminated.

**Q.** *Will the Company continue operations if the MSR Sale and Home Loans Transactions are completed?*

**A.** Yes. Assuming the successful closing of the MSR Sale and Home Loans Transactions and the successful execution of our PLS business exit, we intend to transition to a capital-light business comprised of subservicing and portfolio retention, or "**PHH 2.0**." (See " *Proposal 1: Sale of Substantially All of the Assets of the Company Effects on the Company if the Transactions Are Completed*" for more information.)

**Q.** *What will happen if the MSR Sale and/or the Home Loans Transactions are not completed?*

**A.** If the proposed MSR Sale is not completed, it is likely that we will not be able to complete the Home Loans Asset Sale, unless we have obtained consents from a sufficient number of holders of our Senior Notes to the effect that the consummation of the Home Loans Asset Sale would not require us to redeem the Senior Notes. In addition, if the Home Loans Transaction Agreements are terminated due to the failure to close a specified portion of the MSR Sale by September 1, 2017, PHH would be obligated to pay a termination fee to GRA and would be deemed to have waived (i) any restrictions under the PHH Home Loans' operating agreement that prohibit Realogy from entering into any joint venture with third parties; and (ii) the two-year notice requirement with respect to Realogy's right to terminate PHH Home Loans joint venture (See " *Sub-Proposal 1B: Approval of the Home Loans Asset Sale Sub-Proposal Termination Fees and Other Consequences*" for additional information).

If neither the MSR Sale nor the Home Loans Transactions are completed, we may explore other strategic alternatives, including a sale of our MSR Portfolio and/or our interests in PHH Home Loans to another party. Any alternative transaction may have terms that are less favorable to us than the terms of the proposed MSR Sale and Home Loans Transactions, or we may be unable to reach agreement with any third party on an alternate transaction that we would consider to be reasonable.

If the MSR Sale is completed but the Home Loans Transactions are not completed, we may continue to operate PHH Home Loans with Realogy or we may explore the sale of our interests in PHH Home Loans to another party. However, any alternative transaction may have terms that are less favorable to us than the terms of the proposed Home Loans Transactions, or we may be unable to reach agreement for an alternative transaction with a third party or with Realogy. In addition, the terms of the PHH Home Loans joint venture agreements allows Realogy to terminate the joint venture for cause or at any time with two years advance notice and, as noted above, such two-year advance notice would be deemed to be waived in the event the Home Loans Transactions

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are terminated due to the failure to complete a specified portion of the MSR Sale by September 1, 2017 (see " Risk Factors *Our contractual arrangements related to the PHH Home Loans joint venture provide Realogy with termination rights upon the occurrence of certain events. Particularly, in the event the Home Loans Asset Sale is not consummated for certain reasons, Realogy may accelerate its rights to terminate the PHH Home Loans joint venture and related agreements*" for more information.

**Q.**

***Will I have dissenting stockholder's appraisal rights or rights of objecting stockholders with respect to the Transactions?***

**A.**

No. You are not entitled to dissenting stockholders' appraisal rights, rights of objecting stockholders or other similar rights in connection with the MSR Sale and MSR Purchase Agreement or the Home Loans Transactions or the Home Loans Transactions Agreements. The MGCL does not provide for appraisal rights, rights of objecting stockholders or other similar rights to stockholders of a corporation in connection with a sale of substantially all of its assets if the shares of the corporation are listed on the NYSE on the record date for determining stockholders entitled to vote on the transaction.

**Q.**

***Are there any risks related to the proposal for the sale of substantially all of the assets of the Company pursuant to either (A) the MSR Sale Sub-Proposal, or (B) the Home Loans Asset Sale Sub-Proposal?***

**A.**

Yes. You should carefully review the section entitled "Risk Factors" beginning on page [ • ] of this proxy statement for a description of risks related to each of the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal.

**Q.**

***Will I owe any federal income taxes as a result of the MSR Sale or the Home Loans Transactions?***

Neither the MSR Sale nor the Home Loans Transactions will result in any direct federal income tax consequences to our stockholders. You are urged to read the discussions in the section entitled "Certain Federal Income Tax Consequences of the MSR Sale" beginning on page [ • ] of this proxy statement and the section entitled "Certain Federal Income Tax Consequences of the Home Loans Transactions" beginning on page [ • ] of this proxy statement for a summary of the material federal income tax consequences to us of the Transactions, and to consult your tax advisor as to the United States federal income tax consequences of the Transactions, as well as the effects of state, local and foreign tax laws to you.

**General**

**Q.**

***Who can help answer my questions?***

**A.**

If you have any questions about the special meeting, any of the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal, the Transactions-Related Compensation Proposal or the Adjournment Proposal, how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, you should contact us or our proxy solicitor, Broadridge:

**PHH Corporation**  
3000 Leadenhall Road  
Mt. Laurel, New Jersey 08054  
(856) 917-1744

**Broadridge Financial Solutions, Inc.**  
www.broadridge.com  
51 Mercedes Way  
Edgewood, NY 11717  
Phone: 1-800-353-0103

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

The information in this proxy statement includes forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. We intend that such forward-looking statements be subject to the safe harbors created by Section 27A of the Securities Act of 1933, as amended, or the "*Securities Act*", and Section 21E of the Exchange Act. These statements include statements regarding the intent, belief or current expectations of members of our management team, as well as the assumptions on which such statements are based, and are generally identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should," "could," "continues," "pro forma" or similar expressions. Among many other examples, the following statements are examples of the forward-looking statements in this document:

all statements regarding the closing and the timing for any of the closings of the MSR Sale or any of the Home Loans Transactions;

all statements regarding financial projections for the MSR Portfolio;

all statements regarding PHH Home Loans' future revenues, future income, future cash flows and future origination volumes;

all statements regarding our future business, future business prospects, future revenues or cash flows, future working capital, the amount of cash reserves to be established in the future, future liquidity, future capital needs and future income;

all statements regarding the tax and accounting consequences of the MSR Sale or the Home Loans Transactions; and

all statements regarding the amounts of proceeds resulting from any of the MSR Sale or the Home Loans Transactions, including statements regarding our intended use of the proceeds resulting from any of the MSR Sale or the Home Loans Transactions or the amount of cash available for distribution to our stockholders.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Such statements are subject to known and unknown risks and uncertainties and other unpredictable factors, many of which are beyond our control. We make no representation or warranty (express or implied) about the accuracy of any such forward-looking statements. These statements are based on a number of assumptions involving the judgment of management. Many relevant risks are described under the caption "Risk Factors" on page [ • ], as well as throughout this proxy statement and the incorporated documents, and you should consider these important cautionary factors as you read this document.

Our actual results, performance or achievements may differ materially from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements. Among the factors that could cause such a difference are:

the occurrence of any event, change or circumstance that could give rise to the termination of the MSR Purchase Agreement or any of the Home Loans Transactions Agreements;

the outcome of any legal proceedings that have been or may be initiated against any of PHH, PHH Mortgage, PHH Home Loans, the PHH Member or any of the other parties to the MSR Purchase Agreement or any of the Home Loans Transactions Agreements;

the inability to complete the MSR Sale or the Home Loans Transactions due to the failure to obtain stockholder approval of the MSR Sale or the Home Loans Transactions or both, or the failure to satisfy other conditions to consummation of the MSR Sale or the Home Loans Transactions;





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the failure of the MSR Sale or the Home Loans Transactions to close for any other reason;

risks that the MSR Sale or the Home Loans Transactions disrupts current plans and operations and the potential difficulties in employee retention generally;

the amount of the costs, fees, expenses related to the Transactions;

the effects of market volatility or macroeconomic changes and financial market regulations on the availability and cost of our financing arrangements, the value of our assets and the housing market;

the effects of changes in, or our failure to comply with, laws and regulations;

the failure of New Residential, GRA or the Realty Member to be ready, willing and able to consummate the transactions contemplated by the MSR Purchase Agreement or the Home Loans Transactions Agreements, as applicable; and

the inability to retain key employees.

In addition, for a more detailed discussion of these risks and uncertainties and other factors, please refer to our annual report on Form 10-K filed with the SEC on February 28, 2017 and our quarterly reports on Form 10-Q filed with the SEC from time to time. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

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**RISK FACTORS**

*The following risk factors, together with the other information in this proxy statement and in the "Risk Factors" sections included in the documents incorporated by reference into this proxy statement (see "Where You Can Find More Information" on page [ • ]), should be carefully considered by each of our stockholders before deciding whether to vote to approve the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal as described in this proxy statement. In addition, our stockholders should keep in mind that the risks described below are not the only risks that are relevant to your voting decision. The risks described below are the risks that we currently believe are the material risks of which our stockholders should be aware. Nonetheless, additional risks that are not presently known to us, or that we currently believe are not material, may also prove to be important.*

**Risks Related to the Transactions**

*The MSR Purchase Agreement with New Residential is subject to various approvals, including regulatory approvals, stockholder approval, approvals from certain origination sources and investors, as well as other closing requirements, and may not be completed as anticipated, or at all.*

The closing of the transactions contemplated by the MSR Purchase Agreement is subject to the approvals of our stockholders, the GSEs and private mortgage loan investors, as well as other customary closing requirements. Further, the sale of 33% of the MSRs underlying MSR Purchase Agreement are subject to the approval of clients who were the origination source of the MSRs.

In addition, the MSR Purchase Agreement provides certain termination rights to New Residential and to us. If the MSR Purchase Agreement is terminated under specified circumstances, including with respect to a competing proposal, we will pay New Residential a termination fee equal to 3.5% of the purchase price for the MSR Portfolio. Furthermore, the termination of the MSR Purchase Agreement could result in the termination of the transactions contemplated by the Home Loans Transactions Agreements. If certain material adverse events occur with respect to us prior to the initial sale date, New Residential has the right to terminate the Subservicing Agreement and, upon any exercise of such termination right, we would have the option to either sell the MSR Portfolio on a subservicing-released basis or pay a \$10 million termination fee.

The total proceeds realized from the MSR transactions are contingent upon receiving required approvals, and are based on the MSR Portfolio as of each closing date. Therefore, the MSR Portfolio performance between transaction and settlement dates, including realized runoff, will reduce the total proceeds available from this transaction. Furthermore, in addition to the GSEs and PLS clients, there are several hundred other origination sources (such as correspondents and credit unions) and private loan investors from whom consent is needed to sell the MSRs related to their specific relationship. There can be no assurances that we will receive any specific amount of consents required from the GSEs, private loan investors or PLS clients and other origination sources.

We are subject to various risks if the MSR Sale does not close in full, in part, when contemplated, or in accordance with its current terms, including but not limited to:

**Price Risk.** If the MSR Sale does not close in accordance with its negotiated terms, we may not be able to negotiate another transaction for this asset at all, or to negotiate a sale for this asset similar to the expected proceeds from the current agreements.

**Hedging & Interest Rate Risks.** The fair value of our MSRs is highly sensitive to changes in interest rates, as borrower prepayment patterns are driven by the relative changes in mortgage interest rates. The MSR Sale with New Residential fixes the prices that we expect to realize at future transfer dates. In contemplation of these transactions, in December 2016, we significantly reduced our MSR-related derivative hedge coverage. As a result, we are subject to substantial risk

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that we may incur significant losses in the market value of the asset that we may not have incurred, other than for our decisions to cease hedging in anticipation of this transaction.

**Termination of Home Loans Transaction Agreements.** GRA may terminate the Asset Purchase Agreement if the closing condition therein relating to the consummation of the MSR Sale has not been satisfied or waived by September 1, 2017 and all of the other conditions to the first closing have been satisfied or waived, if the first closing were to occur on September 1, 2017.

The results of our Mortgage Servicing segment, our consolidated financial position, results of operations and cash flows may be subject to substantial volatility from changes in interest rates, as a result of our recent decision to reduce hedge coverage.

All of the foregoing could materially and adversely affect our business and financial results.

***The Home Loans Transactions Agreements contain a number of closing conditions and are subject to PHH stockholder approval. There can be no assurance that we will complete the execution of Home Loans Transactions or that the net proceeds realized upon the closing of the Home Loans Transactions will equal the current estimate.***

The Home Loans Transactions may not be executed in full, or at all, or within our anticipated time frame. The Home Loans Transactions Agreements related to the Home Loans Transactions contain a number of closing conditions which must be met, including, among others, mortgage licensing requirements (on the part of the GRA), PHH stockholder approval, the execution of a portion of the MSR Sale to New Residential that requires the consent of Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency (but not the origination source), the receipt of agency approvals, the acceptance by a specified supermajority of PHH, PHH Home Loans and RMR employees (including loan originators) who receive employment offers from GRA. Furthermore, we may not realize the value anticipated from selling our interests.

Due to the closing conditions and closing dates that are expected to occur over a series of time, we are exposed to a higher risk of employee turnover and other business disruptions as a result of the uncertainty and transitions for this business. We also face liquidity risk during the transition of this entity, as certain counterparties to our existing agreements related to PHH Home Loans, including our warehouse and loan sales agreements, may elect to not fulfill existing agreements due to the pending changes in the entity.

Any of the foregoing could impair our ability to complete the Home Loans Transactions and could materially and adversely affect our business and financial results.

***The contractual arrangements related to the PHH Home Loans joint venture provide Realogy with termination rights upon the occurrence of certain events. Particularly, in the event the Home Loans Asset Sale is not consummated for certain reasons, Realogy may accelerate its rights to terminate the PHH Home Loans joint venture and related agreements.***

PHH Home Loans is a joint venture that was formed for the purpose of originating and selling mortgage loans that are primarily sourced from Realogy's owned real estate brokerage business. In February 2017, we executed agreements to sell certain assets of PHH Home Loans and entered into a JV Interests Purchase Agreement to purchase the Realogy Member's 49.9% ownership interests in the PHH Home Loans joint venture.

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The Realogy Member had existing termination rights as specified in the PHH Home Loans Operating Agreement, which have been modified by the JV Interests Purchase Agreement as noted below:

**Termination rights with Two-years notice or For cause.** The terms of the PHH Home Loans Operating Agreement executed in 2005 provides the Realogy Member with the right at any time to give us two years notice of its intent to terminate its interest in PHH Home Loans. In addition, the Strategic Relationship Agreement and the PHH Home Loans Operating Agreement outline certain terms and events that would give the Realogy Member the right to terminate the PHH Home Loans joint venture for cause.

Upon a termination of the PHH Home Loans joint venture by the Realogy Member or its affiliates (whether for cause or upon two years' notice without cause), the Realogy Member will have the right either: (i) to require that we purchase all of the Realogy Member's interest in PHH Home Loans at the applicable purchase price set forth in the PHH Home Loans Operating Agreement or (ii) to cause us to sell our interest in PHH Home Loans at the applicable sale price set forth in the PHH Home Loans Operating Agreement to an unaffiliated third party designated by the Realogy Member. If we were required to purchase the Realogy Member's interest in PHH Home Loans, such purchase could have a material adverse impact on our liquidity. Additionally, any termination of the PHH Home Loans joint venture will also result in a termination of the Strategic Relationship Agreement.

**Conditional Waiver of Two-Year Notice.** The JV Interests Purchase Agreement modifies the Realogy Member's contractual termination rights under the PHH Home Loans Operating Agreement. The Home Loans Transactions may be terminated if a specified portion of the MSR Sale to New Residential is not consummated by September 1, 2017 under certain specified circumstances and, upon such termination, PHH would be obligated to pay a termination fee and would be deemed to have waived: (i) any restrictions under the PHH Home Loans Operating Agreement that prohibit the Realogy Member or its affiliates from entering into any joint venture with third parties; and (ii) the two-year notice requirement with respect to the Realogy Member's right to terminate PHH Home Loans joint venture, such that the PHH Home Loans JV Agreements and our joint venture, PHH Home Loans, will be terminated.

In addition, if the Home Loans Transactions are terminated for any reason that does not result in a waiver of the two-year notice requirement, the Realogy Member may still exercise its existing right to terminate the joint venture on two years notice. Any such termination of the PHH Home Loans joint venture would also result in a termination of the Strategic Relationship Agreement, which may impact the enterprise value of PHH Home Loans and could materially and adversely impact its operations since the majority of the business of that entity, and our Real Estate channel, are derived from our relationship with Realogy.

***Each of the MSR Purchase Agreement with New Residential and the Home Loans Transaction Agreements may be amended, and any term or provision may be waived, by a writing signed by the party against whom such amendment or waiver is sought to be enforced.***

Each of the MSR Purchase Agreement and the Home Loans Transaction Agreements may be amended, and any term or provision may be waived, by a writing signed by the party against whom such waiver or modification is sought to be enforced. As a result, if we are unable to satisfy any closing requirement upon which the MSR Sale or any of the Home Loans Transactions are conditioned under the MSR Purchase Agreement or the Home Loans Transaction Agreements, respectively, then the amendment of the MSR Purchase Agreement or Home Loans Transaction Agreements, as applicable, or the waiver of such closing requirement will be subject to approval by New Residential or GRA or Realogy, as applicable. Additionally, New Residential, GRA or Realogy may make the granting of any

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such amendment or waiver contingent on our approval of new or additional terms or conditions of the MSR Purchase Agreement or the Home Loans Transaction Agreements, respectively. Any inability to obtain such an amendment or waiver of the MSR Purchase Agreement or the Home Loans Transaction Agreements, as applicable, could have a material and adverse effect on our ability to complete the MSR Sale contemplated by the MSR Purchase Agreement or the Home Loans Transactions contemplated by the Home Loans Transaction Agreements.

***The amount of capital returned to stockholders, if any, as a result of the Transactions may be less than our expectations. Furthermore, there can be no assurances about the method, timing or amounts of any such distributions.***

There can be no assurances that we will return capital to stockholders as a result of the Transactions, or that any amounts returned will be distributed in any prescribed time frame. The amount of capital available for distribution and the method and timing of such distributions, if any, will depend on several factors, including but not limited to:

the execution of the MSR Sale, including the receipt of required approvals, the time required to obtain approvals, and the total proceeds realized based on the composition of the MSR Portfolio as of each future transfer date;

the value realized from the Home Loans Transactions, including the successful execution of related agreements and underlying transactions, and the timing of the related transactions;

the successful execution of our PLS business exit, including the amounts of realized exit costs and operating losses, and our progress towards completing the exit of that business;

the actual amounts of future cash outflows, including costs incurred for transactions and restructuring, required payments for our unsecured term debt and realized tax amounts;

the outcomes of contingencies, including our legal and regulatory matters, loan repurchases, MSR Sale indemnifications, and other contingencies; and

working capital and contingent cash requirements of the remaining business.

In addition, the method, timing and amount of any returns of capital will be at the discretion of our Board of Directors and will depend on market and business conditions, the market price of our common stock and our overall capital structure and liquidity position.

***While either the MSR Sale or the Home Loans Transactions are pending, it creates uncertainty about our future which could have a material adverse effect on our business, financial condition and results of operations.***

While either the MSR Sale or the Home Loans Transactions are pending, it creates uncertainty about our future and introduces additional risks to our business. The risk related to the pendency of the MSR Sale and Home Loans Transactions include:

the diversion of management and employee attention from our day-to-day business;

the potential disruption to business partners and other service providers;

the loss of employees who may depart due to concerns regarding uncertainty relating to their jobs following the closing of the MSR Sale or the Home Loans Transactions; and

we may be unable to respond effectively to competitive pressures, industry developments and future opportunities.

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The occurrence of any of these events individually or in combination could have a material adverse effect on our business, financial condition and results of operations. Additionally, we have incurred

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substantial transaction costs and diversion of management resources in connection with the MSR Sale or the Home Loans Transactions, and we will continue to do so until the final closing or termination of the Transactions.

***If the proposed MSR Sale and the Home Loans Transactions are not completed, we may explore other potential transactions, but alternatives may be less favorable to us.***

If the proposed MSR Sale and the Home Loans Transactions are not completed, we may explore other strategic alternatives, including a sale of our MSR Portfolio to another party or parties. An alternative transaction may have terms that are less favorable to us than the terms of the proposed MSR Sale or Home Loans Transactions, or we may be unable to reach agreement with any third party on an alternate transaction that we would consider to be reasonable.

In addition, as discussed above, if the proposed Home Loans Transactions are terminated in certain circumstances, in addition to any termination fee that we may be obligated to pay under the Asset Purchase Agreement, PHH and its subsidiaries would be deemed to have waived (i) any restrictions under the PHH Home Loans JV Agreements that prohibit the Realogy Member or its affiliates from entering into any joint venture with third parties and (ii) the two-year notice requirement with respect to the Realogy Member's right to terminate the PHH Home Loans joint venture, such that the PHH Home Loans JV Agreements could be terminated immediately by the Realogy Member.

***The failure to complete the MSR Sale or the Home Loans Transactions may result in a decrease in the market value of our common stock and may impair our ability to achieve our objectives of transitioning our remaining business to one focused on subservicing and related portfolio retention activities.***

The failure to complete either the MSR Sale or the Home Loans Transactions may result in a decrease in the market value of our common stock and may impair our ability to achieve our objectives of becoming profitable as quickly as possible and enhancing the value of our assets to our stockholders, including to reduce the amount of cash otherwise available to us and to limit substantially our ability to implement our strategy of transitioning our remaining business to one focused on subservicing and related portfolio retention activities.

**Risks Relating to our Company if the Transactions are Completed**

***Our continuing operations have not been profitable over the past three years, and we intend to implement strategic actions and change the focus of our business to improve our financial results. We may not be able to fully or successfully execute or implement our business strategies or achieve our objectives, and our actions taken may not have the intended result.***

We intend to take the following actions resulting from the conclusion of our strategic review: (i) executing the MSR Sale; (ii) exiting the PLS business (of which our execution of the LenderLive transaction is a part); and (iii) executing the Home Loans Transactions, which would include exiting our future interest and involvement in the operations and results of the Home Loans Business. If we complete these actions, we intend to operate as a smaller, less capital intensive business that is focused on subservicing and portfolio retention services. See further discussion of these actions in " *Proposal 1: The Sale of Substantially All of the Assets of the Company Effects on the Company if the Transactions are Completed*" in this proxy statement.

We expect to take further actions to achieve sustained profitability, and increase the strategic flexibility, for our remaining subservicing and portfolio retention business, including re-engineering our overhead and cost structure to allow our business to be properly supported, and to seek growth in our subservicing and portfolio retention businesses. However, the competitive nature of the subservicing business and related risks creates certain challenges that we will need to manage, including natural



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runoff of servicing units, our existing significant client concentrations, and short-term contractual arrangements with certain clients which provide them with termination rights at any time without cause. Also, market factors such as higher interest rates, evolving regulations, and potentially volatile capital market conditions may adversely impact demand for MSRs by non-bank investors and create a more challenging environment for subservicing.

To achieve our financial objectives for this new business, we need to realize our cost re-engineering, subservicing growth, and portfolio retention improvement assumptions. There can be no assurances that we will execute these actions, or that the execution of these actions will achieve the intended results. The achievement of our goals is subject to both the risks affecting our business generally (including market, credit, operational, and legal and compliance risks) and the inherent difficulty associated with implementing these strategic objectives. Furthermore, our success is dependent on the skills, experience and efforts of our management team and our ability to negotiate with third parties.

Additionally, the MSR Sale and Home Loans Transactions do not involve any transfer of risk with respect to our legal and regulatory contingencies. We will retain the recorded and unrecorded liabilities in respect of the various legal proceedings, including private and civil litigation, and regulatory matters to which we and our subsidiaries are subject as described in Note 15, 'Commitments and Contingencies' in the PHH Corporation and Subsidiaries Audited Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014 attached hereto at *Annex H*. Successful completion of our transition to our subservicing and portfolio retention business is also contingent upon our successful resolution of our outstanding legal and regulatory matters. As discussed in greater detail in " *Anticipated Use of Proceeds from the Transactions*" we intend to maintain excess cash reserves to cover various contingencies, which include \$114 million related to our legal and regulatory reserves; however, there can be no assurances that such reserves will be sufficient to satisfy all such contingencies.

***Our remaining business will be focused on subservicing activities, and we have significant client concentration risk related to the percentage of subservicing from agreements with New Residential and Pingora Loan Servicing, LLC. Further, the terms of a substantial portion of our subservicing agreements allow the owners of the servicing to terminate the subservicing agreement without cause, or to otherwise significantly decrease the number of loans we subservice on their behalf at any time.***

As a result of our strategic decisions related to our Mortgage Production origination channels and our intention not to retain a significant amount of capitalized MSRs in the future, our remaining business will be focused on subservicing and related portfolio retention activities.

Our subservicing portfolio is subject to runoff, meaning that the loans serviced by us under subservicing agreements may be repaid in full prior to maturity. As a result, our ability to maintain the size of our subservicing portfolio depends on our ability to enter into agreements for additional subserviced populations with new or existing clients.

Further, our subservicing business has substantial risk with respect to the current client concentrations and the termination rights contained in the underlying agreements, as discussed further below.

**Concentration risk.** We have significant client concentration risk related to the percentage of our subservicing portfolio that is under agreements with a small group of clients. As of December 31, 2016, our subservicing portfolio (by units) related to the following client relationships: 42% from Pingora Loan Servicing, LLC, 22% from HSBC and 14% from Morgan Stanley. Our agreement to sell the majority of our capitalized MSRs to New Residential contains a three-year subservicing term, subject to certain early transfer and termination rights for New Residential; if the sale is approved and executed, we would also have an additional significant concentration risk with respect to that counterparty. Our

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total subservicing portfolio as of December 31, 2016 included 264,718 units, and the MSR Sale and related subservicing agreement would add 466,962 units to the subservicing portfolio as of such date. Our client concentration adjusted for the completion of the MSR Sale and as of December 31, 2016 would reflect significant concentrations of 64% from New Residential and 15% from Pingora Loan Servicing, LLC, while the concentrations from HSBC and Morgan Stanley would no longer be considered significant.

**Termination Rights.** The terms of a substantial portion of our subservicing agreements allow the owners of the servicing to terminate the subservicing agreement without cause, or to otherwise significantly decrease the number of loans we subservice on their behalf, at any time, without cause, and with limited notice and negligible compensation.

Our subservicing relationships with our existing client may be negatively impacted by our exit from the PLS business; two of our current top three subservicing clients are currently PLS clients, and such PLS clients may elect to transfer their subservicing relationships to other counterparties upon sourcing a new origination services provider. Further, the owners of the servicing rights may elect to sell their MSRs related to some or all of the loans we subservice on their behalf, which could lead to a termination of our subservicing agreements with respect to such loans and a related decrease in our revenues from subservicing.

As previously disclosed, in the fourth quarter of 2016, we realized client-driven reductions in our subservicing portfolio due to: (i) Merrill Lynch's announced intent to insource their servicing activities and (ii) HSBC's sale of a population of MSRs relating to loans that we subserviced. In the fourth quarter of 2016, our subservicing portfolio declined by approximately 211,000 units, or 44%, primarily driven by those actions.

Further terminations or material reductions in our subservicing portfolio would adversely affect our business, financial condition, results of operations and cash flows. Our intentions to transition our business to be primarily focused on subservicing and portfolio retention further magnifies these risks. For example, our ability to recognize revenues from our portfolio retention business will be dependent upon the size of our subservicing portfolio and the decision by our subservicing clients of whether to engage us to perform such services.

*We will terminate a number of our existing funding arrangements in connection with the closing of the MSR Sale and, following the closing of the Transactions and the announcement of our intention to exit from our PLS business, a number of our historical funding arrangements may not continue to be available on economically viable terms, if at all. As a result, we may need to seek new or alternative sources of financing, which may not be available to us on economically viable terms, if at all. If we are unable to obtain new or alternative sources of financing for our remaining business, including the execution of our PLS business exit, this would adversely affect our transition to a business focused on subservicing and portfolio retention.*

We expect that substantially all of the proceeds from the MSR Sale will be used to repay PHH's 7.375% Senior Notes due 2019 and PHH's 6.375% Senior Notes due 2021 (or, collectively, our "**Senior Notes**"), to repay borrowings under the PHH Servicer Advance Receivables Trust ("**PSART**") servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes.

Historically, our mortgage asset-backed debt arrangements are an important source of liquidity for our origination and servicing activities. Our mortgage warehouse facilities typically have up to a 364-day term and certain facilities require us to maintain a specified amount of available funding from other

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facilities. As such, our liquidity profile and compliance with debt covenants depends on our ability to renew multiple facilities within a short time frame. As of December 31, 2016, each of our mortgage warehouse facilities mature and are subject to renewal on or around June 30, 2017.

We are currently expecting significant changes to our business profile, liquidity and capital structure and funding requirements driven by our proposed MSR Sale, Home Loans Transactions, the exit from our PLS business and the anticipated transitions of our business model, including expected changes in our mortgage origination volumes driven by the sales or exit of certain businesses. As such, our ability to renew our mortgage warehouse facilities may be more limited than our historical experience as lenders continually assess PHH and its subsidiaries as counterparties, or we may be unable to obtain such financing on terms acceptable to us, if at all.

Further, our access to and our ability to renew our existing mortgage warehouse facilities is subject to prevailing market conditions, and could suffer in the event of: (i) the deterioration in the performance of the mortgage loans underlying the warehouse facilities; (ii) our failure to maintain sufficient levels of eligible assets or credit enhancements or comply with other terms of the facilities; (iii) our inability to access the secondary market for mortgage loans; and (iv) termination of our role as servicer of the underlying mortgage assets.

Our servicing advance funding facility, PSART, is a special purpose bankruptcy remote trust formed for purposes of issuing non-recourse asset-backed notes secured by servicing advance receivables. Our ability to maintain liquidity through issuing asset-backed notes secured by servicing advance receivables, such as PSART, is dependent on many factors, including but not limited to: (i) market demand for ABS, specifically ABS collateralized by mortgage servicing-related receivables; (ii) our ability to service in accordance with applicable guidelines and the quality of our servicing, both of which will impact noteholders' willingness to commit to financing for an additional term; and (iii) our ability to negotiate terms acceptable to us.

If a substantial portion of the committed capacity of our facilities are terminated or are not renewed, we may be unable to find replacement financing on commercially favorable terms, if at all, which could adversely impact our operations and prevent us from executing our business plan, including, without limitation, the transition to PHH 2.0, originating new mortgage loans or fulfilling commitments made in the ordinary course of business. These factors could materially and adversely affect the amount of capital available for distribution, as well as delay the timing for any such distributions. Additionally, these factors reduce revenues attributable to our business activities or require us to sell assets at below market prices, either of which would have a material adverse effect on our overall business and consolidated financial position, results of operations and cash flows.

***Following the Transactions, the continuing costs and burdens associated with being a public company will constitute a much larger percentage of our Net revenues.***

If the Transactions are completed, we will remain a public company and will continue to be subject to the listing standards of the NYSE and SEC rules and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Sarbanes-Oxley Act of 2002. While all public companies face the costs and burdens associated with being public companies, the costs and burden of being a public company will be a significant portion of our Net revenues, which will be reduced if the Transactions are completed.

***Our future results following the Home Loans Asset Sale may differ materially from the unaudited pro forma financial statements attached as Annex J to this proxy statement.***

The unaudited pro forma condensed consolidated financial statements attached to this proxy statement as *Annex J* presents our historical consolidated financial statements as adjusted to give effect to the Home Loans Transactions. The unaudited pro forma condensed consolidated financial

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statements reflect the sale of certain assets and assignment of certain liabilities of the Home Loans Business, as well as the allocation of certain expenses to the Home Loans Business. The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the financial condition or results of operations of our subservicing and portfolio retention business remaining following the closing of Home Loans Transactions. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect our financial condition and results of operations following the Home Loans Transactions. Any change in our financial condition or results of operations may cause significant variations in the price of our common stock. See "Unaudited Pro Forma Condensed Consolidated Financial Statements" at *Annex J* for more information.

***Following the Transaction, our profitability and growth will depend on the success of our remaining subservicing and portfolio retention business, which is subject to a variety of business risks and uncertainties.***

Our remaining business will be focused on subservicing and related portfolio retention activities. Any evaluation of our remaining subservicing business and our prospects following the Transactions must be considered in light of the risks and uncertainties stated above, as well as the following:

the ability to maintain our relationships with our existing clients, including the effects of any termination of our subservicing agreements by any of our largest subservicing clients or on a material portion of our subservicing portfolio and our ability to comply with the terms of our subservicing client agreements and any related service level agreements;

the ability to attract subservicing clients or enter into agreements to increase our portfolio, which may be due to competition from other subservicers, or clients' assessments of our long-term stability, among other considerations;

our planned exit of the PLS business may impact our subservicing relationships; two of our top three subservicing clients are currently its PLS clients, and such clients may elect to transfer their subservicing relationships to other counterparties upon sourcing a new origination services provider;

the ability to maintain our status as a government sponsored entity-approved servicer, including the ability to continue to comply with the respective servicing guide, and our ability to operationalize changes necessary to comply with updates to such guides and programs;

investor demand to hold MSRs and related impacts on the subservicing market environment, driven by market conditions including evolving regulations, interest rate levels, capital market conditions and future economic projections;

the effects of market volatility or macroeconomic changes and financial market regulations on the availability and cost of our financing arrangements, the value of our assets and the housing market;

the effects of changes in current interest rates on our business and our financing costs;

the effects of changes in, or our failure to comply with, laws and regulations, including mortgage- and real estate-related laws and regulations and those that we are exposed to through our private label relationships;

the effects of the outcome or resolutions of any inquiries, investigations or appeals related to our mortgage origination or servicing activities, any litigation related to our mortgage origination or servicing activities, or any related fines, penalties and increased costs, and the associated impact on our liquidity;

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the inability or unwillingness of any of the counterparties to our significant customer contracts, hedging agreements, or financing arrangements to perform their respective obligations under such contracts, or to renew on terms favorable to us, if at all;

the impacts of our credit ratings, including the impact on our cost of capital and ability to access the debt markets, as well as on our current or potential customers' assessment of our long-term stability;

the ability to obtain or renew financing on acceptable terms, if at all, to finance our mortgage loans held for sale and servicing advances;

the ability to operate within the limitations imposed by our financing arrangements and to maintain or generate the amount of cash required to service our indebtedness and operate our business;

any failure to comply with covenants or asset eligibility requirements under our financing arrangements;

the effects of any failure in or breach of our technology infrastructure, or those of our outsource providers, or any failure to implement changes to our information systems in a manner sufficient to comply with applicable laws, regulations and our contractual obligations.

If we are unable to address these risks, our business, results of operations and prospects following the closing of the Transactions could suffer.

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**THE SPECIAL MEETING**

**Date, Time, Place and Purpose of the Special Meeting**

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our Board of Directors for use at the special meeting to be held on [ • ], 2017, starting at [ • ] a.m. local time, at the Company's offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 for the following purposes: to consider and vote upon: (1) a proposal to approve the sale of substantially all of the assets of the Company pursuant to (A) the MSR Sale Sub-Proposal and (B) the Home Loans Asset Sale Sub-Proposal; (2) the Transactions-Related Compensation Proposal, (3) the Adjournment Proposal; and (r) such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Copies of the MSR Purchase Agreement, the Subservicing Agreement, the Asset Purchase Agreement, the JV Interests Purchase Agreement and the Support Agreement are attached this proxy statement, respectively, at *Annex A*, *Annex B*, *Annex D*, *Annex E* and *Annex F*.

**Record Date**

Our Board of Directors has specified the close of business on March 10, 2017 as the record date for purpose of determining our stockholders who are entitled to receive notice of and to vote at the special meeting. Only our stockholders of record on the close of business on the record date are entitled to notice of and to vote at the special meeting. As of the record date, there were 53,612,270 shares of our common stock issued and outstanding and entitled to notice of and to vote at the special meeting. Each share of our common stock entitles its holder to one vote on all matters properly coming before the special meeting.

As of March 10, 2017, the record date, our directors and executive officers held and are entitled to vote, in the aggregate, 396,559 shares of our common stock, representing less than 1% of our issued and outstanding common stock.

**Quorum; Vote Required**

Under Section 1.05 of our Amended and Restated Bylaws, a quorum consisting of a majority of all the votes entitled to be cast at the meeting must be represented in person or by proxy for the transaction of business at the special meeting. Therefore, holders of at least a majority of our common stock issued and outstanding as of the record date and entitled to vote at the special meeting must be present in person or by proxy at the special meeting to constitute a quorum to conduct business at the special meeting. In the event that a quorum is not present at the special meeting, we expect that we will adjourn or postpone the special meeting to solicit additional proxies.

Pursuant to Article EIGHTH, paragraph (a)(4) of our Articles of Amendment and Restatement and as permitted by Section 2-104(b)(5) of the Maryland General Corporation Law, or the "*MGCL*," the approval of the sale of substantially all of our assets pursuant to the MSR Sale Sub-Proposal and the approval of the sale of substantially all of our assets pursuant to the Home Loans Asset Sale Sub-Proposal each requires the affirmative vote of the holders of a majority of the total number of shares of our common stock outstanding and entitled to vote on the matter, notwithstanding the requirements of the *MGCL* requiring authorization by a greater proportion for that purpose. Under Section 1.05 of our Amended and Restated Bylaws, the approval of the Transactions-Related Compensation Proposal and any adjournment of the special meeting pursuant to the Adjournment Proposal requires the affirmative vote of a majority of the votes cast on such proposal at a special meeting at which a quorum is present.

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**Abstentions and Broker Non-Votes**

For each of the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not be counted as votes cast or shares voting on the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal, as applicable, but will count for the purpose of determining whether a quorum is present at the special meeting. **If you abstain, it will have the same effect as a vote "AGAINST" the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal, as applicable.**

Under the rules of the NYSE, brokers who hold shares in street name for customers have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to approving non-routine matters such as the approval of the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal. As a result, absent specific instructions from the beneficial owner of such shares, brokers cannot vote those shares, referred to generally as "**broker non-votes.**" **These "broker non-votes" will be counted for purposes of determining whether a quorum is present at the special meeting, but will have the same effect as a vote "AGAINST" each of the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal.** However, abstentions and broker non-votes, if any, will be taken into account for the purpose of determining whether a quorum is present at the special meeting, but will not be counted as votes cast on the proposal and will have no effect on the outcome of the vote for each of the Transactions-Related Compensation Proposal and the Adjournment Proposal.

**Proxies and Revocation**

If you submit a proxy by telephone, via the Internet or by returning a signed proxy card by mail, your shares will be voted at the special meeting as you indicate. If you sign your proxy card without indicating your vote, your shares will be voted "*FOR*" the MSR Sale Sub-Proposal, "*FOR*" the Home Loans Asset Sale Sub-Proposal, "*FOR*" the Transactions-Related Compensation Proposal, and "*FOR*" the Adjournment Proposal. If your shares of common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. If you do not instruct your broker to vote your shares, it has the same effect as a vote against the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal.

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, via the Internet, by returning the enclosed proxy card by mail, or by voting in person by appearing at the special meeting. If your shares of our common stock are held in "street name" by your broker, you should instruct your broker on how to vote such shares of common stock using the instructions provided by your broker. **If you do not vote or do not instruct your broker, bank or other nominee how to vote, it will have the same effect as voting against the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal.** The persons named in the accompanying proxy card will also have discretionary authority to vote on any adjournment or postponement of the special meeting.

Proxies received at any time before the special meeting, and not revoked or superseded before being voted, will be voted at the special meeting. You have the right to change or revoke your proxy at any time before it is voted at the special meeting in the following ways:

if you hold your shares in your name as a stockholder of record, by notifying, in writing, our Secretary, William F. Brown, at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054;

by attending the special meeting and voting by paper ballot in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

by submitting a later-dated proxy card;

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if you voted by telephone or via the Internet, by voting again by telephone or via the Internet; or

if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

**Other Business**

We do not expect that any matter other than the MSR Sale Sub-Proposal, the Home Loans Asset Sale Sub-Proposal, the Transactions-Related Compensation Proposal and, if necessary, the Adjournment Proposal will be brought before the special meeting. If, however, any other matter properly comes before the special meeting, or in the event of any adjournment or postponement of the special meeting, proxy holders will vote thereon in accordance with their discretion.

**Adjournments and Postponements**

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. Whether or not a quorum is present, a special meeting of stockholders may be adjourned without notice by announcement made at the special meeting, of the time, date and place of the adjourned meeting. Any signed proxies received by us in whom no voting instructions are provided on such matter will be voted "FOR" the Adjournment Proposal to approve any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies.

**Dissenters' Rights or Rights of Objecting Stockholders**

Holders of our common stock are not entitled to dissenting stockholders' appraisal rights or other similar rights in connection with the MSR Sale and MSR Purchase Agreement or the Home Loans Transactions or the Home Loans Transactions Agreements. The MGCL does not provide for appraisal rights, rights of objecting stockholders or other similar rights to stockholders of a corporation in connection with a sale of substantially all of its assets if the shares of the corporation are listed on the NYSE on the record date for determining stockholders entitled to vote on the transaction. See " *The MSR Sale Sub-Proposal No Dissenter's Rights or Rights of Objecting Stockholders*" beginning on page [ • ], and " *The Home Loans Transactions No Dissenter's Rights or Rights of Objecting Stockholders*" beginning on page [ • ].

**Solicitation of Proxies**

This proxy solicitation is being made and paid for by us on behalf of our Board of Directors. In addition, we expect to retain Broadridge to assist in the solicitation for a fee of approximately \$[ • ], a nominal fee per stockholder contact, reimbursement of reasonable out-of-pocket expenses and indemnification against certain losses, costs and expenses. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of our common stock that the brokers and fiduciaries hold of record. Upon request, we will reimburse them for their reasonable out-of-pocket expenses. In addition, we will indemnify Broadridge against any losses arising out of that firm's proxy soliciting services on our behalf.

**Questions and Additional Information**

If you have more questions about the MSR Sale, the Home Loans Transactions, the advisory (nonbinding) vote on executive compensation payable in connection with the Transactions or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card



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or voting instructions, please call Hugo Arias, Senior Vice President at 856-917-0108 or Broadridge toll-free at 1-800-353-0103.

**Availability of Documents**

Any documents referenced in this proxy statement will be made available for inspection and copying at our principal executive offices during its regular business hours by any interested holder of our common stock.

**Our Board of Directors unanimously recommends that you vote "FOR" the MSR Sale Sub-Proposal, "FOR" the Home Loans Asset Sale Sub-Proposal, "FOR" the Transactions-Related Compensation Proposal, and "FOR" the Adjournment Proposal.**

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**PROPOSAL 1 THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE COMPANY**

We are asking you to approve the sale of substantially all of the assets of the Company pursuant to the following sub-proposals:

**Sub-proposal 1A:** to approve the sale, or "**MSR Sale**", of the Company's portfolio of Mortgage Servicing Rights, or "**MSRs**", as of October 31, 2016 (excluding the Company's Ginnie Mae MSRs that were part of a sale transaction with Lakeview Loan Servicing, LLC announced in November 2016, or the "**MSR Portfolio**"), together with all servicing advances related to the MSR Portfolio, to New Residential Mortgage LLC, or "**New Residential**", pursuant to the agreement for the purchase and sale of servicing rights, dated as of December 28, 2016, by and between New Residential, PHH Mortgage Corporation and, solely for the limited purposes set forth therein, the Company, a copy of which is attached as *Annex A* to the accompanying proxy statement, or the "**MSR Purchase Agreement**" and we refer to this sub-proposal as the "**MSR Sale Sub-Proposal**"; and

**Sub-proposal 1B:** to approve the sale of certain assets and liabilities of PHH Home Loans, LLC, or "**PHH Home Loans**", to Guaranteed Rate Affinity, LLC, or "**GRA**", on the terms and conditions of the asset purchase agreement dated as of February 15, 2017 by and between GRA, PHH Home Loans and RMR Financial, LLC, and the Company, a copy of which is attached as *Annex D* to the accompanying proxy statement, or the "**Asset Purchase Agreement**" and we refer to the transactions contemplated by the Asset Purchase Agreement as the "**Home Loans Asset Sale**" and this sub-proposal as the "**Homes Loans Asset Sale Sub-Proposal**". In connection with the Home Loans Asset Sale, the Company has agreed to acquire the joint venture interests in PHH Home Loans that it does not currently own on the terms and conditions of the joint venture interests purchase agreement, dated as of February 15, 2017, between Realogy Services Venture Partner LLC, PHH Broker Partner Corporation, and the Company, or the "**JV Interests Purchase Agreement**" and together with the Asset Purchase Agreement and the other agreements contemplated thereby, collectively, the "**Home Loans Transactions Agreements**," and the transactions contemplated by the Home Loans Transactions Agreements are referred to as the "**Home Loans Transactions**". The closing of the transactions contemplated by the Asset Purchase Agreement is conditioned on the satisfaction of the conditions to closing set out in the JV Interests Purchase Agreement, and the closing of the transactions contemplated by the JV Interests Purchase Agreement is conditioned on the consummation of the transactions contemplated by the Asset Purchase Agreement.

For a summary of and detailed information regarding the MSR Sale Sub-Proposal, see the information about the MSR Sale and the MSR Purchase Agreement and Subservicing Agreement set forth in the sections of this proxy statement captioned " *Sub-Proposal 1A: Approval of the MSR Sale Sub-Proposal*" beginning on page [ • ] of this proxy statement and " *The MSR Purchase Agreement and Subservicing Agreement*" beginning on page [ • ] of this proxy statement. In connection with the execution of the MSR Purchase Agreement, PHH Mortgage and New Residential entered into a subservicing agreement, or "**Subservicing Agreement**," which will become effective upon the initial Sale Date of the MSRs under the MSR Purchase Agreement. Copies of the MSR Purchase Agreement and Subservicing Agreement are attached to this proxy statement respectively as *Annex A* and *Annex B*. You are urged to read the MSR Purchase Agreement and Subservicing Agreement carefully in their entireties.

For a summary of and detailed information regarding the Home Loans Asset Sale Sub-Proposal, see the information about the Home Loans Transactions and the Home Loans Transactions Agreements set forth in the sections of this proxy statement captioned " *Sub-Proposal 1B: Approval of the Home Loans Asset Sale Sub-Proposal*" beginning on page [ • ] of this proxy statement and " *The Home Loans Transactions Agreements*" beginning on page [ • ] of this proxy statement. A

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copy of the Asset Purchase Agreement is attached to this proxy statement as *Annex D* and copies of the JV Interests Purchase Agreement and Support Agreement are attached to this proxy statement respectively at *Annex E* and *Annex F*. You are urged to read the Asset Purchase Agreement, the JV Interests Purchase Agreement and the Support Agreement in their entireties.

**BACKGROUND OF THE TRANSACTIONS**

As part of its ongoing evaluation of the Company's business, our Board of Directors and senior management from time to time consider potential strategic alternatives to the continued pursuit of the Company's business plan as an independent company.

Following the collapse of the subprime lending market and the decline in home values in 2007 and 2008, coupled with the related global recession, disruption in the capital and secondary mortgage markets, reduced liquidity and investor demand for mortgage loans and mortgage-backed securities, and severe financial challenges of the government sponsored mortgage finance entities, the U.S. federal government became increasingly involved in the mortgage and financial services industries. In the years that followed, the federal government implemented and imposed numerous regulations, licensing requirements and increased governmental oversight in an effort to prevent mortgage fraud, predatory lending and other deceptive practices, including the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in 2010, under which the newly created Consumer Financial Protection Bureau was charged with administering new regulations for the mortgage industry. State governments also implemented additional regulations, licensing requirements and governmental oversight programs, and refined their interpretation and application of existing regulations and their enforcement practices. As the economy recovered from the recession, record-low interest rates and several government led incentives boosted the mortgage industry during the refinancing wave from 2010 through 2012. Beginning in 2013 and into 2015, housing prices rebounded in parts of the U.S., interest rates on longer-term government securities increased, and yield requirements for mortgage loans and mortgage-backed securities increased. In addition, the Office of the Comptroller of the Currency provided revised guidance on national banks and federal savings associations for assessing and managing risks associated with third-party relationships. In the ensuing years following the refinancing boom, mortgage origination volumes would decrease to their lowest levels since 1997.

In light of these market conditions and in order to maximize stockholder value, our Board of Directors and senior management conducted a process in the first half of 2014 to explore interest in the separation and sale of either the Company's fleet management services business, its mortgage business, or both. While more than 50 potentially interested parties were contacted, the Company did not receive any actionable proposals to acquire either the Company in its entirety or the mortgage business through this process. The Company did receive actionable and compelling proposals for its fleet management services business, and the sale of this business to Element Financial Corporation in July of 2014 for approximately \$1.4 billion provided the Company with the financial flexibility to address its capital structure and mortgage businesses challenges.

Through the second half of 2014 and into 2016, the Company returned \$300 million to stockholders, reduced its unsecured debt by \$680 million and pursued opportunities to improve the profitability of the mortgage business through, among other initiatives, exploring capital light MSR funding structures, re-engineering its costs base, renegotiating its contracts for the business of PHH Mortgage's Private Label solutions channel, or our "*PLS business*", and exploring organic and inorganic growth opportunities in the distributed retail loan originations market.

In addition to the activities discussed above, our Board of Directors and management continued to explore transformative business combination opportunities. During this period, the Company either contacted or was contacted by multiple industry participants to explore a potential transaction. For a variety of reasons, including valuation, legal and regulatory concerns and contingencies, and an

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unwillingness to engage, none of these contacts proceeded beyond a preliminary stage. In addition, as part of the Company's continuous consideration of opportunities to shift to a capital light structure, in the spring and early summer of 2015, the Company engaged in discussions with a financial sponsor which owned a mortgage servicing platform regarding a possible transaction that would have involved the acquisition by the Company of the sponsor's servicing platform in exchange for shares of the Company. These discussions contemplated separating the resulting servicing and related businesses, spinning these businesses off to the Company's stockholders, and leaving the Company's MSR assets in a separate public REIT entity. After substantial diligence and assessment of numerous alternative structures, our Board of Directors and management concluded that the complexity and execution risk of the transaction was too high, and that the desired value creation was too uncertain, particularly as there was no compelling evidence that an MSR-centric REIT would be attractive to investors. The Company also discussed with the financial sponsor the possible acquisition of its servicing platform by the Company, but the parties were not able to agree on the form or amount of consideration.

During this time, the Company's operating environment became increasingly challenging due to significantly enhanced regulation and oversight from its clients of our PLS business, or "**PLS clients**", our clients' regulators, and regulators of the Company unique to the PLS business model. Examination and information requests increased from approximately 2,200 per year in 2014 to approximately 6,700 per year in 2016. With limited prospects for moderation in client and regulatory oversight, increased client demand for customization, and a shrinking market as clients in-sourced originations to gain greater control and to satisfy their own regulatory and oversight requirements, on March 9, 2016, the Company announced that it was initiating a comprehensive review of all strategic options in order to maximize stockholder value. The decision to engage in this strategic review process was driven by numerous factors, including the ongoing evolution of the mortgage industry and regulatory dynamics and the impact of these factors on the Company's profitability.

Throughout the rest of March and early April 2016, at the direction of our Board of Directors, the Company's management, with the assistance of the Company's financial advisors, Credit Suisse and J.P. Morgan, evaluated the Company's growth prospects as an independent company and potential strategic alternatives for the Company. During this time, our Board of Directors, together with management, the Company's legal advisors, DLA Piper LLP (US), or "**DLA Piper**", and Jones Day, the Board of Directors' counsel, Latham & Watkins LLP, or "**Latham**", and the Company's financial advisors, met regularly to review and discuss these matters.

On April 13, 2016, a consortium of financial sponsors, or "**Financial Buyer A**", submitted a proposal that involved the restructuring and privatization of some of the Company's platforms, leaving the Company's MSR assets in a public REIT entity.

Our Board of Directors met on April 14, 2016. As part of this meeting, Credit Suisse and J.P. Morgan provided a market update and shared their respective views regarding aspects of the Company's business that might be attractive to a counterparty. The financial advisors also discussed certain matters pertaining to the strategic review process, including timing, transaction considerations, the Company's industry and market positioning and potential interested parties. Following discussions, our Board of Directors authorized management, with the assistance of the Company's advisors, to prepare marketing materials, execute confidentiality agreements and take such other steps as were necessary or advisable to obtain initial indications of interest from parties interested in engaging in a transaction involving the Company or any of its businesses. It was also determined that Financial Buyer A would be invited to submit an indication of interest as part of the strategic review process, without a specific response to its April 13 proposal.

Between mid-April and the beginning of June, 2016, in accordance with our Board of Directors' instructions, the Company's financial advisors contacted 57 parties, comprised of 34 industry participants (including many of the parties in contact with the Company in late 2014 and in 2015

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regarding a potential transformative transaction), 17 financial sponsors and six other potential buyers, such as business process outsourcing providers. 38 of these parties, comprised of 22 industry participants (including New Residential and GRI), 13 financial sponsors (including Financial Buyer A) and three other potential buyers, executed confidentiality agreements and were provided with a confidential information memorandum and access to a preliminary data room.

On May 18, 2016, at the direction of management, the Company's financial advisors provided interested parties with a process letter which, among other matters, requested that interested parties submit a preliminary, non-binding indication of interest in a transaction involving the Company on June 3, 2016. The letter informed participants that priority would be placed on proposals for the whole company, although all proposals would be considered.

Our Board of Directors met on June 2, 2016, together with management, DLA Piper, Latham, Jones Day and the Company's financial advisors. DLA Piper and Jones Day reviewed various legal considerations related to the strategic review process, including the potential need for stockholder approval of various transactions, the potential implications of various transactions on the Company's outstanding indebtedness, and certain considerations related to the sale of the Company's assets followed by a voluntary dissolution of the Company, or the "*Liquidation Scenario*".

Between June 3<sup>rd</sup> and 8<sup>th</sup>, 2016, the Company received:

three preliminary indications of interest related to the acquisition of the Company in its entirety, which implied a valuation range of approximately \$15.40 to \$17.00 per share. New Residential submitted one of these indications of interest, and its proposal implied a valuation of \$16.94 per share (after adjustment for reasonably possible losses reflected on the Company's financial statements). The other parties that submitted an indication of interest to acquire the whole company included one industry participant, or "*Company 1*", and one financial sponsor. As discussed below, all of the proposals to acquire the Company in its entirety were subsequently abandoned;

a preliminary indication of interest from Financial Buyer A in which it reiterated its proposal to restructure and privatize some of the Company's businesses, while leaving the Company's MSR assets in a public REIT entity. This preliminary indication of interest estimated that the cumulative future valuation for a Company share could be approximately \$24 (assuming no breakage costs), comprised of approximately \$5.50 in an upfront cash payment, \$15.50 in value through residual ownership of the public REIT entity and \$3.30 in dividends over three years from the public REIT entity;

one preliminary indication of interest to acquire all of the Company's owned MSR assets for approximately \$762 million (approximately 100% of book value) in cash, as well as reimbursement at par for all properly made and outstanding servicing advances. This proposal was made by an industry participant, or "*Company 2*";

three preliminary indications of interest to acquire the Company's 50.1% equity interest in PHH Home Loans, which implied a valuation range of \$98 million to \$127 million for these interests. GRI submitted one of these indications of interest, and its proposal valued the Company's interest in PHH Home Loans at a range of \$117-\$127 million (which valuation included all tangible assets, including cash and mortgages held for sale);

one preliminary indication of interest to acquire certain contracts, personnel and facilities relating to the Company's subservicing business for a nominal value; and

two preliminary indications of interest in pursuing a transaction involving parts of the PLS business that did not contain any specific proposal on economic terms. LenderLive submitted one of these indications of interest.

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All of these proposals indicated that the parties still had substantial due diligence to complete, including access to clients and business partners.

Our Board of Directors met on June 9, 2016, together with management, DLA Piper, Latham, Jones Day and the Company's financial advisors. Credit Suisse and J.P. Morgan reviewed the preliminary indications of interests that had been received, highlighting, among other things, aspects of certain indications of interest that required clarification and perspectives regarding the ability of certain parties to complete a transaction based on such parties' indications of interest. Management then reviewed estimated costs related to the Liquidation Scenario, including debt repayments, severance and retention costs, pension liabilities, legal and advisory fees, representation and warranty claims, insurance costs, and fixed asset write offs. A discussion followed during which management and the Company's advisors responded to questions regarding specific proposals and the strategic review process moving forward, including the need to develop a plan with respect to the process and timeline (including with respect to distributions to stockholders) for the Liquidation Scenario, were that scenario to be pursued. Management then reviewed certain matters related to the sale or unwinding of the PLS business. Representatives of DLA Piper then reviewed the directors' fiduciary duties with regard to the evaluation of strategic alternatives. Following discussion, our Board of Directors determined to provide all of the parties that had submitted preliminary indications of interest (other than Financial Buyer A) access to a comprehensive data room and ultimately invite them to submit a final and binding proposal. In light of the complexity, execution risk and uncertainty related to the desired value creation associated with an MSR-centric REIT, our Board of Directors directed the Company's financial advisors to invite Financial Buyer A to submit an alternative, simplified proposal and to follow-up with Company 1 to clarify certain concerns that our Board of Directors had regarding Company 1's ability to finance and complete a whole company transaction. It was further determined that management, with the assistance of the Company's advisors, should develop a plan and timeline for the Liquidation Scenario, to the extent that could be done without knowing which, if any, specific transactions would be pursued.

Following this meeting, in accordance with our Board of Directors' instructions, the Company's financial advisors contacted each of the parties that had submitted indications of interest. Financial Buyer A was invited to submit an alternative proposal, but ultimately chose not to do so. One of the parties that had submitted an indication of interest related to part of the PLS business also ultimately decided not to proceed. Company 1 was contacted to discuss our Board of Directors' concerns about its ability to finance and complete a whole company transaction. Company 1 (subject to clarifying our Board of Directors' concerns) and the other interested parties were invited to perform detailed diligence on the Company or the relevant businesses in which they had expressed interest.

On June 16, 2016, Company 1 submitted a supplemental letter that provided additional detail with respect to its financing plan and indicated that Company 1 would be willing to consider the acquisition of just the Company's interest in PHH Home Loans for a price of 80% to 95% of the tangible book value of PHH Home Loans' assets it would acquire, net of liabilities assumed. After review, our Board of Directors subsequently determined that the supplemental information provided by Company 1 did not adequately address our Board of Directors' concerns about Company 1's ability to finance and complete a whole company transaction; however, Company 1 was invited to continue in the process based on its stated interest in acquiring certain of the Company's assets.

In mid-June 2016, one of the Company's stockholders indicated to management that it might be interested in pursuing a transaction involving the Company. At the Company's request, on June 17, 2016, Credit Suisse, J.P. Morgan and Jones Day discussed with the stockholder its potential interest in a transaction involving the Company. The stockholder ultimately decided not to pursue a transaction. Also in mid-June 2016, the Company engaged Lowenstein Sandler LLP, or "**Lowenstein**", as an additional counsel to assist with the potential sale of the Company's MSR assets.

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On June 20, 2016, an industry participant that had been contacted as part of the strategic review process and had signed a confidentiality agreement, but had not submitted a proposal earlier in the month, submitted a non-binding indication of interest to acquire the Company's 50.1% interest in PHH Home Loans for up to its book value. After conducting diligence and attending a management presentation, this party ultimately decided not to submit a binding proposal to acquire PHH Home Loans.

In late June 2016, each of the remaining interested parties received a management presentation, with several parties also holding diligence sessions with department heads, and the parties conducted diligence through the remainder of June and into July.

On July 16, 2016, at the direction of management, the Company's financial advisors provided the remaining interested parties with a process letter which, among other matters, requested that interested parties submit a firm and binding proposal for a transaction involving the Company on July 29, 2016. Interested parties were subsequently provided with draft agreements for the acquisition of the Company or for the acquisition of various businesses of the Company and, with respect to the Company's MSR assets, a detailed list of matters to address in any proposal.

Our Board of Directors met on July 19, 2016, together with management, DLA Piper, Jones Day, Latham and the Company's financial advisors, and again on July 28, 2016, together with management and Latham. As part of these meetings, our Board of Directors received situational updates from management and the Company's advisors on the strategic review process, including in respect of the level of engagement of each interested party and, based on discussions then to date, the decreasing likelihood that any parties would submit a proposal to acquire the Company in its entirety.

On July 29, 2016, the Company received:

no proposals to acquire either the Company in its entirety or all of the PLS business;

proposals from each of New Residential and Company 2 to acquire all of the Company's owned MSR assets. New Residential proposed to acquire the MSRs for \$679 million (approximately 100% of book value), as well as reimbursement at par for all properly made and outstanding servicing advances. Company 2 proposed to acquire the MSRs for approximately \$591 million (approximately 87% of book value), as well as reimbursement at par for all properly made and outstanding servicing advances;

three proposals to acquire the Company's 50.1% interest in PHH Home Loans. Both GRI and Company 1 submitted proposals, and we refer to the third industry participant to submit a proposal regarding the Company's interest in PHH Home Loans as "*Company 3*". GRI's proposal valued the Company's interest in PHH Home Loans at \$99.5 million (which valuation included all tangible assets, including cash and mortgages held for sale), while Company 1's proposal valued these interests at approximately \$95 million and Company 3's proposal valued these interests at \$100 million (inclusive of an earn-out). All three proposals required that the terms of the joint venture arrangements with Realogy be renegotiated;

one proposal to acquire certain contracts, personnel and facilities relating to the Company's subservicing business for a nominal value; and

an expression of interest from LenderLive to pursue a transaction involving part of the PLS business which did not contain any specific proposal on economic terms or the assets to be acquired.

All of the proposals indicated that the parties still had substantial diligence to complete, including access to clients and business partners.

Our Board of Directors met on August 5, 2016, together with management, DLA Piper, Latham, Jones Day and the Company's financial advisors. Credit Suisse and J.P. Morgan reviewed the proposals that had been received, and provided our Board of Directors with an update on financial market conditions. Management then reviewed the Company's status quo financial projections, certain potential

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challenges associated with allowing the interested parties to conduct detailed confirmatory diligence, including the involvement of regulators, increased risk of leaks and potential disruption to operations or actual loss of business, and the work that had been done to date to assess potential distributions to stockholders in the Liquidation Scenario. Management and the Company's advisors responded to questions regarding specific proposals and the strategic review process moving forward. Following discussion, our Board of Directors determined that the Company should prioritize the exploration of a potential sale of the MSR assets, while still pursuing the other potential sales, and that management should concurrently develop a new strategic plan and multiple long range forecasts that contemplated the impact of various potential sales, including in the Liquidation Scenario.

Through the remainder of August and into September 2016, the remaining interested parties were provided with access to additional due diligence materials, while management concurrently worked on developing the new strategic plan and long range forecast that our Board of Directors had requested. Given Realogy's consent right to any transaction under the existing PHH Home Loans operating agreements, as well as the desire of all three interested parties to amend the terms of the agreements with Realogy, following our Board of Directors meeting, management identified the three parties that had submitted proposals for the acquisition of the Company's interest in PHH Home Loans to Realogy. After considering these parties, Realogy informed the Company that it was not interested in partnering with Company 1, and Company 1 was subsequently told that it would no longer be participating in the process to acquire PHH Home Loans.

On August 26, 2016, Lowenstein provided New Residential and Company 2 with a form of agreement for the purchase and sale of the MSR assets.

On September 12, 2016, at the direction of management, the Company's financial advisors provided New Residential and Company 2 with a process letter which, among other matters, requested that each party:

submit a firm and binding proposal for a transaction involving the Company's MSR assets by September 20, 2016;

provide two separate valuations of the MSR assets: one assuming the Company would remain subservicer of the sold MSR assets in accordance with a form subservicing agreement and pricing to be provided by the Company, and the other assuming the Company would not subservice the sold MSR assets; and

provide mark-ups of the form of purchase agreement that had been distributed on August 26.

In mid-September 2016, Realogy met with each of GRI and Company 3 in order to learn about their respective businesses and plans for a potential joint venture with Realogy. Following additional meetings that ran through October 2016, Realogy informed the Company that it desired to move forward to explore a potential joint venture with GRI, and that it would not currently consent to a transaction involving Company 3. Company 3 was subsequently told that it would no longer be participating in the process to acquire PHH Home Loans. Also during this period, the Company received an updated proposal from LenderLive to pursue a transaction involving part of the PLS business located in Jacksonville, Florida.

On September 20, 2016, the Company received proposals from each of New Residential and Company 2 to acquire all of the Company's owned MSR assets. As requested, the proposals were on both a subservicing-retained and a subservicing-released basis. New Residential proposed to acquire the MSRs for approximately \$589 million (approximately 83% of book value) on a subservicing-retained basis, and approximately \$658 million (approximately 94% of book value) on a subservicing-released basis, as well as, in each case, reimbursement at par for all properly made and outstanding servicing advances. Company 2 proposed to acquire the MSRs for approximately \$492 million (approximately 71% of book value) on a subservicing retained basis, and approximately \$593 million (approximately 85% of book value) on a subservicing released basis, as well as, in each case, reimbursement at par for all properly made and outstanding servicing advances.



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On September 28, 2016, the Company received a proposal, or the "*September 28<sup>th</sup> Proposal*", from an investor in another industry participant suggesting that the Company acquire this industry participant in a mixed consideration transaction.

Our Board of Directors met on September 30, 2016, together with management, DLA Piper, Latham, Jones Day, and the Company's financial advisors. Management reviewed the strategic options that it had been assessing, including the Liquidation Scenario and PHH 2.0, as either a subservicer, a subservicer plus portfolio retention services, or a subservicer with portfolio retention services and the Home Loans Business. Management noted that, regardless of which option our Board of Directors elected to pursue, in the absence of a proposal to acquire the entire Company, management believed it was necessary for the Company to sell its MSR assets and to wind down and exit the PLS business. Management then discussed the revised long range forecasts for the PHH 2.0 alternatives. Management and the Company's financial advisors also reviewed the proposals that the Company recently had received for its MSR assets, and previously received for its interest in PHH Home Loans and for select contracts, personnel, and facilities relating to the Company's subservicing business and the PLS business. As part of this discussion, management reviewed the comments of both New Residential and Company 2 on the draft MSR purchase agreement. Our Board of Directors also reviewed and discussed the September 28th Proposal, and asked management, with the assistance of the Company's advisors, to evaluate the proposal. Following discussions, our Board of Directors elected to prioritize the sale of our MSR assets to New Residential, and to also continue exploring the sale of our other assets. Our Board of Directors instructed Credit Suisse to inform Company 2 that the Company would not continue discussions with Company 2 regarding the acquisition of all of the Company's MSR assets based on its current proposal, and that the Company intended to focus its efforts on completing a transaction with another party. Our Board of Directors also instructed management, with the assistance of the Company's advisors, to continue evaluating the Liquidation Scenario and PHH 2.0. Following this meeting, in accordance with our Board of Directors' instructions, Credit Suisse informed Company 2 that the Company would not continue discussions with it regarding the acquisition of all of the Company's MSR assets.

Throughout October and the first week of November 2016, the Company and its advisors held numerous negotiations and exchanged multiple drafts of the purchase and sale agreement for servicing rights with New Residential and its legal advisors. During this time, the Company and New Residential also discussed material issues relating to any subservicing arrangement, should the Company wish to remain as subservicer of any sold MSR assets.

In early October 2016, in light of the fact that New Residential was not an approved Ginnie Mae servicer and could not guarantee when, if at all, they might be able to acquire the Company's Ginnie Mae MSR assets, the Company requested that Credit Suisse contact Lakeview Loan Servicing, LLC, or "*Lakeview*", regarding the potential acquisition of the Company's Ginnie Mae portfolio. The Company decided to reach out to Lakeview, which had earlier participated in the strategic review process, because it had previously expressed interest in acquiring just the Company's Ginnie Mae portfolio and the Company believed that Lakeview was both very familiar with this asset class and had the ability to execute a transaction. The Company also asked New Residential to provide the composition of its total purchase price by investor type. Lakeview's proposal ultimately ascribed a higher value to the Ginnie Mae MSR assets than New Residential did and, in light of this price difference, and because the Ginnie Mae MSR assets represented the least profitable component of the MSR Portfolio, had the highest inherent complexity, and had the most limited market liquidity, the Company thereafter prioritized selling its Ginnie Mae MSR assets (on a subservicing-released basis) to Lakeview.

Also in October 2016, Houlihan Lokey was engaged as an additional financial advisor to the Company in connection with a potential sale of MSRs or other assets. In connection with its engagement, Houlihan Lokey provided a summary of certain relationships between Houlihan Lokey and certain other parties, including New Residential, to Latham and our Board of Directors.

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On October 10, 2016, the Company and Realogy, together with the Company's advisors, met telephonically to discuss the process for a potential transaction involving PHH Home Loans. During this call, Realogy informed the Company that it was opposed to the Company selling its equity in PHH Home Loans directly to a third party, and instead wanted the transaction structured as a dissolution of PHH Home Loans and the formation of a new joint venture entity by Realogy and a third party. Over the course of the following weeks, the Company and Realogy engaged in a series of discussions regarding how the Home Loans Transactions might be structured. During these conversations, Realogy also informed the Company that Realogy wanted to engage a third party to conduct a valuation to determine the fair value of the assets of PHH Home Loans contemplated to be sold and Realogy's interest in PHH Home Loans, and that Realogy would be relying on this valuation if it ultimately agreed to enter into the Home Loans Transactions Agreements. The Company was subsequently informed that GRI would also be relying on this valuation if it ultimately agreed to enter into the Asset Purchase Agreement.

Throughout the remainder of October and the first week of November 2016, the Company and its legal advisors held numerous negotiations and exchanged multiple drafts of the purchase and sale agreement for servicing rights for the Ginnie Mae assets with Lakeview and its legal advisors.

Our Board of Directors met on October 14, October 21 and October 27, 2016, together with management, DLA Piper, Latham, Jones Day, Credit Suisse, and J.P. Morgan. Each of these meetings included a detailed update on the strategic review process, the financial evaluation being undertaken by management with the assistance of the Company's advisors, including with respect to the Liquidation Scenario and PHH 2.0, and recent interactions with New Residential, Lakeview, Realogy, GRI and LenderLive. At the October 21st meeting, the Company's financial advisors discussed with our Board of Directors certain financial aspects of the September 28th Proposal. Following discussions, during which management and the Company's advisors answered questions, our Board of Directors ultimately concluded that it was not in the best interests of stockholders for the Company to pursue the September 28th Proposal as, among other things, it presented potential significant regulatory concerns, it would require the use of a substantial amount of the Company's cash to repay the target's indebtedness, and it was unclear whether the Company would be able to achieve the synergies that had been presented in the September 28th Proposal. The party that had submitted the September 28th Proposal was subsequently informed that the Company was not interested in pursuing the proposal at this time. Also at the October 21st meeting, our Board of Directors requested that the Company's financial advisors again contact Financial Buyer A to confirm whether it had any further interest in pursuing a potential transaction involving the Company. In accordance with our Board of Directors' instructions, Credit Suisse and J.P. Morgan contacted Financial Buyer A following the October 21st Board meeting, and Financial Buyer A was provided with access to an electronic data room on October 22, 2016.

On October 26, 2016, an industry participant that had been contacted as part of the strategic review process and had signed a confidentiality agreement, but had not submitted a proposal earlier in the process, submitted an unsolicited indication of interest to acquire certain contracts, personnel and facilities relating to the Company's subservicing business for a nominal value. This party was subsequently permitted to conduct diligence, but, along with the party that had previously submitted the proposals related to the Company's subservicing business, was ultimately informed that PHH was continuing to assess whether it wished to remain in this business.

On October 27, 2016, and as amended on November 1, 2016, Financial Buyer A again submitted a proposal to restructure and privatize some of the Company's businesses, while leaving the Company's MSR assets in a public REIT entity. In the revised proposal, Financial Buyer A projected that the cumulative future valuation of a Company share could be approximately \$24 (assuming no breakage costs), comprised of approximately \$5.50 in an upfront cash payment, \$15.30 in value through residual

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ownership of the public REIT entity and \$3.30 in dividends over three years from the public REIT entity.

Our Board of Directors met on November 4, 2016, together with management, DLA Piper, Latham, Jones Day, Credit Suisse, and J.P. Morgan. Management reviewed the status of negotiations with each of New Residential and Lakeview, noting in particular that:

in light of market conditions, the Ginnie Mae portfolio might be the more difficult asset to dispose of on favorable terms;

Lakeview's proposal for the Ginnie Mae MSR assets was economically superior to that of New Residential;

Certain financial and other terms remained open with New Residential; and

New Residential had not yet been approved by Ginnie Mae as a servicer, and that it was uncertain whether New Residential's proposals to address the ownership of the Ginnie Mae assets would work.

The Company's financial advisors then discussed with our Board of Directors certain financial aspects of Financial Buyer A's proposal. Following discussions, during which management and the Company's advisors answered questions, our Board of Directors instructed management to focus on completing a sale of the Ginnie Mae assets with Lakeview and to cease discussions with New Residential. Our Board of Directors also determined that it was not in the Company's or its stockholders' best interests to pursue Financial Buyer A's proposal for the same reason that it had declined to pursue the proposal earlier in the year.

Over the course of the weekend following our Board of Directors meeting, the Company and Lakeview and their respective legal advisors exchanged drafts, and finalized negotiations, of the definitive documentation.

On November 7, 2016, Realogy delivered to the Company a request list for certain information and data in connection with the valuation it wanted to conduct on the assets of PHH Home Loans contemplated to be sold and its interests in PHH Home Loans. The Company delivered the requested information through its electronic data room over the course of the following weeks.

Our Board of Directors met on the afternoon of November 8, 2016, together with management, DLA Piper, Latham, Lowenstein, Jones Day, Credit Suisse, and J.P. Morgan. Management reviewed the material terms of the proposed sale of the Ginnie Mae MSR assets to Lakeview. Following discussions, during which management and the Company's advisors answered questions, our Board of Directors approved the transaction. Our Board of Directors then discussed how to best approach the sale of the remaining MSR assets. In particular, our Board of Directors noted that in light of the continued evaluation of the Liquidation Scenario and PHH 2.0, it would be advisable to preserve the Company's ability to serve as a subservicer following the sale of the remaining MSR assets, thereby maximizing the value of its subservicing platform in the event PHH 2.0 was established as a more favorable alternative to stockholders than the Liquidation Scenario following further analysis. Our Board of Directors also discussed whether to pursue a whole-portfolio transaction or a break-up of the MSR assets and broker pieces of the portfolio. In light of the progress previously made on a transaction with New Residential, the timing requirements, resource inefficiency and economic uncertainty associated with a brokering process for a portfolio of this size, the limited universe of both qualified buyers and buyers interested in a subservicing retained transaction, and the potential complications that a brokering process could present for the Company's obligations under its outstanding unsecured indebtedness, as well as obtaining client consents, our Board of Directors decided to prioritize a whole-portfolio transaction. Following discussions, our Board of Directors instructed Credit Suisse and J.P. Morgan to contact third parties, including New Residential, that might be capable of executing a large transaction, be interested

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in purchasing the remaining MSR assets now that the Ginnie Mae portion had been separated, and be willing to retain the Company as a subservicer. Management then reviewed its updated analysis of the PLS business and reiterated management's belief that it was necessary for the Company to wind down and exit the PLS business. Following discussion, our Board of Directors decided, to exit the PLS business and instructed management, with the assistance of the Company's advisors, to engage with LenderLive on its proposal to acquire certain assets of the PLS business, or the "*Lender Live Transaction*".

Later that day, after the close of trading on the New York Stock Exchange, the Company announced the sale of its Ginnie Mae MSR assets to Lakeview in connection with announcing its financial results for the third fiscal quarter of 2016. The Company simultaneously announced its decision to exit the PLS business.

Following the November 8<sup>th</sup> meeting, management, with the assistance of Credit Suisse and J.P. Morgan, identified six parties that might be interested in acquiring the Company's agency and private label MSR assets, would be able to execute a large transaction and might be willing to retain the Company as a subservicer. The list included both New Residential and Company 2, as well as four other industry participants, some of which previously had participated in the strategic review process. In accordance with our Board of Directors' instructions, Credit Suisse and J.P. Morgan contacted each of the identified parties, all of which indicated interest in considering a potential transaction. Over the course of the following days, the Company entered into confidentiality agreements with each party that was new to the strategic review process and provided them with access to confidential information concerning the MSR assets. Ultimately, three of the parties contacted regarding the remaining MSR assets submitted bids. New Residential, which was ultimately determined by our Board of Directors to have submitted the best financial proposal (including the same pricing if the MSR assets were sold on either a servicing-retained or a servicing-released basis), was the only bidder that indicated it was willing to retain the Company as both a subservicer and a provider of portfolio retention services.

On November 16, 2016, the Company provided forms of a purchase agreement and a subservicing agreement to New Residential and Company 2 and instructed each party to submit an updated proposal for the remaining MSR assets by November 22, 2016.

On November 18, 2016, the Company delivered a draft term sheet for the potential Home Loans Transactions to Realogy.

On November 22, 2016, New Residential and Company 2 provided the Company with their preliminary comments on the MSR purchase and subservicing agreements, and on November 22 and November 23, they submitted offers for the remaining MSR assets. New Residential proposed to acquire the MSRs for approximately \$593 million (approximately 92% of book value), as well as reimbursement of properly made and outstanding servicing advances at approximately 97% of book value. Of the two other proposals, New Residential's proposal was for greater cash consideration. Additionally, one of the two other proposals did not provide for subservicing or portfolio retention by the Company, and did not include the private investor portfolio and its related advances, while the other proposal contemplated the Company as a subservicer but not as a provider of portfolio retention services. Following informal discussions with members of our Board of Directors, and in light of the differences between the offers, our Board of Directors instructed management and the Company's advisors to focus on pursuing a transaction with New Residential.

Also on November 22, 2016, Realogy delivered to the Company revised term sheets for a potential Home Loans Transactions.

On November 29, 2016, the Company delivered a list of guiding principles for a transaction to New Residential. Between November 30, 2016 and December 5, 2016, the Company and its legal

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advisors and New Residential and its legal advisors exchanged multiple drafts of and negotiated the MSR purchase and subservicing agreements. Key issues under the MSR purchase agreement addressed during this period included, among others, purchase price mechanics, allocation of liabilities for prior origination and servicing defects, indemnification obligations, the amount and mechanics of a purchase price holdback for mortgage document defects and transaction expense allocation. Key issues under the subservicing agreement addressed during this period included, among others, recoverability of servicing advances, and termination rights for convenience and for cause. At the same time, management explored the potential for engaging in an excess spread transaction related to the Company's remaining MSR assets. The Company's management ultimately concluded that pursuing a bulk transaction with New Residential presented the best opportunity to maximize value and transactional certainty.

On December 6, 2016, the Company and Realogy met telephonically, together with the Company's advisors, to discuss certain matters raised in the revised term sheets provided by Realogy on November 22. In addition to transaction structure and valuation, matters discussed included, among others, closing conditions, indemnification obligations, licensing requirements and employee-related obligations.

Also on December 6, 2016, management and the Company's advisors met with New Residential to discuss open issues. The matters discussed included, among others, allocation of liabilities for prior origination and servicing defects, indemnification obligations, subservicing agreement economics and subservicing agreement termination rights. Additionally, purchase price economic discussions during this time focused on mortgage loan investor allocation, delinquency metrics and interest rate movements since the date of New Residential's bid. Following this meeting, the Company and New Residential continued to exchange drafts of, and negotiated, the MSR purchase and subservicing agreements.

Our Board of Directors met on December 8, 2016, together with management, DLA Piper, Latham, Jones Day, Credit Suisse, and J.P. Morgan. Management and the Company's financial advisors provided our Board of Directors with an update on the status of negotiations with New Residential, including the remaining significant open items regarding a transaction that included, among others, allocation of liabilities for prior origination and servicing defects, indemnification obligations, the amount and mechanics of a purchase price holdback for mortgage document defects and, with respect to the subservicing agreement, service level agreement metrics, servicing advance reimbursement, financial covenants, audit rights and termination for cause rights. Management and the Company's financial advisors also provided our Board of Directors with an update on the status of the Company's interactions with other parties that might be interested in the MSR assets, and the potential to pursue other MSR transaction options, such as excess spread transactions. Following a discussion, during which management and the Company's advisors answered questions, our Board of Directors instructed management to continue negotiations with New Residential in order to determine if a transaction could be agreed upon. Management then provided our Board of Directors with an updated long range forecast for PHH 2.0 and the Liquidation Scenario, noting that both scenarios now assumed that PHH Home Loans would be sold.

Also on December 8, 2016, Realogy delivered to the Company revised term sheets for the potential Home Loans Transactions. Following further discussions, the parties decided to proceed to negotiating full agreements.

Between December 9 and the morning of December 22, 2016, the Company and New Residential continued to negotiate the MSR purchase and subservicing agreements, exchanging drafts and holding calls almost daily and gradually reached mutual agreement on, among other items, the significant open items highlighted at the December 8, 2016 Board of Directors meeting.

Our Board of Directors met on December 22, 2016, together with management, DLA Piper, Latham, Lowenstein, Jones Day, Credit Suisse, and J.P. Morgan. Management noted that the Company

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was close to agreeing on the terms of a transaction with New Residential, and reviewed the material terms of the possible MSR purchase and subservicing agreements with New Residential, including:

for the MSR purchase agreement the portfolio composition and pricing, closing conditions, and provisions relating to our Board of Directors' ability to consider alternative transactions or change its recommendation for intervening events; and

for the subservicing agreement the pricing, servicing obligations, term and termination provisions and events of default.

Management detailed for our Board of Directors how management arrived at the expected purchase price for the MSRs, explaining the purchase price was 93% of MSR book value and 97% of servicing advance book value, and would use a locked-in pricing multiple as of the signing date.

Management then reviewed with our Board of Directors its assessment of the material risks of entering into a transaction with New Residential, including strategic, economic and operational risks. A discussion followed, during which management and the Company's advisors answered questions.

Houlihan Lokey then joined the meeting and reviewed and discussed with our Board of Directors Houlihan Lokey's preliminary financial analyses with respect to the proposed transaction with New Residential. During this review and discussion, Houlihan Lokey responded to questions from directors regarding the financial analyses. Our Board of Directors then discussed the communication plan associated with announcing a transaction with New Residential. Following discussions, management was instructed to seek to finalize a transaction with New Residential.

Between December 22, 2016 and the morning of December 28, 2016, the Company and New Residential exchanged drafts, and finalized negotiations, of the MSR purchase and subservicing agreements.

In late December 2016, representatives of an industry participant, or Company 4, that had been contacted as part of the strategic review process and had signed a confidentiality agreement, but had not submitted a proposal earlier in the process, contacted the Company to arrange a discussion regarding a potential transaction.

Our Board of Directors met on the afternoon of December 28, 2016, together with management, DLA Piper, Latham, Lowenstein, Jones Day, Credit Suisse, and J.P. Morgan. Lowenstein reviewed the material terms of the proposed MSR purchase agreement, including the assets being sold, the purchase price, the representations and indemnification obligations, including the limits thereon, the closing conditions, and the provisions relating to our Board of Directors' ability to consider alternative transactions or change its recommendation for intervening events. A representative of Lowenstein then reviewed the material terms of the proposed subservicing agreement, including the assets being subserviced, the pricing and reimbursement obligations, the subservicing standards, liabilities and oversight, the termination rights, and the events of default. Our Board of Directors then discussed the terms of the potential agreements and asked questions of management and the Company's advisors.

Houlihan Lokey then joined the meeting and reviewed and discussed with our Board of Directors Houlihan Lokey's financial analyses with respect to the proposed transaction with New Residential. During this review and discussion, Houlihan Lokey responded to questions from directors regarding its financial analyses. Thereafter, at the request of our Board of Directors, Houlihan Lokey verbally rendered its opinion to our Board of Directors (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to our Board of Directors dated December 28, 2016), as to, as of such date, the fairness, from a financial point of view, to the Company of the aggregate consideration to be received by the Company in exchange for, in the aggregate, the MSRs subject to the servicing obligations in the transactions with New Residential pursuant to the MSR purchase agreement. Following discussion, our Board of Directors unanimously determined that the

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MSR Sale to New Residential is advisable and in the best interests of the Company and its stockholders, and approved the execution of the MSR Purchase Agreement and Subservicing Agreement.

Later that day, after the close of trading on the New York Stock Exchange, the Company announced the sale of remaining MSR assets to New Residential and the execution of the Subservicing Agreement.

On January 5, 2017, the Company delivered a draft of the Asset Purchase Agreement to both GRI and Realogy, and a draft of the JV Interests Purchase Agreement to Realogy.

On January 10, 2017, the Company and Company 4 executed a customary confidentiality agreement and, on the following day, Glen Messina, the Chief Executive Officer of the Company, met with the chief executive officer of Company 4 to discuss their respective companies and the potential for a transaction involving the parties.

On January 12, 2017, Realogy delivered to the Company a preliminary issues list with respect to the agreements. On January 16, 2017, GRI and Realogy delivered to the Company a detailed issues list with respect to the draft Asset Purchase Agreement, and on January 17, 2017, Realogy delivered to the Company a detailed issues list with respect to the draft JV Interests Purchase Agreement.

On January 18, 2017, the Company and Realogy, together with Jones Day, Credit Suisse, and J.P. Morgan, met in person at Realogy's headquarters to discuss certain matters related to the JV Interests Purchase Agreement. Later that morning, GRI joined the meetings and the parties discussed the key issues in the Asset Purchase Agreement. The matters discussed included, among others, allocation of liabilities, indemnification obligations, employee-related obligations, treatment of pipeline loans and closing conditions.

Our Board of Directors met on January 20, 2017, together with management, DLA Piper, Latham, Jones Day, and Credit Suisse. During the course of the meeting, management provided our Board of Directors with updated forecasts for PHH 2.0 and reviewed the staffing and remediation challenges presented by PHH 2.0. Management also provided our Board of Directors with an update on the status of the Home Loans Transactions and provided our Board of Directors with updated forecasts for PHH Home Loans. Management then presented certain transactional considerations associated with Company 4 and the possibility of exploring a transaction involving the two companies. Following discussions, our Board of Directors determined that while there were many potentially favorable aspects of a transaction involving Company 4 that merited further consideration, there were several factors that would complicate any such transaction and the Company did not have the capacity to engage in an transaction of that type at this time unless Company 4 was proposing an all-cash acquisition of the Company. Our Board of Directors instructed management to communicate this to Company 4, which management subsequently did. Also at this meeting, management reviewed with our Board of Directors the terms of the proposed outsourcing agreement, asset purchase agreement and related documents for the LenderLive Transaction, noting for our Board of Directors that the terms were substantially complete but that the parties wanted to obtain certain third party consents in advance of signing.

On January 25, 2017, Realogy delivered a revised draft of the JV Interests Purchase Agreement to the Company.

Our Board of Directors met on January 26, 2017, together with management, DLA Piper, Latham, Jones Day, Credit Suisse, and J.P. Morgan. During the course of the meeting, management, with the assistance of the Company's financial advisors, updated our Board of Directors on the status of the Home Loans Transactions, including certain remaining open items regarding the transactions. Following a discussion, during which management and the Company's advisors answered questions, our Board of Directors instructed management to continue negotiations with GRI and Realogy in order to see if a

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transaction involving PHH Home Loans could be agreed upon. Management then provided our Board of Directors with a brief update regarding the status of the LenderLive Transaction, which focused on the final proposed terms and the status of certain third-party consents that the parties were trying to obtain before signing an agreement. Following discussion, during which management answered questions, our Board of Directors approved the LenderLive Transaction, subject to receipt of the desired third-party consents prior to signing. Management then provided our Board of Directors with an updated forecast for the Liquidation Scenario and a discussion of the risks associated with the Liquidation Scenario followed. Management then provided our Board of Directors with an updated strategic plan and forecasts for PHH 2.0, as well as an update on management's on-going efforts to design and plan the transition to PHH 2.0. As part of this discussion, management informed our Board of Directors that management favored, as compared to the Liquidation Scenario, PHH 2.0 as this scenario permitted the Company to maximize near-term capital distributions, minimize restructuring costs, preserve the value of the Company's tax assets, and create incremental value for stockholders through the ongoing operation of the business or future strategic actions. Management expressed the belief that, with investment, certain cost re-engineering activities, the PLS exit, organic growth, return of capital actions, and the resolution of our legacy legal and regulatory matters, PHH 2.0 has the potential to ultimately provide an acceptable return on capital over time.

Between January 28 and February 8, 2017, the management teams and legal advisors of the Company, GRI and Realogy exchanged drafts of, and negotiated, the agreements and related documentation for the Home Loans Transactions. Key issues addressed during this period included, among others, pricing, indemnification of assets being sold and the allocation of liabilities, treatment of pipeline loans, indemnification obligations, employee-related obligations, the scope of business-related representations and warranties, licensing requirements and staggered closings based on receipt of certain approvals as of each closing, closing conditions and termination rights and obligations.

Our Board of Directors met on February 9, 2017, together with management, DLA Piper, Latham, Jones Day, Credit Suisse, and J.P. Morgan. Management informed our Board of Directors that, while there were still open items to address, the Company was close to agreeing on the terms of a transaction with GRI and Realogy, and reviewed the material terms and open issues relating to the proposed agreements for the Home Loans Transactions, including the scope of the assets and liabilities to be conveyed to GRA, the scope of the assets and liabilities to be retained by PHH Home Loans, the closing conditions for the transactions and the risks related thereto, the indemnification obligations of PHH Home Loans and the Company under the agreements, the licensing requirements for GRA and the risks related thereto, the provisions relating to our Board of Directors' ability to consider alternative transactions or change its recommendation for intervening events, and the potential timing implications of the MSR Sale for the Home Loans Transactions. Management also reviewed with our Board of Directors its assessment of the material risks of entering into the Home Loans Transactions, including strategic, economic and operational risks. A discussion followed, during which management and the Company's advisors answered questions. Management was then instructed to seek to finalize the Home Loans Transactions. Management then provided our Board of Directors with an update on, among other matters, the status of the LenderLive Transaction and management's on-going efforts to design and plan the transition to PHH 2.0. As part of this discussion, management reiterated its belief that, as compared to the Liquidation Scenario, PHH 2.0 was worth pursuing as this scenario could potentially provide for comparable cash distributions to stockholders in a shorter period of time, minimize restructuring costs, preserve the value of the Company's tax assets, create incremental value for stockholders through the ongoing operation of the business or future strategic actions, and ultimately provide an acceptable return on capital over time.

Over the course of February 10, 2017 through the morning of February 15, 2017, the management teams and legal advisors of the Company, GRI and Realogy exchanged drafts of, and negotiated, the agreements and related documentation for the Home Loans Transactions.



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Our Board of Directors met again on the afternoon of February 15, 2017, together with management, DLA Piper, Latham, Jones Day, Credit Suisse, and J.P. Morgan. Management reviewed the material terms of the proposed agreements for the Home Loans Transactions, including the consideration for the sale of the Purchased Assets to GRA, and the purchase of the Realogy Member's 49.9% interest in PHH Home Loans, the scope of the assets and liabilities to be conveyed to GRA, the scope of the assets and liabilities to be retained by PHH Home Loans, the closing conditions for the transactions and the risks related thereto, the indemnification obligations of PHH Home Loans and the Company under the agreements, the licensing requirements for GRA and the risks related thereto, the provisions relating to our Board of Directors' ability to consider alternative transactions or change its recommendation for intervening events, and the potential timing implications of the MSR Sale for the Home Loans Transactions, focusing on areas in which there had been a material change in terms since our Board of Directors was last updated on the transactions. Management then reviewed with our Board of Directors its overall risk assessment of the Home Loans Transactions, including strategic, economic and operational risks. Our Board of Directors then discussed the terms of the potential agreements and asked questions of management and the Company's advisors. Management then reviewed the communication plan with respect to the announcement of any transaction. Also at this meeting, Credit Suisse reviewed with our Board of Directors certain relationships of Credit Suisse with the Company, Realogy and GRI, as previously disclosed to our Board of Directors. At the request of our Board of Directors, Credit Suisse then reviewed its financial analysis of the Company's pro rata share of the Purchase Price and rendered an oral opinion, confirmed by delivery of a written opinion, dated February 15, 2017, to our Board of Directors to the effect that, as of that date and based on and subject to various assumptions made, procedures followed, matters considered, and limitations and qualifications of the review undertaken, the Company's pro rata share of the Purchase Price to be paid for the PHH Home Loans transferred business pursuant to the Asset Purchase Agreement was fair, from a financial point of view, to the Company. Following discussions, our Board of Directors unanimously determined that each of the Home Loans Transactions with GRI and Realogy is advisable and in the best interests of the Company and its stockholders, and approved the execution of the Asset Purchase Agreement, JV Interests Purchase Agreement and Support Agreement. In addition, during this meeting, for the reasons discussed above, our Board of Directors determined to pursue PHH 2.0 instead of the Liquidation Scenario and authorized management to publicly announce this intention.

Later that day, after the close of trading on the New York Stock Exchange, the Company announced the Home Loans Transactions. In addition, in connection with the announcement of its 2016 Q4 results that same day, the Company announced that it intended to pursue PHH 2.0 and that it had also signed the agreements for the LenderLive Transaction.

**Past Contacts, Transactions or Negotiations**

Other than as described under "Background of the Transactions" above, we and New Residential, GRA, GRI and Realogy have not had any negotiations, transactions or material contacts during the past two years, and other than as described therein and in the MSR Purchase Agreement, the Subservicing Agreement or the Home Loans Transactions Agreements there are no present or proposed material agreements, arrangements, understandings or relationships between our executive officers or directors or affiliates and any of New Residential, GRA, GRI or Realogy, or their respective executive officers or directors.

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**SUB-PROPOSAL 1A: APPROVAL OF THE MSR SALE SUB-PROPOSAL**

*The following, together with the discussion appearing above under the section captioned " Proposal 1: Sale of Substantially All of the Assets of the Company Background of the Transactions", is a summary of the material terms of the MSR Sale, the MSR Purchase Agreement and the Subservicing Agreement.*

**General Description of the MSR Sale**

Pursuant to the Purchase and Sale of Servicing Rights, dated as of December 28, 2017, by and between PHH Mortgage, New Residential and, solely for the limited purposes set forth therein, PHH, PHH Mortgage has agreed to sell to New Residential all of PHH's MSR Portfolio, together with all servicing advances related to the MSR Portfolio, or the "**Advances**". Based on the MSR Portfolio composition as of December 31, 2016 and market conditions as of the date of the MSR Purchase Agreement, and assuming all Investor and origination source consents are received, total proceeds are expected to be up to \$858 million, of which up to \$579 million was calculated from the applicable fixed purchase price percentage of the unpaid principal balance, or "**UPB**", of the MSR Portfolio, and up to \$279 million was calculated from the fixed purchase price percentage for the Advances. Actual proceeds will be based on the MSR Portfolio composition at each transfer date and may vary from our expectations primarily due to run-off from the MSR Portfolio resulting in a reduction of the MSR Portfolio's UPB or the failure to receive certain Investor and origination source consents. As of December 31, 2016, our MSR asset was recorded at fair value with the assessment of value incorporating the pricing associated with the New Residential agreement. Therefore, there is no expected gain or loss on the MSR Sale as of that date. The MSR Sale proceeds exclude estimated transaction fees and expenses of approximately 5% of MSR value, and represent a valuation of 84 basis points on total unpaid principal balance of \$70 billion as of December 31, 2016.

In connection with the execution of the MSR Purchase Agreement, PHH Mortgage and New Residential entered into the Subservicing Agreement, which will become effective upon the initial Sale Date of the MSRs under the MSR Purchase Agreement. Pursuant to the Subservicing Agreement, PHH Mortgage will be retained by New Residential as a subservicer for the MSR Portfolio, which as of December 31, 2016 consisted of approximately 467,000 mortgage loans.

See the section below captioned "*The MSR Agreement and Subservicing Agreement*" for more information about the MSR Purchase Agreement and the Subservicing Agreement. A copy of the MSR Purchase Agreement is attached to this proxy statement as *Annex A* and a copy of the Subservicing Agreement is attached to this proxy statement as *Annex B*. We encourage you to read the MSR Purchase Agreement and Subservicing Agreements in their entireties.

**The Parties to the MSR Sale**

***PHH Corporation***

We were incorporated in 1953 as a Maryland corporation. For periods between April 30, 1997 and February 1, 2005, we were a wholly owned subsidiary of Cendant Corporation (now known as Avis Budget Group, Inc.) and its predecessors and provided mortgage banking services, facilitated employee relocations and provided vehicle fleet management and fuel card services. On February 1, 2005, we began operating as an independent, publicly traded company pursuant to our spin-off from Cendant. On July 1, 2014, we sold our fleet management services business and began operating as a stand-alone mortgage business.

As a stand-alone mortgage company, we provide outsourced mortgage banking services to a variety of clients, including financial institutions and real estate brokers throughout the U.S. and are focused on originating, selling, servicing and subservicing residential mortgage loans through our wholly-owned subsidiary, PHH Mortgage Corporation, and its subsidiaries.

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For more information about us, please visit our website at [www.phh.com](http://www.phh.com). Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement, and therefore is not incorporated by reference. Our common stock is publicly traded on the NYSE under the symbol "PHH." Our executive offices are located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 and our telephone number is (856) 917-1744.

***PHH Mortgage Corporation***

PHH Mortgage Corporation and its subsidiaries, or "***PHH Mortgage***," is a wholly-owned subsidiary of PHH, through which we provide outsourced mortgage banking services to a variety of clients, including financial institutions and real estate brokers throughout the U.S. and are focused on originating, selling, servicing, and subservicing residential mortgage loans. PHH Mortgage's executive offices are located at 1 Mortgage Way, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

In the second quarter of 2016, PHH Mortgage exited its wholesale/correspondent lending channel. Through this channel, PHH Mortgage purchased closed mortgage loans from community banks, credit unions, mortgage brokers and mortgage bankers. For the year ended December 31, 2016, the wholesale/correspondent lending channel represented 1% of our total closing volume (based on dollars).

In November 2016, we announced our intentions for PHH Mortgage to exit the business of Private Label solutions channel, or "***PLS business***". The PLS business includes providing outsourced mortgage origination services for wealth management firms, regional banks and community banks throughout the U.S. For the year ended December 31, 2016, the PLS business represented 79% of our total closing volume (based on dollars). We believe PHH Mortgage will be in a position to substantially exit the PLS business by the first quarter of 2018, subject to certain transition support requirements.

In November 2016, we also announced the sale of our capitalized Ginnie Mae mortgage servicing rights to Lakeview Loan Servicing, LLC, or "***Lakeview***", which included the transfer of all servicing to another servicer. On February 2, 2017, the initial sale of Ginnie Mae MSRs under this agreement was completed, with proceeds expected for \$77 million of MSR fair value, and \$11 million of servicing advances.

On February 15, 2017, PHH and PHH Mortgage entered into an asset purchase agreement with LenderLive Network, LLC, or "***LenderLive***," to assign our interests under the lease of our Jacksonville, Florida office and to sell information technology and other equipment and fixtures. Upon the closing of the asset sale with LenderLive on March 31, 2017, we also entered into agreements to outsource to LenderLive certain processing, underwriting and closing services that PHH Mortgage is contractually obligated to provide to certain of its PLS business' clients. The agreements with LenderLive are intended to mitigate the operating risk related to our wind-down of our PLS business, including by alleviating the risk of employee attrition that could adversely impact PHH Mortgage's ability to satisfy its service level agreements and other PLS contractual requirements.

***New Residential Mortgage LLC***

New Residential is a subsidiary of New Residential Investment Corp., a publicly traded real estate investment trust primarily focused on opportunistically investing in, and actively managing, investments related to residential real estate. New Residential Investment Corp. was formed as a wholly owned subsidiary of Newcastle Investment Corp., or "***Newcastle***," in September 2011 and was spun-off from Newcastle on May 15, 2013. New Residential Investment Corp.'s stock is traded on the New York Stock Exchange under the symbol "NRZ." New Residential Investment Corp. is externally managed and advised by an affiliate of Fortress Investment Group LLC pursuant to a management agreement. The principal executive offices of New Residential Investment Corp. are located at 1345 Avenue of the

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Americas, New York, New York and the New Residential Investment Corp. telephone number is (212) 798-3150.

**Reasons for Recommending the MSR Sale**

Our Board of Directors unanimously determined that the MSR Sale is advisable and in the best interests of the Company's stockholders, and approved and declared advisable the execution, delivery and performance of the MSR Purchase Agreement and the consummation of the transactions contemplated thereby, including the MSR Sale. **Our Board of Directors recommends that the Company's stockholders vote "FOR" the approval of the MSR Sale on the terms and conditions of the MSR Purchase Agreement.**

In evaluating the MSR Sale and the MSR Purchase Agreement, our Board of Directors discussed the proposed transaction with its legal counsel and the Company's management and legal and financial advisors and considered a variety of factors, including the positive factors set forth below, each of which our Board of Directors believed supported its determination:

our Board of Directors' knowledge of the businesses, financial condition, strategy and prospects of the Company, including the risks and uncertainties inherent in the Company's businesses;

the Company's historical and projected financial performance and results of operations;

the fact that our Board of Directors had carefully evaluated, with the assistance of management and legal and financial advisors, various potential strategic alternatives for the Company, each of which involved significant risks and uncertainties. These alternatives included, among others, the sale of the Company in its entirety, combining with another large industry participant, the sale of each of the Company's major platforms followed by a liquidation of the Company, the restructuring of the Company as either a pure play servicer or a servicer with one or more related businesses, splitting the Company into a REIT and either a public originator and servicer or privatizing these businesses, expansion into adjacent businesses, and conversion to a federally chartered depository institution;

our Board of Directors' belief that holding the MSR Portfolio would be unprofitable for the Company for a variety of reasons, including:

industry and accounting convention to value MSRs using marginal cost and forward interest rates creates significant valuation risk;

servicing revenues have stagnated and are likely to remain flat in the medium term, as compensation reform for owners of MSRs is highly unlikely in the medium term;

servicing costs, which have increased by 50% since 2008, continues to rise at a rate of 8% per annum;

evolving regulatory changes have increased the cost of compliance with no commensurate change in the servicing compensation earned for the MSR Portfolio;

escalating regulatory costs, rising servicing costs and unpredictable delinquent servicing expenses erode profits;

the Company's cost of capital is much higher in comparison to bank competitors and tax advantaged funds;

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the Company requires significant excess liquidity in order to meaningfully hedge interest rate risk;

sustained refinancing activities have had a negative impact on servicing volumes;

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the contractual servicing advance obligations of the MSR owner to fund scheduled principal, interest, tax and insurance payments not made by the mortgage loan borrower require significant capital and liquidity in order to fund the advances until reimbursement is contractually permitted; and

projections for a decline in industry originations could limit the potential for additional MSR volume to enter the market;

our Board of Directors' knowledge of the Company's competitive position within relevant markets, including the impact of consolidation within the industry and the emergence of competitors with greater financial resources, lower funding cost, access to more diverse funding sources, and broader product lines;

the fact that the Company conducted a broad, public process to seek acquisition proposals for the Company in its entirety or any or all of its assets, and that this process did not result in any viable proposal to acquire the Company in its entirety;

our Board of Directors' belief that, in the absence of any proposal to acquire the Company in its entirety, it is in the best interest of the Company's stockholders to sell the MSR Portfolio regardless of what strategic option the Company pursues as a standalone company;

the fact that after conducting a broad sale process, New Residential's offer to acquire the MSR Portfolio represented the most favorable terms to the Company and its stockholders, including with respect to price, closing certainty, closing speed and regulatory considerations;

the fact that the MSR Sale consideration consists solely of cash, allowing the Company to realize immediately the value of the MSR Portfolio and use the sale proceeds to, among other things, pay down existing debt;

the financial analysis reviewed by Houlihan Lokey with our Board of Directors, as well as the oral opinion of Houlihan Lokey rendered to our Board of Directors on December 28, 2016 (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to our Board of Directors dated December 28, 2016), as to, as of such date, the fairness, from a financial point of view, to the Company of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSRs subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement;

the fact that New Residential is an approved servicer for Fannie Mae and Freddie Mac and an investing mortgagee approved by the Federal Housing Administration, and that New Residential has represented to the Company that it has, and will have on each Sale Date, sufficient funds to consummate the transactions contemplated by the MSR Purchase Agreement, including payment of the purchase price and transaction expenses;

the fact that, in addition to allowing the Company to efficiently monetize the MSR Portfolio and related servicing advances at an attractive price, the Subservicing Agreement with New Residential allows the Company to maintain the flexibility to consider future strategic actions involving its subservicing platform;

our Board of Directors' belief that the MSR Sale would allow the Company to take a series of cost reduction actions, thereby substantially reducing the Company shared services and overhead costs;

the fact that the MSR Purchase Agreement was the product of arm's-length negotiations between the parties and was designed to provide substantial certainty that the MSR Sale would

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ultimately be consummated on a timely basis, and the terms and conditions of the MSR Purchase Agreement and the transactions contemplated thereby, including:

the absence of a financing condition and the level of commitment by New Residential to obtain the required regulatory and third party approvals;

while the Company is prohibited from soliciting any Competing Proposal (as defined in " *The MSR Purchase Agreement Nonsolicitation of Competing Proposals*"), the MSR Purchase Agreement allows the Company to pursue any strategic transaction as long as it would not prohibit or prevent the Company from consummating the MSR Sale;

the Company may, prior to the time that the Company's stockholders approve the MSR Purchase Agreement, furnish information to and conduct negotiations with third parties in respect of any unsolicited written Competing Proposal;

the Company may terminate the MSR Purchase Agreement in order to accept a Superior Proposal (as defined in " *The MSR Purchase Agreement and Subservicing Agreement The MSR Purchase Agreement Change in the Recommendation of our Board of Directors; Fiduciary Termination*"), subject to payment of a termination fee by the Company to New Residential;

our Board of Directors may, prior to the time that the Company's stockholders approve the MSR Purchase Agreement, change or withdraw its recommendation of the MSR Purchase Agreement in connection with a Superior Proposal if the failure to effect a change of recommendation would be inconsistent with the directors' fiduciary duties under applicable law; and

while the Company has agreed to indemnify New Residential against losses arising from the Company's breach of the MSR Purchase Agreement and certain other liabilities, the Company's indemnification obligations are subject to certain limitations, including a 5% cap on liabilities with respect to the MSRs and the related mortgage loans and advances, and a survival period of three years after the last Sale Date after which New Residential may not bring claims against the Company for breaches of the MSR Purchase Agreement.

Our Board of Directors also considered a variety of risks and potentially negative factors concerning the MSR Sale and the MSR Purchase Agreement, including the following:

the fact that if the Company completes the MSR Sale and remains in business as a subservicer, it will have significantly reduced operations;

the fact that if the Company completes the MSR Sale and remains in business as a subservicer, New Residential will become the Company's largest subservicing client representing approximately 64% of subservicing units as of December 31, 2016, enhancing existing client concentration risks;

the fact that the Company has agreed to indemnify New Residential against losses arising from the Company's breach of the MSR Purchase Agreement and certain other liabilities, that 5% of the purchase price for the MSRs will be held in escrow to support these obligations, and that an additional 5% of the purchase price will be held by New Residential pending delivery of required mortgage loan documentation, may have the effect of reducing the consideration payable by New Residential to the Company in the MSR Sale;



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the fact that the completion of the MSR Sale is conditioned upon a number of factors, including approval by the Company's stockholders, certain regulatory approvals, and the receipt of third party consents, including consents of Fannie Mae, Freddie Mac, private mortgage loan investors and mortgage loan origination sources, and that there can be no assurance that all conditions will be satisfied on a timely basis and, as a result, it is possible that the MSR Sale may be

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delayed, may not be completed even if the MSR Purchase Agreement is approved by the Company's stockholders or may result in substantially less proceeds than would have been realized if all requisite consents were obtained;

the risk that, if the MSR Sale is not completed:

the market price of the Company's shares could be affected by many factors, including (1) the reason for which the MSR Purchase Agreement was terminated and whether such termination results from factors adversely affecting the Company or the MSR Portfolio, and (2) the possible sale of shares by short-term investors following an announcement of the termination of the MSR Purchase Agreement;

the Company would be required to pay its expenses related to the MSR Sale, including expenses incurred in connection with any litigation that may result from the announcement or pendency of the MSR Sale; and

the market's perception of the Company's continuing business and future prospects could adversely affect the Company's relationships with employees, customers, suppliers, vendors, purchasing agents and other business partners;

the fact that the MSR Purchase Agreement restricts the Company's ability to solicit Competing Proposals and requires the payment of a termination fee if the Company were to terminate the MSR Purchase Agreement to enter into a definitive agreement with respect to a Superior Proposal, which could make it more costly for any other potential purchaser to acquire the Company or some of its assets;

the fact that the cash consideration to be received by the Company in the MSR Sale will be a taxable transaction for U.S. federal income tax purposes;

the significant costs involved in connection with negotiating the MSR Purchase Agreement and consummating the MSR Sale, the substantial management time and effort required to effectuate the MSR Sale, and the related disruption to the Company's day-to-day operations during the pendency of the MSR Sale;

the potential negative effect of the pendency of the MSR Sale on the Company's business, including uncertainty about the effect of the proposed MSR Sale on the Company's employees, customers and other parties, which may impair the Company's ability to attract, retain and motivate key personnel, and could cause lenders, customers, suppliers and others to seek to change existing business relationships with the Company;

the fact that the Company's directors and executive officers have interests in the MSR Sale that are different from, or in addition to, the interests of the Company's stockholders generally, as described under "*Interests of Our Directors and Officers*" beginning on page [ • ].

The factors listed above as supporting our Board of Directors' decisions were determined by our Board of Directors to outweigh the countervailing considerations and risks. The foregoing discussion of our Board of Directors' reasons for its recommendation is not meant to be exhaustive, but addresses the material factors considered by our Board of Directors in connection with its recommendation. In view of the wide variety of factors considered by our Board of Directors in connection with its evaluation of the MSR Sale and the complexity of these matters, our Board of Directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. Rather, our Board of Directors made its determination and recommendation based on the totality of the information presented to it, and the judgments of individual members of our Board of Directors may have been influenced to a greater or lesser degree by different factors. The factors, potential risks and uncertainties contained in this section contain information that is forward-looking in nature and should be read in conjunction with the factors discussed in "*Special Note Regarding Forward-Looking Statements*".



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**Recommendation of our Board of Directors with respect to the MSR Sale Sub-Proposal**

Our Board of Directors, at a special meeting held on December 28, 2016, after due consideration, unanimously (i) determined that the MSR Sale on the terms and conditions of the MSR Purchase Agreement is advisable and in the best interests of the Company and its stockholders, (ii) approved the MSR Purchase Agreement and the Subservicing Agreement and the transactions contemplated by the MSR Purchase Agreement, along with the other transaction documents contemplated by the MSR Purchase Agreement, and (iii) directed that the MSR Sale on the terms and conditions of the MSR Purchase Agreement be submitted for consideration by our stockholders at the special meeting of stockholders. **Our Board of Directors has approved the MSR Sale on the terms and conditions of the MSR Purchase Agreement and unanimously recommends that stockholders vote "FOR" the MSR Sale Sub-Proposal.**

**MSR Projections**

As a matter of course, PHH does not develop or publicly disclose long-term projections or internal projections of its future performance and is especially wary of making projections for extended periods due to the unpredictability of the underlying assumptions and estimates, though it has in the past provided investors with limited quarterly or full-year financial guidance covering limited areas of its financial performance. However, in connection with the MSR Sale, our management prepared certain non-public, unaudited financial projections for the MSR assets, or the "*MSR Projections*", and provided the projections to our Board of Directors to assist them in evaluating a possible transaction with New Residential. The MSR Projections were also provided to Houlihan Lokey who were authorized to use and rely upon such projections in providing advice to our Board of Directors.

The MSR Projections were based on MSR Portfolio information as of October 31, 2016 and reflect numerous judgments, estimates and assumptions with respect to industry performance, general business, economic, market and financial conditions and other future events, as well as matters specific to the MSR Portfolio, all of which are inherently uncertain, difficult to predict and many of which are beyond our control. These assumptions included assumptions about service fees, delinquencies, prepayment speeds, servicing costs, ancillary income and foreclosure costs. In addition, certain assumptions were based on information derived from third parties. Our management believes the MSR Projections were prepared on a reasonable basis and reflected the best then-currently available estimates and judgments of our management at the time that the projections were prepared. The MSR Projections are subjective in many respects and are subject to change based on actual experience and business developments. As such, MSR Projections constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted, including the various risks set forth in PHH's periodic reports. For additional information regarding these risks, please see the section of this proxy statement entitled "Special Note Regarding Forward-Looking Statements". There can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. The MSR Projections should not be considered a reliable predictor of future results. The MSR Projections cover multiple years and such information by its nature becomes less predictive with each successive year.

The MSR Projections were based upon various assumptions which relate only to the periods presented. The MSR Projections do not take into account any circumstances or events occurring after the date they were prepared, including the announcement of the MSR Sale.

The MSR Projections were not prepared with a view toward public disclosure or toward complying with generally accepted accounting principles, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. All of the MSR Projections (excluding industry projections prepared by third parties) were estimates prepared by our management. In addition, the MSR Projections are unaudited and neither PHH's independent registered public

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accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the MSR Projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the MSR Projections. Readers of this document are urged not to place undue reliance on the unaudited MSR Projections set forth below.

The inclusion of the MSR Projections in this proxy statement is not deemed an admission or representation by PHH or any other person that it considered, or now considers, the MSR Projections as material information or necessarily predictive of actual future results or events. The MSR Projections are not included in this proxy statement in order to influence any PHH stockholder with respect to the approval of the proposal to approve the MSR Sale, but because the MSR Projections were provided to our Board of Directors to assist them in evaluating a possible transaction with New Residential and to Houlihan Lokey who were authorized to use and rely upon such projections in providing advice to our Board of Directors. **PHH DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE MSR PROJECTIONS INCLUDED IN THIS PROXY STATEMENT TO REFLECT CIRCUMSTANCES EXISTING SINCE ITS PREPARATION OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE UNDERLYING ASSUMPTIONS ARE SHOWN TO BE IN ERROR, OR TO REFLECT CHANGES IN GENERAL ECONOMIC OR INDUSTRY CONDITIONS.**

Set forth below is a summary of the MSR Projections:

(\$ in millions unless otherwise noted) (Unaudited)	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Total Over 30 Years
Projected Total Revenue(1)	\$ 209.0	\$ 182.7	\$ 159.7	\$ 140.0	\$ 122.9	\$ 1,691.6
Projected Total Expenses(2)	\$ 55.9	\$ 49.4	\$ 43.8	\$ 38.9	\$ 34.8	\$ 502.9
Projected Cash Flows	\$ 153.2	\$ 133.3	\$ 115.9	\$ 101.1	\$ 88.1	\$ 1,188.6

- (1) Reflects projected servicing fees and ancillary revenue attributable to the MSR Portfolio as of October 31, 2016.
- (2) Reflects servicing costs for performing and delinquent loans as well as foreclosure and other expenses.

**Opinion of Houlihan Lokey**

On December 28, 2016, Houlihan Lokey verbally rendered its opinion to the Board of Directors (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the Board of Directors dated December 28, 2016), as to, as of December 28, 2016, the fairness, from a financial point of view, to PHH of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSRs subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement.

**Houlihan Lokey's opinion was directed to the Board of Directors (in its capacity as such) and only addressed the fairness, from a financial point of view, to PHH of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSRs subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement and did not address any other aspect or implication of the MSR Sale, any related transaction or any agreement, arrangement or understanding entered into in connection therewith or otherwise. The summary of Houlihan Lokey's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is attached as *Annex C* to this proxy statement and describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in connection with the preparation of its opinion, including the use of**

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pricing data and other information as of November 21, 2016. However, neither Houlihan Lokey's opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute, advice or a recommendation to the Board of Directors, PHH, PHH Mortgage, any security holder or any other person as to how to act or vote with respect to any matter relating to the MSR Sale or otherwise.

In arriving at its opinion, Houlihan Lokey, among other things:

1. reviewed a draft, dated December 28, 2016, of the MSR Purchase Agreement;
2. reviewed certain publicly available business and financial information relating to PHH that Houlihan Lokey deemed to be relevant;
3. reviewed certain information relating to the historical, current and future operations, financial condition and prospects of PHH made available to Houlihan Lokey by PHH, including financial projections prepared by the management of PHH relating to the MSRs subject to the servicing obligations (the "**Projections**") and certain sensitivity case financial projections relating to the MSRs subject to the servicing obligations based on discussions with the management of PHH (the "**Sensitivity Projections**");
4. spoke with certain members of the management of PHH and certain of its representatives and advisors regarding the business, operations, financial condition and prospects of PHH, the MSRs subject to the servicing obligations, the MSR Sale and related matters;
5. considered the publicly available financial terms of certain transactions that Houlihan Lokey deemed to be relevant; and
6. conducted such other financial studies, analyses and inquiries and considered such other information and factors as Houlihan Lokey deemed appropriate.

For purposes of its analyses and opinion, Houlihan Lokey, at PHH's direction, evaluated the fairness, from a financial point of view, to PHH of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSRs subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement as if the MSRs and servicing obligations or Advances were being transferred in a single transaction in exchange for aggregate consideration of \$864 million, which PHH advised Houlihan Lokey was determined pursuant to the schedule of pricing to be attached as an exhibit to the MSR Purchase Agreement based on the pricing data and other information as of November 21, 2016 (the "**Reference Date**"). In addition, for purposes of its analyses and opinion, Houlihan Lokey at PHH's direction assumed that (i) the MSRs did not include any assets or rights that PHH or any of its affiliates required to own or operate any other businesses or operations of PHH or any of its subsidiaries (the "**Retained Businesses**") as then conducted or as contemplated by the management of PHH and its subsidiaries would be conducted by PHH and its subsidiaries in the future, (ii) upon the consummation of the MSR Sale pursuant to the MSR Purchase Agreement, neither PHH nor any of its affiliates would retain or otherwise be responsible for the servicing obligations, and (iii) the MSR Sale would not otherwise impair the ability of PHH and its subsidiaries to own and operate the Retained Businesses as currently conducted, or as contemplated by the management of PHH and its subsidiaries would be conducted in the future (including, without limitation, the ability of PHH Mortgage to perform its obligations under the Subservicing Agreement). In addition, for purposes of its analyses and opinion Houlihan Lokey evaluated the fairness, from a financial point of view, to PHH of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSRs subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement as if PHH was receiving the aggregate consideration and PHH was transferring the MSRs subject to the servicing obligations.

Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to it,

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discussed with or reviewed by it, or publicly available, and did not assume any responsibility with respect to such data, material and other information. In addition, management of PHH advised Houlihan Lokey, and Houlihan Lokey assumed, that the Projections were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of such management as to the future financial results and condition of the MSR's subject to the servicing obligations. Houlihan Lokey expressed no opinion with respect to the Projections, the Sensitivity Projections or the assumptions on which they were based. Houlihan Lokey relied upon and assumed, without independent verification, that there had been no change in the assets, liabilities, financial condition, cash flows or prospects of the MSR's subject to the servicing obligations since the earlier of the Reference Date and the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Houlihan Lokey that would be material to its analyses or opinion, and that there was no information or any facts that would make any of the information reviewed by Houlihan Lokey incomplete or misleading.

Houlihan Lokey relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the MSR Purchase Agreement and all other related documents and instruments referred to therein were true and correct, (b) each party to the MSR Purchase Agreement and such other related documents and instruments would fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the MSR Sale would be satisfied without waiver thereof, and (d) the MSR Sale would be consummated in a timely manner in accordance with the terms described in the MSR Purchase Agreement and such other related documents and instruments, without any amendments or modifications thereto. Houlihan Lokey relied upon and assumed, without independent verification, that (i) the MSR Sale would be consummated in a manner that complies in all respects with all applicable federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the MSR Sale would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would have an effect on the MSR Sale, PHH or any expected benefits of the MSR Sale that would be material to Houlihan Lokey's analyses or opinion. Houlihan Lokey also relied upon and assumed, without independent verification, at the direction of PHH, that any adjustments to the aggregate consideration pursuant to the MSR Purchase Agreement or otherwise would not be material to its analyses or opinion. In addition, Houlihan Lokey relied upon and assumed, without independent verification, that the final form of the MSR Purchase Agreement would not differ in any respect from the draft of the MSR Purchase Agreement identified above.

Furthermore, in connection with its opinion, Houlihan Lokey was not requested to make, and did not make, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of PHH or any other party, including, without limitation, the applicable mortgage loans subject to the MSR's and servicing obligations or the Advances, the recovery of such Advances or PHH's reserves with respect to such Advances. For purposes of its analyses and opinion, Houlihan Lokey assumed that the Advances had a value equal to the amounts set forth with respect thereto, net of reserves with respect thereto, each as set forth in PHH financial statements, and net of the associated carrying costs related to the financing of such Advances. For purposes of its analyses and opinion, Houlihan Lokey evaluated the aggregate consideration in the aggregate, and Houlihan Lokey did not evaluate, and its opinion did not otherwise address, the fairness of any portion of the aggregate consideration, including, without limitation, any portion of the aggregate consideration to be received in exchange for the Advances or any portion of the aggregate consideration to be received for any other component of the MSR's. Houlihan Lokey did not estimate, and expressed no opinion regarding, the liquidation value of any entity or business. Houlihan Lokey did not undertake any independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which PHH was or may have been a party or was or may have been subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which PHH was or may have been a party or was or may have been subject.

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Houlihan Lokey was not requested to, and did not, (a) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the MSR Sale, the securities, assets, businesses or operations of PHH, PHH or any other party, or any alternatives to the MSR Sale, or (b) negotiate the terms of the MSR Sale. Houlihan Lokey's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Houlihan Lokey as of, the date of its opinion. Houlihan Lokey did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to its attention after the date of its opinion.

Houlihan Lokey's opinion was furnished for the use of the Board of Directors (in its capacity as such) in connection with its evaluation of the MSR Sale and may not be used for any other purpose without Houlihan Lokey's prior written consent. Under the terms of Houlihan Lokey's engagement by the Board of Directors, neither Houlihan Lokey's opinion nor any other advice or services rendered by it in connection with the proposed MSR Sale or otherwise should be construed as creating, and Houlihan Lokey should not be deemed to have, any fiduciary duty to or agency relationship with the Board of Directors, PHH, any security holder or creditor of PHH or any other person, regardless of any prior or ongoing advice or relationships. The opinion is not intended to be, and does not constitute, a recommendation to the Board of Directors, PHH, any security holder or any other party as to how to act or vote with respect to any matter relating to the Transaction or otherwise.

Houlihan Lokey's opinion only addressed the fairness, from a financial point of view, to PHH of the aggregate consideration to be received by PHH Mortgage in exchange for, in the aggregate, the MSRs subject to the servicing obligations in the MSR Sale pursuant to the MSR Purchase Agreement and did not address any other aspect or implication of the MSR Sale, any related transaction or any agreement, arrangement or understanding entered into in connection therewith or otherwise (including the Home Loans Transactions), including, without limitation, (i) the fairness of any consideration to be received in any individual transaction or subset of the transactions comprising the MSR Sale, (ii) the allocation of the aggregate consideration among MSRs or individual transactions comprising the MSR Sale, (iii) the Subservicing Agreement, or (iv) the Agreement for the Purchase and Sale of MSRs, dated November 8, 2016, by and among Lakeview Loan Servicing, LLC, PHH and PHH Mortgage. Houlihan Lokey was not requested to opine as to, and its opinion did not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the Board of Directors, PHH, its security holders or any other party to proceed with or effect the MSR Sale, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the MSR Sale or otherwise (other than the aggregate consideration to the extent expressly specified in the opinion), (iii) the fairness of any portion or aspect of the MSR Sale to the holders of any class of securities, creditors or other constituencies of PHH, or to any other party, except if and only to the extent expressly set forth in the last sentence of the opinion, (iv) the relative merits of the MSR Sale as compared to any alternative business strategies or transactions that might have been available for PHH or any other party, (v) the fairness of any portion or aspect of the MSR Sale to any one class or group of PHH's or any other party's security holders or other constituents vis-à-vis any other class or group of PHH's or such other party's security holders or other constituents (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders or other constituents), (vi) whether or not PHH, New Residential or any other party is receiving or paying reasonably equivalent value in the MSR Sale under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, (vii) the solvency or creditworthiness or fair value of PHH, New Residential or any other participant in the MSR Sale, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of (a) any party to the MSR Sale or (b) any other party, or any class of such persons, relative to the aggregate consideration or otherwise. Furthermore, Houlihan Lokey did not



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express any opinion, counsel or interpretation regarding matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. Houlihan Lokey assumed that such opinions, counsel or interpretations had been or would be obtained from the appropriate professional sources. Furthermore, Houlihan Lokey relied, with the consent of the Board of Directors, on the assessments by the Board of Directors, PHH and their respective advisors, as to all legal, regulatory, accounting, insurance and tax matters with respect to PHH, the MSRs, the servicing obligations, the MSR Sale or otherwise.

In preparing its opinion to the Board of Directors, Houlihan Lokey performed a variety of analyses, including those described below. The summary of Houlihan Lokey's analyses is not a complete description of the analyses underlying Houlihan Lokey's opinion. The preparation of such an opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytical methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither Houlihan Lokey's opinion nor its underlying analyses is readily susceptible to summary description. Houlihan Lokey arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, methodology or factor. While the results of each analysis were taken into account in reaching Houlihan Lokey's overall conclusion with respect to fairness, Houlihan Lokey did not make separate or quantifiable judgments regarding individual analyses. Accordingly, Houlihan Lokey believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, methodologies and factors, without considering all analyses, methodologies and factors, could create a misleading or incomplete view of the processes underlying Houlihan Lokey's analyses and opinion.

In performing its analyses, Houlihan Lokey considered general business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company, transaction or business used in Houlihan Lokey's analyses for comparative purposes is identical to PHH or the MSRs subject to the servicing obligations and an evaluation of the results of those analyses is not entirely mathematical. The estimates contained in the Projections and the Sensitivity Projections and the implied reference range values indicated by Houlihan Lokey's analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of PHH. Much of the information used in, and accordingly the results of, Houlihan Lokey's analyses are inherently subject to substantial uncertainty.

Houlihan Lokey's opinion was only one of many factors considered by the Board of Directors in evaluating the proposed MSR Sale. Neither Houlihan Lokey's opinion nor its analyses were determinative of the aggregate consideration or of the views of the Board of Directors with respect to the MSR Sale or the aggregate consideration. The type and amount of consideration payable in the MSR Sale were determined through negotiation between PHH and New Residential, and the decision to enter into the MSR Purchase Agreement was solely that of the Board of Directors.

The following is a summary of the material financial analyses performed by Houlihan Lokey in connection with the preparation of its opinion and reviewed with the Board of Directors on December 28, 2016. The order of the analyses does not represent relative importance or weight given to those analyses by Houlihan Lokey. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as

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the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create a misleading or incomplete view of Houlihan Lokey's analyses.

Unless the context indicates otherwise, transaction values for the selected transactions analysis described below were calculated based on the announced transaction price and other public information available at the time of the announcement, the estimates of future financial performance of the MSR, subject to the servicing obligations for the financial analyses described below were based on the Projections and the Sensitivity Projections. For purposes of its analyses and opinion, Houlihan Lokey assumed that the Advances included with the MSR had a gross value of \$283.6 million, less reserves of \$4.2 million, each as set forth in PHH's financial statements as of October 31, 2016.

**Discounted Cash Flow Analysis.** Houlihan Lokey performed a discounted cash flow analysis of the MSR subject to the servicing obligations based on the Projections, which assumed an average lifetime conditional prepayment rate ("*CPR*") of 9.5%, and the Sensitivity Projections, which assumed a CPR of 9.5% to 12.3% (or 100% to 130% of the CPR assumed in the Projections). Houlihan Lokey applied a range of yields of 11.7% to 13.7% to the Projections and the Sensitivity Projections. The discounted cash flow analysis of the MSR subject to the servicing obligations and the assumed value of the Advances indicated an implied valuation reference range for the MSR subject to the servicing obligations of \$876.8 million to \$924.5 million, based on the Projections, and \$820.6 million to \$924.5 million, based on the Sensitivity Projections, in each case as compared to the aggregate consideration of \$864.1 million as of the Reference Date.

**Selected Transactions Analysis.** Houlihan Lokey considered certain financial terms of certain transactions involving mortgage servicing rights that Houlihan Lokey deemed relevant. The financial data reviewed included transaction value as a percentage of the unpaid principal balance of the loans associated with the applicable mortgage servicing rights, expressed in basis points. The selected transactions and corresponding multiples were:

<b>Date Announced</b>	<b>Target/Seller</b>	<b>Acquiror</b>	<b>Transaction Value/Unpaid Principal Balance (bps)</b>
Nov 2016	Walter Capital Opportunity Corp.	New Residential Investment Corp.	75
Aug 2016	Walter Investment Management Corp.	New Residential Investment Corp.	66
Jun 2015	Ocwen Financial Corp.	Undisclosed	96
Apr 2015	Ocwen Financial Corp.	Walter Investment Management Corp.	82
Apr 2015	Ocwen Financial Corp.	Nationstar Mortgage Holdings Inc.	96
Mar 2015	Ocwen Financial Corp.	Nationstar Mortgage Holdings Inc.	108
Apr 2013	OneWest Bank	Ocwen Financial Corp.	57
Jan 2013	Bank of America	Nationstar Mortgage Holdings Inc. and Walter Investment Corp.	59
<b>Mean</b>			<b>80</b>
<b>Median</b>			<b>75</b>

Taking into account the results of the selected transactions analysis, Houlihan Lokey applied a selected basis point range of 75bps to 80bps to the unpaid principal balance associated with the MSR subject to the servicing obligations. The selected transactions analysis of the MSR excluding the Advances and subject to the servicing obligations plus the assumed value of the Advances indicated an implied valuation reference range for the MSR (including the Advances) subject to the servicing obligations of \$788.4 million to \$897.5 million as compared to the aggregate consideration of \$864.1 million as of the Reference Date.

Table of Contents**Other Matters**

Houlihan Lokey was engaged by PHH to act as the Board of Directors' financial advisor in connection with a possible sale of its mortgage servicing rights or other similar strategic transaction. The Board of Directors engaged Houlihan Lokey based on Houlihan Lokey's experience and reputation. Houlihan Lokey is regularly engaged to provide financial advisory services in connection with mergers and acquisitions, financings, and financial restructurings. Pursuant to its engagement by PHH, Houlihan Lokey is entitled to a fee of \$1.75 million for its services, a portion of which became payable upon the execution of Houlihan Lokey's engagement letter and the balance of which became payable upon the delivery of Houlihan Lokey's opinion, regardless of the conclusion reached therein. No portion of Houlihan Lokey's fee is contingent upon the successful completion of the MSR Sale. PHH has also agreed to reimburse Houlihan Lokey for certain expenses and to indemnify Houlihan Lokey, its affiliates and certain related parties against certain liabilities and expenses arising out of or relating to Houlihan Lokey's engagement.

In the ordinary course of business, certain of Houlihan Lokey's employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, PHH, New Residential or any other party that may be involved in the MSR Sale and their respective affiliates or any currency or commodity that may be involved in the MSR Sale.

Houlihan Lokey and/or certain of its affiliates have in the past provided investment banking and/or financial advisory services to New Residential, for which Houlihan Lokey and/or such affiliates have received compensation, including, among other things, having acted as financial advisor to New Residential in connection with its acquisition of certain mortgage servicing assets from Nationstar Mortgage LLC in December 2013. Houlihan Lokey and certain of its affiliates have in the past provided and are currently providing investment banking, financial advisory and/or other financial or consulting services to Fortress Investment Group LLC ("**Fortress**"), an affiliate of the external manager of New Residential, or one or more security holders, affiliates and/or portfolio companies of investment funds affiliated or associated with Fortress (collectively, with Fortress, the "**Fortress Group**"), for which Houlihan Lokey and its affiliates have received, and may receive, compensation, including, among other things, having acted as financial advisor to Newcastle Investment Corp. ("**Newcastle**"), a REIT managed and advised by an affiliate of Fortress, in connection with Newcastle's spin-off of New Residential, which transaction occurred in May 2013. Houlihan Lokey and certain of its affiliates may provide investment banking, financial advisory and/or other financial or consulting services to PHH, New Residential, members of the Fortress Group, other participants in the Transaction or certain of their respective affiliates or security holders in the future, for which Houlihan Lokey and its affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of its and their respective employees may have committed to invest in private equity or other investment funds managed or advised by Fortress, other participants in the MSR Sale or certain of their respective affiliates, and in portfolio companies of such funds, and may have co-invested with members of the Fortress Group, other participants in the MSR Sale or certain of their respective affiliates or security holders, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees, agents and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, PHH, New Residential, members of the Fortress Group, other participants in the MSR Sale or certain of their respective affiliates or security holders, for which advice and services Houlihan Lokey and such affiliates have received and may receive compensation.

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**Certain Federal Income Tax Consequences of the MSR Sale**

The following is a discussion of all material federal income tax consequences to us of the MSR Sale. This discussion is a summary for our common stockholders and is intended for general information only. The MSR Sale will not result in any direct federal income tax consequences to our stockholders. Each stockholder is urged to consult his or her own tax advisor as to the federal income tax consequences of the MSR Sale to such stockholder.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the "*Code*," administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as in effect on the date hereof and all of which may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those described below. No rulings have been requested or received from the Internal Revenue Service, or "*IRS*," as to the tax consequences of the MSR Sale transaction and there is no intent to seek any such ruling. Accordingly, no assurance can be given that the IRS will not challenge the tax treatment of tax consequences of the MSR Sale discussed below or, if it does challenge the tax treatment, that it will not be successful.

The MSR Sale will be treated for federal income tax purposes as a taxable sale upon which we will recognize a gain or loss. The amount of gain or loss we recognize will be measured by the difference between the cash and any other amount realized by us from the sale of the respective MSRs and our tax basis in MSRs sold.

**Certain Accounting Consequences of the MSR Sale**

For the MSR Sale, we will recognize cash proceeds from the legal sale and transfer of the MSRs; however, we expect to record the transaction as a secured borrowing with pledge of collateral, under accounting principles generally accepted in the United States of America. As a result, we expect to recognize in our financial statements Cash received from each transfer, offset by a reduction in Servicing advance receivables and the recognition of a liability for secured borrowing. In future periods, the Change in fair value of the transferred MSR asset accounted for as collateral pledged under a secured borrowing arrangement will fully offset the Change in fair value of the related Secured borrowing liability, as we expect to elect to account for that liability at fair value.

As of December 31, 2016, our MSR asset was recorded at fair value with the assessment of value incorporating the pricing associated with the New Residential MSR Purchase Agreement. Therefore, there is no expected gain or loss on the MSR Sale as of that date; however, we expect to recognize a loss of approximately \$40 million related to transaction costs and retained risk on the MSR Sale. After the execution of this transaction, we expect to continue to operate as a servicer and we will continue to recognize results from servicing in our financial information.

**Vote Required**

The affirmative vote of the holders of a majority of the outstanding shares of our common stock is required for the approval of the MSR Sale on the terms and conditions of the MSR Purchase Agreement. This means that, of the shares of common stock entitled to vote on the proposal (regardless of whether the holders of such shares are present in person or by proxy at the special meeting), a majority must vote in favor of the proposal to approve the MSR Sale on the terms and conditions of the MSR Purchase Agreement in order for the MSR Sale on the terms and conditions of the MSR Purchase Agreement to be approved. Abstentions and broker non-votes will have the effect of a vote *against* this proposal.

Members of our Board of Directors who beneficially owned an aggregate of approximately [ • ]% of the outstanding shares of common stock as of [ • ], 2017 have indicated that they will vote in favor of MSR Sale on the terms and conditions of the MSR Purchase Agreement.

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**Approval of the MSR Sale is not contingent on approval of the Home Loans Transactions; however, the Home Loans Transactions are contingent on approval of the MSR Sale**

A vote for or against the MSR Sale Sub-Proposal does not count as a vote for or against the Home Loans Asset Sale Sub-Proposal. Similarly, a vote for or against the Home Loans Asset Sale Sub-Proposal does not count as a vote for or against the MSR Sale Sub-Proposal. The closing of the Home Loans Transactions, however, is contingent on the closing the MSR Sale. Accordingly, if the MSR Sale Sub-Proposal does not receive the vote required for its approval, then the Home Loans Transactions will be terminated.

**No Dissenters' Rights or Rights of Objecting Stockholders**

Holders of our common stock are not entitled to dissenting stockholders' appraisal rights, rights of objecting stockholders or other similar rights in connection with the MSR Sale or any of the transactions contemplated by the MSR Purchase Agreement. The MGCL does not provide for appraisal rights or other similar rights to stockholders of a corporation in connection with a sale of substantially all of the assets of a corporation if the shares of the corporation are listed on the NYSE on the record date for determining stockholders entitled to vote on the transaction.

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**THE MSR PURCHASE AGREEMENT AND THE SUBSERVICING AGREEMENT**

*The following is a summary of the material terms and conditions of the MSR Purchase Agreement and the Subservicing Agreement. This summary does not purport to be complete and may not contain all of the information about the MSR Purchase Agreement and the Subservicing Agreement that is important to you. The description of the MSR Purchase Agreement and the Subservicing Agreement in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the MSR Purchase Agreement, a copy of which is attached to this proxy statement as Annex A and is incorporated by reference into this proxy statement, and the Subservicing Agreement, a copy of which is attached to this proxy statement as Annex B and is incorporated by reference into this proxy statement. We encourage you to read the MSR Purchase Agreement and the Subservicing Agreement carefully and in their entirety because they are the primary contractual documents that govern the transactions.*

*Additional information about PHH and New Residential may be found elsewhere in this proxy statement and in other public reports and documents filed with the SEC. Please see the section of this proxy statement entitled "Where You Can Find Additional Information", beginning on page [ • ].*

**THE MSR PURCHASE AGREEMENT**

**Explanatory Note Regarding the MSR Purchase Agreement**

The MSR Purchase Agreement and this summary of its terms have been included to provide you with information regarding the terms of the MSR Purchase Agreement. The MSR Purchase Agreement is not intended to be a source of factual, business or operational information about PHH or New Residential, and the following summary of the MSR Purchase Agreement and the copy thereof attached hereto as *Annex A* are not intended to modify or supplement any factual disclosure about PHH in any documents it publicly files with the SEC. The representations, warranties and covenants made in the MSR Purchase Agreement by PHH and New Residential were made solely for the benefit of the parties to the MSR Purchase Agreement and are qualified and subject to important limitations agreed to by PHH and New Residential in connection with negotiating the terms of the MSR Purchase Agreement. In particular, in your review of the representations and warranties contained in the MSR Purchase Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the MSR Purchase Agreement may have the right not to close the transactions if the representations and warranties of the other party prove to be untrue in any material respect, and allocating risk between the parties to the MSR Purchase Agreement, rather than establishing matters as facts.

The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by confidential disclosures that were made by each party to the other, which disclosures are not reflected in the MSR Purchase Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement, may have changed since the date of the MSR Purchase Agreement, and subsequent developments or new information that may affect the accuracy of a representation or warranty may or may not be fully reflected in this proxy statement or PHH's public disclosures. Accordingly, you should not rely on the representations and warranties as being accurate or complete or characterizations of the actual state of facts as of any specified date.

**Effects of the MSR Sale**

Pursuant to the MSR Purchase Agreement, PHH has agreed to sell to New Residential all of PHH's MSR Portfolio, together with all Advances. The MSR Sale may constitute a sale of substantially all of the assets of the Company.

Table of Contents**Sale Dates**

The mortgage loans related to the MSR's are owned by different investors, including Freddie Mac, Fannie Mae and private mortgage loan investors (each is referred to as an "**Investor**"), and the sale of the MSR Portfolio will take place on multiple closing dates (each is referred to as a "**Sale Date**") following the satisfaction or waiver of the conditions to closing, including the receipt of the required consents from the applicable Investor and/or origination source. A Sale Date will occur with respect to the MSR's relating to a specific Investor on the first "**Cut-off Date**" that occurs at least 25 calendar days after the satisfaction or waiver of the applicable conditions to closing (other than those conditions that by their terms cannot be satisfied until the date of transfer of such MSR), and the "Cut-off Date" for each Investor is as set forth in the underlying service agreements (including any pooling agreement, servicing agreement, custodial agreement, investor guide or other agreement or arrangement).

**Consideration**

The purchase price for the MSR's relating to each Investor will be calculated in accordance with the applicable fixed pricing formula set forth in the MSR Purchase Agreement. In addition, New Residential will pay PHH for all of the Advances acquired in the transaction in accordance with a fixed pricing formula determined in accordance with the MSR Purchase Agreement. The MSR Portfolio had a book value of \$541 million as of September 30, 2016 and related Advances of \$307 million as of October 31, 2016. As of December 31, 2016, the MSR Portfolio had a book value of \$579 million and related Advances of \$279 million. Based on the MSR Portfolio composition as of December 31, 2016 and market conditions as of the date of the MSR Purchase Agreement, and assuming all Investor and origination source consents are received, total proceeds are expected to be up to \$858 million, of which up to \$579 million was calculated from the applicable fixed purchase price percentage of the unpaid principal balance, or "**UPB**", of the MSR Portfolio, and up to \$279 million was calculated from the fixed purchase price percentage for the Advances. Actual proceeds will be based on the MSR Portfolio composition at each transfer date and may vary from our expectations primarily due to run-off from the MSR Portfolio resulting in a reduction of the MSR Portfolio's UPB or the failure to receive certain Investor and origination source consents. As of December 31, 2016, our MSR asset was recorded at fair value with the assessment of value incorporating the pricing associated with the New Residential agreement. Therefore, there is no expected gain or loss on the MSR Sale as of that date. The MSR Sale proceeds exclude estimated transaction fees and expenses of approximately 5% of MSR value, and represent a valuation of 84 basis points on total unpaid principal balance of \$70 billion as of December 31, 2016. We expect that substantially all of the proceeds from the MSR Sale will be used to repay PHH's 7.375% Senior Notes due 2019 and PHH's 6.375% Senior Notes due 2021 (or, collectively, our "**Senior Notes**"), to repay borrowings under the PHH Servicer Advance Receivables Trust ("**PSART**") servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes. For additional information about our anticipated use of proceeds from the MSR Sale, see "*Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions.*"

**Payment Procedures; Holdbacks**

No later than seven business days prior to each Sale Date, PHH will deliver to New Residential a loan level report of all MSR's to be sold on such Sale Date, or the "**Settlement Report**". The Settlement Report will include, among other information, an estimated purchase price for such MSR's to be sold. New Residential may review and either approve or object (in writing) to the Settlement Report within two business days of receipt of such Settlement Report. On the fifth business day following each Sale

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Date, PHH will furnish to New Residential a final report which will include, among other information, the final purchase price for the related MSRs.

On each Sale Date, New Residential will pay to PHH an amount equal to the estimated aggregate purchase price applicable to the MSRs sold as of such Sale Date, minus certain amounts that will be held in escrow by an escrow agent for a period after the closing to satisfy PHH's indemnification obligations under the MSR Purchase Agreement (we refer to such amount as the "**Liability Holdback**") or to be held by New Residential pending receipt of documentation required to be delivered with respect to MSRs relating to Freddie Mac or Fannie Mae mortgage loans (we refer to such amount as the "**Document Holdback**"). The "Liability Holdback" for MSRs relating to a specific Investor will be an amount equal to the Liability Cap for such MSRs (see " *Indemnification; Limitations on Indemnification Obligations*" beginning on page [ • ]). The "**Document Holdback**" for any given MSRs will be an amount equal to 5% of the estimated aggregate purchase price applicable to the MSRs for the Fannie Mae mortgage loans and Freddie Mac mortgage loans to be sold to New Residential on any Sale Date, subject to certain revisions. The Liability Holdback will be held in escrow until the third anniversary of the final Sale Date and the resolution of all indemnification claims that were timely submitted pursuant to the MSR Purchase Agreement. The Document Holdback will be released to PHH in monthly installments following each Sale Date depending on the amount of MSRs for which the legal documents have been delivered to the document custodian during the relevant month. When the Document Holdback is reduced to 20% of the original Document Holdback Amount, the MSR Purchase Agreement requires PHH Mortgage and New Residential to mutually agree upon a process to cure any remaining legal documents and servicing file documents in the possession of PHH Mortgage comprising part of the applicable mortgage file, or the "**Legal Documents**", or, if any Legal Documents cannot be cured, to agree upon settlement terms for Legal Documents that cannot be cured.

**Representations and Warranties**

The MSR Purchase Agreement contains representations and warranties made by PHH and New Residential to each other.

The representations and warranties made by PHH Mortgage and PHH (we refer to PHH Mortgage and PHH collectively as the "**Seller Parties**") to New Residential relate to, among other things, the following:

due organization, valid existence, good standing and corporate authority to carry on its business;

corporate authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the MSR Purchase Agreement and the enforceability of the MSR Purchase Agreement;

our Board of Directors' approval and recommendation of the MSR Purchase Agreement and the transactions contemplated thereby;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of the Seller Parties as a result of execution of the MSR Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with the Seller Parties' execution of the MSR Purchase Agreement or consummation of the transactions thereby;

the absence of legal proceedings, claims, demands or governmental investigations in respect of the MSR Portfolio and the Advances;

the solvency of PHH;



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the MSR Portfolio and the related mortgage loans, including the following:

compliance with contractual requirements and applicable laws in the servicing of the mortgage loans related to the MSRs, and absence of breaches of representations and warranties to the Investors, in each case other than any noncompliance or breach for which PHH is not responsible;

maintenance of required mortgage, hazard, title insurance and/or guaranty certificate;

title to the MSRs;

validity and enforceability of the servicing agreements;

compliance with servicing agreements and other applicable requirements in connection with the making of the Advances and loan modifications;

accuracy of certain information relating to the MSR Portfolio and the related mortgage loans and Advances, and completeness of the mortgage files;

payment of the required taxes, governmental assessment, insurance premiums and other charges;

transferability of tax service contracts and flood certification contracts;

no "high cost" mortgage loan or "covered" mortgage loan, and inapplicability of the Home Ownership and Equity Protection Act of 1994 (as amended) to the mortgage loans;

broker's fees or commissions; and

liabilities for any amounts due to Fannie Mae, Freddie Mac, the Federal Housing Administration, the United States Department of Housing and Urban Development, the United States Department of Veterans Affairs or the United States Department of Agriculture (each is referred to as an "**Agency**") as a result of breaches of servicing obligations, underperformance, or inability to transfer selling or servicing representations and warranties.

Many of the Seller Parties' representations and warranties are qualified as to, among other things, "materiality" or "material adverse effect". For purposes of the MSR Purchase Agreement, "material adverse effect" means any fact, circumstance, event, change or occurrence that, individually or in the aggregate with all other facts, circumstances, events, changes or occurrences, has or would reasonably be expected to (1) have a material adverse effect on the business, condition (financial or otherwise), operations, performance or properties of PHH or PHH Mortgage; (2) have a material adverse effect upon the legality, validity, binding effect or enforceability of the MSR Purchase Agreement against PHH or PHH Mortgage; (3) have a material adverse effect upon a material portion of the MSR Portfolio; or (4) prevent or materially impede the ability of the Seller Parties to consummate the transactions contemplated by the MSR Purchase Agreement. However, the following facts, circumstances, events, changes or occurrences, alone or in combination, are excluded in determining whether there has been or will be a material adverse effect:

any changes in general economic conditions or securities, banking, credit, financial or capital markets conditions (whether in the United States or any other country or in any international market), including changes in interest rates or currency

exchange rates;

any changes in conditions generally affecting any of the industries in which PHH operates;

any failure, in and of itself, of PHH to meet any internal or published projections or other financial or operating metrics for any period;

the execution and delivery of the MSR Purchase Agreement or the public announcement of the transactions contemplated thereby;

the performance by the Seller Parties of their obligations under the MSR Purchase Agreement;

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any change in applicable Law or GAAP, or authoritative interpretations thereof;

any hurricane, tornado, flood, earthquake or other natural disaster,

any increase or decreases in the Advances;

any adverse effect on the MSRs or Advances that is cured prior to the applicable Sale Date; or

any item or items set forth on the disclosure letter delivered by PHH to New Residential.

In addition, the following facts, circumstances, events, changes or occurrences are excluded in determining whether there has been or will be a material adverse effect, but will be taken into account to the extent such following facts, circumstances, events, changes or occurrences has a disproportionate effect on PHH relative to other participants in the industries in which PHH operates:

regulatory, legislative or political conditions, in each case in the United States or any foreign jurisdiction; or

certain geopolitical conditions.

The representations and warranties made by New Residential relate to, among other things, the following:

due organization, valid existence, good standing and corporate authority to carry on its business;

authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the MSR Purchase Agreement and the enforceability of the MSR Purchase Agreement;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of New Residential as a result of execution of the MSR Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with New Residential's execution of the MSR Purchase Agreement or consummation of the transactions thereby;

New Residential being an approved servicer for Fannie Mae and Freddie Mac and an investing mortgagee approved by the Federal Housing Administration;

the absence of legal proceedings, claims, demands or governmental investigations that would reasonably be expected to prevent or materially delay or impede New Residential's ability to consummate the transactions contemplated by the MSR Purchase Agreement;

sufficiency of funds to consummate the transactions contemplated by the MSR Purchase Agreement, including payment of the purchase price and the transaction expenses; and

broker's fees or commissions.

**Indemnification; Limitations on Indemnification Obligations**

PHH and PHH Mortgage have agreed to jointly and severally indemnify, defend and hold New Residential harmless from and will reimburse New Residential and its officers, directors, stockholders, partners, members, owners, employees and agents for any losses suffered or incurred by them that result from or arise out of:

any breach of a representation or warranty by PHH made in the MSR Purchase Agreement;

any breach of any covenant, agreement or other obligation of PHH contained in the MSR Purchase Agreement;

in the event PHH breaches its covenant regarding nonsolicitation of mortgagors, and any affected mortgage loan is refinanced or prepaid in full;

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in the event that PHH, any originator or prior servicer or New Residential is required to repurchase any mortgage loan from an Investor due to any breach by PHH, such originator or prior servicer of the applicable legal and/or contractual requirements;

in the event of a breach of any of the Seller Parties' representations or warranties in the MSR Purchase Agreement and the aggregate unpaid principal balance of the affected mortgage loans exceed certain dollar threshold, PHH and PHH Mortgage will be obligated to repay the purchase price for the applicable MSRs;

any contested enforcement action with respect to the MSRs or the related mortgage loans, to the extent relating to any period prior to the Sale Date for such MSRs;

any contested litigation with respect to the MSRs or the related mortgage loans, to the extent commenced prior to the Sale Date for such MSRs;

any breach by PHH, any originator or any prior servicer of applicable legal and/or contractual requirements; or

certain matters set forth on the disclosure letter delivered by PHH to New Residential.

Notwithstanding the foregoing, PHH will not have any indemnification obligation for that portion, if any, of the losses that arises out of or results from New Residential's or its designee's failure to service any of the mortgage loans or MSRs after each Sale Date in compliance with applicable legal and/or contractual requirements.

PHH's aggregate liability for any losses relating to Fannie Mae or Freddie Mac mortgage loans and the related servicing rights and Advances will not exceed 5% of the purchase price for such Fannie Mae or Freddie Mac MSRs, and PHH's aggregate liability for any losses relating to private label mortgage loans and the related servicing rights and Advances will not exceed an amount equal to 5% of the purchase price for such private label MSRs (we refer to such amount as the "**Liability Cap**"). To the extent that any losses relate to more than one type of MSR, such claim will be allocated among the affected MSR types to the related Liability Cap on a pro rata basis.

PHH Mortgage will have the option, in certain circumstances, to repurchase mortgage loans from the applicable Investor and the related servicing rights from New Residential. Once such repurchases exceed 0.5% of the aggregate unpaid principal balance of the mortgage loans as of the applicable Sale Dates, PHH Mortgage must obtain New Residential's consent to further repurchases by PHH Mortgage.

New Residential has agreed to defend and hold PHH harmless from and will reimburse PHH and its officers, directors, stockholders, partners, members, owners, employees and agents for any losses suffered or incurred by them that result from or arise out of:

any breach of a representation or warranty by New Residential made in the MSR Purchase Agreement;

any breach of any covenant, agreement or other obligation of New Residential contained in the MSR Purchase Agreement;  
or

subject to certain exceptions, any claim that is brought against PHH after the relevant Sale Date that relates to the MSRs or the related mortgage loans.

Other than to seek to compel performance of a party's obligations under the MSR Purchase Agreement, from and after the applicable Sale Date, the indemnification obligations described above will be the sole and exclusive remedies of each party and its officers, directors, stockholders, partners, members, owners, employees and agents arising out of the transactions contemplated by the MSR Purchase Agreement.



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Notwithstanding anything to the contrary in the MSR Purchase Agreement, neither party will be liable to the other for any punitive, consequential, indirect or special damages, in each case whether in contract, tort or any other legal or equitable principal, except that such limitation will not apply to any such damages paid to a third party as a result of any third party claim that is subject to indemnification under the MSR Purchase Agreement.

The representations and warranties in the MSR Purchase Agreement and the right to assert any claim with respect to such representations and warranties will survive the applicable Sale Date and continue for a period of three years after such Sale Date. The covenants and agreements contained in the MSR Purchase Agreement that by their terms are to be performed or complied with after the Sale Date and the right to assert a claim with respect to any such covenants and agreements will survive the applicable Sale Date and continue for a period of three years after such Sale Date; all other covenants and agreements contained in the MSR Purchase Agreement will terminate on the applicable Sale Date.

**Nonsolicitation of Competing Proposals**

Under the MSR Purchase Agreement, the Seller Parties have agreed that, subject to certain exceptions described below, none of the Seller Parties or any of their respective subsidiaries will, and they will not authorize any of their respective officers, directors, representatives or other intermediaries or subsidiaries to:

solicit, initiate or knowingly facilitate the submission of any inquiries, proposals or offers from any person relating to any Competing Proposal, or agree to or recommend any Competing Proposal;

enter into any agreement to consummate any Competing Proposal, to approve any Competing Proposal or to abandon, terminate or fail to consummate the transactions contemplated by the MSR Purchase Agreement;

enter into or participate in any discussions or negotiations with respect to any Competing Proposal, or furnish any non-public information with respect to the MSR Portfolio in connection with any Competing Proposal; or

agree or resolve to take any of the actions described above.

A "**Competing Proposal**" is any offer to acquire, in one transaction or a series of related transactions (however structured), directly or indirectly, 20% or more of the MSR Portfolio or the control thereover, provided that any such inquiry, proposal or offer will constitute a Competing Proposal only if and to the extent it would prohibit or prevent PHH Mortgage or PHH from consummating the transactions contemplated by the MSR Purchase Agreement.

Notwithstanding the nonsolicitation obligations described above, prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, the Seller Parties may engage in negotiations or discussions with any person and its representatives that has made an unsolicited written Competing Proposal not resulting from or arising out of a material breach by the Seller Parties of their nonsolicitation obligations and/or furnish to such person information relating to the MSR Portfolio pursuant to an acceptable confidentiality agreement if, prior to taking these actions, our Board of Directors has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal.

A "**Superior Proposal**" is any Competing Proposal to acquire 50% or more of the MSR Portfolio subject to the MSR Purchase Agreement or the control thereover that our Board of Directors determines in good faith, after consultation with legal and financial advisors and taking into account any changes to the MSR Purchase Agreement proposed by New Residential in response to one or more Competing Proposals, is more favorable to PHH and/or its stockholders than the transactions contemplated by the MSR Purchase Agreement (taking into consideration, among other things, all legal, financial, regulatory and other aspects of the proposal deemed relevant by our Board of Directors, including financing terms and the likelihood of consummation).

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PHH has agreed to notify New Residential promptly (but in any event within 48 hours) after receipt of any bona fide Competing Proposal and the material terms and conditions of any such Competing Proposal, and to keep New Residential reasonably informed of the status and material details of any such Competing Proposal.

**Changes in the Recommendation of our Board of Directors; Fiduciary Termination**

Subject to compliance with the obligations described in the next paragraph, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, withdraw, modify or amend in any manner adverse to New Residential its approval or recommendation of the MSR Purchase Agreement, recommend a Competing Proposal, and/or enter into an acquisition agreement with respect to a Competing Proposal (each of these actions is referred to as a "**Change of Recommendation**"). If our Board of Directors effects a Change of Recommendation, New Residential may terminate the MSR Purchase Agreement and upon such termination, PHH will be obligated to pay a termination fee (see " *Termination Fee*" beginning on page [ • ]). In addition, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, following receipt of an unsolicited written Competing Proposal that did not result in a material breach of the Seller Parties' nonsolicitation obligations and which our Board of Directors determines in good faith (after consulting with its financial and legal advisors) constitutes or could reasonably be expected to lead to a Superior Proposal, terminate the MSR Purchase Agreement and enter into a definitive acquisition agreement with respect to such Superior Proposal, subject to the payment of a termination fee (see " *Termination Fee*" beginning on page [ • ]).

The Board may take the actions described in the immediately preceding paragraph if and only if it has determined in good faith, after consulting with its financial and legal advisors, that failure to take such actions would be inconsistent with its fiduciary duties under applicable law. Additionally, prior to making a Change of Recommendation, PHH must provide New Residential with at least four business days' prior written notice advising New Residential that it intends to make a Change of Recommendation and specifying the reasons for the Change of Recommendation and all material information with respect to such Change of Recommendation. If requested by New Residential, during such four-business day period, PHH must negotiate in good faith with New Residential to enable New Residential to propose an offer in writing to make such adjustments to the MSR Purchase Agreement so that our Board of Directors could determine in good faith (after consulting with its financial and legal advisors) that the failure to make a Change of Recommendation would not be inconsistent with its fiduciary duties. Similarly, prior to entering into a definitive acquisition agreement with respect to a Superior Proposal, PHH must provide New Residential with at least four business days' prior written notice (and material amendment to the amount or form of consideration payable under any Competing Proposal will require a new notice and an additional two-business day period) advising New Residential that our Board of Directors intends to enter into a definitive acquisition agreement, specifying the material terms thereof and that the relevant Seller Party will, if requested by New Residential, during such four- or two-business day period, negotiate with New Residential to enable New Residential to make such adjustments to the MSR Purchase Agreement such that the Competing Proposal is no longer a Superior Proposal.

**Stockholder Meeting**

PHH has agreed under the MSR Purchase Agreement to hold a special meeting of its stockholders to consider and take action upon the approval of the MSR Purchase Agreement and the transactions contemplated thereby as soon as reasonably practicable after this proxy statement is cleared by the SEC.



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**Nonsolicitation of Mortgagors**

With respect to the mortgage loans related to the MSR Portfolio, without New Residential's consent, PHH Mortgage has agreed that except as otherwise contemplated in an agreement between the parties, from and after the applicable Sale Date, it will not, and will cause all subsidiaries of PHH and its and their respective officers, directors, employees, brokers, correspondent lenders, agents and independent contractors not to, directly or indirectly, solicit any of the mortgagors (i.e., any obligor under a mortgage note or a mortgage instrument) during the remaining term of each such mortgage loan. The foregoing restriction does not prohibit PHH Mortgage or its affiliates from taking applications from those mortgagors who initiate refinance actions on their own, engaging in any mass advertising program or soliciting mortgagors in any other manner otherwise agreed upon by PHH and New Residential.

**Efforts to Obtain HSR Approval**

The MSR Purchase Agreement requires each of the parties to submit any required filings under the HSR Act. If such filings are required, the MSR Purchase Agreement requires each of the parties to use their respective reasonable best efforts to resolve as promptly as practicable such objections, if any, that may be asserted by any governmental entity with respect to the transactions contemplated by the MSR Purchase Agreement under the HSR Act. If any governmental entity seeks any injunction or the entry of any governmental order prohibiting the transactions contemplated by the MSR Purchase Agreement, each party must defend claims seeking such an injunction or entry of such governmental order and use its reasonable best effort to avoid the entry of and seek to have lifted or vacated any such governmental order. Based on their analysis, the parties have determined that the MSR Sale is exempt from the reporting obligations under the HSR Act.

**Required Consents**

The purchase and sale of the MSR Portfolio and the appointment of PHH as the servicer for the related mortgage loans are subject to approval by the applicable Investors (i.e., Freddie Mac, Fannie Mae or any other owner of the mortgage loans) and origination sources (i.e., any person who, in connection with the origination of a mortgage loan, retained the right to consent to the transfer of servicing of such mortgage loan and/or the sale of the related MSR) on or before the applicable Sale Date. PHH has agreed to undertake commercially reasonable efforts to obtain these consents in a timely manner, and to pay for all fees and costs charged by each Investor or origination source in connection with such consents. New Residential has agreed to provide such assistance to PHH and enter into such letter agreements and certifications as reasonably requested by PHH, including the provision of any information regarding New Residential and its business required by any applicable Investor or origination source.

**Assignments and Related Matters**

PHH has agreed to prepare and record all prior intervening assignments of mortgage instruments, assignments of mortgage instruments from PHH to New Residential and endorse the mortgage notes in blank without recourse or as otherwise required by the applicable Investor, in each case if and only if (i) expressly required by applicable law or other contractual obligation, (ii) determined by New Residential to be advisable or (iii) the nominal title is held in the name of PHH Mortgage or one of its affiliates.

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**Payment of Costs**

PHH will be responsible for all costs, fees, expenses and other amounts payable with respect to:

the required consents from applicable Investors and origination sources described above under " Required Consents";

the transfer of the MSRs;

the delivery of mortgage files;

preparing and recording the assignments described above under " Assignments and Related Matters";

with respect to any mortgage loans as to which the Mortgage Electronic Registration System, or "*MERS*", is the mortgagee of record or as nominee or agent for the holder thereof, processing transfers of servicing from PHH to New Residential with MERS;

the electronic notification of the United States Department of Housing and Urban Development of the transfer of any MSRs, if applicable;

its advisors, consultants, accountants, attorneys and document custodian; and

PHH's obligations under the MSR Purchase Agreement.

New Residential be responsible for all costs, fees, expenses and other amounts payable with respect to:

its advisors, consultants, accountants, attorneys and document custodian; and

New Residential's obligations under the MSR Purchase Agreement.

**Termination of Seller's Right as Servicer under the Subservicing Agreement**

Prior to the initial Sale Date, New Residential may terminate the right of PHH Mortgage to act as a servicer under the Subservicing Agreement upon the occurrence of certain events that would allow New Residential to terminate the Subservicing Agreement if it had occurred after the effectiveness of the Subservicing Agreement. Upon New Residential's exercise of such termination right, the Seller Parties may elect to either effect the sale of the MSR Portfolio pursuant to the MSR Purchase Agreement and transfer the servicing to New Residential or its designee, or terminate the MSR Purchase Agreement. If the Seller Parties elect to effect the sale of the MSR Portfolio, New Residential will seek to obtain a replacement subservicer as soon as reasonably practicable on substantially same terms as the Subservicing Agreement, and all Sale Dates will be postponed until New Residential obtains such replacement. PHH Mortgage will be responsible for all servicing transfer costs incurred by New Residential in connection with the transfer of servicing to the replacement subservicer. If the Seller Parties elect to terminate the MSR Purchase Agreement, PHH will pay New Residential a break-up fee equal to \$10 million.

**Conditions to the Transactions**

The obligations of New Residential to effect the transactions contemplated by the MSR Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

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the representations and warranties made by PHH Mortgage (other than those with respect to the MSR Portfolio and the related mortgage loans) are true and correct in all material respects as of the applicable Sale Date;

PHH Mortgage's compliance with and performance of all terms and covenants of the MSR Purchase Agreement in all material respects as of the applicable Sale Date;

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the required consents of the applicable Investors and origination sources have been issued by all appropriate persons, and the related sale of the MSR's and transfer of servicing do not otherwise violate the terms of their underlying servicing agreements;

the approval by Fannie Mae and Freddie Mac of bifurcation of liability with respect to the MSR's and the related mortgage loans;

the absence of any order or injunction enjoining, restraining or otherwise prohibiting the MSR Purchase Agreement or the transactions contemplated by the MSR Purchase Agreement;

to the extent any Advances are subject to any security interest, execution and delivery by PHH of escrow agreements with respect to such Advances;

the receipt by New Residential of a certificate signed by the CEO or another senior officer of PHH that the conditions to New Residential's obligations have been satisfied;

the absence of any litigation, proceeding or investigation pending, threatened or contemplated that (i) would reasonably be expected to have a material adverse effect with respect to PHH, PHH Mortgage, a material portion of the MSR's or a material portion of the related mortgage loans or (ii) enjoins, restrains or prohibits the MSR Purchase Agreement or the consummation of the transactions contemplated by the MSR Purchase Agreement;

the release of any liens on the MSR's;

the receipt by New Residential of an assignment agreement conveying the applicable MSR's on the relevant Sale Date, along with a cross receipt;

the receipt of the approval of PHH's stockholders of the transactions contemplated by the MSR Purchase Agreement;

the receipt of any required approvals under the HSR Act;

the receipt by New Residential of a true sale opinion from PHH's counsel relating to the sale of the MSR's;

with respect to the private label mortgage loans, receipt by New Residential of the applicable servicing agreements;

the receipt by New Residential of a non-exclusive portfolio retention agreement;

in the event the Subservicing Agreement with respect to the applicable MSR's has been terminated by New Residential in accordance with the terms of the MSR Purchase Agreement, New Residential's entry into a replacement subservicing agreement with a replacement servicer in accordance with the terms of the MSR Purchase Agreement, and receipt of all required approvals from the applicable Investors and origination sources with respect thereto.

The obligations of PHH to effect the transactions contemplated by the MSR Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

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the representations and warranties made by New Residential are true and correct in all material respects as of the applicable Sale Date;

New Residential's compliance with and performance of all terms and covenants of the MSR Purchase Agreement in all material respects as of the applicable Sale Date;

the required consents of the applicable Investors and origination sources have been issued by all appropriate persons, and the related sale of the MSRs and transfer of servicing do not otherwise violate the terms of their underlying servicing agreements;

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to the extent any Advances are subject to any security interest, execution and delivery by New Residential of escrow agreements with respect to such Advances;

if requested by PHH Mortgage, provision of information reasonably satisfactory to PHH Mortgage that the financial condition of New Residential is adequate to support the performance of its payment obligations under the MSR Purchase Agreement and the Subservicing Agreement;

the receipt of the approval of PHH's stockholders of the transactions contemplated by the MSR Purchase Agreement;

the receipt by PHH of a certificate signed by the CEO or another senior officer of New Residential that the conditions to PHH's obligations have been satisfied;

the absence of any pending, threatened or contemplated litigation, proceeding or investigation and the absence of any order or injunction that enjoins, restrains or prohibits or seeks to enjoin, restrain or prohibit the MSR Purchase Agreement or the transactions contemplated thereby;

the receipt by PHH Mortgage of an assignment agreement conveying the applicable MSRs on the relevant Sale Date, along with a cross receipt;

the receipt of any required approvals under the HSR Act;

the receipt by PHH Mortgage of a non-exclusive portfolio retention agreement.

Neither PHH nor New Residential may rely on the failure of any closing condition to be satisfied to excuse such party from its obligation to effect the transactions contemplated by the MSR Purchase Agreement if such failure was caused by such party's failure to comply with its obligations to consummate the transactions contemplated by the MSR Purchase Agreement to the extent required by the MSR Purchase Agreement.

**Termination of the MSR Purchase Agreement**

The MSR Purchase Agreement may be terminated and the transactions contemplated by the MSR Purchase Agreement may be abandoned by any party in the following circumstances:

the initial Sale Date has not occurred by August 17, 2017;

either Fannie Mae and/or Freddie Mac has stated in writing that they will not provide the necessary Investor consents;

by mutual consent of the parties;

the special meeting has concluded and the vote required to approve the MSR Purchase Agreement and the transactions contemplated thereby is not obtained; or

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any final, nonappealable order, judgment, injunction or other similar decree has been issued or taken by a governmental entity with jurisdiction over PHH, New Residential, the MSR Portfolio, the related mortgage loans or the transactions contemplated by the MSR Purchase Agreement restraining or prohibiting the consummation of such transactions.

New Residential may terminate the MSR Purchase Agreement if:

any tender offer or exchange offer for PHH's shares that constitutes a Competing Proposal has been commenced and PHH has not, within 10 business days thereafter (or, if earlier, prior to the date of the special meeting), made any recommendation or public statement pursuant to Rule 14e-2 under the Exchange Act reaffirming its recommendation of the MSR Purchase Agreement and the transactions contemplated thereby and recommending that the stockholders reject such tender or exchange offer;

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prior to the special meeting of stockholders, our Board of Directors has made a Change of Recommendation;

the special meeting of stockholders has not occurred on or before May 31, 2017; or

either Seller Party breaches, in any material respect, any representation, warranty (other than as set forth in the representation and warranties regarding the MSR Portfolio and the related mortgage loans), covenant, obligation or agreement set forth in the MSR Purchase Agreement and such breach is not cured within 30 days of notice.

Either PHH Corporation or PHH may terminate the MSR Purchase Agreement if:

the Subservicing Agreement has been terminated pursuant to the terms of the MSR Purchase Agreement (see " Termination of Subservicing Agreement" on page [ • ]);

New Residential loses any approval by Fannie Mae, Freddie Mac or any of the other applicable Agency to own the MSRs and such approval is not restored within 45 days after initial revocation of such approval;

New Residential breaches, in any material respect, any representation, warranty, covenant, obligation or agreement set forth in the MSR Purchase Agreement and such breach is not cured within 30 days of notice; or

if, before the receipt of the approval of the stockholders, our Board of Directors determines to terminate the MSR Purchase Agreement in order to enter into an acquisition agreement with respect to a Superior Proposal, provided, however, that any such purported termination will be void unless the Seller Parties have complied with the provisions in the MSR Purchase Agreement relating to payment of the termination fee to New Residential, and provided, further that Seller Parent or its relevant subsidiary have entered into such acquisition agreement substantially concurrently with such termination.

**Termination Fee**

PHH will be required to pay New Residential a termination fee equal to 3.5% of the purchase price for the MSR Portfolio under the following circumstances:

New Residential terminates the MSR Purchase Agreement as a result of PHH's failure to recommend against any tender or exchange offer that constitutes a Competing Proposal or reaffirm its recommendation of the MSR Purchase Agreement and the transactions contemplated thereby;

New Residential terminates the MSR Purchase Agreement as a result of a Change of Recommendation by our Board of Directors;

New Residential terminates the MSR Purchase Agreement because the special meeting has not occurred on or before May 31, 2017;

a Seller Party terminates the MSR Purchase Agreement because (i) the initial Sale Date has not occurred by August 17, 2017 or (ii) the special meeting of stockholders has concluded and the vote required to approve the MSR Purchase Agreement and the transactions contemplated thereby is not obtained and, at the time of such termination, New Residential has the right to terminate the MSR Purchase Agreement because of (x) PHH's failure to recommend against any tender or exchange offer that constitutes a Competing Proposal or reaffirm its recommendation of the MSR Purchase Agreement and the transactions contemplated thereby or (y) any Change of Recommendation by our Board of Directors;





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prior to the receipt of stockholder approval of the MSR Purchase Agreement and the transactions contemplated thereby, a Seller Party terminates the MSR Purchase Agreement in order to enter into an acquisition agreement with respect to a Superior Proposal;

(i) any party terminates the MSR Purchase Agreement because the initial Sale Date has not occurred by August 17, 2017 and provided that the PHH stockholder approval of the MSR Purchase Agreement and the transactions contemplated thereby is not obtained at the special meeting, or (ii) any party terminates the MSR Purchase Agreement because the special meeting of stockholders has concluded and the vote required to approve the MSR Purchase Agreement and the transactions contemplated thereby is not obtained, and, in each case of (i) and (ii), prior to the termination of the MSR Purchase Agreement or prior to the special meeting of stockholders, (x) a Competing Proposal is publicly disclosed and not withdrawn and (y) within 12 months of termination of the MSR Purchase Agreement, a Seller Party enters into an acquisition agreement with respect to a Competing Proposal (which is subsequently consummated) or consummates a Competing Proposal for 50% or more of the MSR Portfolio.

**Amendment to the MSR Purchase Agreement**

The MSR Purchase Agreement may be amended, and any term or provision of the MSR Purchase Agreement may be waived, by a writing signed by the party against whom such waiver or modification is sought to be enforced.

**Governing Law**

The MSR Purchase Agreement is governed and construed in accordance with the laws of the state of New York, except that all claims and causes of action based upon, arising out of, or related to the provisions of the MSR Purchase Agreement relating to the fiduciary duties of our Board of Directors, including in connection with a Competing Proposal, Board recommendation of the MSR Purchase Agreement or any Change of Recommendation will be governed and construed in accordance with the laws of the state of Maryland.

***SUBSERVICING AGREEMENT***

In connection with the execution of the MSR Purchase Agreement, PHH Mortgage and New Residential entered into the Subservicing Agreement, which will become effective upon the initial Sale Date of the MSRs under the MSR Purchase Agreement. Pursuant to the Subservicing Agreement, PHH Mortgage will be retained by New Residential as a servicer for the MSR Portfolio, which as of December 31, 2016 consisted of approximately 467,000 mortgage loans.

The Subservicing Agreement provides for an initial term of three years, during which PHH Mortgage does not have the right to resign without New Residential's consent. During the initial three-year term, for a deboarding fee, New Residential may terminate the Subservicing Agreement only: (a) with respect to any MSRs sold by New Residential; (b) if any Agency terminates New Residential as an authorized servicer not arising from breaches by PHH Mortgage; or (c) if New Residential desires to transfer the subservicing responsibilities with respect to a portion of the MSRs, not to exceed the following thresholds: 0% in year one, 25% in year two, and 25% in year three.

New Residential may also terminate the Subservicing Agreement upon the occurrence of certain events of default, which include, among other things, the following:

the failure by PHH Mortgage to remit to New Residential payments required to be made by the Subservicing Agreement within one business day of the date on which a payment is due;

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any failure by PHH Mortgage to observe or perform in any material respect any of the covenants, obligations or agreements set forth in the Subservicing Agreement, which continues unremedied for a period of 30 days after the date of written notice of such failure;

any filing of an insolvency proceeding by or on behalf of, or against, PHH Mortgage or PHH;

until the end of the initial term of the Subservicing Agreement, any failure by PHH or PHH Mortgage to comply with certain financial covenants set forth in the quarterly financial covenants report;

a decree or order of a court, agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator or other similar official in any insolvency, bankruptcy, readjustment of debt or similar proceedings is entered against PHH Mortgage and/or PHH;

any representation or warranty made PHH Mortgage under the Subservicing Agreement proves to be untrue or incomplete in any material respect, and, if such breach is capable of being cured, such breach of a representation or warranty continues to be uncured for a period of 30 days after the date of notice of such breach;

failure of PHH Mortgage to be an approved subservicer/servicer by any Agency or the issuance by any Agency of a notice of termination to PHH for failure to comply with applicable investor guidelines;

failure of PHH Mortgage to maintain any required qualifications or licenses;

downgrading of the then-current primary and/or special servicer rating (if any) of New Residential, caused by the failure of PHH Mortgage to conduct its services in accordance with applicable legal and/or contractual requirements;

any attempt by PHH Mortgage to assign the Subservicing Agreement, its rights to servicing compensation under the Subservicing Agreement or to sell or dispose of all or substantially all of its property or assets, in each case without the consent of New Residential;

other than a certain order of the New York Department of Financial Services, an investigation by any governmental authority that is commenced after the initial Sale Date and results in a determination (by consent order or judicial or related enforcement action as to which relevant appeals have been exhausted) that material deficiencies in servicing performance or violation of applicable legal and/or contractual requirements by PHH Mortgage has occurred after the initial Sale Date which has a material adverse effect on PHH Mortgage or PHH and each of PHH Mortgage's and PHH's ability to perform under the Subservicing Agreement;

institution of additional requirements and/or obligations by the New York Department of Financial Services in connection with a certain order of the New York Department of Financial Services which have a material adverse effect on PHH Mortgage and its ability to perform under the Subservicing Agreement, or determination by the New York Department of Financial Services (by consent order or judicial or related enforcement action as to which relevant appeals have been exhausted) of material noncompliance with a certain order of the New York Department of Financial Services by PHH, which has a material adverse effect on PHH Mortgage and its ability to perform under the Subservicing Agreement;

during the initial term of the Subservicing Agreement (i.e., from the initial Sale Date until the date that is the third anniversary of the initial Sale Date), occurrence of a change of control of PHH Mortgage or PHH; or



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failure of New Residential to be in good standing with Fannie Mae, Freddie Mac or the United States Department of Housing and Urban Development, in each case, caused by PHH's failure to conduct its services in accordance with applicable legal and/or contractual requirements.

PHH Mortgage has agreed to indemnify New Residential, its directors, officers, agents, employees and assignees from and against any losses suffered or sustained by New Residential in connection with or relating to (i) a breach by PHH Mortgage of any of its representations or warranties, (ii) a breach by PHH Mortgage of any of its covenants or other obligations, (iii) the failure of PHH Mortgage to perform its duties and service the mortgage loans in strict compliance with the terms of the Subservicing Agreement, and (iv) PHH Mortgage's use or misuse of any power of attorney provided to PHH under the Subservicing Agreement.

New Residential has agreed to indemnify PHH Mortgage, its directors, officers, agents, employees and assignees from and against any losses suffered or sustained by PHH Mortgage in connection with or relating to (i) a breach by New Residential of any of its representations or warranties, (ii) a breach by New Residential of any of its covenants and other obligations, (iii) compliance with the directions or policies of New Residential, subject to certain exceptions, and (iv) any claim relating to any mortgage loan that is brought against PHH Mortgage after the date of transfer of such mortgage loan, subject to certain exceptions.

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**SUB-PROPOSAL 1B: APPROVAL OF THE HOME LOANS ASSET SALE SUB-PROPOSAL**

*The following, together with the discussion appearing above under the section captioned " Proposal 1: Sale of Substantially All of the Assets of the Company Background of the Transactions", is a summary of the material terms of the Home Loans Transactions and the Home Loans Transactions Agreements.*

**General Description of the Home Loans Transactions**

Subject to the terms and conditions of the Asset Purchase Agreement, PHH Home Loans will sell, assign and convey to GRA certain assets that are held by it and RMR and used in the business of originating and selling mortgage loans sourced through a variety of sources, including Realogy's owned residential real estate brokerage and corporate relocations businesses and from all U.S.-based employees of Realogy. The Home Loans Asset Sale will be effected over five closings following the satisfaction or waiver of the conditions applicable to each closing, including the receipt of certain specified licensing approvals and, in the case of the first closing, investor approvals and third party consents (see " Conditions to Closings" beginning on page [ • ]). The aggregate consideration for the Home Loans Asset Sale is \$70,024,000 in cash, 20% of which will be paid at each of the five closings. The net proceeds from the Home Loans Asset Sale will be distributed to the members of PHH Home Loans on a pro rata basis based on their respective ownership in PHH Home Loans. The PHH Member owns 50.1% of the common interests in PHH Home Loans and the Realogy Member owns 49.9% of the common interests in PHH Home Loans. The Home Loans Asset Sale may constitute a sale of substantially all of the assets of the Company.

Pursuant to the JV Interests Purchase Agreement, the PHH Member has agreed to acquire all of the Realogy Member's interests in PHH Home Loans (we refer to this transaction as the "**JV Interests Purchase**") for an aggregate cash amount equal to 49.9% of the book equity of PHH Home Loans at the closing of the JV Interests Purchase. The total of cash outflows to Realogy for its equity interests, including the JV Interests Purchase, Distributable Cash (as discussed below), and its pro rata share of the Home Loans Asset Sale, is estimated to be \$90 million.

During the period between the first closing under the Asset Purchase Agreement and the closing of the JV Interests Purchase, the PHH Member and the Realogy Member will review PHH Home Loans' "**Distributable Cash**" regularly (in any event on a monthly basis), and the PHH parties will cause PHH Home Loans to distribute such amount of the Distributable Cash as the parties may agree to its members on a pro rata basis based on their respective ownership interests in PHH Home Loans. We expect to receive \$35 million in net proceeds from our share of Distributable Cash resulting from the Home Loans Asset Sale under the Asset Purchase Agreement, together with \$57 million in net proceeds from the JV Interests Purchase and subsequent monetization of our net investment in PHH Home Loans, before PHH's share of costs associated with the wind-down of PHH Home Loans, for total net proceeds of \$92 million from the Home Loans Transactions. See " Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions" for more information about our anticipated use of proceeds from the Home Loans Transactions.

In connection with the execution of the Asset Purchase Agreement and the JV Interests Purchase Agreement, PHH has entered into a support agreement with GRI and Realogy, pursuant to which GRI and Realogy have committed to support the transactions undertaken by their respective subsidiaries under the Asset Purchase Agreement and JV Interests Purchase Agreement, respectively.

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**The Parties to the Home Loans Transactions**

***PHH Corporation***

Please refer to " *Sub-Proposal 1A: Approval of the MSR Sale Sub-Proposal The Parties to the MSR Sale PHH Corporation*" for a description of PHH. Our executive offices are located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 and our telephone number is (856) 917-1744.

***Realogy Holdings Corp.***

Realogy Holdings Corp., or "**Realogy**," was incorporated on December 14, 2006 in the State of Delaware. Realogy, through its subsidiaries, is a global provider of residential real estate services. For more information about Realogy, please visit Realogy's website at <http://www.realogy.com>. Realogy's website address is provided as an inactive textual reference only. The information provided on Realogy's website is not part of this proxy statement, and therefore is not incorporated by reference. Realogy's common stock is publicly traded on the NYSE under the symbol "RLGY." Realogy's executive offices are located at 175 Park Avenue, Madison, New Jersey 07940 and its general telephone number is (973) 407-2000.

***PHH Home Loans, LLC***

PHH Home Loans is our joint venture with Realogy. We own 50.1% of PHH Home Loans through our wholly-owned subsidiary, PHH Broker Partner Corporation, and Realogy owns the remaining 49.9% through Realogy Services Venture Partner, LLC. PHH Home Loans was formed for the purpose of originating and selling mortgage loans primarily sourced through Realogy's owned real estate brokerage business, NRT, and corporate relocation business, Cartus. All loans originated by PHH Home Loans are sold to unaffiliated third-party investors or PHH Mortgage, in all cases at arm's length terms.

During the years ended December 31, 2016, 2015 and 2014, PHH Home Loans originated residential mortgage loans of \$7.1 billion, \$7.9 billion and \$7.4 billion, respectively, and PHH Home Loans brokered or sold \$2.0 billion, \$2.7 billion and \$3.3 billion, respectively, of mortgage loans to PHH Mortgage under the terms of a loan purchase agreement. For the year ended December 31, 2016, 20% of the mortgage loans originated by the Company were derived from Realogy's affiliates, of which 96% were originated by PHH Home Loans.

PHH Home Loans does not hold any mortgage loans for investment purposes or retain mortgage servicing rights. In addition to the PHH Home Loans Operating Agreement, PHH Home Loans, PHH Mortgage and PHH are parties to a Strategic Relationship Agreement with Realogy Services Group LLC and the Realogy Member. (We refer to the Strategic Relationship Agreement and the PHH Home Loans Operating Agreement collectively as the "**PHH Home Loans JV Agreements**".) PHH Mortgage operates under a Management Services Agreement with PHH Home Loans, pursuant to which PHH Mortgage provides certain mortgage origination processing and administrative services for PHH Home Loans. In exchange for such services, PHH Home Loans pays PHH Mortgage a fee per service and a fee per loan, subject to a minimum amount.

PHH Home Loans' executive offices are located at 1 Mortgage Way, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

***PHH Broker Partner Corporation***

PHH Broker Partner Corporation, or the "**PHH Member**", is an indirectly wholly-owned subsidiary of PHH. We manage PHH Home Loans through the PHH Member, which owns 50.1% of the membership interests of PHH Home Loans, with the exception of certain specified actions that are subject to approval through PHH Home Loans' board of advisors, which consists of representatives of

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Realogy and the Company. The PHH Member's executive offices are located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

***RMR Financial, LLC***

RMR Financial, LLC, or "***RMR***," is a wholly-owned subsidiary of PHH Home Loans. RMR's executive offices are located at 1 Mortgage Way, Mt. Laurel, New Jersey 08054 and its telephone number is (856) 917-1744.

***Guaranteed Rate Affinity, LLC***

GRA is a new joint venture formed by subsidiaries of Realogy and Guaranteed Rate, Inc., or "***GRI***." GRA's executive offices are located at 1800 W. Larchmont, Chicago, Illinois 60613 and its general telephone number is 773-516-6900.

***Guaranteed Rate, Inc.***

GRI is one of the largest independent retail mortgage companies in the United States. GRI's executive offices are located at 3940 N. Ravenswood, Chicago, Illinois 60613 and its general telephone number is 773-290-0505.

***Realogy Services Venture Partner LLC***

Realogy Services Venture Partner LLC, or the "***Realogy Member***", is a wholly-owned subsidiary of Realogy. The Realogy Member owns 49.9% of the membership interests of PHH Home Loans. The Realogy Member's executive offices are located at 175 Park Avenue, Madison, New Jersey 07940 and its general telephone number is (973) 407-2000.

**Reasons for Recommending the Home Loans Asset Sale**

Our Board of Directors unanimously determined that the Home Loans Transactions are advisable and in the best interests of the Company's stockholders, and approved and declared advisable the execution, delivery and performance of the Home Loans Transactions Agreements and the consummation of the Home Loans Transactions, including the Home Loans Asset Sale. **Our Board of Directors recommends that the Company's stockholders vote "FOR" the approval of the Home Loans Asset Sale on the terms and conditions of the Asset Purchase Agreement.**

In evaluating the Home Loans Transactions and the Home Loans Transactions Agreements, our Board of Directors discussed the proposed transactions with its legal counsel and the Company's management and legal and financial advisors and considered a variety of factors, including the positive factors set forth below, each of which our Board of Directors believed supported its determination:

our Board of Directors' knowledge of the businesses, financial condition, strategy and prospects of the Company, including the risks and uncertainties inherent in the Company's businesses;

the Company's and PHH Home Loans' historical and projected financial performance and results of operations;

the fact that our Board of Directors had carefully evaluated, with the assistance of management and legal and financial advisors, various potential strategic alternatives for the Company, each of which involved significant risks and uncertainties. These alternatives included, among others, the sale of the Company in its entirety, combining with another large industry participant, the sale of each of the Company's major platforms followed by a liquidation of the Company, the restructuring of the Company as either a pure play servicer or a servicer with one or more related businesses, splitting the Company into a REIT and either a public originator and



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servicer or privatizing these businesses, expansion into adjacent businesses, and conversion to a federally chartered depository institution;

our Board of Directors' knowledge of the Company's competitive position within relevant markets, including the impact of consolidation within the industry and the emergence of competitors with greater financial resources, lower funding cost, access to more diverse funding sources, and broader product lines;

the fact that the Company conducted a broad, public process to seek proposals for the acquisition of the Company in its entirety or any or all of its assets, and that this process did not result in any viable proposal to acquire the Company in its entirety;

our Board of Directors' belief that, in the absence of any proposal to acquire the Company in its entirety, it is in the best interest of the Company's stockholders to monetize its net investment in PHH Home Loans;

the fact that the consideration for the Home Loans Asset Sale consists solely of cash, allowing the Company to maximize the value of the PHH Home Loans platform;

our Board of Directors' belief that the value that can be obtained through the sale of PHH Home Loans' assets, including pursuant to the Home Loans Asset Sale, is comparable to the Company's view of the intrinsic value of the platform and provides an appropriate risk adjusted return versus continuing to operate the business;

the opinion of Credit Suisse, dated February 15, 2017, to our Board of Directors as to the fairness, from a financial point of view and as of that date, to the Company of its pro rata share of the Purchase Price to be paid in the Home Loans Asset Sale for the PHH Home Loans transferred business, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Credit Suisse in connection with such opinion;

the fact that under the PHH Home Loans JV Agreements, Realogy has the right to terminate the joint venture at any time with two years' advance notice and, upon such termination, Realogy would have the right to require the Company to purchase all of Realogy's interest in PHH Home Loans or require the Company to sell its interest in PHH Home Loans to a third party designated by Realogy, in each case at the applicable price established pursuant to the PHH Home Loans Operating Agreement, and our Board of Directors' belief that the Home Loans Transactions are more favorable to the Company and the Company's stockholders from a financial point of view than either of these scenarios;

the fact that GRA has represented to the Company that it has, and will have on each closing date for the Home Loans Asset Sale, sufficient funds to consummate the transactions, including payment of the purchase price and the transaction expenses;

the fact that, under the Support Agreement, each of GRI and Realogy has agreed to:

provide to GRA its proportionate share of capital contributions required for GRA to obtain the required licensing approvals and investor approvals and purchase the assets from PHH Home Loans pursuant to the Asset Purchase Agreement;

support GRA's efforts to obtain the required licensing approvals and investor approvals; and

severally (based on its pro rata ownership of GRA) guarantee the payment obligations of GRA under the Asset Purchase Agreement and the assignment and assumption agreement and the transition services agreement contemplated thereby;

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our Board of Directors' belief that the Home Loans Transactions would allow the Company to take a series of cost reduction actions, thereby substantially reducing the Company's shared services and overhead cost;

the fact that the Home Loans Transactions Agreements were the product of arm's-length negotiations between the parties and were designed to provide substantial certainty that the Home Loans Transactions would ultimately be consummated on a timely basis, pursuant to the terms and conditions of the Home Loans Transactions Agreements and the transactions contemplated thereby, including:

the absence of a financing condition and the level of commitment by GRA to obtain the required licensing approvals and investor approvals;

while the Company is prohibited from soliciting any Competing Proposal (as defined in "*The Home Loans Transactions Agreements Competing Proposals*"), the Asset Purchase Agreement allows the Company to pursue any strategic transaction as long as it would not prohibit or prevent the Company from consummating the Home Loans Asset Sale by PHH Home Loans pursuant to the Asset Purchase Agreement;

the Company may, prior to the time that the stockholders of the Company approve the Home Loans Asset Sale, furnish information to and conduct negotiations with third parties in respect of any unsolicited written Competing Proposal;

the Company may terminate the Home Loans Transactions Agreements in order to accept a Superior Proposal (as defined in "*The Home Loans Transactions Agreements Change in the Recommendation of our Board of Directors; Fiduciary Termination*"), subject to the payment of a termination fee by the Company to GRA;

our Board of Directors may, prior to the time that the Company's stockholders approve the Home Loans Asset Sale, change or withdraw its recommendation of the Home Loans Asset Sale in connection with a Superior Proposal or an Intervening Event if the failure to effect a change of recommendation could be inconsistent with the directors' fiduciary duties under applicable law (subject to the payment of a termination fee by the Company to GRA in the event that GRA terminates the Asset Purchase Agreement under the circumstances);

while the Company has agreed to indemnify GRA against losses arising from its breach of the Asset Purchase Agreement and certain other liabilities, (1) the Company's indemnification obligations with respect to breaches of representations and warranties are subject to certain limitations, including a 5% cap on liabilities, and (2) subject to certain exceptions, the Company and Realogy will share (based on their pro rata ownership of PHH Home Loans) the indemnification obligations arising out of the ownership and operation of PHH Home Loans prior to the Company's purchase of Realogy's ownership interest in PHH Home Loans; and

while the Asset Purchase Agreement prohibits the Company from engaging in any distributed retail mortgage loan origination business for 18 months after the last closing, such restriction does not apply to the Company's subservicing, portfolio retention and direct to consumer businesses, and such restriction will automatically terminate in the event that a majority of the voting power of, or substantially all of the assets of, the Company or PHH Mortgage is acquired by an unaffiliated third party.

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Our Board of Directors also considered a variety of risks and potentially negative factors concerning the Home Loans Transactions and the Home Loans Transactions Agreements, including the following:

the fact that in connection with the Home Loans Asset Sale to GRA, PHH Home Loans has agreed to retain all of the liabilities to the extent arising out of the ownership, use and operation of the Purchased Assets and conduct the operation of the Home Loans Business at or prior to each closing, which liabilities will be shared between the Company and Realogy based on their pro rata ownership of PHH Home Loans (subject to certain exceptions);

the fact that in connection with the Company's purchase of Realogy's interest in PHH Home Loans, the Company has agreed to indemnify Realogy against liabilities arising out of certain pending regulatory investigations and legal proceedings, and post a letter of credit (or, in lieu of such letter of credit, a financial guaranty bond on a mutually acceptable form issued by an insurance company) in respect of these indemnification obligations (the amount of such letter of credit will be reduced over time as the matters are resolved);

the fact that while the PHH Home Loans JV Agreements will be terminated upon the Company's purchase of Realogy's interest in PHH Home Loans, the Company's obligations to indemnify Realogy against certain liabilities will survive termination pursuant to the terms of the PHH Home Loans JV Agreements;

the fact that the completion of the Home Loans Transactions is subject to a number of conditions, including approval by the Company's stockholders of the Home Loans Asset Sale, the consummation of a specified portion of the MSR Sale, the licensing of GRA in the applicable jurisdictions, the receipt of certain investor approvals and third party consents, and the acceptance by a specified supermajority of PHH, PHH Home Loans and RMR employees of GRA's employment offers, and that there can be no assurance that all conditions will be satisfied on a timely basis and, as a result, it is possible that the Home Loans Transactions may be delayed or may not be completed even if the Home Loans Transactions are approved by the Company's stockholders;

the fact that the net proceeds of the Home Loans Transactions will depend on the actual amount of costs and expenses required to wind down the operations of PHH Home Loans, and the Company's ability to successfully monetize the remaining assets of PHH Home Loans that are not part of the Home Loans Asset Sale;

the fact that the Asset Purchase Agreement restricts the Company's ability to solicit Competing Proposals and requires the payment of a termination fee if the Company were to terminate the agreement to enter into a definitive agreement with respect to a Superior Proposal, which could make it more costly for any other potential purchaser to acquire the Company or some of its assets;

the fact that while the Asset Purchase Agreement allows the Company to terminate the Home Loans Asset Sale in order to accept a Superior Proposal, Realogy has no obligation to enter into any joint venture with any third party and Realogy has the right to terminate the PHH Home Loans JV Agreements at any time with two years' advance notice, which could deter acquisition proposals from potential purchasers; and

the fact that in the event the Asset Purchase Agreement is terminated as a result of the failure to consummate a specified portion of the MSR Sale in a timely fashion, as described under "*The Home Loans Transactions Agreements Termination Fees and Other Consequences*" beginning on page [ • ], the Company would be obligated to pay GRA a termination fee and the Company and its subsidiaries would be deemed to have waived (1) any restrictions under the PHH Home Loans JV Agreements that prohibit Realogy from entering into any joint venture with third

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parties and (2) the two-year notice requirement with respect to Realogy's right to terminate the PHH Home Loans JV Agreements;

the fact that the cash consideration to be received in the Home Loans Asset Sale and from the monetization of PHH Home Loans' other assets will be a taxable transaction to the Company for U.S. federal income tax purposes;

the significant costs involved in connection with negotiating the Home Loans Transactions Agreements and consummating the Home Loans Transactions, the substantial management time and effort required to effectuate the Home Loans Transactions, including the wind down of PHH Home Loans' operations, and the related disruption to the Company's day-to-day operations during the pendency of the Home Loans Transactions;

the potential negative effect of the pendency of the Home Loans Transactions on PHH Home Loans' business, including uncertainty about the effect of the proposed Home Loans Transactions on PHH Home Loans' employees, customers, vendors, lenders, purchasers of mortgage loans and other parties, which may impair PHH Home Loans' ability to attract, retain and motivate key personnel and cause customers, vendors, lenders, purchasers of mortgage loans and other parties to seek to change or terminate existing business relationships with PHH Home Loans;

the risk that, if the Home Loans Transactions are not completed:

the market price of the Company's shares could be affected by many factors, including (1) the reason for which the Home Loans Transactions Agreements have terminated and whether such termination results from factors adversely affecting the Company or PHH Home Loans, and (2) the possible sale of shares by short-term investors following an announcement of the termination of the Home Loans Transactions Agreements;

the Company would be required to pay its expenses related to the Home Loans Transactions, including expenses incurred in connection with any litigation that may result from the announcement or pendency of the Home Loans Transactions;

the market's perception of continuing business and future prospects of the Company and/or PHH Home Loans could adversely affect the Company's relationships with employees, customers, suppliers, vendors, lenders, mortgage loan purchasers and other business partners; and

Realogy may exercise its right to terminate the PHH Home Loans joint venture and, under certain specified circumstances under which the Home Loans Transactions Agreements are terminated, Realogy may terminate the PHH Home Loans joint venture immediately without the two-year notice period;

the fact that the Company's directors and executive officers have interests in the Home Loans Transactions that are different from, or in addition to, the interests of the Company's stockholders generally, as described under "*Interests of Our Directors and Officers*" beginning on page [ • ].

The factors listed above as supporting our Board of Directors' decisions were determined by our Board of Directors to outweigh the countervailing considerations and risks. The foregoing discussion of our Board of Directors' reasons for its recommendation is not meant to be exhaustive, but addresses the material factors considered by our Board of Directors in connection with its recommendation. In view of the wide variety of factors considered by our Board of Directors in connection with its evaluation of the Home Loans Transactions and the complexity of these matters, our Board of Directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. Rather, our Board of



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Directors made its determination and recommendation based on the totality of the information presented to it, and the judgments of individual members of our Board of Directors may have been influenced to a greater or lesser degree by different factors. The factors, potential risks and uncertainties contained in this section contain information that is forward-looking in nature and should be read in conjunction with the factors discussed in "Special Note Regarding Forward-Looking Statements."

**Recommendation of our Board of Directors**

Our Board of Directors, at a special meeting held on February 15, 2017, after due consideration, unanimously (i) determined that the Home Loans Transactions on the terms and conditions of the Home Loans Transactions Agreements are advisable and in the best interests of the Company and its stockholders, (ii) approved the Home Loans Transactions Agreements and the transactions contemplated by the Home Loans Transactions Agreements, and (iii) directed that the Home Loans Asset Sale on the terms and conditions of the Asset Purchase Agreement be submitted for consideration by our stockholders at the special meeting of stockholders. **Our Board of Directors has approved the Home Loans Transactions, including the Home Loans Asset Sale, on the terms and conditions of the Home Loans Transactions Agreements and unanimously recommends that you vote "FOR" the Home Loans Asset Sale Sub-Proposal.**

**Home Loans Financial Projections**

As a matter of course, the Company does not develop or publicly disclose long-term projections or internal projections of its future performance and is especially wary of making projections for extended periods due to the unpredictability of the underlying assumptions and estimates, though it has in the past provided investors with limited quarterly or full-year financial guidance covering limited areas of its financial performance. However, in connection with the Home Loans Transactions, our management prepared certain non-public, unaudited financial projections for PHH Home Loans, or the "**Home Loans Financial Projections**", and provided the projections to our Board of Directors in connection with its evaluation of a possible transaction with GRA and to the Company's financial advisors to assist our Board of Directors in such evaluation. The Home Loans Financial Projections also were provided to Credit Suisse for its use and reliance in connection with its financial analyses and opinion summarized below under "*Opinion of Credit Suisse Securities (USA) LLC*" beginning on page [ • ].

The Home Loans Financial Projections reflect numerous judgments, estimates and assumptions with respect to industry performance, general business, economic, market and financial conditions and other future events, as well as matters specific to the Home Loans Business, all of which are inherently uncertain, difficult to predict and many of which are beyond our control. These assumptions included assumptions about origination growth (purchase and refinance), our ability to capture the home purchase mortgage origination volume from Realty's customers, and direct origination costs. In addition, certain assumptions were based on industry projections prepared by third parties. Our management believes the Home Loans Financial Projections were prepared on a reasonable basis and reflected the best then-currently available estimates and judgments of our management at the time that the projections were prepared. The Home Loans Financial Projections are subject to change based on actual experience and business developments. As such, Home Loans Financial Projections constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted, including the various risks set forth in the Company's periodic reports. For additional information regarding these risks, please see the section of this proxy statement entitled "Special Note Regarding Forward-Looking Statements". There can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. The Home Loans Financial Projections should not be considered as necessarily

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predictive of actual future results. The Home Loans Financial Projections cover multiple years and such information by its nature becomes less predictive with each successive year.

The Home Loans Financial Projections were based upon various assumptions which relate only to the periods presented. The Home Loans Financial Projections do not take into account any circumstances or events occurring after the date they were prepared, including the announcement of the Home Loans Transactions.

The Home Loans Financial Projections were not prepared with a view toward public disclosure or toward complying with generally accepted accounting principles, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. All of the Home Loans Financial Projections (excluding industry projections prepared by third parties) were estimates prepared by our management. In addition, the Home Loans Financial Projections are unaudited and neither PHH's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the Home Loans Financial Projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the Home Loans Financial Projections. Readers of this document are urged not to place undue reliance on the unaudited Home Loans Financial Projections set forth below.

The inclusion of the Home Loans Financial Projections in this proxy statement is not deemed an admission or representation by the Company or any other person that it considered, or now considers, the Home Loans Financial Projections as material information or necessarily predictive of actual future results or events. The Home Loans Financial Projections are not included in this proxy statement in order to influence any of the Company's stockholders with respect to the approval of the proposal to approve the Home Loans Transactions, but because the Home Loans Financial Projections were provided to our Board of Directors and the Company's financial advisors. **THE COMPANY DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE HOME LOANS FINANCIAL PROJECTIONS INCLUDED IN THIS PROXY STATEMENT TO REFLECT CIRCUMSTANCES EXISTING SINCE ITS PREPARATION OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE UNDERLYING ASSUMPTIONS ARE SHOWN TO BE IN ERROR, OR TO REFLECT CHANGES IN GENERAL ECONOMIC OR INDUSTRY CONDITIONS.**

Set forth below is a summary of the Home Loans Financial Projections:

	Fiscal year ending December 31,					
(\$ in millions unless otherwise noted) (Unaudited)	2016E	2017E	2018E	2019E	2020E	2021E
<b>Selected Income Statement Items</b>						
Total revenue	\$ 217	\$ 240	\$ 267	\$ 302	\$ 334	\$ 367
Net income	\$ 12	\$ 17	\$ 18	\$ 22	\$ 25	\$ 28
Non-controlling interest (after-tax)	\$ 4	\$ 6	\$ 5	\$ 6	\$ 7	\$ 8
Net income attributable to PHH	\$ 8	\$ 12	\$ 13	\$ 16	\$ 18	\$ 20
<b>Selected Balance Sheet Items</b>						
Cash	\$ 83	\$ 97	\$ 105	\$ 106	\$ 113	\$ 103
Stockholders' equity	\$ 137	\$ 148	\$ 162	\$ 171	\$ 184	\$ 189
<b>Selected Cash Flow Items</b>						
Total distributable cash flow	NA		\$ 11	\$ 25	\$ 25	\$ 48
Distributable cash flow attributable to PHH	NA		\$ 11	\$ 19	\$ 21	\$ 34
<b>Selected operating statistics</b>						
(\$ in billions)						
Purchase origination	\$ 5.7	\$ 6.8	\$ 7.8	\$ 8.9	\$ 9.9	\$ 10.9
Refinancing origination	\$ 1.4	\$ 1.0	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0
Total origination	\$ 7.1	\$ 7.8	\$ 8.7	\$ 9.8	\$ 10.9	\$ 11.9



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**Opinion of Credit Suisse Securities (USA) LLC**

PHH retained Credit Suisse to act as its financial advisor in connection with a series of strategic alternative transactions, including the Home Loans Asset Sale and related transactions. In connection with Credit Suisse's engagement, the Board of Directors requested that Credit Suisse evaluate the fairness, from a financial point of view, to the Company of its pro rata share of the Purchase Price to be paid for the PHH Home Loans transferred business. For purposes of Credit Suisse's analyses and opinion, the term "**PHH Home Loans transferred business**" refers to the portion of the business to be sold by PHH Home Loans and RMR, or collectively the "**PHH Home Loans entities**," in the Home Loans Asset Sale, and the term "**PHH Home Loans retained business**" refers to the assets that are not part of the PHH Home Loans transferred business, and certain liabilities, to be retained by the PHH Home Loans entities. On February 15, 2017, at a meeting of the Board of Directors held to evaluate the proposed Home Loans Asset Sale, Credit Suisse rendered an oral opinion, confirmed by delivery of a written opinion, dated February 15, 2017, to the Board of Directors to the effect that, as of that date and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the Company's pro rata share of the Purchase Price to be paid for the PHH Home Loans transferred business pursuant to the Asset Purchase Agreement was fair, from a financial point of view, to the Company.

**The full text of Credit Suisse's written opinion, dated February 15, 2017, to the Board of Directors, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Credit Suisse in connection with such opinion, is attached to this proxy statement as *Annex G* and is incorporated into this proxy statement by reference in its entirety. The description of Credit Suisse's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of Credit Suisse's opinion. Credit Suisse's opinion was provided to the Board of Directors (in its capacity as such) for its information in connection with its evaluation of the Company's pro rata share of the Purchase Price from a financial point of view to the Company and did not address any other terms, aspects or implications of the proposed Home Loans Asset Sale or any related transactions, including the relative merits of the Home Loans Asset Sale or any related transactions as compared to alternative transactions or strategies that might be available to the Company or the underlying business decision of the Company or the PHH Home Loans entities to proceed with the Home Loans Asset Sale and related transactions. Credit Suisse's opinion does not constitute advice or a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the proposed Home Loans Asset Sale, any related transactions or otherwise.**

In arriving at its opinion, Credit Suisse reviewed an execution copy, provided to Credit Suisse on February 15, 2017, of the Asset Purchase Agreement and certain publicly available business and financial information relating to PHH Home Loans. Credit Suisse also reviewed certain other information relating to PHH Home Loans, including financial forecasts relating to PHH Home Loans, or the "**PHH Home Loans Forecasts**," provided to or discussed with Credit Suisse by the management of the Company and met with the management of the Company to discuss PHH Home Loans and its prospects. Credit Suisse also considered certain financial data relating to PHH Home Loans and compared that data with similar data for publicly held companies in businesses it deemed relevant, and Credit Suisse considered, to the extent publicly available, the financial terms of certain other business combinations and transactions which have been effected or announced. Credit Suisse also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which it deemed relevant.

In connection with its review, Credit Suisse did not independently verify any of the foregoing information and Credit Suisse assumed and relied upon such information being complete and accurate in all material respects. With respect to the PHH Home Loans Forecasts that Credit Suisse was directed to utilize in its analyses, including estimates regarding certain economic benefits relating to

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PHH Home Loans that the management of the Company advised Credit Suisse would have accrued to the Company in the absence of the Home Loans Asset Sale and related transactions, Credit Suisse was advised by the management of the Company, and Credit Suisse assumed, with the Board of Directors' consent, that such PHH Home Loans Forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of such management as to the future financial performance of PHH Home Loans, such economic benefits and the other matters covered thereby and that taking into account such economic benefits and deducting the aggregate tangible book value of the PHH Home Loans retained business as reflected in the then-most recent balance sheet statements of the PHH Home Loans entities provided by the management of the Company from the implied values derived for PHH Home Loans in Credit Suisse's analyses is an appropriate basis upon which to evaluate the PHH Home Loans transferred business and the Home Loans Asset Sale for purposes of such analyses and Credit Suisse's opinion. Credit Suisse also was advised by the management of the Company that audited financial statements for the PHH Home Loans entities for fiscal year 2016 were not available and Credit Suisse assumed, with the Board of Directors' consent, that such audited financial statements, when available, would not differ in any material respect from estimates provided to Credit Suisse or reflect any information that otherwise would be meaningful in any respect to Credit Suisse's analyses or opinion. Credit Suisse further was advised by the management of the Company, and Credit Suisse assumed, with the Board of Directors' consent, that the business and financial information relating to the PHH Home Loans transferred business, including the PHH Home Loans Forecasts as utilized in the manner described above, provided to or discussed with Credit Suisse reflected all of (and only) the assets and liabilities used in or relating to the PHH Home Loans transferred business as currently conducted and that there would be no change with respect to the allocation of shared costs or intracompany services that would be meaningful to Credit Suisse's analyses or opinion. Credit Suisse expressed no opinion as to any financial forecasts or estimates, including, without limitation, the PHH Home Loans Forecasts or the basis for determining the aggregate tangible book value of the PHH Home Loans retained business, or the assumptions on which they were based. Credit Suisse relied, with the Board of Directors' consent and without independent verification, upon the assessments of the management of the Company as to, among other things, (i) the transactions related to the Home Loans Asset Sale, including with respect to the timing thereof and the assets, liabilities and financial and other terms involved, (ii) the potential impact on the PHH Home Loans transferred business of certain market, competitive, cyclical and other trends in and prospects for, and governmental, regulatory and legislative matters relating to or otherwise affecting, the residential mortgage and real estate markets and related credit and financial markets, including with respect to interest rates and conditions in the housing market, (iii) the origination volume and capture rates of the PHH Home Loans transferred business and (iv) existing and future relationships, agreements and arrangements with, and the ability to attract and retain, key sources of loan originations and mortgage asset-backed debt, hedging counterparties, mortgage program administrators, loan officers and other commercial relationships of the PHH Home Loans transferred business. Credit Suisse assumed, with the Board of Directors' consent, that there would be no developments with respect to any such matters that would be meaningful in any respect to Credit Suisse's analyses or opinion.

Credit Suisse assumed, with the Board of Directors' consent, that, in the course of obtaining any regulatory or third party consents, approvals, agreements or waivers in connection with the Home Loans Asset Sale and related transactions, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on the PHH Home Loans entities (including the PHH Home Loans transferred business), the Home Loans Asset Sale or related transactions or that otherwise would be meaningful in any respect to Credit Suisse's analyses or opinion. Credit Suisse also assumed, with the Board of Directors' consent, that all contemplated closings of the Home Loans Asset Sale and related transactions would occur and that the Home Loans Asset Sale and related transactions would be consummated in accordance with the terms of the Asset Purchase Agreement and related documents

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and in compliance with all applicable laws, documents and other requirements without waiver, modification or amendment of any material term, condition or agreement thereof. Representatives of the Company advised Credit Suisse, and Credit Suisse further assumed, that the terms of the Asset Purchase Agreement, when executed, would conform in all material respects to the terms reflected in the execution copy reviewed by Credit Suisse. In addition, Credit Suisse was not requested to, and it did not, make an independent evaluation or appraisal of the assets or liabilities (contingent, derivative, off-balance sheet or otherwise) of the PHH Home Loans entities (including the PHH Home Loans transferred business) or any other entity or business, nor was Credit Suisse furnished with any such evaluations or appraisals other than certain third-party prepared valuation reports relating to the PHH Home Loans transferred business provided to the Company by Realogy. Credit Suisse is not an expert in the evaluation of, and Credit Suisse expressed no opinion with respect to, loan portfolios or individual credit files and the adequacy or sufficiency of allowances for credit losses with respect to loans or any other matters. Credit Suisse assumed, with the Board of Directors' consent, that the Company and the PHH Home Loans entities would not directly or indirectly assume or incur any incremental liabilities as a result of the related transactions or otherwise (other than liabilities to be retained by the PHH Home Loans entities pursuant to the terms of the Asset Purchase Agreement) and that appropriate reserves were established with respect to liabilities of or relating to the PHH Home Loans entities (including the PHH Home Loans transferred business). Credit Suisse was not requested to, and it did not, make an independent evaluation of any potential or actual litigation, regulatory action or governmental investigation or possible unasserted claims or other contingent liabilities to which the PHH Home Loans entities (including the PHH Home Loans transferred business) or any other entity or business was or may have been a party or was or may have been subject or any reserves therefor, and Credit Suisse assumed, with the Board of Directors' consent, that the outcome of such matters would not be meaningful in any respect to its analyses or opinion. Credit Suisse expressed no opinion with respect to accounting, tax, regulatory, legal or similar matters and Credit Suisse relied, with the Board of Directors' consent, upon the assessments of representatives of the Company as to such matters.

In evaluating the fairness, from a financial point of view, to the Company of the Purchase Price to be paid for the PHH Home Loans transferred business, Credit Suisse considered the Company's pro rata share of the Purchase Price relative to the implied value of the Company's indirect interest in the PHH Home Loans transferred business through its 50.1% PHH Home Loans common interest, without regard to any premium or discount for liquidity, control or otherwise, based on the PHH Home Loans Forecasts and, as confirmed by the management of the Company, after taking into account certain economic benefits relating to PHH Home Loans that the management of the Company advised Credit Suisse would have accrued to the Company in the absence of the Home Loans Asset Sale and related transactions and deducting the aggregate tangible book value of the PHH Home Loans retained business from the implied values derived for PHH Home Loans in Credit Suisse's analyses. Credit Suisse's opinion addressed only the fairness, from a financial point of view and as of its date, to the Company of its pro rata share of the Purchase Price to be paid for the PHH Home Loans transferred business as if the full amount of the Purchase Price was payable upon consummation of the initial closing contemplated by the Asset Purchase Agreement. Credit Suisse's opinion did not address any other terms, aspects or implications of the Home Loans Asset Sale or any related transactions, including, without limitation, the form or structure of the Home Loans Asset Sale, the form or structure, or financial or other terms of, or potential wind-down or other costs or liabilities arising from, any related transactions, any allocations of the Purchase Price or any terms, aspects or implications of any consulting, termination, support, indemnification or other agreement, arrangement or understanding to be entered into in connection with or contemplated by the Home Loans Asset Sale, any related transactions or otherwise. Credit Suisse's opinion also did not address any terms, aspects or implications of any rights or obligations of the Company or Realogy under existing joint venture or other agreements relating to PHH Home Loans or the PHH Home Loans transferred

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business nor did Credit Suisse's opinion address proportionate allocation or relative fairness among the parties to the Home Loans Asset Sale or otherwise or the fairness of the amount or nature of, or any other aspect relating to, any compensation or other consideration to any officers, directors, employees or stockholders of any party to the Home Loans Asset Sale or related transaction or any related entities, or class of such persons, relative to the Purchase Price or otherwise. The issuance of Credit Suisse's opinion was approved by Credit Suisse's authorized internal committee.

Credit Suisse's opinion was necessarily based upon information made available to Credit Suisse as of the date of its opinion and financial, economic, market and other conditions as they existed and could be evaluated on that date. It should be understood that subsequent developments may affect Credit Suisse's opinion, and Credit Suisse does not have any obligation to update, revise or reaffirm its opinion. Credit Suisse's opinion did not address the relative merits of the Home Loans Asset Sale or any related transactions as compared to alternative transactions or strategies that might be available to the Company or the underlying business decision of the Company or the PHH Home Loans entities to proceed with the Home Loans Asset Sale and related transactions. Credit Suisse also did not express any opinion as to the actual proceeds to the Company from any distributions by PHH Home Loans as a result of liquidation transactions involving certain existing and pipeline mortgage loans and other assets that are not part of the PHH Home Loans transferred business or the prices at which the PHH Home Loans common interests or the PHH Home Loans retained business would be transferable at any time. At the request of the Board of Directors, in connection with Credit Suisse's engagement, Credit Suisse solicited third party indications of interest in acquiring all or a part of the Company; however, as the Board of Directors was aware, such process was limited by virtue of certain consent and other rights exercised by Realogy in connection with such process.

*Financial Analyses*

In preparing its opinion to the Board of Directors, Credit Suisse performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse's analyses described below is not a complete description of the analyses underlying Credit Suisse's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. Credit Suisse arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the Company's control. No company, transaction or business used for comparative purposes in Credit Suisse's analyses is identical to PHH Home Loans or the proposed Home Loans Asset Sale, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates

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used in, and the results derived from, Credit Suisse's analyses are inherently subject to substantial uncertainty.

Credit Suisse was not requested to, and it did not, determine or recommend the specific consideration payable in the proposed Home Loans Asset Sale, which was determined through negotiations among the Company, Realogy and GRI, and the decision to enter into the Asset Purchase Agreement was solely that of the Board of Directors. Credit Suisse's opinion and financial analyses were only one of many factors considered by the Board of Directors in its evaluation of the proposed Home Loans Asset Sale and should not be viewed as determinative of the views of the Board of Directors or management with respect to the Home Loans Asset Sale or the Purchase Price.

The following is a summary of the material financial analyses reviewed with the Board of Directors on February 15, 2017 in connection with Credit Suisse's opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse's financial analyses.** In its financial analyses described below, Credit Suisse derived approximate implied equity value reference ranges for PHH Home Loans on a consolidated basis from such analyses after taking into account the income of PHH Home Loans as well as the real estate income related to, but generated outside, PHH Home Loans that would accrue to the Company, in each case as estimated by the management of the Company, and then calculated approximate implied equity value reference ranges for the Company's share of the PHH Home Loans transferred business based on the Company's 50.1% equity interest in PHH Home Loans, taking into account 50.1% of the income of PHH Home Loans, 100% of the real estate income related to, but generated outside, PHH Home Loans and 50.1% of the aggregate tangible book value (as of December 31, 2016) of the PHH Home Loans retained business, as directed by the management of the Company. For purposes of the financial analyses described below, the Company's pro rata share of the Purchase Price excluded taxes and potential wind-down costs relating to PHH Home Loans. Implied equity value reference ranges reflected in the financial analyses described below were rounded to the nearest \$1,000,000.

*Selected Public Companies Analysis.* Credit Suisse reviewed financial and stock market information, as applicable, of PHH Home Loans and the following three selected companies that Credit Suisse viewed as generally relevant as publicly traded companies with operations in the mortgage origination industry, or collectively the "*selected companies*:"

PennyMac Financial Services, Inc.

PHH Corporation

Stonegate Mortgage Corporation

Credit Suisse reviewed, among other information, closing stock prices on February 13, 2017 (or, in the case of Stonegate Mortgage Corporation, January 26, 2017, which was the last trading day prior to public announcement of its proposed sale to Home Point Financial Corporation) as a multiple of tangible book value per share based on the latest publicly available financial statements prior to the date of Credit Suisse's opinion and, to the extent meaningful, calendar year 2017 and calendar year 2018 estimated earnings per share. Financial data of the selected companies were based on publicly available Wall Street research analysts' estimates and public filings.

The overall low to high latest tangible book value per share multiples observed for the selected companies were 0.67x to 1.04x (with a mean of 0.81x and a median of 0.71x) and the overall low to high calendar year 2017 and calendar year 2018 estimated earnings per share multiples observed for the selected companies were 6.4x to 13.8x (with a mean and a median of 10.1x) and 6.0x to 8.6x (with a

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mean and a median of 7.3x), respectively. Credit Suisse then applied a selected range of latest tangible book value per share multiples of 0.70x to 1.10x derived from the selected companies to the tangible book value (as of December 31, 2016) of PHH Home Loans based on internal information provided by the management of the Company and a selected range of calendar year 2017 and calendar year 2018 estimated earnings per share multiples of 5.0x to 7.0x and 4.5x to 6.5x, respectively, derived from the selected companies to the calendar year 2017 and calendar year 2018 estimated net income of PHH Home Loans, respectively, based on the PHH Home Loans Forecasts. This analysis indicated the following approximate implied equity value reference range for the Company's share of the PHH Home Loans transferred business, as compared to the Company's pro rata share of the Purchase Price:

<p><b>Company Pro Rata Share of Implied Equity Value Reference Range for PHH Home Loans Transferred Business</b> (\$16 million) \$30 million</p>	<p><b>Company Pro Rata Share of Purchase Price</b> \$35,082,024</p>
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*Selected Precedent Transactions Analysis.* Credit Suisse reviewed publicly available financial information relating to the following two selected transactions that Credit Suisse viewed as generally relevant as transactions involving target companies with operations in the mortgage origination industry, or the "*selected transactions*:"

Announcement Date	Acquiror	Target
01/27/17	Home Point Financial Corporation	Stonegate Mortgage Corporation
10/3/12	Owren Financial Corporation	Homeward Residential Holdings, Inc.

Credit Suisse reviewed, among other information, transaction values, based on the consideration paid in the selected transactions, as a multiple, to the extent intangible asset values were publicly disclosed, of the target company's latest tangible book value prior to announcement of the relevant transaction. Financial data of the selected transactions were based on public filings and other publicly available information.

The latest tangible book value multiple observed for the Home Point Financial Corporation/Stonegate Mortgage Corporation transaction was 0.97x (the intangible asset value for Homeward Residential Holdings, Inc. was not publicly disclosed). Credit Suisse noted that the overall low to high latest book value multiples observed for the selected transactions were 0.94x to 1.48x (with a mean and a median of 1.21x). Credit Suisse then applied a selected range of tangible book value multiples of 0.90x to 1.50x derived from the selected transactions to the tangible book value (as of December 31, 2016) of PHH Home Loans based on internal information provided by the management of the Company. This analysis indicated the following approximate implied equity value reference range for the Company's share of the PHH Home Loans transferred business, as compared to the Company's pro rata share of the Purchase Price:

<p><b>Company Pro Rata Share of Implied Equity Value Reference Range for PHH Home Loans Transferred Business</b> (\$5 million) - \$29 million</p>	<p><b>Company Pro Rata Share of Purchase Price</b> \$35,082,024</p>
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*Dividend Discount Analysis.* Credit Suisse performed a dividend discount analysis of PHH Home Loans to calculate the estimated present value of the distributable cash flow that PHH Home Loans was forecasted to generate during the fiscal years ending December 31, 2017 through December 31, 2021 based on the PHH Home Loans Forecasts. Credit Suisse calculated terminal values for PHH Home Loans by applying to PHH Home Loans' fiscal year 2021 estimated net income and estimated tangible book value as of December 31, 2021 (adjusted, in the case of estimated tangible book value, to exclude accumulated real estate distributable cash flow related to, but generated outside, PHH Home

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Loans) a selected range of price-to-earnings multiples and terminal book value multiples of 4.5x to 6.5x and 0.70x to 1.10x, respectively. The present values (as of December 31, 2016) of the distributable cash flow and terminal values were then calculated using discount rates ranging from 12% to 15%. This analysis indicated the following approximate implied equity value reference range for the Company's share of the PHH Home Loans transferred business, as compared to the Company's pro rata share of the Purchase Price:

<b>Company Pro Rata Share of Implied Equity Value Reference Range for PHH Home Loans Transferred Business</b>	<b>Company Pro Rata Share of Purchase Price</b>
\$21 million - \$74 million	\$35,082,024

**Miscellaneous**

PHH selected Credit Suisse to act as its financial advisor in connection with a series of strategic alternative transactions, including the proposed Home Loans Asset Sale and related transactions, based on Credit Suisse's qualifications, experience, reputation and familiarity with the Company and its businesses. Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

The Company has agreed to pay Credit Suisse for its financial advisory services to the Company in connection with certain strategic alternative transactions undertaken by the Company an aggregate fee currently estimated to be approximately \$12 million, of which a portion became payable in connection with Credit Suisse's engagement, a portion became payable in connection with the announcement of the Company's pending sale of its remaining non-Ginnie Mae mortgage servicing rights portfolio, a portion became payable upon delivery of Credit Suisse's opinion in connection with the proposed Home Loans Asset Sale and approximately \$2 million is contingent upon completion of certain of the sale transactions undertaken by the Company as a result of the Company's strategic alternatives review process. In addition, the Company has agreed to reimburse Credit Suisse for its expenses, including fees and expenses of legal counsel, and to indemnify Credit Suisse and related parties for certain liabilities and other items, including liabilities under the federal securities laws, arising out of or related to its engagement. As the Board of Directors was aware, Credit Suisse and its affiliates in the past have provided and in the future may provide investment banking and other financial services to the Company and its affiliates unrelated to the Home Loans Asset Sale and related transactions for which Credit Suisse and its affiliates have received and would expect to receive compensation, including, during the two-year period prior to the date of Credit Suisse's opinion, having acted or acting as (i) financial advisor to the Company in connection with certain potential acquisition and disposition transactions that were not consummated and (ii) lender under a warehouse facility of the Company, for which services described in clauses (i) and (ii) above Credit Suisse and its affiliates received during such two-year period aggregate fees of approximately \$11 million from the Company. As the Board of Directors also was aware, Credit Suisse and its affiliates have provided, currently are providing and in the future may provide investment banking and other financial services to Realogy and GRI and/or their respective affiliates for which Credit Suisse and its affiliates have received and would expect to receive compensation, including, during the two-year period prior to the date of Credit Suisse's opinion, having acted or acting as (i) joint lead arranger, co-syndication agent and co-documentation agent for, and/or as a lender under, certain credit facilities of entities related to Realogy and (ii) lender under a warehouse credit facility of GRI, for which services described in clauses (i) and (ii) above Credit Suisse and its affiliates received during such two-year period aggregate fees of approximately \$1 million from Realogy and approximately \$6 million from GRI. Credit Suisse is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial

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services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for Credit Suisse's and its affiliates' own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of PHH, Realogy, GRI and their respective affiliates and any other company that may be involved in the Home Loans Asset Sale and related transactions, as well as provide investment banking and other financial services to such companies.

**No Dissenters' Rights or Rights of Objecting Stockholders**

Holders of our common stock are not entitled to dissenting stockholders' appraisal rights, rights of objecting stockholders or other similar rights in connection with the Home Loans Transactions or any of the transactions contemplated by the Home Loans Transactions Agreements. The MGCL does not provide for dissenting stockholders' appraisal rights, rights of objecting stockholders or other similar rights to stockholders of a corporation in connection with a sale of substantially all of the assets of a corporation if the shares of the corporation are listed on the NYSE on the record date for determining stockholders entitled to vote on the transaction.

**Unaudited Pro Forma Financial Information**

Unaudited pro forma financial information regarding the effects of the Home Loans Transactions is attached as *Annex J* to this proxy statement.

**Certain Federal Income Tax Consequences of the Home Loans Transactions**

The following is a discussion of all material federal income tax consequences to us of the Home Loans Transactions. This discussion is a summary for our common stockholders and is intended for general information only. The Home Loans Transactions will not result in any direct federal income tax consequences to our stockholders. Each stockholder is urged to consult his or her own tax advisor as to the federal income tax consequences of the Home Loans Transactions.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as in effect on the date hereof and all of which may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those described below. No rulings have been requested or received from the Internal Revenue Service, or IRS, as to the tax consequences of the Home Loans Transactions and there is no intent to seek any such ruling. Accordingly, no assurance can be given that the IRS will not challenge the tax treatment of the Home Loans Transactions described in this paragraph, or, if it does challenge the tax treatment, that it will not be successful.

The Home Loans Transactions will be treated for federal income tax purposes as taxable transactions to us. Accordingly, we will recognize a gain or loss. The amount of gain or loss we recognize with respect to these transactions will be measured by the difference between the cash and any other amount realized by us and our tax basis.

**Certain Accounting Consequences of the Home Loans Transactions**

For the Home Loans Asset Sale, we expect to recognize in our financial statements our 50.1% share of the anticipated gain on the sale of the assets of PHH Home Loans, net of any applicable taxes, exit costs and transaction costs, at the time of each transfer under the Asset Purchase Agreement. The Purchased Assets and the Assumed Liabilities are comprised of (i) certain office leases and vendor contracts specified in the schedules to the Asset Purchase Agreement, (ii) fixtures, furniture, office equipment and other tangible personal property owned by PHH Home Loans and RMR, (iii) certain IT assets (other than certain excluded IT assets) and certain business intellectual



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property of PHH Home Loans and RMR, (iv) subject to certain exceptions, unlocked pipeline loans that are expected to close more than 20 days after the applicable closing date, and (v) customer data and books and records of the Home Loans Business (none of which has any significant recorded book value in our Balance sheets as of December 31, 2016, nor do we anticipate any material changes to their book value) that we will transfer to GRA for aggregate proceeds of \$70,024,000.

In connection with the JV Interests Purchase, our purchase of the Realogy Member's 49.9% ownership interests in the joint venture for an amount equal to their interest in the residual equity of PHH Home Loans after the final closing of the Home Loans Asset Sale will result in a reduction to Minority interest on our Consolidated Balance Sheets related to the cash payment in connection with this interest purchase. We do not expect to recognize any gain or loss specific to the JV Interests Purchase in our financial statements.

After completing the JV Interests Purchase, PHH Home Loans will be a wholly-owned subsidiary of the Company and its residual net assets will be included in our consolidated financial statements. We will monetize the remaining residual assets and resolve the residual liabilities of the entity after completing the transactions. As the assets of this entity consist primarily of interest rate lock commitments and mortgage loans held for sale, which are short-term in nature, we expect to settle substantially all of the residual net assets of the entity within six months of the first closing under the Home Loans Asset Sale. We expect to reflect the historical results of operations of the Real Estate channel as discontinued operations beginning on the later of either: (i) the date of the final closing of the Home Loans Asset Sale; or (ii) the date the operations of the Real Estate channel cease.

All expected accounting treatments outlined above are based on accounting principles generally accepted in the United States of America. For further information, see the unaudited pro forma condensed financial information attached as *Annex J* to this proxy statement.

**Vote Required**

The affirmative vote of the holders of a majority of the outstanding shares of our common stock is required for the approval of the Home Loans Transactions on the terms and conditions of the Home Loans Transactions Agreements. This means that, of the shares of common stock entitled to vote on the proposal (regardless of whether the holders of such shares are present in person or by proxy at the special meeting), a majority must vote in favor of the proposal to approve the Home Loans Transactions on the terms and conditions of the PHH Home Loans Agreements in order for the Home Loans Transactions on the terms and conditions of the PHH Home Loans Agreements to be approved. Abstentions and broker non-votes will have the effect of a vote *against* this proposal.

Members of our Board of Directors who beneficially owned less than 0.5% in the aggregate of the outstanding shares of common stock as of [ • ], 2017 have indicated that they will vote in favor of the Home Loans Transactions on the terms and conditions of the PHH Home Loans Agreements.

**Approval of the Home Loans Transactions is contingent on approval of the MSR Sale**

A vote for or against the MSR Sale Sub-Proposal does not count as a vote for or against the Home Loans Asset Sale Sub-Proposal. Similarly, a vote for or against the Home Loans Asset Sale Sub-Proposal does not count as a vote for or against the MSR Sale Sub-Proposal. The closing of the Home Loans Transactions, however, is contingent on the closing the MSR Sale. Accordingly, if the MSR Sale Sub-Proposal does not receive the vote required for its approval, then the Home Loans Transactions will be terminated.

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**THE HOME LOANS TRANSACTION AGREEMENTS**

*The following is a summary of the material terms and conditions of the Home Loans Transactions Agreements. This summary does not purport to be complete and may not contain all of the information about the Home Loans Transactions Agreements that is important to you. The description of the Home Loans Transactions Agreements in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the Asset Purchase Agreement, the JV Interests Purchase Agreement and the Support Agreement, copies of which are attached to this proxy statement as Annexes D, E and F respectively and incorporated by reference into this proxy statement. We encourage you to read the Home Loans Transactions Agreements carefully and in their entirety because they are the primary contractual documents that govern the Home Loans Transactions.*

*Additional information about PHH, PHH Home Loans, GRA, GRI and Realogy may be found elsewhere in this proxy statement and in other public reports and documents filed with the SEC. Please see the section of this proxy statement entitled "Where You Can Find Additional Information", beginning on page [ • ].*

**Explanatory Note Regarding the Home Loans Transactions Agreements**

The Home Loans Transactions Agreements and this summary of their terms have been included to provide you with information regarding the terms of the Home Loans Transactions Agreements. The Home Loans Transactions Agreements are not intended to be a source of factual, business or operational information about PHH, PHH Home Loans, GRA, GRI or Realogy, and the following summary of the Home Loans Transactions Agreements and the copies thereof attached hereto are not intended to modify or supplement any factual disclosure about PHH in any documents it publicly files with the SEC. The representations, warranties and covenants made in the Home Loans Transactions Agreements were made solely for the benefit of the parties to the Home Loans Transactions Agreements and are qualified and subject to important limitations agreed to by these parties in connection with negotiating the terms of the Home Loans Transactions Agreements. In particular, in your review of the representations and warranties contained in the Home Loans Transactions Agreements and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the Home Loans Transactions Agreements may have the right not to close the transactions if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the Home Loans Transactions Agreements, rather than establishing matters as facts.

The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by confidential disclosures that were made by each party to the other, which disclosures are not reflected in the Home Loans Transactions Agreements. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement, may have changed since the date of the Home Loans Transactions Agreements, and subsequent developments or new information that may affect the accuracy of a representation or warranty may or may not be fully reflected in this proxy statement or PHH's public disclosures. Accordingly, you should not rely on the representations and warranties in the Home Loans Transaction Agreement as being accurate or complete or characterizations of the actual state of facts as of any specified date.

Table of Contents**ASSET PURCHASE AGREEMENT****Purchased Assets and Assumed Liabilities**

Subject to the terms and conditions of the Asset Purchase Agreement, PHH Home Loans and RMR will sell, assign and convey to GRA certain assets, or the "**Purchased Assets**", that are held by PHH Home Loans and RMR, and are used in the business of originating and selling mortgage loans sourced through a variety of sources, including Realogy's owned residential real estate brokerage and corporate relocations businesses and from all U.S.-based employees of Realogy, or the "**Home Loans Business**." The Purchased Assets include, among other things, (i) certain office leases and vendor contracts specified in the schedules to the Asset Purchase Agreement, (ii) fixtures, furniture, office equipment and other tangible personal property owned by PHH Home Loans and RMR, (iii) certain IT assets (other than certain excluded IT assets) and certain business intellectual property of PHH Home Loans and RMR, (iv) subject to certain exceptions, unlocked pipeline loans that are expected to close more than 20 days after the applicable closing date, and (v) customer data and books and records of the Home Loans Business. None of the Purchased Assets or Assumed Liabilities had any significant recorded book value in the Audited Consolidated Balance Sheet of PHH Corporation and its Subsidiaries as of December 31, 2016. (See the PHH Corporation and Subsidiaries Audited Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014 attached hereto at *Annex H* for more information.) In connection with GRA's purchase of the Purchased Assets, GRA is also making offers of employment to certain employees of PHH, PHH Home Loans and RMR (see "*Employee Matters*" beginning on page [ • ]). The Home Loans Asset Sale may constitute a sale of substantially all of the assets of the Company.

PHH Home Loans, RMR and their affiliates will retain all assets that are not Purchased Assets, including, among other things, all mortgage loans held for sale, all pipeline loans other than those that are part of the Home Loans Asset Sale, insurance proceeds, cash, and contracts that are not scheduled as Purchased Assets under the Asset Purchase Agreement.

The Home Loans Asset Sale will be effected over five closings following the satisfaction or waiver of the conditions applicable to each closing, including the receipt of certain specified licensing approvals, the closing of the portion of the MSR Sale to New Residential that requires the consent of Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency (but not the origination source) under the MSR Purchase Agreement (unless we have obtained consents from a sufficient number of holders of our Senior Notes to the effect that the consummation of the Home Loans Asset Sale would not require us to redeem our Senior Notes) and, in the case of the first closing of the transactions contemplated by the Asset Purchase Agreement, or the "**First Closing**", investor approvals and third party consents (see "*Conditions to Closings*" beginning on page [ • ]). Unless otherwise agreed by the parties, each closing will take place on PHH Home Loans' and RMR's payroll date that is closest to the middle of the month that is at least ten business days following the first day on which the conditions to such closing are satisfied or waived. At each closing, the Purchased Assets and Transferred Employees (as defined below) relating to branch offices of PHH Home Loans and RMR in those states for which the applicable licensing approvals and investor approvals have been obtained will be transferred to GRA. The exact order of transfer of the branch offices will depend on the status and expected timing of GRA's receipt of the applicable licensing approvals in the relevant states.

In connection with the Home Loans Asset Sale, GRA will assume all liabilities relating to the ownership and use of the Purchased Assets that arise after the applicable closings, and PHH Home Loans and RMR will retain all liabilities to the extent relating to the ownership, use or operation of the Purchased Assets or the Home Loans Business at or prior to the applicable closings, including liabilities for excluded assets, retained employee liabilities, retained pipeline loans and certain specified legal proceedings.

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**Purchase Price**

In consideration of the Home Loans Asset Sale, GRA will pay PHH Home Loans \$70,024,000 in cash, or the "**Purchase Price**", 20% of which will be paid at each of the five closings. The net proceeds from the Home Loans Asset Sale will be distributed to the members of PHH Home Loans on a pro rata basis based on their respective ownership in PHH Home Loans. The PHH Member owns 50.1% of the common interests in PHH Home Loans and the Realogy Member owns 49.9% of the common interests in PHH Home Loans. We expect to receive \$35 million in net proceeds from our share of Distributable Cash resulting from the Home Loans Asset Sale under the Asset Purchase Agreement. See " *Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions*" for more information about our anticipated use of proceeds from the Home Loans Transactions.

**Representations and Warranties**

The Asset Purchase Agreement contains customary representations and warranties by each party.

The representations and warranties made by PHH, PHH Home Loans and RMR to GRA relate to, among other things, the following:

due organization, valid existence, good standing and authority to carry on its business;

authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the Asset Purchase Agreement, and the enforceability of the Asset Purchase Agreement;

our Board of Directors' approval and recommendation of the Asset Purchase Agreement and the transactions contemplated thereby;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of the PHH parties as a result of execution of the Asset Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with the execution of the Asset Purchase Agreement by the PHH parties or consummation of the transactions thereby;

accuracy of the information in this proxy statement;

title to the Purchased Assets;

legal proceedings, claims, demands or governmental investigations in respect of the Purchased Assets, and orders that are binding upon PHH Home Loans, its business or the Purchased Assets;

tax matters;

material contracts with respect to the Home Loans Business, the Purchased Assets or the assumed liabilities, the enforceability of these contracts and the absence of default under these contracts;

compliance with law and material permits;

employee and employee benefits matters;

insurance coverage for the Home Loans Business;

intellectual property matters;

the enforceability of, and absence of default under, real property leases;

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financial statements of PHH Home Loans;

absence of certain changes since September 30, 2016;

absence of undisclosed liabilities;

broker's fees or commissions;

the solvency of PHH and PHH Home Loans;

opinion of PHH's financial advisor;

accuracy of information used in the valuation of the Purchased Assets;

compliance with regulatory requirements pertaining to the origination and sale of mortgage loans;

accuracy of pipeline report and compliance with regulatory requirements in the processing of pipeline loans; and

status of PHH Home Loans and its subsidiary as seller-servicer, issuer or lender by the applicable agencies.

Many of the representations and warranties made by the PHH parties are qualified as to, among other things, "materiality" or "Material Adverse Effect". For purposes of the Asset Purchase Agreement, "Material Adverse Effect" means any fact, effect, development, condition, circumstance, event, change or occurrence that, individually or in the aggregate with all other facts, circumstances, events, changes or occurrences, whether known or unknown, that has or would reasonably be expected to (i) have a material adverse effect on the business, operations, condition (financial or otherwise), assets, liabilities or results of operations of the Home Loans Business, or (ii) prevent or materially delay or materially impede the ability of the PHH parties to consummate the transactions contemplated by the Asset Purchase Agreement. However, the following facts, circumstances, events, changes or occurrences, alone or in combination, are excluded in determining whether there has been or will be a Material Adverse Effect:

any failure, in and of itself, of PHH Home Loans or RMR to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (but the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining, whether there has been, or will be, a Material Adverse Effect);

the execution and delivery of the Asset Purchase Agreement or any other transaction agreement or the public announcement or pendency of the transactions contemplated thereby, including the impact thereof on the relationships, contractual or otherwise, of PHH Home Loans or RMR with employees, suppliers, customers, or partners, and any litigation arising from allegations of any breach of fiduciary duty or violation of Law relating to the Asset Purchase Agreement or the transactions contemplated thereby; or

the performance by the PHH parties of their obligations under the Asset Purchase Agreement or any other transaction agreement.

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In addition, the following facts, circumstances, events, changes or occurrences are excluded in determining whether there has been or will be a Material Adverse Effect, but will be taken into account to the extent such following facts, circumstances, events, changes or occurrences have a

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disproportionate effect on PHH Home Loans and RMR relative to other participants in the industries in which PHH Home Loans and RMR operate:

any changes in general economic conditions or securities, banking, credit, financial or capital markets conditions (whether in the United States or any other country or in any international market), including changes in interest rates or currency exchange rates;

any changes in conditions generally affecting any of the industries in which PHH Home Loans and RMR operate;

any changes in regulatory, legislative or political conditions, in each case in the United States or any foreign jurisdiction;

any change in applicable law or GAAP, or authoritative interpretations thereof;

geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of the Asset Purchase Agreement; or

any hurricane, tornado, flood, earthquake or other natural disasters.

The representations and warranties made by GRA relate to, among other things, the following:

due organization, valid existence, good standing and corporate authority to carry on its business;

authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the Asset Purchase Agreement, and the enforceability of the Asset Purchase Agreement;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of GRA as a result of execution of the Asset Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with GRA's execution of the Asset Purchase Agreement or consummation of the transactions thereby;

accuracy of information supplied by GRA for purpose of this proxy statement;

sufficiency of funds to consummate the transactions contemplated by the Asset Purchase Agreement, including payment of the Purchase Price and the transaction expenses;

the absence of legal proceedings, claims, demands or governmental investigations that would reasonably be expected to prevent or materially delay or impede GRA's ability to consummate the transactions contemplated by the Asset Purchase Agreement; and

broker's fees or commissions.



**Conduct of Business Prior to Closing**

Under the Asset Purchase Agreement, PHH Home Loans and RMR have agreed to use reasonable best efforts to (i) comply with the PHH Home Loans JV Agreements and (ii) conduct the Home Loans Business in the ordinary course consistent with past practice, in each case until the final closing or the earlier termination of the Asset Purchase Agreement.

In addition, during such period of time, PHH Home Loans and RMR will not, subject to certain exceptions:

incur any indebtedness that would constitute an assumed liability;

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sell or dispose of any Purchased Asset;

incur any encumbrance on any Purchased Asset, other than permitted encumbrances;

except as required by law or the terms of existing compensation or benefit plans, (i) adopt, amend or terminate any compensation or benefit plan of PHH Home Loans, RMR or their subsidiaries, (ii) except in the ordinary course of business, consistent with past practice, increase the salaries, wage rates, target bonus opportunities, long-term incentive opportunities, equity-based compensation, employee benefits or perquisites of employees of PHH Home Loans or RMR, (iii) grant or pay any benefits or other amount to employees of PHH Home Loans or RMR that are not required under any compensation or benefit plan of the PHH parties, (iv) grant any severance or other termination pay or increase any such payment, or (v) or take any action to accelerate the vesting or payment of any compensation or benefits to any employees of PHH Home Loans or RMR;

except in the ordinary course consistent with past practice, hire or transfer any individual to become an employee of PHH Home Loans or RMR;

except for terminations for cause, terminate the employment of any employee;

solely with respect to employees of PHH Home Loans or RMR, enter into any collective bargaining agreement or other labor-related agreements with any labor union, labor organization or works council or recognize or certify any such organization or group of employees as the bargaining representative for any employees of PHH Home Loans or RMR;

except as required by applicable law, applicable requirements or the Asset Purchase Agreement, make any material changes in PHH Home Loans' or RMR's policies or practices with respect to the origination or sale of mortgage loans;

settle any material action with any person or governmental entity involving the Home Loans Business if such settlement would be binding upon GRA or its affiliates or would have a material adverse effect on the Home Loans Business or the Purchased Assets or result in any assumed liability;

fail to maintain all existing material permits necessary to operate the Home Loans Business;

amend or modify in a manner adverse to PHH Home Loans, or terminate, any contract to be assigned to GRA; or

agree or otherwise commit to taking any of the actions described above.

**Nonsolicitation of Competing Proposals**

Under the Asset Purchase Agreement, the PHH parties have agreed that, subject to certain exceptions described below, they will and will direct their respective subsidiaries and representatives to cease any ongoing discussions or negotiations with any person with respect to a Competing Proposal (as defined below), and that none of the PHH parties will, and each of them will direct its subsidiaries and representatives not to:

directly or indirectly through another Person, solicit, initiate or knowingly encourage any inquiries, proposals or offers from any person (other than GRA and its affiliates) regarding, or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, a Competing Proposal;

engage in or otherwise participate in any discussions or negotiations regarding, or furnish to any other person any non-public information in connection with or for the purpose of encouraging or facilitating, a Competing Proposal;

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enter into any letter of intent or any other contract providing for a Competing Proposal; or

agree or resolve to take any of the actions described above.

A "**Competing Proposal**" means any inquiry, proposal or offer to acquire (other than the transactions contemplated by the Asset Purchase Agreement), directly or indirectly, 20% or more of the common interests of PHH Home Loans and its subsidiary or 20% or more of the Purchased Assets; provided that any such inquiry, proposal or offer will only constitute a Competing Proposal if and to the extent it would, by its terms and if agreed by PHH, PHH Home Loans or RMR, prohibit the PHH parties from consummating the transactions contemplated by the Asset Purchase Agreement.

Notwithstanding the nonsolicitation obligations described above, if at any time prior to obtaining stockholder approval of the transactions contemplated by the Asset Purchase Agreement, PHH or any of its subsidiaries or representatives receives an unsolicited written Competing Proposal not resulting from or arising out of their material breach of the nonsolicitation obligations, and our Board of Directors determines, after consultation with its outside legal counsel and financial advisors, that such Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal (as defined below), then PHH and its representatives may (i) furnish, pursuant to a confidentiality agreement with terms that are no less favorable to the PHH parties than those contained in the confidentiality agreement between the PHH parties and GRA, information (including non-public information) with respect to PHH Home Loans and RMR, and the Home Loans Business to the person or group of persons who has made such Competing Proposal and (ii) engage in or otherwise participate in discussions or negotiations with the person or group of persons making such Competing Proposal.

A "**Superior Proposal**" is a bona fide written Competing Proposal to acquire 50% or more of the common interests of PHH Home Loans and its subsidiary or 50% or more of the Purchased Assets that our Board of Directors determines in good faith, after consultation with outside legal counsel and financial advisors and taking into account any changes to the Asset Purchase Agreement proposed by GRA in response to one or more Competing Proposals, is more favorable to PHH or its stockholders than the transactions contemplated by the Asset Purchase Agreement (taking into consideration, among other things, all legal, financial, regulatory and other aspects of the proposal deemed relevant by our Board of Directors, including the financing terms thereof and the likelihood of consummation).

PHH has agreed to keep GRA reasonably informed of the status and any material developments, discussions or negotiations regarding any Competing Proposal on a prompt basis (and in any event within 24 hours).

**Changes in Recommendation; Fiduciary Termination**

PHH has agreed, subject to certain exceptions as described below, that it will not (i) fail to include the recommendation of our Board of Directors of the transactions contemplated by the Asset Purchase Agreement in this proxy statement, (ii) change, qualify, withdraw or modify, or publicly propose to change, qualify, withdraw or modify, in a manner adverse to GRA, the recommendation of our Board of Directors, (iii) take any formal action or make any recommendation or public statement in connection with a Competing Proposal other than a recommendation against such offer, a "stop, look and listen" communication or other public disclosure that our Board of Directors determines, after consultation with its outside legal counsel, is required to be disclosed by law, or (iv) adopt, approve, or recommend or publicly propose to adopt, approve or recommend, to the stockholders of PHH, a Competing Proposal (any action described in the foregoing clauses (i) through (iv) is referred to as an "**Acquisition Recommendation Change**") or (v) authorize, cause or permit PHH or any of its subsidiaries to enter into any letter of intent or other agreement with respect to any Competing Proposal other than a confidentiality agreement (each such agreement is referred to as an "**Acquisition Agreement**").

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Notwithstanding the foregoing restrictions, subject to the compliance with the obligations described in the next paragraph, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the Asset Purchase Agreement, make an Acquisition Recommendation Change in response to a Competing Proposal or enter into an Acquisition Agreement, if our Board of Directors has determined in good faith that, (i) after consultation with its outside legal counsel, the failure to do so could be inconsistent with the fiduciary duties of our Board of Directors under applicable law and (ii) after consultation with its outside legal counsel and financial advisors, such Competing Proposal constitutes a Superior Proposal.

Our Board of Directors may take the actions described in the immediately preceding paragraph if and only if prior to taking such actions, (i) PHH has provided GRA with at least four business days' prior written notice (and any material change to the material terms of such Superior Proposal, including any change in price, will require a new notice and an additional two-business day notice period) of its intention to make an Acquisition Recommendation Change or enter into an Acquisition Agreement and specifying the reasons for and all material information with respect to such actions, (ii) if requested by GRA, during such four-business day notice period, PHH has negotiated in good faith with GRA to enable GRA to propose an offer in writing to make such revisions to the Asset Purchase Agreement so that our Board of Directors could determine in good faith (after consultation with its outside legal advisors) that the failure to make an Acquisition Recommendation Change or enter into an Acquisition Agreement would not be inconsistent with its fiduciary duties, and (iii) following the end of such notice period, our Board of Directors has considered in good faith such binding offer by GRA and has determined that the Superior Proposal continues to constitute a Superior Proposal if the revisions proposed by GRA were to be given effect.

In addition, subject to the compliance with the obligations described in the next paragraph, at any time prior to obtaining stockholder approval of the transactions contemplated by the Asset Purchase Agreement, our Board of Directors may, in response to an "Intervening Event" (as defined below), change, qualify, withdraw or modify its recommendation of the transactions contemplated by the Asset Purchase Agreement or publicly propose to do so, in a manner adverse to GRA, or a "**Change of Recommendation**", if our Board of Directors has determined in good faith, after consultation with its outside legal counsel, that the failure to make a Change of Recommendation could be inconsistent with the fiduciary duties of our Board of Directors under applicable law. An "**Intervening Event**" refers to a material event or change with respect to PHH, PHH Home Loans and their subsidiaries taken as a whole (other than a Competing Proposal and the MSR Sale) first occurring after the date of the Asset Purchase Agreement that was not known by our Board of Directors (or if known, the magnitude or material consequences of which were not known by our Board of Directors) as of the date of the Asset Purchase Agreement.

Our Board of Directors may take the actions described in the immediately preceding paragraph if and only if prior to taking such actions, (i) PHH has provided GRA with at least four business days' prior written notice of its intention to effect a Change of Recommendation and a description of the reasons for such action, (ii) if requested by GRA, during such four-business day notice period, PHH has negotiated in good faith with GRA to enable GRA to propose an offer in writing to make such revisions to the Asset Purchase Agreement that would obviate the need for making such Change of Recommendation in respect of such Intervening Event, and (iii) following the end of such notice period, our Board of Directors has considered in good faith such binding offer by GRA and has determined, after consultation with outside legal, that that failure to effect a Change of Recommendation could be inconsistent with the fiduciary duties of our Board of Directors under applicable law.

In the event our Board of Directors effects an Acquisition Recommendation Change or a Change of Recommendation, GRA may terminate the Asset Purchase Agreement and PHH will be obligated to pay a termination fee. PHH will also be obligated to pay the termination fee if it terminates the Asset

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Purchase Agreement in order to enter into an Acquisition Agreement in respect of a Superior Proposal. See " *Termination Fees and Other Consequences*" beginning on page [ • ].

Notwithstanding the foregoing, nothing in the Asset Purchase Agreement obligates Realogy to enter into a joint venture, directly or indirectly, with any third party, and Realogy retains all of its existing consent and other rights under the PHH Home Loans JV Agreements.

**Stockholder Meeting**

PHH has agreed under the Asset Purchase Agreement to hold a special meeting of its stockholders to consider and take action upon the approval of the Asset Purchase Agreement and the transactions contemplated thereby as soon as reasonably practicable after this proxy statement is cleared by the SEC.

**Reasonable Best Efforts; Further Assurances**

Each party to the Asset Purchase Agreement has agreed to use reasonable best efforts to consummate the transactions contemplated by the Asset Purchase Agreement in the most expeditious manner possible, including taking all reasonable actions necessary to obtain any required consent, authorization, order or approval of any governmental entity, as well as any required consents, waivers or approvals of any third parties, including with respect to contracts to be assigned to GRA. Each party has agreed to promptly consult with the other parties and provide any necessary information with respect to all filings made by such party with any governmental entity or any other information supplied to a governmental entity in connection with the Asset Purchase Agreement and the transactions contemplated thereby, and use reasonable best efforts to resolve any objections that may be asserted by any governmental entity with respect to the transactions contemplated by the Asset Purchase Agreement.

**Licensing Approvals and Investor Approvals**

GRA has agreed to use reasonable best efforts to make all regulatory, d/b/a, fictitious name and similar filings and seek to obtain all permits, authorizations and licenses from governmental entities and investors as will be necessary for GRA to conduct its loan origination, loan sales and related operations after the closing. GRA will be responsible for all filing fees and other costs and expenses relating to the licensing approvals and investor approvals. GRA will keep PHH Home Loans reasonably informed of the status of the licensing approvals and investor approvals, and will promptly notify PHH Home Loans of any material development, including any refusal or material objection by any governmental entity or investor to grant the required approval and any material condition imposed or requested by any governmental entity or investor in connection with these approvals. At least 20 days prior to the First Closing and 15 days prior to each subsequent closing, GRA will provide written confirmation to PHH Home Loans that GRA has received reasonable assurance from the relevant state licensing authorities that they will issue the applicable branch office licenses upon the surrender by PHH Home Loans or RMR of its branch office license for these locations at the applicable closing.

**Employment Matters**

GRA has agreed to make employment offers to certain employees of PHH, PHH Home Loans and RMR no later than April 17, 2017. We refer to the employees who accept the offers as "*Transferred Employees*."

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GRA has agreed that, for a period of 12 months following each Transferred Employee's commencement of employment with GRA:

with respect to each Transferred Employees who is a loan processor, GRA will provide to such Transferred Employee (i) at least the same level of annual base salary or wage rate as provided to such employee immediately prior to the transfer of employment, (ii) cash compensation opportunities that are no less favorable in the aggregate than the greater of the cash compensation opportunities of certain specified types provided to such employees immediately before the transfer of employment and those provided to similarly situated employees of GRA (and GRA will pay, or cause to be paid, any true-up payments representing the difference), and (iii) benefits that are, in the aggregate, no less favorable than the benefits provided to similarly situated employees of GRA immediately prior to the First Closing date; and

with respect to each Transferred Employees who is not a loan processor (including loan originators), GRA will provide to such Transferred Employee (i) at least the same level of annual base salary or wage rate as provided to such employee immediately prior to such Transferred Employee's transfer, (ii) cash compensation opportunities that are no less favorable in the aggregate than those cash compensation opportunities of certain specified types provided to such employees immediately before the transfer of employment, including, if applicable, an opportunity to participate in commission plans and volume-driven incentive plans on substantially the same terms (including payout rates) as those provided to such employee immediately before the transfer of employment, and (iii) benefits that are, in the aggregate, no less favorable than the benefits provided to similarly situated employees of GRA immediately prior to the First Closing date.

Furthermore, if GRA eliminates the job position of any Transferred Employee during the 12-month period following the transfer of employment, such Transferred Employee will receive (i) the severance amount calculated based on GRA's severance policy (which will be paid by GRA) and (ii) 50% of the excess, if any, of the severance amount calculated based on the severance policy of PHH or PHH Home Loans, as applicable, over the amount under subclause (i) (which will be paid by PHH Home Loans).

PHH Home Loans and RMR will be responsible for (i) any and all liabilities arising on and prior to the applicable closing date or later hire date with respect to the PHH Home Loans or RMR employees' employment or termination of employment, including any statutory and non-statutory severance obligations, and any other termination payment obligations owed to these employees arising or accruing on or prior to the applicable closing date, whether pursuant to an agreement, plan, practice or policy, or applicable law (including with respect to employees who do not become Transferred Employees), and (ii) any vacation pay and paid time off arising or accruing on or prior to the applicable closing date or later hire date.

With respect to employee benefits plans, following each Transferred Employee's transfer of employment, such Transferred Employee will cease to participate in the employee benefit plans of the PHH parties (which we refer to collectively as the "*Old Plans*") and will commence participation in the employee benefit plans maintained, administered or contributed to by GRA and its affiliates (which we refer to collectively as the "*New Plans*"). For purposes of eligibility, vesting and benefit accrual under the applicable New Plans and subject to limited exceptions, each Transferred Employee will be credited with his or her service time with the Home Loans Business, RMR or PHH Home Loans prior to the applicable closing date, to the same extent such service was recognized immediately prior to such closing date under a comparable Old Plan. In addition, (i) each Transferred Employee will be immediately eligible to participate in any New Plan to the extent coverage under such New Plan is comparable to an Old Plan in which such Transferred Employee participated immediately before the applicable closing date, and (ii) for purposes of each New Plan providing welfare benefits, GRA will

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cause all pre-existing conditions and actively-at-work requirements of such New Plan to be waived for such Transferred Employee unless such conditions would not have been waived under the applicable Old Plan, and GRA will credit each Transferred Employee for the eligible expenses incurred by such Transferred Employee during the Old Plan's plan year ending on the date such Transferred Employee's participation in New Plan begins for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such Transferred Employee for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

**Restrictive Covenants**

The PHH parties have agreed that, from the First Closing date until the third anniversary of the final closing date, they will not directly or indirectly solicit for employment, hire or engage any of the Transferred Employees or any other employees of GRA. However, the foregoing will not prohibit the PHH parties from (i) conducting any general solicitation or advertisement through print or other media or through third party search firms, as long as such solicitation or advertisement is not targeted directly or specifically at GRA or any of its affiliates or their respective employees, (ii) soliciting or hiring any Transferred Employee who has stopped working for GRA at least 12 months prior to such solicitation or hire, or (iii) soliciting or hiring any employee of GRA who is not a Transferred Employee as long as such employee was not solicited in violation of the nonsolicitation obligations described above.

The PHH parties have also agreed that, from the First Closing date until the date that is 18 months following the final closing, without the express prior written consent of GRA, the PHH parties will not directly or indirectly operate, own, invest in or provide advice to any distributed retail mortgage loan origination business in any states in the United States in which GRA operates as of the final closing (we refer to such business as a "*Competing Business*"). However, these restrictions will not prohibit the PHH parties from (i) conducting and developing their subservicing, portfolio retention business, and direct to consumer retail businesses, (ii) owning or acquiring as a passive investment not more than 5% of any publicly traded entity that is engaged in any Competing Business, or (iii) acquiring (however structured) any entity or business in which no more than 20% of revenues are derived from the Competing Business. In addition, the restrictions described above will automatically terminate if a majority of the voting power or substantially all of the assets (excluding the assets to be sold under the Asset Purchase Agreement or in the MSR Sale) of PHH or its operating subsidiary, PHH Mortgage Corporation, are acquired by an unaffiliated third party.

**Assumed Pipeline Loans**

Prior to each closing, PHH Home Loans and GRA will review the proposed assumed pipeline loans and consult with each other in good faith to mutually determine whether the transfer and assignment of any proposed assumed pipeline loan to GRA would reasonably be expected to have any adverse impact on the applicant (taking into consideration the status of the application, GRA's ability to fund and close the pipeline loan in a timely manner and other relevant factors) and whether such proposed assumed pipeline loans should be excluded from the Purchased Assets. Following this review, the parties may agree to have PHH Home Loans retain certain pipeline loans rather than transferring such pipeline loan to GRA.

Upon determination of which pipeline loans will be assumed by GRA, PHH Home Loans will request the consent of each applicant to the transfer and assignment to GRA of the applicable assumed pipeline loan and all other files and information relating thereto. Upon receipt of the resubmitted applications from the applicant, GRA will be responsible for handling each assumed pipeline loan. Following each closing, PHH Home Loans will deliver to GRA any reports filed or maintained by such party and any underlying data pertaining to the applicable assumed pipeline loans.



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**Other Covenants**

The Asset Purchase Agreement contains additional agreements between the parties relating to, among other things, the following:

preparation of this proxy statement;

access to information;

public announcements;

confidentiality;

no access to corporate insurance policies of the PHH parties;

GRA's covenant to cease the use of any PHH related names or trademarks after the completion of the transactions contemplated by the Asset Purchase Agreement;

the preparation and filing of tax returns, sharing of transfer taxes and other tax matters;

privileged communications;

PHH's covenant to keep GRA reasonably informed of the status of the MSR Sale; and

delivery of updated disclosure letter by the PHH parties to GRA prior to each applicable closing (it being understood that any such update shall not have any effect on the closing conditions or indemnification provisions under the Asset Purchase Agreement).

**Conditions to Closings**

*Conditions to the First Closing.*

The respective obligations of each party to effect the First Closing are subject to the satisfaction or waiver of each of the following conditions:

the approval of the transactions contemplated by the Asset Purchase Agreement by holders of a majority of the outstanding shares of PHH common stock entitled to vote on the transaction;

the consummation of a portion of the MSR Sale that requires the consent of Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency, but does not require consent from the origination source (this condition will be deemed satisfied upon receipt of consents from a sufficient number of holders of PHH's 7.375% Senior Notes due 2019 and PHH's 6.375% Senior Notes due 2021, to the effect that the consummation of the transactions contemplated under the Asset Purchase Agreement will not require PHH to redeem such Senior Notes);

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the satisfaction or waiver of the conditions to the closing of the transactions contemplated by the JV Interests Purchase Agreement;

the receipt by GRA of certain specified licensing approvals; and

the absence of any order or injunction prohibiting the consummation of the Asset Purchase Agreement or the transactions contemplated thereby, and the absence of any outstanding written material objection by certain specified governmental entities to the consummation of the transactions contemplated thereby that the parties conclude, in good faith, would result in significant reputational harm to one or more of the parties if they were to proceed to the First Closing over the objection.

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The obligation of GRA to effect the First Closing is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by the PHH parties, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect (subject to limited exceptions);

the compliance with and performance of the covenants and agreements in the Asset Purchase Agreement by the PHH parties in all material respects;

the absence of a Material Adverse Effect since the date of the Asset Purchase Agreement;

the receipt by GRA of an officer's certificate from each PHH party to the effect that the foregoing conditions have been satisfied;

the receipt of certain required third party consents and certain investor approvals;

the delivery by the PHH parties of certain documents and instruments that are required to be delivered at the First Closing; and

the acceptance by a specified supermajority of the PHH, PHH Home Loans and RMR employees, including a specified supermajority of the loan officers, who receive offers of employment from GRA. The parties expect that they will know whether this condition has been satisfied on or about May 2, 2017.

The obligation of the PHH parties to effect the First Closing is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by GRA, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or impair the ability of GRA to consummate the transactions;

the compliance with and performance of the covenants and agreements in the Asset Purchase Agreement by GRA in all material respects;

the receipt by the PHH parties of an officer's certificate from GRA to the effect that the foregoing conditions have been satisfied; and

the delivery by GRA of the applicable portion of the Purchase Price and certain documents and instruments that are required to be delivered at the First Closing.

### *Conditions to Subsequent Closings*

The respective obligations of each party to effect each subsequent closing of the transactions contemplated by the Asset Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

the receipt by GRA of the required licensing approvals from states covering 85% of the Home Loan Business's loan origination volume for the applicable jurisdiction for the last 12 months preceding the applicable closing date; and

the absence of any order or injunction prohibiting the consummation of the Asset Purchase Agreement or the transactions contemplated thereby.

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**Termination of the Asset Purchase Agreement**

The Asset Purchase Agreement may be terminated and the transactions contemplated by the Asset Purchase Agreement may be abandoned at any time prior to the First Closing date by mutual consent or by either GRA or PHH if:

the First Closing has not occurred on or before November 15, 2017 (this date, which may be extended to January 15, 2018 under certain circumstances in order to obtain the required licensing approvals and investor approvals, is referred to as the "**Outside Date**"), provided that this right to terminate the Asset Purchase Agreement will not be available to any party whose breach of the Asset Purchase Agreement has been the proximate cause of the failure to consummate the First Closing on or prior to the Outside Date;

a final and nonappealable order prohibiting the consummation of the transactions contemplated by the Asset Purchase Agreement has been issued or taken by a governmental entity of competent jurisdiction, provided that this right to terminate the Asset Purchase Agreement will only be available if the party seeking to use this right has used its reasonable best efforts to prevent the entry of such order to the extent required by the terms of the Asset Purchase Agreement; or

the special meeting of PHH's stockholders has concluded and the required stockholder approval is not obtained.

PHH may terminate the Asset Purchase Agreement if:

prior to the receipt of the required PHH stockholder approval, our Board of Directors determines to terminate the Asset Purchase Agreement in order to enter into an Acquisition Agreement with respect to a Superior Proposal, provided that PHH has complied with the procedures for effecting such termination (see " *Changes in Recommendation; Fiduciary Termination*" beginning on page [ • ]) and paid the applicable termination fee to GRA (see " *Termination Fee and Other Consequences*" beginning on page [ • ]); or

there has been a breach by GRA of any representation, warranty, covenant, obligation or agreement set forth in the Asset Purchase Agreement, which breach, either individually or in the aggregate, would result in the failure to satisfy certain closing condition(s) and is not cured within the earlier of the Outside Date or 30 days of PHH's written notice of such breach, provided that this termination right will not be available if any PHH party is then in material breach of any of its representations, warranties, covenants or agreements in the Asset Purchase Agreement.

GRA may terminate the Asset Purchase Agreement if:

prior to the special meeting of PHH's stockholders, (i) our Board of Directors has made an Acquisition Recommendation Change or a Change of Recommendation (see " *Changes in Recommendation; Fiduciary Termination*" beginning on page [ • ]) or (ii) an offer relating to a Competing Proposal has been formally commenced by a third party and our Board of Directors has not, within 10 business days thereafter, made any recommendation or public statement reaffirming its recommendation of the Asset Purchase Agreement and recommending that PHH's stockholders reject such Competing Proposal;

there has been a breach by any PHH party of any representation, warranty, covenant, obligation or agreement set forth in the Asset Purchase Agreement, which breach, either individually or in the aggregate, would result in the failure to satisfy certain closing condition(s) and is not cured within the earlier of the Outside Date or 30 days of GRA's written notice of such breach, provided that this termination right will not be available if GRA is then in material breach of

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any of its representations, warranties, covenants or agreements in the Asset Purchase Agreement; or

the closing condition relating to the consummation of the MSR Sale has not been satisfied or waived by September 1, 2017 and all of the other conditions to the First Closing have been satisfied or waived, if the First Closing were to occur on September 1, 2017.

In addition, the Asset Purchase Agreement will terminate automatically if the JV Interests Purchase Agreement has been terminated pursuant to its terms.

If the Asset Purchase Agreement is terminated, it will become void and of no effect with no liability on the part of any party to another party, except that (i) certain provisions, including those relating to the effect of termination and termination fees, will survive the termination, and (ii) no party will be released from any liability for any deliberate material breach of any of its covenants in the Asset Purchase Agreement prior to such termination.

**Termination Fees and Other Consequences**

PHH will be required to pay GRA a termination fee equal to 3.5% of the Purchase Price if:

GRA terminates the Asset Purchase Agreement as a result of an Acquisition Recommendation Change or Change of Recommendation by our Board of Directors, or the failure of our Board of Directors to reaffirm its recommendation of the Asset Purchase Agreement within 10 business days following the commencement of any offer that constitutes a Competing Proposal;

PHH terminates the Asset Purchase Agreement in order to enter into an Acquisition Agreement with respect to a Superior Proposal; or

the Asset Purchase Agreement is terminated (x) by either party due to the failure to consummate the transaction on or prior to the Outside Date or the failure to obtain PHH stockholder approval or (y) by GRA due to any uncured breach by the PHH parties that results in the failure to satisfy a closing condition, (ii) prior to such termination, a Competing Proposal to acquire 50% or more of the common interests of PHH Home Loans or 50% or more of the Purchased Assets had been publicly announced and not publicly withdrawn, and (iii) within 12 months following such termination, a Competing Proposal for 50% or more of the common interests of PHH Home Loans or 50% or more of the Purchased Assets is consummated, or PHH or any of its subsidiaries enters into an Acquisition Agreement with respect to such a Competing Proposal, which is subsequently consummated.

PHH will also be required to pay GRA a termination fee, or the "**MSR Termination Fee**", equal to 1.75% of the Purchase Price if:

either PHH or GRA terminates the Asset Purchase Agreement due to the failure to consummate the transaction on or prior to the Outside Date, and the condition relating to the consummation of the MSR Sale has not been satisfied as of the Outside Date;

GRA terminates the Asset Purchase Agreement as a result of the PHH parties' breach of the Asset Purchase Agreement resulting in the failure to satisfy a closing condition, and the PHH parties have materially breached their obligation to keep GRA informed of the status of the MSR Sale; or

GRA terminates the Asset Purchase Agreement due to the failure to satisfy the closing condition relating to the consummation of the MSR Sale by September 1, 2017.

In addition, if the Asset Purchase Agreement is terminated under circumstances in which the MSR Termination Fee is payable, PHH will be automatically deemed to have irrevocably waived (i) any provision of the PHH Home Loans JV Agreements that would limit or restrict Realogy

from entering

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into any joint venture with any third party (including GRI) and (ii) any notice or waiting periods under the PHH Home Loans JV Agreements to allow Realogy to exercise its right to terminate those agreements and sell its interest in PHH Home Loans to PHH.

**Indemnification; Limitations on Indemnification Obligations**

The PHH parties have agreed to, effective at and after the First Closing, jointly and severally indemnify GRA, its affiliates and each of their respective directors, officers, employees, agents, successors and assigns against any and all damages incurred by them to the extent arising out of or relating to:

any liabilities to be retained by PHH Home Loans pursuant to the terms of the Asset Purchase Agreement;

any breach of covenant or agreement by the PHH parties; or

any breach of, or inaccuracy in, certain representations and warranties made by the PHH parties.

GRA has agreed to, effective at and after the First Closing, indemnify the PHH parties, their affiliates and each of their respective directors, officers, employees, agents, successors and assigns against any and all damages incurred by them to the extent arising out of or relating to:

any liabilities to be assumed by GRA pursuant to the terms of the Asset Purchase Agreement;

any breach of covenant or agreement by GRA; or

any breach of, or inaccuracy in, certain representations and warranties made by GRA.

Notwithstanding the foregoing, neither the PHH Parties nor GRA will have any indemnification obligation with respect to breaches of representations and warranties made by such party unless and until the aggregate liability for damages suffered by the indemnified parties exceeds \$50,000, and then only to the extent of such excess. In addition, the aggregate indemnification obligation of either the PHH Parties or GRA for breaches of representations and warranties will not exceed 5% of the Purchase Price.

The representations and warranties in the Asset Purchase Agreement and the right to assert any claim with respect to such representations and warranties will survive the applicable closing date and continue for a period of 18 months after such closing date. The covenants and agreements contained in the Asset Purchase Agreement that by their terms are to be performed or complied with after the applicable closing date and the right to assert a claim with respect to any such covenants and agreements will survive such closing date in accordance with their terms; all other covenants and agreements contained in the Asset Purchase Agreement will terminate on the applicable closing date, but the right to assert breach claims will survive the applicable closing date for a period of 18 months.

**Amendment to the Asset Purchase Agreement**

The Asset Purchase Agreement may be amended, and any term or provision of the Asset Purchase Agreement may be waived, by a writing signed by the party against whom such waiver or modification is sought to be enforced, except that after the required approval by PHH stockholders has been obtained, no amendment which by law requires further approval by PHH's stockholders may be made without such further approval.

**PHH Guaranty**

PHH has agreed to guarantee the obligations of PHH Home Loans to pay and perform its obligations under the Asset Purchase Agreement. If the Asset Purchase Agreement is terminated, the



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guaranty will terminate 180 days after the termination, except with respect to any obligations arising at or prior to such termination.

**Governing Law**

The Asset Purchase Agreement, and all claims or causes of action based upon, arising out of, or related to the Asset Purchase Agreement or the transactions contemplated thereby, will be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

***JV INTERESTS PURCHASE AGREEMENT***

**JV Interests Purchase; Consideration**

In connection with the execution of the Asset Purchase Agreement, PHH and its wholly-owned subsidiary, PHH Broker Partner Corporation, or the "***PHH Member***," have entered into the JV Interests Purchase Agreement with a wholly-owned subsidiary of Realogy, Realogy Services Venture Partner LLC, or the "***Realogy Member***." The PHH Member owns 50.1% of the common interests in PHH Home Loans and the Realogy Member owns 49.9% of the common interests in PHH Home Loans. Under the JV Interests Purchase Agreement, the PHH Member has agreed to acquire all of the Realogy Member's interests in PHH Home Loans (we refer to this transaction as the JV Interests Purchase) for an aggregate cash amount equal to 49.9% of the book equity of PHH Home Loans at the closing of the JV Interests Purchase. The total of cash outflows to Realogy for its equity interests, including the JV Interests Purchase, Distributable Cash (as discussed below), and its pro rata share of the Home Loans Asset Sale, is estimated to be \$90 million.

The closing of the JV Interests Purchase will take place on the 90th day following the final closing under the Asset Purchase Agreement, with an adjustment (if any) in the purchase price paid to occur 45 days thereafter.

**Cash Distributions**

During the period between the First Closing under the Asset Purchase Agreement and the closing of the JV Interests Purchase, the parties will review PHH Home Loans' "Distributable Cash" regularly (in any event on a monthly basis), and the PHH parties will cause PHH Home Loans to distribute such amount of the Distributable Cash as the parties may agree to its members on a pro rata basis based on their respective ownership interests in PHH Home Loans. "***Distributable Cash***" refers to all cash and cash equivalents held by PHH Home Loans, including (i) all proceeds received by PHH Home Loans under the Asset Purchase Agreement, (ii) all proceeds from the mortgages held for sale by PHH Home Loans, and (iii) cash realized from the reduction in PHH Home Loans' warehouse lines, less (1) cash required to satisfy working capital requirements and minimum statutory deposits, (2) cash required to repay the warehouse loans, and (3) cash required to fund the costs and expenses to wind down the operations of PHH Home Loans, including severance, retention, pension and other employee-related costs and expenses (we refer to such costs and expenses collectively as the "***Wind-Down Costs***").

In connection with the foregoing, the PHH parties have agreed to (i) seek in good faith to maximize the amount of PHH Home Loans' distribution cash, (ii) use reasonably best efforts to monetize any remaining assets of PHH Home Loans and its subsidiaries prior to the closing of the JV Interests Purchase, and (iii) regularly review the foregoing with the Realogy Member.

We expect to receive \$35 million in net proceeds from our share of Distributable Cash resulting from the Home Loans Asset Sale under the Asset Purchase Agreement, together with \$57 million in net proceeds from the JV Interests Purchase and subsequent monetization of our net investment in

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PHH Home Loans, before PHH's share of costs associated with the exit and disposal of PHH Home Loans, and excluding taxes related to the Transactions, for total net proceeds of \$92 million from the Home Loans Transactions. See " *Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions*" for more information about our anticipated use of proceeds from the Home Loans Transactions.

**Representations and Warranties**

The JV Interests Purchase Agreement contains customary representations and warranties of the parties.

The representations and warranties made by the Realogy Member to the PHH parties relate to, among other things, the following:

due organization, valid existence, good standing and authority to carry on its business;

authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the JV Interests Purchase Agreement, and the enforceability of the JV Interests Purchase Agreement;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of the Realogy Member as a result of execution of the JV Interests Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with the execution of the JV Interests Purchase Agreement by the Realogy Member or consummation of the transactions contemplated thereby;

title to the Realogy Member's interests in PHH Home Loans;

legal proceedings or governmental investigations in respect of the Realogy Member; and

broker's fees or commissions.

The representations and warranties made by the PHH parties to the Realogy Member relate to, among other things, the following:

due organization, valid existence, good standing and corporate authority to carry on its business;

corporate authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the JV Interests Purchase Agreement, and the enforceability of the JV Interests Purchase Agreement;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of the PHH parties as a result of execution of the JV Interests Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with the execution of the JV Interests Purchase Agreement by the PHH parties or consummation of the transactions contemplated thereby;

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legal proceedings, claims, demands or governmental investigations in respect of the PHH parties;

broker's fees or commissions;

solvency of the PHH parties; and

the absence of any agreement with GRI regarding the Home Loans Transaction (other than the Home Loans Transactions Agreements).

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**Certain Covenants**

The JV Interests Purchase Agreement contains additional agreements between the parties relating to, among other things, the following:

the preparation and filing of tax returns, the sharing of transfer taxes and other tax matters;

reasonable best efforts by the parties to complete the JV Interests Purchase;

public announcements; and

confidentiality.

**Closing Conditions**

The respective obligations of each party to effect the closing of the JV Interests Purchase are subject to the following conditions:

the completion of each of the closings under the Asset Purchase Agreement; and

the absence of any order or injunction prohibiting the consummation of the JV Interests Purchase Agreement or the transactions contemplated thereby.

The obligation of the Realogy Member to effect the closing of the JV Interests Purchase is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by the PHH parties, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or impair the ability of the PHH parties to consummate the transactions;

the compliance with and performance of all terms and covenants of the JV Interests Purchase Agreement by the PHH parties in all material respects;

the receipt by the Realogy Member of an officer's certificate from the PHH Member to the effect that the foregoing conditions have been satisfied; and

the delivery by the PHH Member of the cash consideration and certain documents and instruments that are required to be delivered at the closing.

The obligation of the PHH parties to effect the closing of the JV Interests Purchase is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties made by the Realogy Member, except for inaccuracies that, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or impair the ability of the Realogy Member to consummate the transactions;

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the compliance with and performance of all terms and covenants of the JV Interests Purchase Agreement by the Realogy Member in all material respects;

the receipt by the PHH parties of an officer's certificate from the Realogy Member to the effect that the foregoing conditions have been satisfied; and

the delivery by the Realogy Member of certain documents and instruments that are required to be delivered at the closing.

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**Indemnification**

The PHH parties have agreed to jointly and severally indemnify, defend and hold harmless the Realogy Member, its affiliates and their respective officers, directors, employees, agents and representatives against:

100% of the damages incurred by the indemnified parties relating to (i) certain specified legal proceedings or (ii) any indemnification obligations of the PHH parties under the Home Loans JV Agreements;

50.1% of the damages incurred by the indemnified parties relating to the ownership or operation of PHH Home Loans prior to the closing of the JV Interests Purchase; and

50.1% of the Wind-Down Costs.

In addition, upon the closing of the JV Interests Purchase, PHH will provide the Realogy Member a standby letter of credit (or, in lieu of such letter of credit, a financial guaranty bond on a mutually acceptable form issued by an insurance company with an AM Best Rating of A-or better) to backstop the indemnification obligations in respect of certain specified legal proceedings. The amount of the letter of credit will be reduced as the legal proceedings and other obligations are resolved.

The Realogy Member has agreed to indemnify, defend and hold harmless PHH, the PHH Member, their affiliates and their respective officers, directors, employees, agents and representatives against:

49.9% of the damages incurred by the PHH parties relating to the ownership and operation of PHH Home Loans prior to the closing of the PHH JV Interests Purchase;

49.9% of the liabilities incurred by PHH and its affiliates under certain specified investor guaranties; and

49.9% of the Wind-Down Costs.

**Termination of the JV Interests Purchase Agreement**

The JV Interests Purchase Agreement may be terminated and the transactions contemplated thereby may be abandoned by mutual consent or by the Realogy Member upon the occurrence of certain circumstances set forth in the Asset Purchase Agreement which would have provided GRA the right to terminate the Asset Purchase Agreement. In addition, the JV Interests Purchase Agreement will terminate automatically if the Asset Purchase Agreement is terminated in accordance with its terms.

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**Amendment to the JV Interests Purchase Agreement**

The JV Interests Purchase Agreement may be amended in writing by the parties, and any term or provision of the JV Interests Purchase Agreement may be waived, by a writing signed by the party against whom such waiver is sought to be enforced.

**Governing Law**

The JV Interests Purchase Agreement, and all claims or causes of action based upon, arising out of, or related to the JV Interests Purchase Agreement or the transactions contemplated thereby, will be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

**SUPPORT AGREEMENT**

In connection with the execution of the Asset Purchase Agreement and the JV Interests Purchase Agreement, PHH has entered into a support agreement with GRI and Realogy, or the "**Support Agreement**." The Support Agreement is for the benefit of PHH and for the purpose of providing support by GRI and Realogy, as the ultimate parents and members of GRA.

Subject to the terms and conditions set forth in the Support Agreement, each of GRI and Realogy has agreed to (i) provide to GRA its proportionate share of capital contributions required for GRA to obtain the required licensing approvals and investor approvals and effect the transactions contemplated by the Asset Purchase Agreement and (ii) support GRA's efforts to obtain the required licensing approvals and investor approvals. Each of GRI and Realogy have also agreed to severally (based on its pro rata ownership of GRA) and not jointly guarantee the payment obligations of GRA under the Asset Purchase Agreement and the other agreements contemplated thereby, including payment of monetary damages resulting from pre-closing breaches of the Asset Purchase Agreement up to a maximum amount of \$3,000,000.

In addition, (i) Realogy has agreed to guarantee the payment and performance obligations of the Realogy Member under the JV Interests Purchase Agreement and the assignment and assumption agreement and transition services agreement contemplated thereby and (ii) each of GRI, Realogy and PHH has agreed to use its reasonable best efforts to resolve any written material objections to the consummation of the Home Loans Asset Sale that are raised by certain specified governmental entities.

**ANTICIPATED USE OF PROCEEDS FROM THE TRANSACTIONS**

We estimate the Company will receive total gross proceeds of approximately \$950 million from the Transactions, assuming the closing of the MSR Sale and the Home Loans Transactions and receipt of all required approvals, investor consents and origination source consents for the MSR Sale, and based on the December 31, 2016 MSR Portfolio composition, among other assumptions. (See "*Sub-Proposal 1A: Approval of the MSR Sale Sub-Proposal The MSR Purchase Agreement Consideration*" for more information about the composition of our MSR Portfolio as of December 31, 2016.) We expect that substantially all of the proceeds from the MSR Sale (the total gross proceeds of which are expected to be up to \$858 million, based on the December 31, 2016 MSR Portfolio composition) and a portion of the proceeds from the Home Loans Transactions (the total gross proceeds to us of which are expected to be \$92 million) will be used to repay our Senior Notes, to repay borrowings under the Company's PSART servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes associated with the Transactions. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing

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terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes.

Our existing cash balance was \$839 million as of December 31, 2016 (excluding cash held in variable interest entities) and on February 2, 2017, the initial sale to Lakeview was completed, with proceeds expected for \$77 million of MSR fair value and \$11 million of Servicing advances. We have identified expected uses of our existing cash and our net proceeds from the sale to Lakeview, the MSR Sale and the Home Loans Transactions over the next 18 months which, in addition to any cash used in connection with any retirement of our Senior Notes following the closing of our MSR Sale to New Residential or the Home Loans Asset Sale, include the following estimated outflows:

\$220 million related to the exit of the PLS business, including expected operating losses and costs to complete the exit;

\$40 million for costs associated with re-engineering and transitioning our business; and

\$60 million for payment of MSR transaction costs and strategic review advisory, legal and professional fees.

Further, we intend to maintain excess cash to cover contingencies, which include \$114 million related to our legal and regulatory reserves, and excess cash to cover other contingencies for mortgage loan repurchases, reasonably possible losses for legal and regulatory matters in excess of reserves, MSR Sale agreement indemnifications, and other contingencies.

Once we have the appropriate level of certainty with respect to the amount and timing of sources and uses of cash from our strategic actions, we intend to take the necessary actions to commence any returns of capital to stockholders. We estimate that up to \$550 million of excess cash could be available for return to our stockholders, however, the method, timing and amount of the return of capital to our stockholders, if any, will depend on several factors including:

the closing and proceeds realized from our MSR Sales, which will be based on the MSR Portfolio composition as of each respective transfer date and to the extent to which we receive investor and origination source consents;

the closing of, and the value realized from, our Home Loans Asset Transaction;

the successful execution of our PLS business exit, and costs and operating losses in connection with such exit;

the resolution of our outstanding legal and regulatory matters;

the successful completion of other restructuring and capital management activities, including debt repayment; and

the working capital requirements and contingency needs for the remaining business.

Other factors that may impact our decisions regarding the method, timing and amount of any return of capital include economic and market conditions, our financial condition and operating results, cash requirements, capital requirements of our operating subsidiaries, legal requirements, regulatory constraints, investment opportunities at the time any such payment is considered, and other factors deemed relevant. There can be no assurances we will complete any return of capital to our stockholders. For more information, see "Risk Factors Risks Related to the Transactions *The amount of capital returned to stockholders, if any, as a result of the Transactions may be less than our expectations. Furthermore, there can be no assurances about the method, timing or amounts of any such distributions.*"



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**EFFECTS ON THE COMPANY IF THE TRANSACTIONS ARE COMPLETED**

Assuming the successful closing of the MSR Sale and Home Loans Transactions and the successful execution of our PLS business exit, we intend to transition to a business comprised of subservicing and portfolio retention, or "*PHH 2.0*." While we do not anticipate a material change to our Servicing segment operations as a result of the closing of the MSR Sale, if executed, we do anticipate material changes to our Mortgage Production segment operations as a result of the closing of the Home Loans Transactions, if executed, and our efforts to exit our PLS business.

Immediately following each Sale Date of the MSR Sale, if executed, our employee base, facilities, and current operations that are involved in performing our Servicing segment operations will remain with PHH and PHH Mortgage and we will continue to perform servicing activities for our subservicing clients (which will include New Residential under the Subservicing Agreement). We do, however, anticipate that we will experience a shift in our customer base, whereby immediately following the final Sale Date of the MSR Sale, our contractual relationships governing our Servicing segment operations will shift from our performing servicing activities directly for mortgage loan investors, to our performing services for our subservicing clients under our subservicing contracts (including under the Subservicing Agreement). Our revenue-producing operations from our Servicing segment, however, will otherwise be generally the same before and after the closing of the MSR Sale, if executed. Additionally, our Servicing segment operations and the rules and regulations governing our activity (including required compliance with Agency servicing standards) will remain substantially the same.

Following the final closing of the Home Loans Transactions, if executed, we anticipate that we will no longer have any operations in the Real Estate channel of our Mortgage Production segment. In particular, we anticipate that immediately following the final closing of the Home Loans Transactions, our employee base will decrease by approximately 1,066 employees in total, assuming the transfer of employment to GRA of up to approximately 958 employees, with the balance of the decrease resulting from a reduction in force of PHH Home Loans employees. Further, after the final closing we anticipate that we will no longer originate mortgage loans or sell MSRs originated through the Real Estate channel of our Mortgage Production segment. Additionally, we expect to transfer to GRA in connection with the closing of the Home Loans Transactions our leases for substantially all of the facilities used by PHH Home Loans that housed the subsidiaries of PHH Home Loans and certain operations of the Real Estate channel of our Mortgage Production segment. For more information about our costs associated with the successful closing of the Home Loans Transactions, which we estimate to be \$10 million, please refer to our Unaudited Pro Forma Financial Statements attached to this proxy statement as *Annex J* for additional information.

In November 2016, we announced our intentions to exit the PLS channel of our Mortgage Production segment. The PLS channel includes providing outsourced mortgage origination services for wealth management firms, regional banks and community banks throughout the U.S. For the year ended December 31, 2016, the PLS channel represented 79% of our total closing volume (based on dollars). Due to elevated operating losses, increasing regulatory and client customization costs and a shrinking market for financial institution origination services, we determined the exit of the business was necessary. We expect that we will be in a position to substantially exit this channel by the first quarter of 2018, subject to transition support requirements. We currently have exit plans in place with clients representing 55% of our PLS closing volume. For more information about the costs associated with our exit from the PLS channel, see Note 2 "Exit Costs" in the PHH Corporation and Subsidiaries Audited Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014 attached hereto at *Annex H*.

Our transition to PHH 2.0 will be contingent upon successfully executing the Transactions and the PLS business exits outlined above, as well as restructuring our remaining business and shared services platform and achieving our growth objectives and assumptions. We intend to re-engineer and reduce

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operating and overhead costs, which may take up to 12 to 18 months following the closing of the Transactions to complete. We expect successful execution will enable us to maximize near term capital distributions, preserve the value of our tax assets and create incremental value through potential future earnings and by maintaining flexibility to consider future strategic actions.

Additionally, the MSR Sale and Home Loans Transactions do not involve any transfer of risk with respect to our legal and regulatory contingencies. We will retain the recorded and unrecorded liabilities in respect of our various legal proceedings, including private and civil litigation, and regulatory matters to which we and our subsidiaries are subject as described in Note 15, 'Commitments and Contingencies' in the PHH Corporation and Subsidiaries Audited Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014 attached hereto at *Annex H*. Successful completion of our transition to our PHH 2.0 subservicing and portfolio retention business is also contingent upon resolution of our outstanding legal and regulatory matters. As discussed in greater detail in " *Anticipated Use of Proceeds from the Transactions*" we intend to maintain excess cash reserves to cover various contingencies, which include \$114 million related to our legal and regulatory reserves. (See " *Risk Factors Risks Relating to our Company if the Transactions are Completed*" for more information.)

Please refer to our Unaudited Pro Forma Financial Statements attached to this proxy statement as *Annex J* for additional information.

**EFFECTS ON THE COMPANY IF THE TRANSACTIONS ARE NOT COMPLETED**

If the proposed MSR Sale is not completed, we will continue to hold the MSR Portfolio. In the event the MSR Purchase Agreement is terminated, we will generally pay New Residential a termination fee of 3.5% of the purchase price for the MSR Portfolio. We cannot complete the MSR Sale unless our stockholders approve the MSR Sale Sub-Proposal, in addition to the satisfaction of the other conditions to closing of the MSR Sale. If our stockholders do not approve the MSR Sale Sub-Proposal, then the MSR Purchase Agreement may be terminated by either us or New Residential, which would result in our payment of the termination fee under the MSR Purchase Agreement). Additionally, we may explore other strategic alternatives, including a sale of our MSR Portfolio to another party; however, there can be no assurances that any alternative transactions will be identified or completed. An alternative transaction may have terms that are less favorable to us than the terms of the proposed MSR Sale, or we may be unable to reach agreement with any third party on an alternate transaction that we would consider to be reasonable.

If, however, the proposed Home Loans Transactions are not completed and the Home Loans Transactions Agreement are terminated, in addition to the termination fee that we may be obligated to pay under the Asset Purchase Agreement (as discussed below), PHH and its subsidiaries would be deemed to have waived (i) any restrictions under the PHH Home Loans JV Agreements that prohibit Realogy from entering into any joint venture with third parties and (ii) the two-year notice requirement with respect to Realogy's right to terminate the PHH Home Loans joint venture, such that the PHH Home Loans JV Agreements and our joint venture, PHH Home Loans, will be terminated.

We cannot complete the Home Loans Transactions unless our stockholders approve the Home Loans Asset Sale Sub-Proposal, in addition to the satisfaction of the other conditions to closing of the Home Loans Transactions, which include the closing of the sale of the portion of the MSR Portfolio requiring Fannie Mae, Freddie Mac and/or the Federal Housing Finance Agency (but not the origination source) consent under the MSR Purchase Agreement. If our stockholders do not approve the Home Loans Asset Sale Sub-Proposal or if our stockholders do not approve the MSR Sale Sub-Proposal, then (a) the Asset Purchase Agreement may be terminated by either us or GRA, in which case, we will generally pay GRA a termination fee of 3.5% of the Purchase Price (or termination fee of 1.75% of the Purchase Price in the event the Asset Purchase Agreement is terminated because

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MSR Sale does not close); and (b) the JV Interests Purchase Agreement may be terminated by either us or the Realogy Member, in which case, PHH and its subsidiaries would be deemed to have waived (i) any restrictions under the PHH Home Loans JV Agreements that prohibit Realogy from entering into any joint venture with third parties and (ii) the two-year notice requirement with respect to Realogy's right to terminate the PHH Home Loans joint venture. Accordingly, the PHH Home Loans JV Agreements and our joint venture, PHH Home Loans, will be terminated

**INTERESTS OF OUR DIRECTORS AND OFFICERS**

In considering the recommendation of our Board of Directors with respect to the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal, you should be aware that certain of our directors and executive officers may have interests in the Transactions that are different from, or in addition to, the interests of the holders of our common stock. Such interests include, among other matters, severance payments and benefits payable to certain executive officers upon qualifying terminations of employment pursuant to our existing policies and agreements, accelerated vesting and/or payment of certain bonus payments, cash performance incentive awards and restricted stock units upon qualifying terminations of employment (in each case, subject to the achievement of any applicable performance criteria) and certain rights to continued indemnification and insurance coverage. In addition, the number of shares of our common stock owned by our directors and executive officers as of April 12, 2017, appears below under the heading " *Security Ownership of Certain Beneficial Owners and Management*" beginning on page [ • ]. Although the timing of the closings of the Transactions is uncertain and the Home Loans Asset Sale includes multiple closings, under the assumptions made pursuant to SEC rules as described below (including that all of the closings of the Transactions are assumed to occur on the same day), the Transactions will constitute a "change in control," "change of control" or term of similar meaning for purposes of the Company's executive compensation and benefit plans described below.

**Certain Assumptions**

Except as otherwise specifically noted, for purposes of describing the potential payments and benefits in this section, the following assumptions were used:

The relevant price per share of the Company common stock is \$15.16, the average closing market price of the Company's common stock over the first five business days following the announcement of the MSR Sale. We are using the average stock price following the announcement of the MSR Sale because it is higher than the average closing market price of the Company's common stock over the first five business days following the announcement of the Home Loans Asset Sale, which was \$12.40, and will therefore provide higher estimates of the amounts that may become payable to the named executive officers following the Transactions.

Solely for purposes of the disclosure in this section, the assumed date of the closings of the Transactions is April 12, 2017.

Each executive officer of the Company experiences a qualifying termination, including a termination by the Company without "cause," resignation by the executive officer for "good reason," or resignation by the executive officer because his or her employment becomes "non-comparable employment," as such terms are defined in the relevant Company plans and agreements as in effect on the date hereof, immediately following the assumed closings on April 12, 2017.

**Severance**

The Company maintains an Amended and Restated Tier I Severance Plan, effective May 19, 2016 (the "*Severance Plan*"), in which all of the Company's executive officers participate (other than

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Messrs. Crowl and Michael Bogansky who were appointed Chief Operating Officer and Chief Financial Officer, respectively, on March 29, 2017, are each party to an employment agreement that provides for severance pay, as described below. In light of the public announcement of the strategic review process and the potential impact it could have on executives, the Company amended and restated the Tier I Severance Plan in order to retain our executives through the process and the pursuit and consideration of the Transactions. Under the Severance Plan, each participant would become entitled to certain severance benefits, subject to his or her execution of a release and compliance with certain restrictive covenants, if, among other things, the Company terminates his or her employment without "cause" or the participant voluntarily resigns within two years following the Transactions because his or her employment becomes "non-comparable employment." The severance benefits under the Severance Plan include: salary continuation for either one or two years, which runs concurrent with the duration of the non-compete and/or nonsolicitation provisions contained in restrictive covenant agreements executed as a condition of participation in the Company's long-term incentive plan; 100% of the target amount of the cash incentive bonus award granted to the participant under the Management Incentive Plan for the year in which the qualifying termination occurs (or, if the participant has not yet received a cash incentive bonus award for the year of termination, then 100% of the target amount of the cash incentive bonus award granted to the executive in the prior year), payable over the salary continuation period; outplacement assistance services not to exceed \$18,000 to be used within 24 months of the qualifying termination; and payment of an amount equal to the cost of COBRA coverage during the duration of the one-year or two-year restricted covenants.

Each of Messrs. Messina, Brown and Kaplan and Ms. Ruggieri are also party to a separation letter that provides each of them with the right to receive the severance benefits under the Severance Plan described above upon a termination by the Company without "cause" subject to remaining employed with the Company through their anticipated 2017 departure dates, execution of a general release agreement and compliance with their restrictive covenant agreements.

Each of Messrs. Crowl and Bogansky are party to an employment agreement that provides each of them the right to receive the severance benefits under the Severance Plan described above upon a termination by the Company without "cause" or a resignation by the executive for "good reason," in each case, subject to execution of a general release agreement and compliance with certain restrictive covenants.

See the section entitled "*Interests of Our Directors and Officers Quantification of Potential Payments and Benefits to the Company's Named Executive Officers in Connection with the Transactions*" for an estimate of the value of the severance benefits payable to each of the Company's named executive officers upon a qualifying termination immediately following the Transactions.

**Compensation Granted under Our 2014 Equity and Incentive Plan**

*Stock Options*

All of the Company stock options held by the executive officers were fully vested and exercisable as of April 12, 2017. Therefore, the Transactions will have no beneficial impact on the executive officers' outstanding Company stock options.

*Performance-Based and Time-Based Restricted Stock Units*

None of the executive officers' outstanding restricted stock units are "single-trigger," and the Transactions alone will not result in the vesting or settlement of such awards. The executive officers' restricted stock units granted in 2014 and 2015 contain "double-trigger" protections that would result in the accelerated vesting of such awards in connection with a termination by the Company without "cause" or a resignation by the executive officer for "good reason," in each case, within two years following the Transactions. However, the performance-based restricted stock units granted in 2014 and

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2015 would still remain subject to the achievement of their applicable performance criteria. Under the assumptions described above, the applicable performance criteria that must be met for those awards to have value will not be met and, therefore, those awards would be valueless.

The vesting of the executive officers' restricted stock units granted in 2016 will not be impacted by the Transactions, but such awards would vest in full on a termination by the Company without "cause." However, the performance-based restricted stock units granted in 2016 would remain subject to the achievement of their applicable performance criteria and, under the assumptions described above, their value would be determined on the date of the Transactions.

*Cash Performance Incentive Awards*

None of the executive officers' outstanding cash performance incentive awards are "single-trigger," and the Transactions alone will not result in the vesting or settlement of such awards. The vesting of the executive officers' cash performance incentive awards granted in 2017 will not be impacted by the Transactions, but such awards would vest in full on a termination by the Company without "cause," however, such awards would remain subject to the achievement of their applicable performance criteria.

*Equity Compensation Program for Non-Employee Directors*

Our Equity Compensation Program for Non-Employee Directors does not contain "single trigger" vesting provisions and the Transactions alone will not result in the vesting or settlement of the outstanding unvested equity awards of the non-employee directors. Non-employee director equity awards would fully vest on the date the non-employee director ceases providing services to the Company following the Transactions (other than due to a removal from our Board of Directors consistent with the Company's Charter).

*Quantification of Cash Performance Incentive Awards and Equity-Based Compensation Granted under Our 2014 Equity and Incentive Plan*

See the section entitled "*Interests of our Directors and Officers Quantification of Potential Payments and Benefits to the Company's Named Executive Officers in Connection with the Transactions*" for an estimate of the value of the unvested cash performance incentive awards and restricted stock units held by each of the Company's named executive officers that would become vested in connection with a qualifying termination of employment following the closing of the Transactions based on the assumptions described above under "*Certain Assumptions*" and in the footnotes to the table below (including assumptions relating to the level of achievement of the applicable performance criteria). Also, based on those assumptions, the estimated aggregate value of the unvested restricted stock units held by the Company's six non-employee directors that would become vested assuming such directors' service as directors was terminated following the Transactions, is \$228,022, assuming a per share price of \$15.16 and \$186,508 assuming a per share price of \$12.40.

*Management Incentive Plan*

As part of our annual compensation process we grant cash incentive bonuses under our Management Incentive Plan. Under the terms of our Management Incentive Plan and the 2017 awards, an award recipient who is terminated by the Company without "cause" prior to the certification of performance against plan and individual performance objectives would be entitled to a pro-rated bonus amount based on the number of days worked during 2017, with the award amount being determined based on actual achievement of Company and individual performance goals. Under the Management Incentive Plan and 2017 awards, the HC&CC maintains discretion to provide for MIP payments to executives who would not otherwise be entitled to such awards pursuant to the terms of the Management Incentive Plan (for example, terminations of employment that occur prior to certification

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of performance criteria). If the Transactions were to occur before the end of the performance period (2017), performance would be determined as of the end of the performance period, which is December 31, 2017, and the bonus would be settled, if at all, by March 15 of the following year.

See the section entitled "*Interests of Our Directors and Officers Quantification of Potential Payments and Benefits to the Company's Named Executive Officers in Connection with the Transactions*" for an estimate of the value of pro-rated 2017 MIP awards that could become payable to each of the Company's named executive officers upon a qualifying termination immediately following the Transactions, assuming achievement of the applicable performance criteria at target levels.

*Indemnification and Insurance*

Pursuant to the terms of the Home Loans Transactions Agreements, the Company non-employee directors and executive officers will be entitled to certain indemnification protections by GRA and the Realogy Member following the Home Loans Asset Sale, as further described in the sections entitled "*The Home Loans Transactions Agreements Indemnification; Limitations on Indemnification Obligations*" and "*The Home Loans Transactions Agreements Indemnification*," and will be entitled to ongoing indemnification and coverage under certain of our directors' and officers' liability insurance policies following the Transactions.

The Company is also party to indemnification agreements with each member of our Board of Directors, each of our named executive officers and Mr. Bogansky. Pursuant to the indemnification agreements, we have agreed to indemnify and advance expenses and costs incurred by each member of our Board of Directors and each of our indemnified officers in connection with any claims, suits or proceedings arising as a result of his or her service as a director or officer, to the maximum extent permitted by law, including third-party claims and proceedings brought by or in right of the Company. The indemnification agreements additionally provide, among other things, that the applicable director or indemnified officer is entitled to indemnification and expense advance in connection with a successful action brought by such director or officer to enforce the terms of the indemnification agreement.

The new indemnification agreements also provide that (a) except for a proceeding by such director or officer, the Company has the right to defend the applicable director or indemnified officer in any proceeding which may give rise to indemnification under the indemnification agreement, and (b) each member of our Board of Directors and indemnified officer has the right to separate counsel in certain proceedings involving separate defenses, counterclaims or other conflicts of interest and in proceedings in which the Company fails to assume the defense of the applicable director or indemnified officer in a timely manner. The new indemnification agreements further require the Company to use its reasonable best efforts to acquire directors and officers liability insurance covering each member of our Board of Directors and indemnified officer for any claim made against the applicable director or indemnified officer by reason of his or her service to the Company.

As permitted in accordance with Section 2-418(k) of the Maryland General Corporation Law, the Company maintains a directors and officers liability insurance policy providing insurance for the directors and officers of the Company against certain liabilities asserted against them or incurred by them, including liabilities under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

**Quantification of Potential Payments and Benefits to the Company's Named Executive Officers in Connection with the Transactions**

The information set forth in the table below is intended to comply with Item 402(t) of the SEC's Regulation S-K, which requires disclosure of information about certain compensation for each named executive officer of the Company that is based on, or otherwise relates to, the Transactions. The

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amounts shown in the table below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including the assumptions described below and in the footnotes to the table, and do not reflect certain compensation actions that may occur before completion of the Transactions. For purposes of calculating such amounts, the following assumptions were used:

The relevant price per share of the Company common stock is \$15.16, the average closing market price of the Company's common stock over the first five business days following the announcement of the MSR Sale. We are using the average stock price following the announcement of the MSR Sale because it is higher than the average closing market price of the Company's common stock over the first five business days following the announcement of the Home Loans Asset Sale, which was \$12.40, and will therefore provide higher estimates of the amounts that may become payable to the named executive officers following the Transactions.

Solely for purposes of the disclosure in this section, the assumed date of the closing of the Transactions is April 12, 2017.

Each named executive officer of the Company experiences a qualifying termination, including a termination by the Company without "cause," resignation by the named executive officer for "good reason," or resignation by the named executive officer because his or her employment becomes "non-comparable employment," as such terms are defined in the relevant Company plans and agreements as in effect on the date hereof, immediately following the assumed closing on March 10, 2017.

Named Executive Officer	Cash \$(1)	Equity \$(2)	Perquisites/Benefits \$(3)	Tax	Total (\$)
				Reimbursement \$(4)	
Glen A. Messina	4,783,493	6,393,942	68,796		11,246,231
Robert B. Crowl	2,196,900	2,309,838	41,867		4,548,605
William F. Brown	1,219,576	1,223,882	41,552		2,485,010
Kathryn M. Ruggieri	836,487	766,838	25,031		1,628,356
Leith W. Kaplan	982,658	1,169,943	42,370		2,194,971

(1)

*Cash.* Includes (a) salary continuation for two years in the case of Mr. Messina and one year in the case of all other named executive officers, (b) 100% of the target amount of the cash incentive bonus award granted to the named executive officer under the Management Incentive Plan for 2017, which amount would be payable over the salary continuation period, (c) pro-rated 2017 MIP awards, assuming applicable performance criteria are achieved at target levels, (d) full vesting of the 2017 cash performance incentive awards granted under our 2014 Equity and Incentive Plan, which for purposes of the figures in the table assumes that the applicable performance criteria are achieved at target level, although the value of such awards would be determined based on actual achievement of the performance criteria. Such payments are "double-trigger" and vest only upon a qualifying termination of employment. The estimated amount of each such payment that will vest under the assumptions described above is shown in the following table:

Named Executive Officer	Salary	Bonus	Pro-Rated 2017	Total (\$)
	Severance (\$)	Severance (\$)	Bonus (\$)	
Glen A. Messina	1,900,000	1,425,000	398,219	4,783,493
Robert B. Crowl	575,000	696,147	178,253	2,196,900
William F. Brown	395,000	335,750	93,826	1,219,576
Kathryn M. Ruggieri	355,000	266,250	74,404	836,487
Leith W. Kaplan	325,000	260,000	72,658	982,658

(2)

*Equity.* Includes unvested time-based restricted stock units and unvested performance-based restricted stock units, in each case, that are outstanding as of the assumed closing date of April 12, 2017. All such

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awards granted in 2014 and 2015 are "double-trigger," and will vest in connection with a termination by the Company without "cause" or a resignation by the named executive officer for "good reason," in each case, within two years following the Transactions. However, the performance-based restricted stock units granted in 2014 and 2015 would remain subject to the achievement of their applicable performance criteria, which, under the assumptions described above, would not be achieved and, therefore, those awards would be valueless. The vesting of the named executive officers' restricted stock units granted in 2016 will not be impacted by the Transactions, but such awards vest in full on a termination by the Company without "cause." However, the performance-based restricted stock units granted in 2016 would remain subject to the achievement of their applicable performance criteria and, under the assumptions described above, their value would be determined on the date of the Transactions. All of the Company stock options held by the named executive officers were fully vested and exercisable as of April 12, 2017. Therefore, the Transactions will have no impact on the vesting of the named executive officers' outstanding Company stock options and no value is attributed to them. The estimated value of the restricted stock units that will vest under the assumptions described above is shown in the following table:

Named Executive Officer	Performance-Based		Total (\$)
	Restricted Stock Units (\$)	Restricted Stock Units (\$)	
Glen A. Messina	3,764,834	2,629,108	6,393,942
Robert B. Crowl	1,550,322	759,516	2,309,838
William F. Brown	762,336	461,546	1,223,882
Kathryn M. Ruggieri	766,838		766,838
Leith W. Kaplan	1,169,943		1,169,943

To calculate the value of the equity acceleration disclosed in the table above, we used the average stock price following announcement of the MSR Sale because it is higher than the average closing market price of the Company's common stock over the first five business days following the announcement of the Home Loans Asset Sale, which was \$12.40. The estimated value of the restricted stock units that will vest under the assumptions described above, but using \$12.40 as the applicable stock price instead of \$15.16, is shown in the following table:

Named Executive Officer	Performance-Based		Total (\$)
	Restricted Stock Units (\$)	Restricted Stock Units (\$)	
Glen A. Messina	3,079,416		3,079,416
Robert B. Crowl	1,268,074		1,268,074
William F. Brown	623,546		623,546
Kathryn M. Ruggieri	627,229		627,229
Leith W. Kaplan	956,945		956,945

(3)

*Perquisites/Benefits.* Includes (a) outplacement assistance services valued at \$18,000 to be used within 24 months of the qualifying termination and (b) payment of an amount equal to the cost of COBRA coverage during the duration of the one-year or two-year restricted covenants. Such benefits are payable only in connection with a qualifying termination of employment. The estimated value of these benefits is shown in the following table:

Named Executive Officer	Outplacement (\$)	COBRA Coverage (\$)	Total (\$)
Glen A. Messina	18,000	50,796	68,796
Robert B. Crowl	18,000	23,867	41,867
William F. Brown	18,000	23,552	41,552
Kathryn M. Ruggieri	18,000	7,031	25,031
Leith W. Kaplan	18,000	23,370	42,370

(4)

*Tax Reimbursements.* None of our named executive officers are entitled to tax reimbursements or gross-ups in connection with the Transactions.



Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of our outstanding common stock by those persons who are known to us to be beneficial owners of 5% or more of our common stock, by each of our Named Executive Officers, by each of our current directors and director nominees and by our current directors and director nominees and our NEOs as a group. As of April 12, 2017, there were 53,612,270 shares of our common stock issued and outstanding.

Name and Address	Number of Shares Beneficially Owned(1)	Percent of Class
<b>PRINCIPAL STOCKHOLDERS</b>		
Silver Point Capital, L.P.(2) Two Greenwich Plaza, First Floor, Greenwich, CT 06830	5,868,900	10.95%
Pacific Investment Management Company LLC(3) 650 Newport Center Drive, Newport Beach, CA 92660	5,598,554	10.44%
EJF Capital LLC(4) 2107 Wilson Boulevard, Suite 410, Arlington, VA 22201	5,292,329	9.87%
Hotchkis and Wiley Capital Management, LLC(5) 725 South Figueroa Street, 39 <sup>th</sup> Floor, Los Angeles, CA 90017	4,759,420	8.88%
Glenview Capital Management LLC(6) 767 Fifth Avenue, 44 <sup>th</sup> Floor, New York, NY 10153	4,541,229	8.47%
The Vanguard Group(7) 100 Vanguard Blvd, Malvern, PA 19355	4,185,382	7.81%
Dimensional Fund Advisors LP(8) Building One, 6300 Bee Cave Road, Austin, TX 78746	3,160,414	5.89%
Point72 Asset Management, L.P.(9) 72 Cummings Point Rd., Stamford, CT 06902	2,909,454	5.43%
<b>DIRECTORS AND CURRENT NAMED EXECUTIVE OFFICERS</b>		
Glen A. Messina(10)	722,540	1.35%
Robert B. Crawl(11)	143,093	*
William F. Brown(12)	123,717	*
Leith W. Kaplan(13)	45,985	*
Kathryn M. Ruggieri(14)	34,776	*
Jane D. Carlin(15)(23)	23,217	*
James O. Egan(16)(23)	58,233	*
Thomas P. Gibbons(17)(23)	29,210	*
Allan Z. Loren(18)(23)	30,617	*
Gregory J. Parseghian(19)	26,250	*
Charles P. Pizzi(20)(23)	25,866	*
Deborah M. Reif(21)(23)	38,296	*
Carroll R. Wetzel, Jr.(22)(23)	38,185	*
<b>All Directors and Executive Officers as a Group (14 persons)</b>	<b>1,352,357</b>	<b>2.52%</b>

\*  
Represents less than one percent.

(1)  
Based upon information furnished to us by the respective stockholders or contained in filings made by the respective stockholders with the SEC. For purposes of this table, if a person has or shares voting or investment power with respect to any of our common stock, then such common stock is

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considered beneficially owned by that person under SEC rules. Shares of our common stock beneficially owned by our executive officers and non-employee directors include direct and indirect ownership of shares issued and outstanding as of April 12, 2017, and shares as to which any such person has a right to acquire within 60 days of such date. Unless otherwise indicated in the table, the address of all listed stockholders is c/o PHH Corporation, 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054.

- (2) Based solely on a Form 3 filed with the SEC on April 17, 2017, Silver Point Capital, L.P. and certain of its affiliates ("*Silver Point*") reported aggregate beneficial ownership of 5,868,900 shares of our common stock, representing approximately 10.95% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act.
- (3) Based solely on a Schedule 13G filed with the SEC on February 16, 2016 (the "*PIMCO* Schedule 13G"), Pacific Investment Management Company LLC ("*PIMCO*") reported aggregate beneficial ownership of 5,598,554 shares of our common stock, representing approximately 10.44% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act. PIMCO reported that it possessed sole voting power over 5,598,554 shares and sole dispositive power over 5,598,554 shares. PIMCO also reported that it did not possess shared voting or shared dispositive power over any shares beneficially owned. LVS II LLC, a private funds of which PIMCO is the investment adviser, holds the reported shares in its investment advisory account managed by PIMCO and has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares reported on the PIMCO Schedule 13G.
- (4) Based solely on a Schedule 13D/A filed with the SEC on March 16, 2017 jointly by EJV Capital LLC, Emanuel J. Friedman, EJV Debt Opportunities Master Fund, L.P. and EJV Debt Opportunities GP, LLC (collectively, the "*EJV Reporting Person*"), the EJV Reporting Persons reported aggregate beneficial ownership of 5,292,329 shares of our common stock, representing approximately 9.87% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act. The EJV Reporting Persons reported that they possessed shared voting power over 5,292,329 shares and shared dispositive power over 5,292,329 shares. The EJV Reporting Persons also reported that they did not possess sole voting or sole dispositive power over any shares beneficially owned.
- (5) Based solely on a Schedule 13G/A filed with the SEC on February 10, 2017, Hotchkis and Wiley Capital Management, LLC, in its capacity as investment adviser to certain clients ("*Hotchkis*"), reported aggregate beneficial ownership of 4,759,420 shares of our common stock, representing approximately 8.88% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act. Hotchkis reported that it possessed sole voting power over 4,372,530 shares and sole dispositive power over 4,759,420 shares. Hotchkis also reported that it did not possess shared voting or shared dispositive power over any shares beneficially owned.
- (6) Based solely on a Schedule 13G/A filed with the SEC on February 14, 2017, Glenview Capital Management, LLC and certain of its affiliates ("*Glenview*") reported aggregate beneficial ownership of 4,541,229 shares of our common stock, representing approximately 9.87% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act. Glenview reported that it possessed shared voting power over 4,541,229 shares and shared dispositive power over 4,541,229 shares. Glenview also reported that it did not possess sole voting or sole dispositive power over any shares beneficially owned.

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- (7) Based solely on a Schedule 13G/A filed with the SEC on February 10, 2017, The Vanguard Group reported aggregate beneficial ownership of 4,185,382 shares of our common stock, representing approximately 7.81% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act. The Vanguard Group reported that it possessed sole voting power over 62,506 shares and sole dispositive power over 4,119,683 shares. The Vanguard Group also reported that it possessed shared voting power over 6,193 shares and shared dispositive power over 65,699 shares.
- (8) Based solely on a Schedule 13G/A filed with the SEC on February 9, 2017, Dimensional Fund Advisors LP ("*DFA*") reported aggregate beneficial ownership of 3,160,414 shares of our common stock, representing approximately 5.89% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act. DFA reported that it possessed sole voting power over 2,945,089 shares and sole dispositive power over 3,160,414 shares. DFA also reported that it did not possess shared voting or shared dispositive power over any shares beneficially owned.
- (9) Based solely on a Schedule 13G filed with the SEC on February 17, 2017, Point72 Asset Management, L.P. and certain of its affiliates ("*Point72*") reported aggregate beneficial ownership of 2,909,454 shares of our common stock, representing approximately 5.43% of our common stock outstanding as of April 12, 2017, calculated in accordance with Item 403 of Regulation S-K and Rule 13d-3(d)(1) under the Exchange Act. Point72 reported that it possessed shared voting power over 2,909,454 shares and shared dispositive power over 2,909,454 shares. Point72 also reported that it did not possess sole voting or sole dispositive power over any shares beneficially owned.
- (10) Represents 79,164 shares of our common stock held directly by Mr. Messina and 643,376 shares of our common stock underlying stock options that are currently exercisable.
- (11) Represents 46,061 shares of our common stock held directly by Mr. Crowl, 76,298 shares of our common stock underlying stock options that are currently exercisable and 20,734 shares of our common stock underlying RSUs that become fully vested within sixty days of April 12, 2017.
- (12) Represents 60,404 shares of our common stock held directly by Mr. Brown, 50,713 shares of our common stock underlying stock options that are currently exercisable and 12,600 shares of our common stock underlying RSUs that become fully vested within sixty days of April 12, 2017.
- (13) Represents 10,968 shares of our common stock held directly by Mr. Kaplan, 12,497 shares of our common stock underlying stock options that are currently exercisable and 22,520 shares of our common stock underlying RSUs that become fully vested within sixty days of April 12, 2017.
- (14) Represents 9,830 shares of our common stock held directly by Ms. Ruggieri, 11,357 shares underlying stock options that are currently exercisable and 13,589 shares of our common stock underlying RSUs that become fully vested within sixty days of April 12, 2017.
- (15) Represents 8,508 shares of our common stock directly held by Ms. Carlin. Also includes 14,709 shares of our common stock underlying fully vested RSUs held as of April 12, 2017. See Footnote 23 below for further information.
- (16) Represents 38,508 shares of our common stock directly held by Mr. Egan. Also includes 19,725 shares of our common stock underlying fully vested RSUs held as of April 12, 2017. See Footnote 23 below for further information.
- (17) Represents 14,501 shares of our common stock directly held by Mr. Gibbons. Also includes 14,709 shares of our common stock underlying fully vested RSUs held as of April 12. See Footnote 23 below for further information.



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- (18) Represents the shares held by Mr. Loren immediately following the termination of his service from our Board of Directors. Mr. Loren did not stand for re-election as a director at our 2016 annual meeting. In accordance with the PHH Corporation Equity Compensation Program for Non-Employee Directors (the "*Non-Employee Director Compensation Program*"), 7,595 unvested shares of common stock underlying Mr. Loren's fully-vested RSUs immediately vested and settled in shares of common stock upon the termination of his service from our Board of Directors. See Footnote 23 below for further information.
- (19) Represents the shares held by Mr. Parseghian immediately following the termination of his service from our Board of Directors. Mr. Parseghian did not stand for re-election as a director at our 2016 annual meeting. In accordance with our Non-Employee Director Compensation Program, 1,226 shares of common stock immediately vested and settled in shares of common stock upon the termination of his service from our Board of Directors.
- (20) Represents 11,177 shares of our common stock directly held by Mr. Pizzi. Also includes 14,709 shares of our common stock underlying fully vested RSUs held as of April 12, 2017. See Footnote 23 below for further information.
- (21) Represents 23,587 shares of our common stock directly held by Ms. Reif. Also includes 14,709 shares of our common stock underlying fully vested RSUs held as of April 12, 2017. See Footnote 23 below for further information.
- (22) Represents 23,476 shares of our common stock directly held by Mr. Wetzel. Also includes 14,709 shares of our common stock underlying fully vested RSUs held as of April 12, 2017. See Footnote 23 below for further information.
- (23) All directors other than Mr. Parseghian elected to receive the equity portion of their Board retainer in RSUs, which RSUs immediately vest and settle in shares of common stock upon the termination of service from our Board of Directors. These RSUs may not be sold or otherwise transferred for value, and directors have no right to acquire the shares underlying the RSUs prior to the date of their termination of service on our Board of Directors.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our executive officers and directors, and any persons that beneficially own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and the NYSE. To our knowledge, based solely upon our review of Forms 3 and 4 that have been filed with the SEC and written representations from our executive officers and directors that no Form 5s were required, we believe that all of our executive officers, directors and greater than ten percent beneficial owners complied with all Section 16(a) filing requirements applicable to them with respect to transactions during 2016.

Table of Contents**MARKET PRICE OF COMMON STOCK**

Shares of our common stock are listed on the NYSE under the symbol "PHH". The following table sets forth the high and low sales prices for our Common stock for the periods indicated as reported by the NYSE:

	Stock Price	
	High	Low
<b>For the 2017 Quarters Ended:</b>		
March 31, 2017	\$ 15.53	\$ 11.76
<b>For the 2016 Quarters Ended:</b>		
March 31, 2016	\$ 16.50	\$ 8.26
June 30, 2016	14.87	9.73
September 30, 2016	16.80	12.61
December 31, 2016	15.70	13.25
<b>For the 2015 Quarters Ended:</b>		
March 31, 2015	\$ 25.61	\$ 22.42
June 30, 2015	27.83	24.09
September 30, 2015	26.38	13.78

As of April 12, 2017, there were 5,423 holders of record of our Common stock.

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**PROPOSAL 2 ADVISORY VOTE ON NAMED EXECUTIVE OFFICER TRANSACTIONS-RELATED COMPENSATION**

**General**

As required by Section 14A of the Exchange Act and the applicable SEC rules issued thereunder, the Company is providing its stockholders with a separate advisory (non-binding) vote to approve certain compensation that may be paid or become payable to the Company's named executive officers in connection with the Transactions, as described in the table entitled "*Quantification of Potential Payments and Benefits to the Company's Named Executive Officers in Connection with the Transactions*" under "*Proposal 1 The Sale of Substantially All of the Assets of the Company Interests of Our Directors and Officers*," including the footnotes to the table and related narrative discussion, or the "*Transactions-Related Compensation Proposal*".

Our Board of Directors unanimously recommends that the stockholders of the Company approve the following resolution:

*"RESOLVED, that the compensation that may be paid or become payable to the Company's named executive officers in connection with the Transactions, and the agreements or understandings pursuant to which such compensation may be paid or become payable, in each case as disclosed pursuant to Item 402(t) of Regulation S-K in the table in the section entitled "Proposal 1 The Sale of Substantially All of the Assets of the Company Interests of Our Directors and Officers Quantification of Potential Payments and Benefits to the Company's Named Executive Officers in Connection with the Transactions", including the footnotes to the table and the related narrative discussion, is hereby APPROVED."*

The vote on the Transactions-Related Compensation Proposal is a vote separate and apart from the vote on the proposal to approve the sale of substantially all of the assets pursuant to the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal. Accordingly, you may vote to approve the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal and vote not to approve the Transactions-Related Compensation Proposal and vice versa. Because the vote on the Transactions-Related Compensation Proposal is advisory only, it will not be binding on our Board of Directors or the Company. Accordingly, if the Transactions are completed, the compensation will be payable, subject only to the conditions applicable thereto under the applicable compensation agreements and arrangements, regardless of the outcome of the nonbinding, advisory vote of the Company's stockholders. Although the Transactions-Related Compensation Proposal is only advisory in nature and is not binding on our Board of Directors or the Company, we intend to review the voting results with our Board of Directors and the Human Capital and Compensation Committee of our Board of Directors so that such voting results may be taken into consideration in connection with executive compensation decisions related to the MSR Sale and Home Loans Transactions.

**Required Vote**

The above resolution approving the Transactions-related compensation of the Company's named executive officers on an advisory basis requires the affirmative vote of holders of a majority of the shares of common stock present at the meeting (in person or represented by proxy) and entitled to vote thereon.

**Recommendation of our Board of Directors**

**Our Board of Directors unanimously recommends that the stockholders of the Company vote "FOR" the Transactions-Related Compensation Proposal.**

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**PROPOSAL 3 ADJOURNMENT PROPOSAL**

**General**

If, at the special meeting, the number of shares of our common stock, present or represented by proxy at the special meeting and voting in favor of the approval of either the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal or both is insufficient to approve either or both of such sub-proposals under charter and Maryland law, we intend to move to adjourn the special meeting in order to enable our Board to solicit additional proxies in respect of approval of the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal or both, as applicable, or the "*Adjournment Proposal*". In that event, we will ask our stockholders to vote only upon the Adjournment Proposal, and not upon the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal.

In Adjournment Proposal, we are asking you to authorize the holder of any proxy solicited by our Board of Directors to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the special meeting to another time and place for the purpose of soliciting additional proxies. If the stockholders approve Adjournment Proposal, we could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously voted.

**Required Vote**

The affirmative vote of a majority of all votes cast at the special meeting is required to approve the Adjournment Proposal, provided that a quorum is present. This means that, of the shares present in person or by proxy at the special meeting, a majority must vote in favor of the Adjournment Proposal in order for the Adjournment Proposal to be approved. Abstentions and broker non-votes will have no effect on the determination of this proposal.

**Recommendation of our Board of Directors**

Our Board of Directors believes that if the number of shares of our common stock present or represented by proxy at the special meeting and voting in favor of the approval of either the MSR Sale Sub-Proposal or the Home Loans Asset Sale Sub-Proposal or both is insufficient to approve such sub-proposals, it is in the best interests of our stockholders to enable us, for a limited period of time, to continue to seek to obtain a sufficient number of additional votes in favor of the approval of both the MSR Sale Sub-Proposal and the Home Loans Asset Sale Sub-Proposal to bring about the approval of the sub-proposals. **Our Board of Directors unanimously recommends that you vote "*FOR*" the Adjournment Proposal.**



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**EXPENSES AND SOLICITATION**

We will pay the cost of soliciting proxies on behalf of our Board of Directors. Our directors, officers and employees may solicit proxies on our behalf in person or by telephone, facsimile or electronically through the Internet, as described above. We have engaged Broadridge Financial Solutions, Inc. ("**Broadridge**") to assist us in the distribution and solicitation of proxies. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending our proxy materials to beneficial owners of our common stock as of the record date.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these reports, statements or other information filed by us at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at *www.sec.gov*.

Any person, including any beneficial owner, to whom this proxy statement is delivered may request copies of this proxy statement and any of the documents incorporated by reference in this document or other information concerning us, without charge, by writing or telephoning us at the following address: 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, telephone (856) 917-1744, or from the SEC through the SEC's website at the address provided above. Documents incorporated by reference are available without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents.

**SUBMISSION OF STOCKHOLDER PROPOSALS**

We provide stockholders with the opportunity, under certain circumstances and consistent with our By-Laws and the rules of the SEC, to participate in the governance of the Company by submitting proposals and director nominations for consideration at our annual meeting of stockholders. Proposals from stockholders are given careful consideration by us in accordance with Rule 14a-8 promulgated under the Exchange Act ("**Rule 14a-8**"). For a proposal to be included in our proxy statement and proxy card for our 2018 annual meeting of stockholders, such proposal must comply with Rule 14a-8 and must be received by us in writing no later than December 29, 2017. Additionally, if our 2017 annual meeting of stockholders is held on June 28, 2017, as expected, any stockholder proposal or director nomination for our 2018 annual meeting of stockholders that is not intended for inclusion in our proxy statement and proxy card in respect of such meeting will be considered "untimely" if it is received by us prior to the close of business on February 28, 2018, or after the close of business on March 30, 2018. An untimely proposal may not be brought before or considered at our 2018 annual meeting of stockholders. Any stockholder proposal or director nomination submitted must also be made in compliance with our By-Laws.

Proxies solicited by our Board of Directors for the 2018 annual meeting of stockholders may confer discretionary authority to vote on any untimely stockholder proposals or director nominations without express director from stockholders giving such proxies. All stockholder proposals and director nominations must be addressed to the attention of our Secretary at PHH Corporation, 3000 Leadenhall Road, Mount Laurel, New Jersey 08054. The chairman of our annual meeting of stockholders may refuse to acknowledge the introduction of any stockholder proposal or director nomination not made in compliance with the foregoing procedures.

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**HOUSEHOLDING OF SPECIAL MEETING MATERIALS**

Stockholders that share the same address may not receive separate copies of proxy materials, unless we have received contrary instructions from such stockholders. This practice is known as "householding" and is intended to reduce the printing and postage costs associated with mailing duplicative sets of proxy materials to stockholders sharing the same address. If you are receiving multiple sets of our proxy materials and wish to receive only one set in the future, or if you are currently only receiving one set of our proxy materials and wish to receive separate sets of proxy materials for you and the other stockholders sharing your address, please notify us or your bank, broker or other nominee by indicating your preference on the enclosed proxy card or vote instruction form. We will deliver an additional copy of our proxy materials to you, without charge, upon written request sent to Investor Relations at PHH Corporation, 3000 Leadenhall Road, Mount Laurel, New Jersey 08054. Our proxy materials are also available on our website at <http://www.phh.com>.

**OTHER BUSINESS**

As of [ • ], 2017, our Board is not aware of any other business to come before the special meeting. If, however, any additional matters are presented at the special meeting, it is the intention of the persons named in the accompanying proxy to vote in accordance with their judgment on those matters.

**THIS PROXY STATEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT TO VOTE YOUR SHARES AT THE SPECIAL MEETING.**

**WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS PROXY STATEMENT.**

**THIS PROXY STATEMENT IS DATED [ • ], 2017. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS PROXY STATEMENT TO STOCKHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.**

*Your vote is very important.* Whether or not you plan to attend the special meeting, please sign and date the enclosed proxy card, and return it promptly in the envelope provided. Giving your proxy now will not affect your right to vote in person if you attend the meeting.

If you have questions about this proxy statement, the special meeting or the Transactions, you should contact: Hugo Arias, Senior Vice President at 856-917-0108 or Broadridge, who we expect to be our proxy solicitor, toll-free at 1-800-353-0103.

**If you have questions or need assistance in voting your shares, please call:**

[www.broadridge.com](http://www.broadridge.com)  
51 Mercedes Way  
Edgewood, NY 11717  
Phone: 1-800-353-0103

By Order of the Board of Directors

William F. Brown  
*Senior Vice President, General Counsel and  
Secretary*

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**AGREEMENT FOR THE  
PURCHASE AND SALE  
OF  
SERVICING RIGHTS**

**Dated as of December 28, 2016**

**By and Among**

**New Residential Mortgage LLC,**

**as Purchaser,**

**PHH Mortgage Corporation,**

**as Seller,**

**and**

**solely for purposes of Sections 6.1, 6.9 and 6.15 and Articles I, X and XI,**

**PHH Corporation,**

**as Seller Parent**

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**AGREEMENT FOR THE  
PURCHASE AND SALE  
OF  
SERVICING RIGHTS**

This AGREEMENT FOR THE PURCHASE AND SALE OF SERVICING RIGHTS, is entered into on the 28th day of December, 2016 (the "Effective Date"), by and between New Residential Mortgage LLC (the "Purchaser"), PHH Mortgage Corporation, a New Jersey corporation (the "Seller") and, solely for purposes of Sections 6.1 and 6.9 and Articles I, X and XI, PHH Corporation, a Maryland corporation ("Seller Parent" and, together with Seller, the "Seller Parties").

**WITNESSETH:**

WHEREAS, on the terms and subject to the conditions set forth herein, Seller desires to sell, transfer and assign, and Purchaser desires to purchase and assume all right, title and interest in and to certain Servicing Rights (as defined below), from time to time; and

WHEREAS, the servicing of the Mortgage Loans as to which the related Servicing Rights were sold on a Sale Date shall be subserviced by the Seller pursuant to the Subservicing Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and upon the terms and subject to the conditions set forth herein, the Parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS AND CONSTRUCTION**

1.1 Definitions. As used in this Agreement, the following terms shall have the meanings specified below:

"Acceptable Confidentiality Agreement" means a confidentiality agreement that contains provisions that Seller Parent determines in good faith are no less favorable in the aggregate to the Seller Parties than those contained in the Confidentiality Agreement (for the avoidance of doubt, such confidentiality agreement does not have to include any standstill provision).

"Accepted Servicing Practices": With respect to any Mortgage Loan, those mortgage servicing standards, policies and practices that are in accordance with (i) accepted and prudent mortgage servicing practices (including collection procedures) that are consistent with generally accepted mortgage servicing practices with respect to a mortgage loan of that type, (ii) the terms of the related Mortgage Loan Documents, (iii) Applicable Requirements (as it relates to the servicing of Mortgage Loans) and (iv) the terms of this Agreement.

"Acquisition Agreement": As defined in Section 6.9(c) hereof.

"Action": Any action, suit, inquiry, proceeding, investigation, claim, or litigation by or before any Governmental Entity related to the Mortgage Loans, the Servicing Rights or this Agreement.

"Additional Source": As defined in Section 9.1(b) hereof.

"Advance Escrow Agreement": An agreement amongst Seller, Purchaser and one or more other Persons which provides for, among other things, the escrowing of monies for the purchase by Purchaser of outstanding Advances and the release of security interests held therein by one or more Persons.

"Advances": The moneys that have been advanced by Seller in connection with the servicing of the Mortgage Loans (including advances for principal, interest, taxes, ground rents, assessments, insurance premiums and other costs, fees and expenses pertaining to the acquisition of title to and preservation and repair of Mortgaged Properties) in accordance with the related Servicing Agreement.



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"Advances Purchase Price Percentage": One hundred percent (100%) for the Mortgage Loans set for on Exhibit 1.2 and ninety seven percent (97%) for all other Mortgage Loans.

"Agencies": Fannie Mae, Freddie Mac, FHA, HUD, VA and USDA, as applicable.

"Agency Cap": With respect to a Mortgage Loan that is a Fannie Mae Mortgage Loan or a Freddie Mac Mortgage Loan, an amount equal to the product of five percent (5.0%) multiplied by the Servicing Rights Purchase Price for the related Servicing Rights.

"Agreement": This Agreement for the Purchase and Sale of Servicing Rights, including all amendments hereof and supplements hereto, and all Exhibits and Schedules attached hereto or delivered pursuant hereto.

"Ancillary Fees": All incidental servicing fees, including any charges for dishonored checks, pay-off fees, assumption fees, conversion fees, commissions and administrative fees, lien release fees, HAMP fees, modification fees and incentive income, etc., any interest received on funds deposited in the Custodial Accounts (and not held for the benefit of Mortgagors) and any other similar fees and similar fees and charges collected from or assessed against the Mortgagor in accordance with Applicable Requirements.

"Applicable Requirements": With respect to any Mortgage Loan, (i) all contractual obligations of Seller and any Originators or Prior Servicers under the related Servicing Agreements; (ii) Laws applicable to the origination, servicing, purchase, sale, enforcement and insuring or guaranty of, or filing of claims in connection with, the Mortgage Loans, including without limitation the applicable requirements of any Agency, Investor or Insurer, the Consumer Financial Protection Bureau, or any other governmental agency, board, commission, instrumentality or other governmental or quasi-governmental body or office; (iii) all other judicial and administrative judgments, orders, stipulations, awards, writs and injunctions enforceable against Seller or applicable to any Originators or Prior Servicers, the Servicing Rights or the Mortgage Loans; (iv) all Investor and Agency guides, manuals, handbooks, bulletins, circulars, announcements, issuances, releases, letters, correspondence and other instructions applicable to the Mortgage Loans and/or the Servicing Rights; and (v) except in respect of any REO Property, the terms of the related Mortgage and Mortgage Note.

"Assignment Agreement": An agreement substantially in the form of Exhibit 2.1 to this Agreement or in such other form as mutually agreed upon by the Parties in writing.

"Assignments of Mortgage Instruments": A written instrument that, when recorded in the appropriate office of the local jurisdiction in which the related Mortgaged Property is located, will reflect the transfer of the Mortgage Instrument identified therein from the transferor to the transferee named therein. With respect to any MERS Mortgage Loan, an Assignment of Mortgage Instrument shall include a notice of transfer sufficient under the governing instruments of MERS to reflect a transfer of the Mortgage Loan.

"Bid Tapes": The data tape(s) or electronic data files(s) delivered to Purchaser via box.com containing data concerning the Mortgage Loans and related Servicing Rights as of October 31, 2016, in connection with the offering of Servicing Rights.

"Bifurcation": With respect to each Fannie Mae Mortgage Loan and Freddie Mac Mortgage Loan, an agreement from the applicable Agency consenting to a bifurcation of liability between Seller and Purchaser, substantially similar to each such agreement provided to Purchaser on December 16, 2016.

"Business Day": Any day other than (i) a Saturday or Sunday, or (ii) a day on which the Federal Reserve is closed.

"Cap": Each of the Agency Cap and the Private Label Cap.

"Change of Recommendation": As defined in Section 6.9(c) hereof.

"Claim": Any claim, demand or litigation related to the Mortgage Loans, the Servicing Rights or this Agreement.

"Claim Notice": As defined in Section 9.8 hereof.

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"Closing": The consummation of the sale and purchase of the applicable Servicing Rights on the related Sale Date pursuant to the terms of this Agreement.

"Competing Proposal": Any inquiry, proposal or offer to acquire in any manner (including through merger, recapitalization, liquidation, dissolution or the acquisition of stock or voting power in Seller Parent or any subsidiary of Seller Parent), in one transaction or a series of related transactions (however structured), directly or indirectly, 20% or more of the Servicing Rights or control thereover (other than the Transactions); provided, however, that any such inquiry, proposal or offer shall constitute a Competing Proposal only if and to the extent it would prohibit or prevent Seller Parent or Seller from consummating the Transactions.

"Conditions Precedent Provision": Collectively, Articles VII and VIII hereof.

"Confidentiality Agreement": A non-disclosure agreement, dated April 28, 2016, by and between New Residential Investment Corp. and the Seller Parent.

"Consent Conditions": The condition set forth in Section 7.3 and 8.3 hereof.

"Consent Waiver": As defined in Section 2.2(b) hereof.

"Contested Enforcement Action": Any enforcement action, litigation or other adversary proceedings brought in respect of any Mortgage Loans or the Servicing Rights, to the extent relating to any period of time prior to the related Sale Date.

"Contested Litigation": Any non-routine Action relating to any Mortgage Loans or the Servicing Rights that has been commenced prior to the related Sale Date, including, without limitation, class actions, counterclaims, adversary proceedings, sanction or contempt proceedings, show cause orders, appeals and lawsuits.

"Cross Receipt": An agreement substantially in the form of Exhibit 2.2 to this Agreement or in such other form as mutually agreed upon by the Parties in writing.

"Custodial Accounts": The accounts in which Custodial Funds are deposited and held by Servicer.

"Custodial Funds": All funds held by or on behalf of Seller with respect to the Mortgage Loans, including all principal and interest funds and any other funds due Investors, buydown funds, funds for the payment of taxes, assessments, insurance premiums, ground rents and similar charges, funds from hazard insurance loss drafts and other mortgage escrow and impound amounts (including interest accrued thereon for the benefit of the Mortgagors under the Mortgage Loans, if required by Applicable Requirements) maintained by or in the control of Seller relating to the Mortgage Loans.

"Cut-off Date": As to each Investor, the related date set forth in Exhibit 1.1B attached hereto.

"Deductible": With respect to any Sale Date, an amount equal to the product of one half of one percent (0.5%) multiplied by the sum of the unpaid principal balance of the related Mortgage Loans for such Sale Date and the unpaid principal balance of the Mortgage Loans applicable to all prior Sale Dates.

"Document Custodian": As to each of the Seller and the Purchaser for the Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans, the Person engaged by each such party for the retention of the Legal Documents and other documents required to be retained by the Document Custodian.

"Document Holdback": An amount equal to five percent (5%) of the estimated aggregate Purchase Price applicable to the Servicing Rights for the Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans to be sold to Purchaser on any Sale Date (subject to revision for the final Purchase Price in accordance with Section 3.4(b)(iv)).

"Document Holdback Denominator": With respect to any Sale Date, the unpaid principal balance of the related Mortgage Loans (as of such Sale Date).

"Effective Date": As defined in the introductory phrase of this Agreement.

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"Escrow Agent": J.P. Morgan Chase Bank, N.A. or such other Person as mutually agreed upon by the Seller and the Purchaser.

"Escrow Agreement": That certain agreement among the Seller, the Purchaser and the Escrow Agent, entered into prior to the initial Sale Date.

"Exceptions List": As defined in the Section 3.4(b)(ii) hereof.

"Exchange Act": As defined in Section 4.5 hereof.

"Fannie Mae": Federal National Mortgage Association, or any successor thereto.

"Fannie Mae Mortgage Loan": A mortgage loan with respect to which Fannie Mae owns the beneficial interest therein or that serves as collateral for mortgage-backed securities on which the payment of principal and interest is guaranteed by Fannie Mae.

"FHA": The Federal Housing Administration of the United States Department of Housing and Urban Development, or any successor thereto.

"Freddie Mac": Federal Home Loan Mortgage Corporation, or any successor thereto.

"Freddie Mac Mortgage Loan": A mortgage loan with respect to which Freddie Mac owns the beneficial interest therein or that serves as collateral for mortgage-backed securities on which the payment of principal and interest is guaranteed by Freddie Mac.

"Governmental Entity": Any governmental or regulatory (including stock exchange) body, agency, court, commission, instrumentality, authority or other legislative, executive or judicial entity.

"HSR Act": Hart-Scott-Rodino Antitrust Improvements Act, as amended.

"HUD": The United States Department of Housing and Urban Development, or any successor thereto.

"Identified Sections of the Data Room": The sections of the electronic data room to which the Purchaser has been provided access by the Seller set forth on Exhibit 1.3.

"Insurer": FHA, VA, USDA or any private mortgage insurer, pool insurer and any insurer or guarantor under any standard hazard insurance policy, any federal flood insurance policy, any title insurance policy, any earthquake insurance policy or other insurance policy, and any successor thereto, with respect to the Mortgage Loan or the Mortgaged Property.

"Investor": With respect to any Mortgage Loan, Freddie Mac, Fannie Mae or any other owner thereof, as applicable.

"Investor Consent": The written consent of each Investor in compliance with the applicable Investor's requirements, to the transfer of the applicable Servicing Rights from Seller to Purchaser and to permit Seller to act as servicer for the related Mortgage Loans, which, for Private Label Mortgage Loans, shall include approval, if applicable, for the Purchaser or Purchaser's designee or Purchaser's assignee as described in Section 11.4(iii) to be named servicer under the related Servicing Agreement in accordance with the explicit successor servicer requirements of such Servicing Agreement.

"Knowledge of Purchaser": The actual knowledge of the individuals set forth on Section 1.1(a) of the Seller Disclosure Letter, in each case, after due inquiry.

"Knowledge of Seller": The actual knowledge of the individuals set forth on Section 1.1(a) of the Seller Disclosure Letter, in each case, after due inquiry.

"Law": Any domestic (including, all federal, state and local legal and regulatory requirements) or foreign laws, statutes, ordinances, rules (including rules of common law), regulations, codes, orders, ordinances or legally enforceable requirements enacted, issued, adopted or promulgated by any Governmental Entity.

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**"Legal Documents"**: Those documents in the possession of Seller or its agents comprising part of the Mortgage File, described in Exhibit 1.1 attached hereto.

**"Liability Holdback"**: With respect to any Sale Date, an amount equal to the sum of the related Agency Cap and the related Private Label Cap.

**"Loss"**: Any and all direct, actual losses, damages, deficiencies, claims, curtailments, compensatory fees, penalties, any loss or diminution of USDA, VA or FHA mortgage insurance or mortgage guarantee benefits, costs or expenses, including reasonable attorney's fees and disbursements, and the amounts of denied or reduced insurance or guaranty coverage. For purposes of clarification, the term "Loss" excludes (a) any diminution in value of the Servicing Rights or general increase in the internal cost of servicing and (b) ordinary deductions from the calculation of insurance or guaranty benefits by an Insurer assuming the servicer complied with Applicable Requirements, including, payment of interest by FHA at the debenture rate rather than the Mortgage Note rate and deductions for a portion of expenses and interest.

**"Maryland Provisions"**: As defined in the Section 11.9(a) hereof.

**"Material Adverse Effect"**: Any fact, circumstance, event, change or occurrence that, individually or in the aggregate with all other facts, circumstances, events, changes or occurrences, has or would reasonably be expected to have (a) a material adverse effect on the business, condition (financial or otherwise), operations, performance or properties of the Seller or the Seller Parent; (b) a material adverse effect upon the legality, validity, binding effect or enforceability of the Agreement against the Seller or the Seller Parent; (c) a material adverse effect upon a material portion of the Servicing Rights, or (d) prevent or materially delay or materially impede the ability of the Seller Parties to consummate the Transactions; provided, however, that in no event will any of the following facts, circumstances, events, changes or occurrences, alone or in combination, be deemed to constitute, nor will any of the following (including the effect of any of the following) be taken into account in determining whether there has been or will be a Material Adverse Effect: (i) any changes in general economic conditions or securities, banking, credit, financial or capital markets conditions (whether in the United States or any other country or in any international market), including changes in interest rates or currency exchange rates, (ii) any changes in conditions generally affecting any of the industries in which Seller operates, (iii) regulatory, legislative or political conditions, in each case in the United States or any foreign jurisdiction (except to the extent such conditions have a disproportionate effect on Seller, relative to others in the industries in which Seller operates), (iv) any failure, in and of itself, of Seller to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or will be, a Material Adverse Effect), (v) the execution and delivery of this Agreement or the public announcement or pendency of the Transactions, including the impact thereof on the relationships, contractual or otherwise, of the Seller Parties with employees or business partners, and any litigation arising from allegations of any breach of fiduciary duty or violation of Law relating to this Agreement or the Transactions, or compliance by the Seller Parties with the terms of this Agreement, (vi) the performance by the Seller Parties of their obligations under this Agreement, (vii) any change in applicable Law or GAAP (or authoritative interpretations thereof), (viii) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the Effective Date (except to the extent such conditions or event have a disproportionate effect on Seller relative to others in the industries in which Seller operates), (ix) any hurricane, tornado, flood, earthquake or other natural disaster, (x) any increase or decreases in Advances or (xi) any adverse effect in or effect on the Servicing Rights or the Advances that is cured prior to the applicable Sale Date or (xii) any item or items set forth on the Seller Disclosure Letter.

**"MERS"**: The Mortgage Electronic Registration System.

**"MERS Mortgage Loan"**: Any Mortgage Loan as to which MERS, or its designee, is the mortgagee of record, pursuant to the related Mortgage Instrument or an Assignment of Mortgage Instrument, as nominee or agent for the holder from time to time of the Mortgage Note.

**"Monthly Advances"**: Advances in respect of principal and/or interest.

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"Monthly Document Holdback Loans": As defined in Section 3.4(b)(iii) hereof.

"Monthly Document Holdback Report": As defined in Section 3.4(b)(iii) hereof.

"Mortgage File": Those documents (comprised of Legal Documents and Servicing File Documents) in the possession of Seller or its agents described on Exhibit 1.1 attached hereto.

"Mortgage Instrument": Any deed of trust, security deed, mortgage, security agreement or any other instrument which constitutes a lien on real estate (or shares of stock in the case of cooperatives) securing payment by a Mortgagor of a Mortgage Note.

"Mortgage Loan": Each of the mortgage assets listed on Exhibit 1.1A, including, for purposes of clarification, each REO Property listed thereon, as adjusted in accordance with Section 3.3(c) hereof.

"Mortgage Loan Documents": The Mortgage Instruments and Mortgage Notes; provided that the Mortgage Loan Documents for any REO Property shall only be the related deed.

"Mortgage Note": The promissory note executed by a Mortgagor and secured by a Mortgage Instrument evidencing the indebtedness of the Mortgagor under a Mortgage Loan; provided that there shall be no Mortgage Note with respect to any REO Property.

"Mortgaged Property": The residential real property that is encumbered by a Mortgage Instrument, including all buildings and fixtures thereon.

"Mortgagor": Any obligor under a Mortgage Note and Mortgage Instrument.

"Non-MERS Mortgage Loan": A Mortgage Loan other than a MERS Mortgage Loan.

"NYSE": As defined in Section 4.5 hereof.

"Origination Source": Any Person who, in connection with the origination of a Mortgage Loan or the program under which such Mortgage Loan was originated, retained the right to consent to the subsequent transfer of servicing of such Mortgage Loan and/or sale of the related Servicing Rights.

"Origination Source Consent": The written consent of an Origination Source.

"Originator": With respect to any Mortgage Loan, the Person(s) that (i) took the loan application, (ii) processed the loan application, (iii) underwrote the loan application, and/or (iv) closed or funded the Mortgage Loan.

"Parties": Seller, Seller Parent and Purchaser.

"Person": An individual, a corporation, a partnership, a limited liability company, a joint venture, a trust, an unincorporated association or organization, a Governmental Entity or any other entity.

"Pool": One or more Mortgage Loans which have been aggregated pursuant to the requirements of the applicable Investor.

"Pricing Exhibit": The schedule of pricing attached to this Agreement as Exhibit 3.1A.

"Prior Servicer": Any Person that was a Servicer of any Mortgage Loan before the applicable Transfer Date.

"Private Label Cap": With respect to a Private Label Mortgage Loan, an amount equal to the product of five percent (5.0%) multiplied by the Servicing Rights Purchase Price for the related Servicing Rights.

"Private Label Mortgage Loan": Any Mortgage Loan that is not a Fannie Mae Mortgage Loan or a Freddie Mac Mortgage Loan.

"Product Type": Each of (i) the Fannie Mae Mortgage Loans in the aggregate, (ii) the Freddie Mac Mortgage Loans in the aggregate, and (iii) the Private Label Mortgage Loans in the aggregate.



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"Proxy Statement": The proxy statement relating to the Special Meeting (as amended or supplemented from time to time).

"Purchase Price": With respect to any Sale Date, the total amount to be paid by Purchaser pursuant to Section 3.1 to acquire the applicable Servicing Rights on such Sale Date. With respect to any calculation pursuant to Section 10.3, the total amount to be paid by Purchaser pursuant to Section 3.1 to acquire the Servicing Rights for all of the Product Types on any date of determination.

"Purchase Price Percentage": With respect to each Mortgage Loan for which Servicing Rights were sold by the Seller to Purchaser under this Agreement, the pricing rate for such Servicing Rights based on the applicable "multiple", as further described in the Pricing Exhibit.

"Purchaser": As defined in the introductory phrase of this Agreement.

"Reconciliation Date": As defined in Section 3.3(b) hereof.

"Reconciliation Report": As defined in Section 3.3(b) hereof.

"Related Parties": With respect to a Person, such Person's officers, directors, shareholders, partners, members, owners, employees and agents.

"REO Property": With respect to a Mortgage Loan the real property to which the Investor, or another Person acting on the Investor's behalf, has taken ownership.

"Representatives": With respect to a Person, such Person's officers, directors, employees, consultants, agents, financial advisors, investment bankers, attorneys, accountants and other representatives.

"Required Consent": Each Investor Consent or Origination Source Consent, as applicable.

"Required Consent Fees": As defined in Section 6.2 hereof.

"Sale Date": A date on which some or all of the Servicing Rights are conveyed by Seller to Purchaser under this Agreement.

"Sale Date Payment": As defined in Section 3.4(a)(i) hereof.

"Seller": As defined in the introductory phrase of this Agreement.

"Seller Disclosure Letter": The disclosures attached hereto as Exhibit 2.

"Seller Parent Approval": As defined in Section 4.3(a) hereof.

"Seller Parent Board": As defined in Section 4.3(b) hereof.

"Seller Parent Recommendation": As defined in Section 4.3(b) hereof.

"Seller Parties": As defined in the introductory phrase of this Agreement.

"Servicer": The Person contractually obligated, at any time, to administer the servicing rights under the Servicing Agreements.

"Servicing Agreement": With respect to any Mortgage Loan, the fully executed contracts (including any pooling agreement, servicing agreement, custodial agreement or other agreement or arrangement) defining the rights and obligations of the Servicer.

"Servicing File Documents": Those documents comprising part of the Mortgage File described on part C of Exhibit 1.1 attached hereto.

"Servicing Platform": The Seller's business of originating and servicing residential mortgage loans and real properties for its benefit and for the benefit of other Persons.





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**"Servicing Rights"**: With respect to each Mortgage Loan, collectively, (i) the rights and obligations to service, administer, collect payments for the reduction of principal and application of interest, collect payments on account of taxes and insurance, pay taxes and insurance, remit collected payments, provide foreclosure services, provide full escrow administration in respect of the Mortgage Loans, (ii) any other obligations required by any Agency, Investor or Insurer in, of, for or in connection with the Mortgage Loans pursuant to the Servicing Agreements, (iii) the right to possess any and all documents, files, records, Mortgage Files, servicing documents, servicing records, data tapes, computer records, or other information pertaining to the Mortgage Loans or pertaining to the past, present or prospective servicing of the Mortgage Loans, (iv) the right to receive the servicing fees and any Ancillary Fees arising from or connected to the Mortgage Loans and the benefits derived from and obligations related to any accounts arising from or connected to such Mortgage Loans, (v) solely to the extent set forth in the related Servicing Agreement, all clean-up call or related rights, and (vi) and all rights, powers and privileges incident to any of the foregoing, in each case subject to and in accordance with the related Servicing Agreement.

**"Servicing Rights Reimbursement Price"**: The sum of the following with respect to any Servicing Rights repurchased under this Agreement: (a) the applicable Purchase Price Percentage multiplied by the unpaid principal balance of the related Mortgage Loan as of the date of determination for such reimbursement; provided, however, that if the related Mortgage Loan has been the subject of a modification or any other principal reduction or forbearance, in each case, following the related Sale Date, for the purposes of this calculation, the unpaid principal balance of the Mortgage Loan shall not be reduced by the amount of any principal reduction made in connection with such modification, principal reduction or forbearance; plus (b) all other sums paid by the Purchaser to the Seller for the Servicing Rights and for the related Advances made by the Purchaser to the extent the Purchaser has not been reimbursed for such Advances in connection with the related Mortgage Loan and Servicing Rights and such Advances have been deemed nonrecoverable pursuant to Applicable Requirements.

**"Settlement Report"**: As defined in Section 3.3(a) hereof.

**"Shares"**: The shares of common stock of Seller Parent, par value \$0.01 per share.

**"Special Meeting"**: A special meeting of Seller Parent's stockholders (including any adjournment or postponement thereof) for the purpose of, among other matters, considering and taking action upon the Transactions which is not conditioned upon and, is independent of, the approval of any other transaction contemplated by the Seller or Seller Parent.

**"Stockholder Approval"**: As defined in Section 8.7 hereof.

**"Subservicing Agreement"**: That certain Mortgage Loan Subservicing Agreement, entered into by and between Seller and Purchaser and effective as of the first Sale Date, for the subservicing by Seller of the Mortgage Loans as to which the related Servicing Rights have been sold by Seller to Purchaser under this Agreement.

**"Superior Proposal"**: Any written Competing Proposal (on its most recently amended or modified terms, if amended or modified) that the Seller Parent Board determines in good faith, after consultation with legal and financial advisor, (taking into account any changes to this Agreement proposed by Purchaser in response to one or more Competing Proposals) is more favorable to Seller Parent and/or the stockholders of Seller Parent than the Transactions (taking into consideration among other things, all legal, financial, regulatory and other aspects of the proposal deemed relevant by the Seller Parent Board, including the financing terms thereof and the likelihood of consummation (including the anticipated timing, conditions and prospects for completion of such proposal)); provided that, for purposes of this definition of "Superior Proposal," references in the term "Competing Proposal" to "twenty percent (20%)" shall be deemed to be references to "fifty percent (50%)".

**"Survival Period"**: As defined in Section 9.8 hereof.

**"Third Party Claim"**: As defined in Section 9.4 hereof.

**"Third Party Intermediary"**: The Person appointed under the Escrow Agreement to adjudicate any claims made thereunder.

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**"Trailing Loan Documents"**: Mortgage Loan Documents that are required by the Investor pursuant to Applicable Requirements to be part of the Mortgage File that, as of the time of reference, are (i) in the custody of counsel in accordance with Applicable Requirements, (ii) have been submitted for recording and have not yet been returned by the applicable recording office or (iii) have not been provided by the issuing entity in the case of a final title policy.

**"Transactions"**: The transactions contemplated by this Agreement.

**"USDA"**: The United States Department of Agriculture or any successor thereto.

**"VA"**: The United States Department of Veterans Affairs or any successor thereto.

**"VA Loan"**: A Mortgage Loan which is guaranteed by the VA.

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

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

(b) Accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(c) References herein to a "Section," shall be to the specified section(s) of this Agreement and shall include all subsections of such section(s).

(d) The words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provisions.

(e) Section headings and other similar headings are not to be considered part of this Agreement, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Agreement or any of its provisions.

(f) Each reference to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder.

(g) References to days shall mean consecutive calendar days unless otherwise specified as "Business Days".

(h) The term "include" or "including" shall mean without limitation by reason of enumeration.

**ARTICLE II**

**SALE OF SERVICING RIGHTS AND RELATED MATTERS**

2.1 **Items to be Sold, Transferred and Assigned.**

(a) Upon the terms and subject to the conditions of this Agreement, pursuant to an Assignment Agreement executed by the Purchaser and the Seller executed in accordance with Section 2.3, Seller, on each Sale Date, shall sell, transfer and assign to Purchaser, and Purchaser shall purchase and assume from Seller, all of Seller's right, title, interest in and to the Servicing Rights transferred on such Sale Date (as determined in accordance with Section 2.2 hereof), together with the related Advances and Custodial Funds. Upon the terms and subject to the conditions of this Agreement, Purchaser shall assume, on each Sale Date, all of Seller's obligations with respect to and under the related Servicing Rights transferred on such Sale Date and related Servicing Agreements (i) to the extent required by the applicable Agency related to the Fannie Mae Mortgage Loans and/or the Freddie Mac Mortgage Loans, as applicable, and (ii) to the extent required under related Servicing Agreement in accordance with the successor servicer requirements of such Servicing Agreement with respect to the Servicing Rights related to the Private Label Mortgage Loans.



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(b) The Parties acknowledge and agree that, to the extent that this Agreement terminates in accordance with Section 10.1, any Servicing Rights that have not been sold on a Sale Date prior to such termination shall not be sold by Seller to Purchaser under this Agreement.

(c) The Parties acknowledge and agree that Purchaser is only purchasing and assuming the assets and obligations set forth in Section 2.1(a) hereof, which, for the avoidance of doubt, shall not include the Servicing Platform and Purchaser shall not assume or otherwise be liable in respect of any of the obligations and liabilities of any Seller Party of any kind (known or unknown, matured or unmatured, accrued, recorded or unrecorded, or contingent, regardless of whether such rights are currently exercisable) related to the Servicing Platform.

2.2 Determination of each Sale Date.

(a) Upon the satisfaction or waiver of the conditions set forth in the Conditions Precedent Provision (other than those conditions that, by their nature, are satisfied on the related Sale Date), a Sale Date shall occur with respect to the Servicing Rights relating to an Investor on the first Cut-off Date that occurs at least twenty-five (25) calendar days after such satisfaction or waiver.

(b) To the extent that all conditions, other than the Consent Conditions, set forth in the Conditions Precedent Provision (other than those conditions that, by their nature, are satisfied on the related Sale Date) have been satisfied or waived, Seller, in its sole discretion, may temporarily waive the Consent Conditions by written notice to Purchaser (the "Consent Waiver"). Upon delivery of the Consent Waiver, a Sale Date shall occur with respect to the Servicing Rights as to which all related Required Consents have been obtained on the first applicable Cut-off Date relating to each Investor that occurs at twenty-five (25) calendar days after delivery of the Consent Waiver.

(c) Immediately after the occurrence of the final Sale Date for the applicable Investor in accordance with Section 2.2(b) for a Consent Waiver, the Conditions Precedent Provisions shall be reinstated, after which any future Sale Dates shall be determined in accordance with this Section 2.2.

(d) Without limiting the foregoing, it shall not be a condition to the occurrence of any Sale Date that Purchaser obtain or causes to go into effect any amendments to any Servicing Agreements (including in respect of servicer advance facilities).

2.3 Evidence of Sale.

(a) Prior to or on the applicable Sale Date, Purchaser and Seller shall execute and deliver the documents required by each applicable Investor in connection with the transfer of the Servicing Rights hereunder, in form and substance reasonably satisfactory to Purchaser and Seller, and shall execute and/or deliver such other schedules, reports instruments or documents as Purchaser and Seller shall reasonably determine are necessary or appropriate to evidence the Transactions.

(b) On each Sale Date, the Seller and the Purchaser shall execute and deliver an Assignment Agreement and a Cross Receipt with respect to the Servicing Rights being sold on such Sale Date (subject to the satisfaction of the terms of this Agreement, including but not limited to, the representations, warranties, covenants and conditions precedent set forth herein)..

**ARTICLE III**

**PURCHASE PRICE AND RELATED MATTERS**

3.1 Purchase Price. In consideration for the transfer and sale contemplated herein of the Servicing Rights on a Sale Date, Purchaser shall pay to Seller the Purchase Price for such Servicing Rights, as calculated and adjusted in accordance with the Pricing Exhibit.

3.2 Form of Payment to be Made. Unless otherwise agreed to by the Parties, all payments to be made by a Party to another Party, or such other Party's designee, shall be made by wiring immediately available funds in United States dollars to the accounts designated by the receiving Party in accordance with such Party's written instructions set forth on Exhibit 3.2 (or as otherwise provided in writing).

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3.3 Procedures for Sale of Servicing Rights.

(a) Settlement Report. No later than seven (7) Business Days prior to each Sale Date, Seller shall deliver to Purchaser a loan level report of all Servicing Rights to be sold to Purchaser on such Sale Date (the "Settlement Report"). The Settlement Report shall include an estimated Purchase Price for such Servicing Rights and such other information set forth on Exhibit 3.3(a). Purchaser shall review and either approve or object (in writing) to such Settlement Report within two (2) Business Days of Purchaser's receipt thereof. In the event that Purchaser objects to the content of the Settlement Report, Purchaser's written objection shall contain sufficient specificity to enable Seller to reconcile and/or remedy any and all exceptions discovered by Purchaser on or before the Sale Date.

(b) Reconciliation Report. On the fifth (5<sup>th</sup>) Business Day following each Sale Date (the "Reconciliation Date"), Seller shall furnish to Purchaser a final report (the "Reconciliation Report") which includes, among other things, the final Purchase Price for the related Servicing Rights and the information set forth on Exhibit 3.3(a).

3.4 Payment of Purchase Price by Purchaser. Subject to the terms and conditions herein, the Purchase Price shall be paid by Purchaser to Seller as follows:

(a) Sale Date Payments.

(i) On each Sale Date, Purchaser shall pay to Seller (a "Sale Date Payment") an amount equal to the estimated aggregate Purchase Price applicable to the Servicing Rights to be sold to Purchaser as of such Sale Date minus the sum of (1) the related Liability Holdback and (2) the related Document Holdback.

(b) Holdback Payments.

(i) On each Sale Date only, simultaneously with the related Sale Date Payment, the Purchaser shall retain the Document Holdback and shall remit to the Escrow Agent, to be held by the Escrow Agent in accordance with the Escrow Agreement, the Liability Holdback.

(ii) The Purchaser shall cause the Document Custodian, at the Purchaser's expense, to review the contents of the Mortgage Files relating to the Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans only as soon as practicable following the applicable Sale Date and, on a monthly basis thereafter, Purchaser shall or shall cause its Document Custodian to deliver to Seller and Purchaser a list of the related Mortgage Loans (for which the related Servicing Rights were sold on such Sale Date) as to which the related Legal Documents have not been provided in full (the "Exceptions List").

(iii) Commencing on the tenth (10<sup>th</sup>) calendar day, or if such tenth (10<sup>th</sup>) calendar day is not a Business Day then the immediately succeeding Business Day, of each calendar month after the first Exceptions List is delivered until all Legal Documents relating to a Sale Date are delivered (or until Purchaser and Seller mutually agree otherwise), Purchaser or its Document Custodian shall provide Seller with a report (a "Monthly Document Holdback Report") listing all Mortgage Loans (the "Monthly Document Holdback Loans") on the related Exceptions List (x) as to which all or substantially all of the related Legal Documents were delivered to the Document Custodian and/or (y) that have paid in full, liquidated or been foreclosed upon. As to any Sale Date all Mortgage Loans not on the initial Exceptions List for which the related Servicing Rights were sold shall also be included in the initial Monthly Document Holdback Report as Monthly Document Holdback Loans.

(iv) Within five (5) Business Days of delivery of each Monthly Document Holdback Report for Servicing Rights and a related Sale Date, Purchaser shall pay Seller from the Document Holdback an amount equal to the product of the Document Holdback multiplied by a fraction, the numerator of which is the unpaid principal balance of the Mortgage Loans (as of the related Sale Date) set forth in the related Monthly Document Holdback Report and the denominator of which is the Document Holdback Denominator; provided, however, that, upon the Document Holdback Amount relating to any Sale Date reaching the final twenty percent (20%) of the Document Holdback Amount, the Seller and the Purchaser shall mutually agree upon a process to cure any remaining missing Legal Documents or, if such missing Legal Documents cannot be cured, agree upon a settlement in respect of such missing Legal Documents. For the

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avoidance of doubt, amounts paid from the Document Holdback will not be applied to reduce the Liability Holdback or the Agency Cap or the PLS Cap.

(v) Seller shall be entitled, at no cost or expense to itself, from time to time, to audit and inspect (both on-site and off-site) the books and records of Purchaser with respect to the data and information supporting each Monthly Document Holdback Report. Purchaser shall reasonably respond to all such audit requests.

(vi) Liability Holdback. The Escrow Agent shall hold the aggregate Liability Holdback until the expiration of any and all Survival Periods and the resolution of any and all claims for which notice was received by the Third Party Intermediary prior to the expiration of the Survival Period. To the extent that the Purchaser has a claim against Seller in accordance with the indemnification provisions of this Article IX, the Purchaser shall make a claim in accordance with the Escrow Agreement (or other form of dispute resolution as mutually agreed by the Purchaser and Seller). The Purchaser and Seller hereby agree (i) that each party shall pay fifty percent (50%) of the fees and expenses of the Escrow Agent and (ii) following a claim by the Purchaser in accordance with the Escrow Agreement (or other form of dispute resolution as mutually agreed by the Purchaser and Seller) that results in adjudication of the claim by the Third Party Intermediary, (a) to the extent the Purchaser is not entitled to any funds from the Liability Holdback, the Purchaser shall pay the Third Party Intermediary's fees and expenses incurred for such claim and (b) to the extent the Purchaser is entitled to funds from the Liability Holdback arising out of a successful claim, the fees and expenses incurred by the Third Party Intermediary shall be paid by the Purchaser and the Seller proportionally, based upon the portion of the successful claim relative to the full claim made to the Third Party Intermediary. Following the expiration of any and all Survival Periods hereunder and the resolution of any and all claims for which notice was received by the Third Party Intermediary prior to the expiration of the Survival Period, the remaining balance (if any) of the Liability Holdback will be released to the Seller in accordance with the Escrow Agreement.

(c) Reconciliation Payments. On the first (1<sup>st</sup>) Business Day following the Reconciliation Date, the Purchase Price in respect of each Mortgage Loan shall be adjusted as set forth on the Reconciliation Report. To the extent that the estimated aggregate Purchase Price set forth on the Settlement Report exceeds the aggregate Purchase Price on the related Reconciliation Report, Seller shall refund such excess to Purchaser by the end of the following Business Day. To the extent that the aggregate Purchase Price set forth on the Reconciliation Report exceeds the estimated aggregate Purchase Price on the related Settlement Report, Purchaser shall pay such excess to Seller by the end of the following Business Day.

3.5 Advance Reimbursement.

(a) On the related Sale Date, Purchaser shall acquire all Advances relating to the Servicing Rights sold on such Sale Date for a price equal to the product of the Advances Purchase Price Percentage multiplied by such Advances, all in accordance with, if applicable, one or more Advance Escrow Agreements.

(i) Not less than five (5) Business Days prior to any Sale Date, the Seller shall provide the Purchaser with (i) the related loan-level advance data set forth on Exhibit 3.5A, (ii) the information in the Seller's possession regarding the Advances with respect to the worksheet on the form set forth on Exhibit 3.5B, in each case, as of the applicable cut-off date mutually agreed upon between the Purchaser and Seller and (iii) any other information reasonably requested by Purchaser's advance facility lender.

(ii) Within fifteen (15) calendar days following the related Sale Date, with respect to the data/reports provided by the Seller pursuant to Section 3.5(a)(i), the Seller shall provide updated data/reports as of the related Sale Date and will show any variances from the mutually agreed cut-off date to the related Sale Date. To the extent the updated data/reports provided by the Seller pursuant to this Section 3.5(a)(ii) demonstrates that the amount of Advances which the Purchaser reimbursed the Seller on the related Sale Date (based on the data/reports provided pursuant to Section 3.5(a)(i)) exceeded the actual outstanding Advances as of the Sale Date, Seller shall refund to Purchaser an amount equal to the product of such excess multiplied by the Advances Purchase Price Percentage by the end of the following Business Day. To the extent the data/reports provided pursuant to Section 3.5(a)(i) demonstrates that the amount of actual outstanding Advances as of the Sale Date (based on updated data/reports provided by the Seller pursuant to this Section 3.5(a)(ii)) exceeded the amount of Advances which the Purchaser reimbursed the Seller on the

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related Sale Date (based on the data/reports provided pursuant to Section 3.5(a)(i)), Purchaser shall pay such excess to Seller an amount equal to the product of such excess multiplied by the Advances Purchase Price Percentage by the end of the following Business Day.

(b) The Seller shall make available to the Purchaser for review, within thirty (30) days of each Sale Date (or such other period as agreed by the Seller and the Purchaser), an itemized list for all applicable outstanding Advances, including at a minimum (i) loan level Advance balances (except with respect to Monthly Advances not required by the applicable Servicing Agreement to be made on an individual loan-level basis), (ii) information reflecting the date or period such Advances were made and (iii) loan level information related to the type (i.e., delinquency, taxes and insurance (on a collective basis and not segregated between taxes on the one hand and insurance on the other), attorney fees, property inspection, etc.) and disbursement history of each Advance (which may be in electronic format) together with copies of available invoices and/or other customary evidence with respect to such Advance.

(c) To the extent the Seller subsequently recovers any Advances (other than in its capacity as subservicer under a Subservicing Agreement, which shall be governed by the terms thereof), the Seller shall remit such recoveries to the Purchaser within five (5) Business Days following the end of the calendar month in which such recoveries were received by the Seller.

3.6 Adjustments. To correct errors relating to amounts calculated and paid hereunder in respect of the Purchase Price, transfer of the Custodial Funds, payment for the Advances, or payment or transfer of any other amounts due under this Agreement to either Party, either Party may, on a monthly basis, provide written notice to the other Party of any errors identified during the current calendar month; provided that failure to provide notice during such calendar month shall not constitute a waiver of a party's right to recover any amounts which resulted from any such error. Within fifteen (15) Business Days after the end of the calendar month in which receipt of information sufficient to provide notice that an error has occurred, the Party benefiting from the error shall (i) pay an amount sufficient to correct and reconcile the Purchase Price, Custodial Fund, Advances or such other amounts, and (ii) provide a reconciliation statement and such other documentation sufficient to satisfy the other Party (in such other Party's exercise of its reasonable discretion) concerning the accuracy of such reconciliation.

**ARTICLE IV**

**REPRESENTATIONS AND WARRANTIES OF SELLER AND SELLER PARENT**

As an inducement to Purchaser to enter into this Agreement and to consummate the Transactions, except as set forth in Section 4 the Seller Disclosure Letter, each of the Seller and the Seller Parent represents and warrants as follows (it being understood that, unless otherwise expressly provided herein, each such representation and warranty is made to Purchaser as of the date hereof and each Sale Date other than the representations and warranties set forth in Section 4.9 of this Agreement, which shall be made solely as of the applicable Sale Date):

4.1 Due Organization and Good Standing. Each Seller Party is a corporation validly existing and in good standing under the Laws of its jurisdiction of organization. Each Seller Party has the requisite power and authority to own, lease and operate its properties and to carry on its businesses as now conducted, except where the failure to have such power and authority would not, individually or in the aggregate, have a Material Adverse Effect.

4.2 Authority and Capacity. Each Seller Party has all requisite corporate power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

4.3 Effective Agreement.

(a) The execution, delivery and performance of this Agreement by each Seller Party and consummation of the Transactions have been duly and validly authorized by all necessary corporate actions of such Seller Party, except that (i) the consummation of the Transactions by Seller Parent requires the Stockholder Approval and (ii) the consummation of the Transactions by Seller requires the approval by Seller Parent as the sole stockholder of Seller (the "Seller Parent Approval"), which approval is subject to the receipt by Seller Parent of the Stockholder Approval. This Agreement has been duly and validly executed and delivered by each Seller Party and, assuming the due authorization,

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execution and delivery of this Agreement by Purchaser, constitutes a valid and legally binding agreement of each Seller Party enforceable against such Seller Party in accordance with its terms, subject to bankruptcy, insolvency and similar Laws affecting generally the enforcement of creditor's rights and the discretion of a court to grant specific performance.

(b) At a meeting duly called on December 28, 2016, and held, the board of directors of Seller Parent (the "Seller Parent Board") (i) declared that the Transactions are advisable and in the best interests of stockholders of Seller Parent, (ii) approved the execution, delivery and performance of this Agreement and the consummation of the Transactions, and (iii) resolved (subject to Section 6.8) to recommend to stockholders of Seller Parent that they approve the Transactions, which approval is not conditioned upon and, is independent of, the approval of any other transaction contemplated by the Seller or Seller Parent (such recommendation, the "Seller Parent Recommendation") and direct that such matter be submitted for consideration of stockholders of Seller Parent at the Special Meeting.

4.4 No Conflict. Neither the execution and delivery of this Agreement nor the consummation of the Transactions shall (a) violate, conflict with, or constitute a default under any of the terms, conditions or provisions of (i) subject to the receipt of the Stockholder Approval and the Seller Parent Approval, the articles of incorporation, bylaws or other organizational documents of Seller or Seller Parent, (ii) any mortgage, indenture, deed of trust, loan or credit agreement or other material agreement or instrument to which Seller or Seller Parent is now a party or by which Seller or Seller Parent is bound, or (iii) assuming the receipt of the consents and approvals referred to in clauses (i) through (iv) of Section 4.5, any Law applicable to Seller or Seller Parent, or (b) result in the creation or imposition of any lien, charge or encumbrance of any nature upon the Servicing Rights or any of the Mortgage Loans, except, in the case of clauses (a)(ii) and (a)(iii), for any such violation, conflict, default, lien, charge or encumbrance which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.5 Consents. Except for (i) the Investor Consents, (ii) applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules and regulations promulgated thereunder (including the filing of the Proxy Statement), the Maryland General Corporation Law and the New Jersey General Corporation Law, (iii) the applicable requirements of the New York Stock Exchange ("NYSE") and (iv) filings, if any, required under the HSR Act or by the Consumer Financial Protection Bureau, there is no requirement applicable to Seller or Seller Parent to make any filing with, or to obtain any permit, authorization, consent or approval of, any Governmental Entity as a condition to the lawful performance by Seller or Seller Parent of their respective obligations hereunder, except for such other consents the failure of which to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Seller is approved and in good standing, to the extent applicable, with each applicable Agency, Investor and Insurer. The Seller has complied with, and is not in default under, any Laws applicable to its business or properties, the violation of which might reasonably be expected to materially and adversely affect the Seller's ability to perform its obligations hereunder. The Seller is an approved seller and servicer for Fannie Mae and Freddie Mac, and is a mortgagee approved by the Secretary of HUD pursuant to Section 203 of the National Housing Act.

4.6 Litigation. There is no (a) litigation, claim, demand, proceeding or governmental investigation pending or, to the Knowledge of Seller, threatened in writing against Seller or Seller Parent in respect of the Servicing Rights or the Advances or (b) any outstanding order, injunction or decree binding upon Seller or Seller Parent, in each case of (a) and (b) that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. In the preceding twelve (12) month period, no Governmental Entity, Investor, Insurer, rating agency, trustee, master servicer or any other party to a Servicing Agreement has provided written notice to the Seller claiming or stating that the Seller has violated, breached or not complied with any Applicable Requirements in connection with the servicing of the related Mortgage Loans which has not been resolved by the Seller that in each case could reasonably be expected to have a Material Adverse Effect on the Servicing Rights for such related Mortgage Loans being purchased by the Purchaser hereunder, such related Mortgage Loans, the performance by the Seller of its obligations (or by the Purchaser of its future obligations) under the Servicing Agreements or the sale, assignment and transfer of Servicing Rights or the right to receive any servicing compensation or the performance by the Seller of its obligations under this Agreement.

4.7 Solvency. Seller is solvent and the sale of the Servicing Rights will not cause Seller to become insolvent. The sale of the Servicing Rights is not undertaken to hinder, delay or defraud any of Seller's creditors.



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4.8 Servicing Agreements. Exhibit 4.9(e) contains a list of all Servicing Agreements in effect as of the date hereof.

4.9 Mortgage Loan-Level. Subject to and as limited by Sections 4.12 and 5.8:

(a) Each Mortgage Loan was serviced in accordance with Applicable Requirements, except in each case where such failure to conform or ineligibility would not be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement or, if such failure to conform or ineligibility would be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement, where such failure to conform or ineligibility would not reasonably be expected to materially impair the ability of Purchaser to realize the economic benefits associated with the Transactions. With respect to each Mortgage Loan the Seller, each Originator and each Prior Servicer has otherwise complied with all Applicable Requirements in all material respects, except where such lack of compliance would not be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement. All Custodial Accounts required to be maintained by Seller are being maintained in compliance with Applicable Requirements in all material respects. Seller is not subject to any 'event of default' or similar occurrence under any of the Servicing Agreements. Seller is not in breach of any representations or warranties made to any Investor, except where such breach would not be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement or, if such breach would be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement, where such breach would not reasonably be expected to materially impair the ability of Purchaser to realize the economic benefits associated with the Transactions. No party to any of the Servicing Agreements has provided written notice to Seller that such party will terminate any of the Servicing Agreements or Seller's benefits or the Servicing Rights under any of the Servicing Agreements.

(b) Each Mortgage Loan which is required pursuant to Applicable Requirements to have mortgage, hazard, title insurance and/or a guaranty certificate has such valid and enforceable mortgage, hazard, title insurance and/or a guaranty certificate, except in each case where such failure to would not be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement or, if such failure would be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement, where such failure would not reasonably be expected to materially impair the ability of Purchaser to realize the economic benefits associated with the Transactions. All provisions of such insurance policies and/or guarantees have been and are being complied with in all material respects, all premiums due thereunder have been paid, and such policies and/or guarantee are in full force and effect, except in each case where such failure would not be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement or, if such failure would be the contractual or legal responsibility of Purchaser as the transferee under the applicable Servicing Agreement, where such failure would not reasonably be expected to materially impair the ability of Purchaser to realize the economic benefits associated with the Transactions. As to each such policy, there has been no act or omission by Seller which would invalidate any such policy and there has been no event or condition which is reasonably expected to result in the revocation, cancellation or expiration of such policy. There are no defenses, counterclaims, or rights of set-off against the Seller affecting the validity or enforceability of any such policy. With respect to each title insurance policy related to any first lien Mortgage Loan, such title insurance policy is in the amount in accordance with Applicable Requirements, which title policy insures that the related Mortgage Instrument is a valid first lien on the Mortgaged Property therein described. With respect to each hazard insurance policy, such hazard insurance policy is in the amount by an insurer and otherwise in compliance with and in the manner as may be required by Applicable Requirements.

(c) Section 4.9(c) of the Seller Disclosure Letter sets forth all material judicial and administrative judgments, orders, remediation plans, stipulations, awards, writs and injunctions applicable to each Mortgage Loan as of the Effective Date for which Purchaser will be legally or contractually responsible as the transferee of the Servicing Rights.

(d) Seller is the sole owner of all right, title and interest in and to the related Servicing Rights and, except as otherwise contemplated by the Advance Escrow Agreement, Advances free and clear of all liens, and has the right to act as servicer with respect to the Mortgage Loan pursuant to and subject to the terms and conditions of the related Servicing Agreement. Seller has not engaged any subservicers, subcontractors or other agents to perform any of its duties under the related Servicing Agreements, other than engagements that are permitted by, and are in compliance in all

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material respects with the requirements of, such Servicing Agreements. No portion of the servicing fee payable to Seller under a Servicing Agreement has been sold, assigned or pledged to any Person. As of the applicable Sale Date, the sale, transfer and assignment by the Seller to the Purchaser of the Servicing Rights and the related documents, and the instruments required to be executed by the Seller and delivered to the Purchaser pursuant to the Applicable Requirements, are valid and enforceable in accordance with their terms and will vest in the Purchaser good and marketable title to the Servicing Rights and the related documents, free and clear of any and all liens, claims, or encumbrances whatsoever (including any restrictions or rights to consent from any Person to the subsequent transfer of servicing of such Mortgage Loan and/or sale of the related Servicing Rights). As of the applicable Sale Date, the Seller has the sole and full right and authority to sell and assign the Servicing Rights and the related documents to the Purchaser pursuant to this Agreement. As of the Sale Date, the Seller is not obligated, contractually or otherwise, to sell or offer to sell any of the Servicing Rights and the related documents to any Person other than the Purchaser.

(e) Except as would not reasonably be expected to materially impair the ability of Purchaser to realize the economic benefits associated with the Transactions, each Servicing Agreement is a valid and binding obligation of Seller, is in full force and effect, and is enforceable by Seller in accordance with its terms, subject to applicable bankruptcy, insolvency and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity, whether applied in a court of Law or a court of equity.

(f) All Advances paid for by Purchaser to Seller were made in accordance with the applicable Servicing Agreement, are fully transferable, have not been repaid in whole or in part, are not subject to any subordination, rescission, set-off, counterclaim, defense, waiver or amendment that could reasonably be asserted against Seller arising out of the failure of Seller, any Originator, Prior Servicer or any of their vendors, subservicers or agents to comply with Applicable Requirements, and Seller has not received any written notice from any Investor or any other Person in which such Investor or other Person disputes or denies a claim by Seller for reimbursement in connection with any such Advance. Except as contemplated by an Advance Escrow Agreement, no Advance has been sold, transferred, assigned or pledged by Seller to any Person. Seller has not taken any action that, or failed to take any action the omission of which, would materially impair the rights of Purchaser with respect to any such Advance. Each Advance has supporting backup documentation, if applicable, in original or imaged form maintained in accordance with Applicable Requirements, and the Seller has not received any notice from the applicable Investor, Agency, any Insurer or any other Person in which such Person disputes or denies a claim by the Seller for reimbursement in connection with any such Advance. There are no proceedings pending, or, to the best of Seller's knowledge, threatened, wherein any governmental agency has (A) alleged that any Advances are illegal or unenforceable, (B) asserted the invalidity of any Advances or (C) sought any determination or ruling that might adversely affect the payment or enforceability of any Advances.

(g) The information set forth in the Bid Tapes, in the Identified Sections of the Data Room and on the applicable Settlement Report and Reconciliation Report pertaining to the Mortgage Loans, Advances and Servicing Rights is true, accurate and complete in all material respects as of the dates indicated therein.

(h) Except for any Trailing Loan Documents, the Mortgage File for each Mortgage Loan collectively contains all documents and instruments required for servicing such Mortgage Loan in all material respects in accordance with the related Servicing Agreement without unreasonable expense or delay which would be caused by the condition of the Mortgage File.

(i) The full original principal amount of each Mortgage Loan has been fully advanced or disbursed to the Mortgagor named therein, there is no requirement for future advances and any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds therefor have been satisfied.

(j) All taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments and ground rents relating to the Mortgage Loans that are required to have been paid by Seller prior to the related Sale Date have been paid by Seller.

(k) All tax service contracts and flood certification contracts applicable to the Mortgage Loans will transfer to and for the benefit of Purchaser at no cost or expense to Purchaser. All of the Mortgage Loans have a valid, fully paid, transferable, life of the loan tax service contract with an Investor-approved (if such approval is required under

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Applicable Requirements) tax service provider or the Seller shall promptly reimburse the Purchaser for, the cost of obtaining such a tax service contract. All of the Mortgage Loans have a valid, fully paid, transferable, life of the loan flood certification contract with an Investor-approved (if such approval is required under Applicable Requirements) flood certification provider or the Seller shall promptly reimburse the Purchaser for the cost of obtaining such a flood certification contract. Each Mortgage Loan has had a flood zone determination conducted in compliance with the Applicable Requirements and such determination is contained in the appropriate Mortgage File. Each such tax service and flood certification contract is transferable to the Purchaser as a fully paid, transferable, life of the loan tax service contract or flood certification contract.

(l) Any loan modifications, including trial modifications, entered into prior to the applicable Sale Date complied with Applicable Requirements in all material respects.

(m) No Mortgage Loan is subject to the provisions of the Home Ownership and Equity Protection Act of 1994, as amended ("HOEPA"), or has an "annual percentage rate" or "total points and fees" payable by the borrower that exceeds the applicable thresholds defined under HOEPA and its implementing regulations, including 12 C.F.R. § 1026.32(a)(1)(i) and (ii). No Mortgage Loan is a "high cost" mortgage loan, "covered" mortgage loan, "high risk home" mortgage loan, or "predatory" mortgage loan or any other comparable term, no matter how defined under any federal, state or local law, provided that this determination shall be made with respect to the relevant state or local law, regardless of the effect of any available federal preemption, other than exemptions specifically provided for in the relevant state or local law. No Mortgage Loan is subject to any comparable federal, state or local statutes or regulations, or any other statute or regulation providing for heightened regulatory scrutiny, assignee liability to holders of such mortgage loans or additional legal liability for mortgage loans having high interest rates, points and/or fees. No Mortgage Loan is a High Cost Loan or Covered Loan, as applicable (as such terms are defined in the current Standard & Poor's LEVELS® Glossary Revised, Appendix E). Notwithstanding the foregoing, this representation and warranty shall not be made with respect to any Mortgage Loan as to which the foregoing was permitted in accordance with Applicable Requirements.

4.10 Brokers' Fees. With the exception of fees and expenses payable to Credit Suisse Securities (USA) LLC and J.P. Morgan Securities, LLC, which will be Seller Parent's sole responsibility, neither Seller Parent nor Seller have employed any other broker, investment banker, financial advisor or other Person who would have a valid claim for a fee or commission from Purchaser in connection with the Transactions.

4.11 Agency Set-off Rights. Seller has no actual notice, including any notice received from any Agency, or any reason to believe, that, other than in the normal course of Seller's business, any circumstances exist that would result in Seller being liable to such Agency for any amount due which would reasonably be expected to have a Material Adverse Effect by reason of: (i) any breach of servicing obligations or breach of mortgage selling warranty to such Agency under servicing agreements relating to Seller's entire servicing portfolio for such Agency (including any unmet mortgage repurchase obligation), (ii) any unperformed obligation with respect to mortgage loans that Seller is servicing for such Agency under the regular servicing option or other mortgages subject to recourse agreements, (iii) any loss or damage to such Agency by reason of any inability to transfer to a purchaser of the servicing rights Seller's selling and servicing representations, warranties and obligations, or (iv) any other unmet obligations to such Agency under a servicing contract relating to Seller's entire servicing portfolio with an Agency..

4.12 No Other Representations and Warranties. Except for the representations and warranties made in this Article IV, none of the Seller Parties or any other Person makes any representations or warranties on behalf of Seller or Seller Parent. Neither Seller or Seller Parent nor any other Person will have or be subject to any liability or indemnification obligation to Purchaser or any other Person resulting from the distribution to Purchaser, or Purchaser's use of, any such information, including any information, documents, projections, forecasts or other material made available to Purchaser in certain "data rooms" or management presentations in expectation of the Transactions. For the avoidance of doubt, neither Seller or Seller Parent nor any of its Representatives makes any express or implied representation or warranty with respect to "Evaluation Material" as defined in the Confidentiality Agreement.

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**ARTICLE V**

**REPRESENTATIONS AND WARRANTIES OF PURCHASER**

As an inducement to Seller to enter into this Agreement and to consummate the Transactions, Purchaser represents and warrants as follows (it being understood that, unless otherwise expressly provided herein, each such representation and warranty is made to Seller as of the Effective Date and each applicable Sale Date):

5.1 **Due Organization and Good Standing.** Purchaser is a limited liability company validly existing and in good standing under the Laws of the State of Delaware, except where the failure to be so existing or in good standing, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or materially impede the ability of Purchaser to consummate the Transactions. Purchaser has the requisite power and authority to own, lease and operate its properties and to carry on its businesses as now conducted, except where the failure to have such power and authority, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or materially impede the ability of Purchaser to consummate the Transactions.

5.2 **Authority and Capacity.** Purchaser has all requisite limited liability company power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

5.3 **Effective Agreement.** The execution, delivery and performance of this Agreement by Purchaser and consummation of the Transactions have been duly and validly authorized by all necessary limited liability company action; this Agreement has been duly and validly executed and delivered by Purchaser and, assuming the due authorization, execution and delivery of this Agreement by the Seller Parties, constitutes a valid and legally binding agreement of Purchaser enforceable against Purchaser in accordance with its terms, subject to bankruptcy, insolvency and similar Laws affecting generally the enforcement of creditor's rights and the discretion of a court to grant specific performance.

5.4 **No Conflict.** Neither the execution and delivery of this Agreement nor the consummation of the Transactions and thereby shall (a) violate, conflict with, or constitute a default under any of the terms, conditions or provisions of (i) the articles of incorporation, bylaws or other organizational documents of Purchaser, (ii) any mortgage, indenture, deed of trust, loan or credit agreement or other material agreement or instrument to which Purchaser is now a party or by which Purchaser is bound, or (iii) any Law applicable to Purchaser, or (b) result in the creation or imposition of any lien, charge or encumbrance of any nature upon, the Servicing Rights or any of the Mortgage Loans, or any material assets of Purchaser, except, in the case of clauses (a)(ii), (a)(iii) and (b), for any such violation, conflict, default, lien, charge or encumbrance which, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or materially impede the ability of Purchaser to consummate the Transactions.

5.5 **Consents.** Except for the Investor Consents, there is no requirement applicable to Purchaser to make any filing with, or to obtain any permit, authorization, consent or approval of, any Governmental Entity as a condition to the lawful performance by Purchaser of its obligations hereunder, except for such other consents as will be obtained on or prior to the applicable Sale Date. The Purchaser is an approved servicer for Fannie Mae and Freddie Mac, and is an investing mortgagee approved by the Federal Housing Administration.

5.6 **Litigation.** There is no litigation, claim, demand, proceeding or governmental investigation pending or, to the Knowledge of Purchaser, threatened in writing, or any order, injunction or decree outstanding, against or relating to Purchaser that would reasonably be expected to prevent or materially delay or materially impede the ability of Purchaser to consummate the Transactions.

5.7 **Ability to Perform.** Purchaser has as of the Effective Date, and will have on each Sale Date, sufficient funds to enable Purchaser to consummate the Transactions, including payment of the Purchase Price and fees and expenses of Purchaser relating to the Transactions. In no event will the receipt or availability of any funds or financing by Purchaser be a condition to any of Purchaser's obligations hereunder, including the consummation of Transactions. Immediately after giving effect to the Transactions on each Sale Date, Purchaser will be solvent and will (a) be able to pay its debts as they become due, (b) own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities), and (c) have adequate capital to carry on its business. No sale, transfer or conveyance of property is being made and no obligation is being incurred in



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connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of Purchaser. In connection with the Transactions, Purchaser has not incurred, nor plans to incur, debts beyond its ability to pay as they become absolute and matured.

5.8 Reserved.

5.9 Brokers' Fees. Purchaser has not employed any broker, investment banker, financial advisor or other Person who would have a valid claim for a fee or commission from Seller or Seller Parent in connection with the Transactions.

5.10 Acknowledgment of Representations and Warranties. Except for the representations and warranties made by Seller in Article IV, Purchaser acknowledges and agrees that neither Seller nor any other Person makes or has made any representations or warranties in respect of the Servicing Rights, the Advances and the Transactions. Purchaser further acknowledges and agrees that it (a) has had an opportunity to discuss the Servicing Rights, the Advances and the Transactions with the management of Seller, (b) has had reasonable access to (i) the books and records of Seller and (ii) the electronic dataroom maintained by Seller for purposes of the Transactions, (c) has been afforded the opportunity to ask questions of and receive answers from officers and other key employees of Seller, and (d) has conducted its own independent investigation of the Servicing Rights, the Advances and the Transactions, and has not relied on any representation, warranty or other statement by Seller or any Person on behalf of Seller, other than the representations and warranties of Seller expressly contained in Article IV and that all other representations and warranties (including those implied under Law) are specifically disclaimed. Purchaser acknowledges and agrees that Seller has provided the representations and warranties in Article IV solely for purposes of establishing a basis on which claims for indemnification or repurchase may be brought in accordance with the terms of this Agreement and for purposes of defining certain conditions to Purchaser's obligation to consummate the Transactions, irrespective of whether Seller knows or should have known of any such breach and without disclosure by Seller of any such knowledge. Purchaser acknowledges that Seller makes no warranty or representation, express or implied, or arising by operation of Law, including any warranty of condition, habitability, merchantability, or fitness for a particular purpose of the Servicing Rights or any portion thereof.

5.11 Expertise. Purchaser is a sophisticated investor and its bid and decision to purchase the Servicing Rights are based upon its own independent expert evaluations of the Mortgage Files and other materials made available by Seller and deemed relevant by Purchaser. Purchaser has not relied in entering into this Agreement upon any oral or written information from Seller or any of its respective employees, affiliates, agents or representatives, other than the representations and warranties of Seller contained herein and the information referred in such representations and warranties. Purchaser has had the opportunity to conduct such due diligence review and analysis of the due diligence materials, as Purchaser deemed necessary, proper or appropriate in order to make a complete informed decision with respect to the purchase and acquisition of the Servicing Rights. Purchaser acknowledges that it has had the opportunity to conduct legal, compliance, credit and other appropriate due diligence as to the Servicing Rights. Purchaser acknowledges that the Servicing Rights may have limited or no liquidity and Purchaser has the financial wherewithal to own the Servicing Rights and the loan documents for an indefinite period of time and to bear the economic risk of an outright purchase of the Servicing Rights and the loan documents and a total loss of the Purchase Price for the Servicing Rights.

**ARTICLE VI**

**COVENANTS**

6.1 Preparation of Proxy Statement; Special Meeting.

(a) Seller Parent shall take all action necessary to duly call, give notice of, convene and hold the Special Meeting as promptly as reasonably practicable after the SEC confirms that it has no further comments on the Proxy Statement (whether or not the Seller Parent Board has made a Change of Recommendation, but subject to the Seller Parties' rights under Section 10.1(c)(iv)) and, in connection therewith, Seller Parent shall mail the Proxy Statement to the holders of Shares in advance of such meeting. Except to the extent that the Seller Parent Board shall have effected a Change of Recommendation as permitted by Section 6.9 hereof, the Proxy Statement shall include the Seller Parent

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Recommendation. Subject to Section 6.9 hereof, the Seller Parent shall use commercially reasonable efforts to solicit from the holders of Shares proxies in favor of the approval of this Agreement and the Transactions.

(b) In connection with the Special Meeting, Seller Parent will (i) prepare and file the Proxy Statement with the SEC within 90 days following the execution and delivery of this Agreement, (ii) respond as promptly as reasonably practicable to any comments received from the SEC with respect to such filing and will provide copies of such comments to Purchaser promptly, (iii) as promptly as reasonably practicable prepare and file any response, amendments or supplements necessary to be filed in response to any SEC comments or as required by Law, (iv) use commercially reasonable efforts to mail the Proxy Statement to the Seller Parent's shareholders as promptly as reasonably practicable after the date on which the SEC (or the staff of the SEC) confirms that it has no further comments on the Proxy Statement, and (v) to the extent required by applicable Law, as promptly as reasonably practicable prepare, file and distribute to the Seller Parent's Shareholders any supplement or amendment to the Proxy Statement if any event shall occur which requires such action at any time after the mailing of the Proxy Statement and prior to the Special Meeting. Purchaser shall cooperate with Seller Parent in connection with the actions contemplated by the preceding sentence, including the preparation and filing of the Proxy Statement and responding to the SEC with respect to all comments received on the Proxy Statement from the SEC, including furnishing Seller Parent as promptly as reasonably practicable with any and all information with respect to Purchaser as may be required to be set forth in the Proxy Statement under the Exchange Act or as otherwise requested by the SEC. Seller Parent will, to the extent practicable, (i) provide Purchaser a reasonable opportunity to review and comment on the Proxy Statement, or any amendments or supplements thereto (other than any amendment or supplement that involves or relates to a Change of Recommendation) and (ii) consider in good faith all additions, deletions or changes reasonably proposed by Purchaser, in each case, prior to filing the same with the SEC. If at any time prior to the date of the Special Meeting, Seller, Seller Parent or Purchaser discovers any information which should be set forth in an amendment or supplement to the Proxy Statement so that the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party which discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and, to the extent required by applicable Law, disseminated to Seller Parent's shareholders.

6.2 Required Consents.

(a) The purchase and sale of the Servicing Rights and the appointment of Seller as subservicer for the Mortgage Loans are subject to approval by the applicable Investors and Origination Sources on or before the applicable Sale Date. In accordance with the Applicable Requirements, Seller shall undertake commercially reasonable efforts to obtain the Required Consents in a timely manner with respect to the transfer of Servicing Rights from Seller to Purchaser and the appointment of Seller as subservicer for the Mortgage Loans as of the related Sale Date. Purchaser shall provide such assistance to Seller and enter into such letter agreements and certifications as reasonably requested by Seller, including the provision of such information regarding Purchaser and its business as requested by any Investor or Origination Source. Seller shall pay any and all fees and costs charged by each Investor or Origination Source to secure Required Consents for the Transactions, including fees to the Investors and Origination Sources for the transfer of the Servicing Rights in accordance with the Applicable Requirements ("Required Consent Fees"). If applicable, Seller shall prepare and deliver to HUD the required electronic notification of the transfer of the Servicing Rights from Seller to Purchaser. On a monthly basis, the Seller shall provide the Purchaser with a report detailing the status of each Investor or Origination Source that have refused to provide its consent to the transfer of all or any portion of the Servicing Rights to Purchaser as of the end of the immediately preceding calendar month.

(b) Until such Required Consent is received and the related Sale Date occurs with respect to any Servicing Rights:

(i) Seller shall service the related Mortgage Loans in material compliance with Applicable Requirements and shall pay, perform and discharge all of the rights, obligations and duties with respect to the related Servicing Agreements; and

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(ii) without Purchaser's written consent, Seller shall not cause any Servicing Agreement to be amended in any material respect; it being understood that the termination or expiration of any Servicing Agreement in accordance with its terms shall not constitute amendment.

6.3 Document Custodian: Transfer of Custody of Mortgage Files: Assignments and Related Matters.

(a) Transfer of Custody of Legal Documents. Purchaser shall use Seller's Document Custodian for the custody of the related Legal Documents and any other documents held by the Document Custodian in respect of the related Mortgage Loans, under terms mutually agreed upon by Purchaser and the Document Custodian.

(b) Document Custodian. Purchaser shall be responsible for all ongoing fees and costs charged by its Document Custodian after the related Sale Date.

(c) Reserved.

(d) Assignments and Related Matters. Only if (A) expressly required by Applicable Requirements, (B) determined by the Purchaser to be advisable after reasonable consultation with the applicable servicer or subservicer, then at the Purchaser's prior written direction or (C) if nominal title is held in Seller's name (or the name of an affiliate of Seller), the Seller shall, at its expense and in compliance with all Applicable Requirements in all material respects, (i) prepare and record or cause to be prepared and recorded, as required by the applicable Investor, all prior intervening Assignments of Mortgage Instruments; (ii) prepare or cause to be prepared Assignments of Mortgage Instruments from Seller to Purchaser; and (iii) endorse or cause to be endorsed the Mortgage Notes in blank without recourse or as otherwise required by the applicable Investor. Seller shall deliver to the Document Custodian all original recorded Assignments of Mortgage Instruments promptly upon receipt of same from the applicable recording office or otherwise.

In respect of MERS Mortgage Loans, only if (A) expressly required by Applicable Requirements, (B) determined by the Purchaser to be advisable after reasonable consultation with the applicable servicer or subservicer, then at the Purchaser's prior written direction, the Seller shall, at the Seller's expense and in compliance with all Applicable Requirements and Accepted Servicing Practices or (C) if nominal title is held in Seller's name (or the name of an affiliate of Seller), Seller shall, at Seller's expense, take such actions as are necessary to cause Purchaser to be clearly identified as the servicer of each MERS Mortgage Loan on the records of MERS for purposes of the system of recording transfers of servicing of mortgage loans maintained by MERS and make such other changes to the applicable MERS registration information as is required under Applicable Requirements. Purchaser shall accept any such transfer of servicer or beneficial interest initiated by Seller within the MERS system.

If requested by Purchaser, Seller will register with MERS any Mortgage Loan that is a Non-MERS Mortgage Loan as of the related Sale Date (and eligible to be a MERS Mortgage Loan), in Purchaser's name. The Purchaser will bear any and all costs and expenses associated with the MERS registration on any such Mortgage Loans. In connection with each such Mortgage Loan, if such Mortgage Loan has been assigned to Seller, in lieu of any Assignment of Mortgage Instrument contemplated above in this Section 6.3(d), Seller will, at Seller's expense, prepare and record an Assignment of Mortgage Instrument from Seller to MERS.

(e) Delivery of Trailing Loan Documents. As soon as practicable after each Sale Date, Seller shall deliver to the Document Custodian complete and correct versions of each of the Trailing Loan Documents required to be included in the Mortgage File related to the Servicing Rights transferred on such Sale Date; provided, however, that in the case of a Mortgage Instrument or Assignment of Mortgage Instrument that Seller has delivered to the applicable recorder's office in a timely manner that has not yet been returned by such recorder's office solely due to a delay by such recorder's office, Seller shall have such additional time to obtain and deliver such documents and the final title policy (if such receipt of such document from the title insurer is delayed due to missing Mortgage Instrument or Assignment of Mortgage Instrument recording information) as is necessary.

6.4 Undertakings by Seller.

(a) Custodial Fund Interest and Reporting. Seller shall pay interest on Custodial Funds accrued through the applicable Sale Date to the extent interest with respect to Custodial Funds is required to be paid under the Applicable Requirements for the benefit of Mortgagors under the Mortgage Loans.



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(b) Internal Revenue Service Reporting. Seller shall be responsible for, at its sole cost and expense, preparing and filing with the Internal Revenue Service all reports, forms, notices and filings required by the Internal Revenue Code and rules, regulations and interpretations thereunder in connection with the Servicing Rights and Mortgage Loans with respect to events that occurred prior to the applicable Sale Date thereof, including, the reporting of all interest paid by Seller for the account of Mortgagors under the Mortgage Loans.

6.5 Solicitation. With respect to each Mortgage Loan, from and after the applicable Sale Date, except as otherwise contemplated by the Subservicing Agreement or otherwise mutually agreed upon by Seller and Purchaser, the Seller shall not, and shall cause all subsidiaries of Seller Parent, and its and their respective officers, directors, employees, brokers, correspondent lenders, agents and independent contractors, in each case working on the Seller's behalf to not, directly or indirectly, during the remaining term of such Mortgage Loan, by telephone, by mail, by internet, by facsimile, by personal solicitation, by electronic media or otherwise take any action to solicit the Mortgagors. Unless otherwise expressly agreed to in writing, nothing in this Section 6.5 shall prohibit the Seller or the Seller's affiliates from (a) taking applications from those Mortgagors who initiate refinance action on their own, (b) engaging in a mass advertising program to the general public at large such as mass mailings based on commercially acquired, non-targeted mailing lists, or general, non-targeted newspaper, magazine, billboard, radio, television or Internet advertisements, or (c) soliciting Mortgagors in any other manner otherwise agreed upon in writing by the Parties. In the event that the terms of this Section 6.5 have been breached and any affected Mortgage Loan is refinanced or prepaid in full, as the sole remedy therefor, Seller shall pay to Purchaser (and Purchaser shall have the right to offset any such amounts against future payments required hereunder to be made by Purchaser to Seller) an amount equal to the Servicing Rights Reimbursement Price in accordance with Section 9.2.

6.6 Payment of Costs. Except as otherwise provided herein: (a) Seller shall be responsible for all fees, costs, expenses and other amounts payable to or with respect to (i) the Required Consent Fees, (ii) the transfer of the Servicing Rights, (iii) the delivery of the Mortgage Files, (iv) the transfer of the Custodial Funds as of each Sale Date, (v) preparing and recording individual Assignments of Mortgage Instruments to Purchaser and preparing individual Assignments of Mortgage Instruments to the Investor, if required by applicable Investor guidelines, (vi) in respect of MERS Mortgage Loans, processing transfers of servicing from Seller to Purchaser with MERS, (vii) the electronic notification to HUD of the transfer of the Servicing Rights (if applicable), (viii) its advisors, consultants, accountants, attorneys and Document Custodian, and (ix) Seller's performance of its obligations under this Agreement, (b) Purchaser shall be responsible for the fees, costs, expenses and other amounts payable to or with respect to (i) its advisors, consultants, accountants, attorneys, (ii) its Document Custodian (including the Document Custodian's fees and costs for any Investor-required recertifications or review and reporting of Trailing Loan Documents), and (iii) Purchaser's performance of its obligations under this Agreement, and (c) the Purchaser and Seller hereby agree that each party shall pay fifty percent (50%) of all filing fees in connection with filings under the HSR Act.

6.7 Final Certification and Recertification. This Section 6.7 shall only apply to Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans, as applicable. Purchaser shall cause the Document Custodian to promptly review, at Purchaser's expense, all Mortgage Loan Documents and provide Seller with a missing/defective document exception report promptly following the applicable Sale Date in accordance with Section 3.2 hereof. Seller agrees that in connection with the final certification and/or recertification of any Pool or Mortgage Loan, Seller, at Seller's expense, shall deliver to the Document Custodian all documents required for such final certification and/or recertification. No later than the tenth (10<sup>th</sup>) Business Day of each full calendar month following the delivery of the Exceptions List, Purchaser shall cause the Document Custodian to provide to Seller status reports, document tracking reports and other related information that evidences that Seller is delivering documents, clearing exceptions and taking all other necessary actions in such manner as to permit final certification and/or recertification, as the case may be, as required under Applicable Requirements with respect to all Mortgage Loans. Seller and Purchaser shall cooperate with each other and shall use commercially reasonable efforts to obtain recertification waivers from each of Fannie Mae and Freddie Mac, as applicable. If Purchaser or its designee or the Document Custodian returns a Mortgage Loan required for final certification and/or recertification to Seller for correction or missing information, Seller, at its own cost and expense, shall promptly correct such Mortgage Loan Document, insert the appropriate information, record such document if required, and return the document to Purchaser, its designee or the Document Custodian, as applicable. If Seller does not take such actions and, as a result,

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Purchaser cannot obtain by the deadline required by Applicable Requirements, the certification or recertification of any Pool or Mortgage Loan, then upon the request of Purchaser, Seller shall (i) reimburse Purchaser for any reasonable, documented out-of-pocket expense or cost incurred by Purchaser in attempting to obtain a missing, inaccurate or incomplete document or the certification or recertification by the required deadline and (ii) reimburse Purchaser for the reasonable, documented out-of-pocket cost of posting a letter of credit if required by the Investor; provided if the letter of credit relates to pools other than the Pools, Losses shall only include the portion of the cost reasonably allocated by Seller to Purchaser and the Pools. It is understood and agreed, however, that in no event shall Seller have any obligation to repurchase any Servicing Rights or Mortgage Loans arising out of compliance with this Section 6.7.

6.8 Purchaser to Comply with Applicable Requirements. At all times following each Sale Date, Purchaser shall comply with Applicable Requirements as servicer and servicing rights owner of the related Mortgage Loans.

6.9 Competing Proposals.

(a) Subject to the remainder of this Section 6.9, none of the Seller Parties or any of their respective subsidiaries shall, nor shall (directly or indirectly) any Seller Party authorize any of its or its subsidiaries' officers, directors, Representatives or other intermediaries or subsidiaries to: (i) solicit, initiate or knowingly facilitate (it being understood and agreed that ministerial acts that are not otherwise prohibited by this Section 6.9 (such as answering unsolicited phone calls) shall not be deemed to "facilitate" for purposes of this Section 6.9) the submission of inquiries, proposals or offers from any Person (other than Purchaser and its affiliates) relating to any Competing Proposal, or agree to or recommend any Competing Proposal; (ii) enter into any agreement (x) to consummate any Competing Proposal, (y) to approve any Competing Proposal or (z) requiring it to abandon, terminate or fail to consummate the Transactions; (iii) enter into or participate in any discussions or negotiations in connection with any Competing Proposal or inquiry with respect to any Competing Proposal, or furnish any non-public information with respect to the Servicing Rights in connection with any Competing Proposal; or (iv) agree to resolve to take, or take, any of the actions prohibited by clause (i), (ii) or (iii) of this sentence. Each of Seller and Seller Parent shall immediately cease, and cause its respective Representatives and other intermediaries to immediately cease, any and all existing activities, discussions or negotiations with any parties conducted heretofore with respect to an Competing Proposal and shall immediately terminate access by all such parties and their Representatives to any online data room or portions thereof to the extent pertaining to the Servicing Rights. For purposes of this Section 6.9, the term "Person" includes any "group" as defined in Section 13(d) of the Exchange Act. Notwithstanding the foregoing, Seller and Seller Parent may, following the receipt of a Competing Proposal, contact the Person that has made such Competing Proposal to (i) clarify and understand the terms and conditions thereof solely to facilitate the Seller Parent Board's determination of whether such Competing Proposal constitutes or would reasonably be expected to lead to, a Superior Proposal, and (ii) inform such Person of the existence of the provisions of this Section 6.9. Notwithstanding the foregoing or any other provision in this Agreement, nothing in this Agreement shall be deemed to prohibit or otherwise limit the ability of Seller Parent, its subsidiaries or their Representatives or other intermediaries from taking any action prohibited by this Section 6.9(a) or taking any other action with respect to any transaction that does not constitute or relate to a Competing Proposal.

(b) Notwithstanding anything to the contrary in this Section 6.9, Seller and Seller Parent may, directly or indirectly, prior to the receipt of the Stockholder Approval, (i) engage in negotiations or discussions with any Person (and its Representatives) that has made an unsolicited written Competing Proposal not resulting from or arising out of a material breach of Section 6.9(a), and/or (ii) furnish to such Person information relating to the Servicing Rights pursuant to an Acceptable Confidentiality Agreement (provided that to the extent any nonpublic information pertaining to the Servicing Rights that has not been made available to Purchaser is made available to such Person, make available or furnish such nonpublic information to Purchaser promptly (and in any event within 24 hours) following the time it is provided to such Person), in the case of each of clauses (i) or (ii), if, and only if, prior to taking such particular action, the Seller Parent Board has determined in good faith after consultation with its financial advisors and outside legal counsel that such Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal.

(c) Notwithstanding anything in this Section 6.9 to the contrary, at any time prior to the receipt of the Stockholder Approval, the Seller Parent Board may (x) withdraw, modify or amend in any manner adverse to Purchaser its approval or recommendation of this Agreement or recommend a Competing Proposal, or enter into an

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Acquisition Agreement or resolve or agree to take any of the foregoing actions (a "Change of Recommendation") or (y) following receipt of an unsolicited written Competing Proposal that did not result from a material breach of Section 6.9(a) and which the Seller Parent Board determines in good faith, in consultation with its financial advisors and outside legal counsel, constitutes a Superior Proposal or could reasonably be expected to lead to a Superior Proposal, terminate this Agreement in accordance with the provisions of Section 10.1(c)(iv) and enter into a definitive acquisition agreement, merger agreement or similar definitive agreement (an "Acquisition Agreement" (for the avoidance of doubt an Acceptable Confidentiality Agreement shall not constitute an Acquisition Agreement)) with respect to such Superior Proposal, in the case of each of clauses (x) and (y), if, and only if, the Seller Parent Board has determined in good faith, after consultation with its financial advisors and outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable Law the Seller Parties comply with Section 6.9(d) and, in the case of clause (y), the Seller pays the Break-up Fee in accordance with Section 10.3.

(d) Prior to any Seller Party taking any action permitted (i) under Section 6.9(c)(x), Seller Parent shall (A) provide Purchaser with at least four (4) Business Days' prior written notice advising Purchaser it intends to effect a Change of Recommendation and specifying, in reasonable detail, the reasons therefor and all material information with respect thereto (including in relation to all developments related thereto), and (B) if requested by Purchaser, during such four (4) Business Day period, negotiate in good faith with Purchaser (to the extent Purchaser desires to negotiate) to enable Purchaser to propose in writing an offer binding on Purchaser to effect such adjustments to the terms and conditions of this Agreement such that the Seller Parent Board would determine in good faith, after consultation with its financial advisors and outside legal counsel, that the failure of the Seller Parent Board to make a Change of Recommendation would not be inconsistent with its fiduciary duties under applicable Law, or (ii) under Section 6.9(c)(y), Seller Parent shall provide Purchaser with at least four (4) Business Days' prior written notice (it being understood and agreed that any material amendment to the amount or form of consideration payable in connection with the applicable Competing Proposal shall require a new notice and a two (2) Business Day period) advising Purchaser that the Seller Parent Board intends to take such action, specifying the material terms and conditions of the Superior Proposal and that the relevant Seller Party shall, if requested by Purchaser, during such four (4) Business Day period (or two (2) Business Day period, if applicable), negotiate with Purchaser (to the extent Purchaser desires to negotiate) to enable Purchaser to propose in writing an offer binding on Purchaser to effect such adjustments to the terms and conditions of this Agreement such that such Competing Proposal would no longer constitute a Superior Proposal.

(e) Seller shall notify Purchaser promptly (but in any event within 48 hours) after receipt of any bona fide Competing Proposal and the material terms and conditions of any such Competing Proposal. Seller Parent shall keep Purchaser reasonably informed of the status and material details (including any material amendments) of any such Competing Proposal and keep Purchaser reasonably informed as to the material details of all discussions or negotiations with respect to any such Competing Proposal (in each case in a manner that is not unduly disruptive of Seller Parent's ability to conduct good faith discussions in accordance with this Section 6.9 with the party making such Competing Proposal and its Representatives) and shall provide Purchaser within 48 hours after receipt thereof all copies of any other material documentation, including any drafts of an Acquisition Agreement, with respect to such Competing Proposal; provided that, for the sake of clarity, it is understood and agreed that all such information, documentation and communications shall be subject to the Confidentiality Agreement.

(f) Nothing contained in this Section 6.9 or elsewhere in this Agreement shall prohibit any Seller Party or the Seller Parent Board, directly or indirectly through its Representatives, from complying with its disclosure obligations under applicable Law with regard to an Competing Proposal, including taking and disclosing to the Seller Parent's shareholders a position with respect to a tender or exchange offer by a third party pursuant to Rule 14d-9 or Rule 14e-2 promulgated under the Exchange Act (or any similar communication to the Seller Parent's shareholders), and none of the foregoing shall constitute a Change of Recommendation; provided that any such disclosure (other than a "stop, look and listen" communication or other similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act, or an express rejection of the Competing Proposal or a reaffirmation of the Seller Parent Recommendation) shall be deemed to be a Change of Recommendation if the Seller Parent Board fails to expressly and publicly reaffirm the Seller Parent Recommendation within five (5) Business Days following any written request by Purchaser in response to such Seller Party disclosure (it being agreed that Purchaser may only make one (1) request with

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respect to any single such disclosure); provided that, in the event that a third party commences a tender offer or exchange offer, the Seller Parent Board shall have at least ten (10) Business Days from the date of commencement of the offer to expressly and publicly reaffirm the Seller Parent Recommendation.

6.10 Cooperation. To the extent reasonably possible, the Parties shall cooperate with and assist each other, as requested, in carrying out the purposes of this Agreement. Purchaser shall cooperate as reasonably required by Seller in Seller's efforts to obtain Stockholder Approval (including by providing all required information relating to Purchaser or its affiliates for inclusion or incorporation by reference in the Proxy Statement), Investor approvals and final certifications and recertifications as required hereunder. The Seller shall cooperate in good faith with the Purchaser in responding to any inquiries from any the Purchaser's regulators or examiners regarding the origination or prior servicing of the Mortgage Loans (including, if not limited by confidentiality limitations, providing copies of audits, documents and other information requested by any regulator or examiner); provided that, if (i) prohibited by Applicable Requirements from providing any such requested information or (ii) the underlying contract or other document or record prohibits disclosure of the requested information, the Seller shall give the Purchaser prompt notice thereof and shall cooperate with the Purchaser in responding to the applicable regulator or examiner's request and/or in seeking exemption from such prohibition; provided further that Seller shall not be obligated to provide any requested information to the extent constituting confidential or privileged communications with any Governmental Entity or subject to attorney-client privilege. The Seller shall be reimbursed by the Purchaser for any reasonable out of pocket costs or expenses incurred in connection with the foregoing.

6.11 Confidentiality. The Parties will treat all nonpublic information obtained in connection with this Agreement and the Transactions as confidential in accordance with the terms of the Confidentiality Agreement. The terms of the Confidentiality Agreement are hereby incorporated by reference and will continue in full force and effect, except that the confidentiality obligations in the Confidentiality Agreement with respect to information relating to the Servicing Rights will terminate on the related Sale Date. If this Agreement is, for any reason, terminated prior to a Sale Date with respect to any Servicing Rights, the Confidentiality Agreement will continue in full force and effect as provided in this Section 6.11 hereof in accordance with its terms.

6.12 Access After Sale Date. After a Sale Date, upon reasonable written notice, Purchaser will furnish or cause to be furnished to Seller, its agents and its regulators access, during normal business hours, to such information and assistance relating to the Servicing Rights sold on any such Sale Date as is necessary for any reasonable business purpose, including insurance matters, financial reporting and accounting matters, the preparation and filing of any tax return, the defense of any tax claim or assessment, in connection with any disclosure obligation or the prosecution, any litigation, demand, administrative or regulatory proceeding or governmental investigation or any order, judgment, injunction or other similar legally binding decree; provided further that Purchaser shall not be obligated to provide any requested information to the extent constituting confidential or privileged communications with any Governmental Entity or subject to attorney-client privilege. Purchaser will make its then-current employees and agents reasonably available and accessible in order to facilitate the foregoing and such other requests as reasonably made by Seller. Seller will reimburse Purchaser for reasonable out-of-pocket costs and expenses incurred in assisting Seller pursuant to this Section 6.12.

6.13 HSR Compliance.

(a) Each Purchaser and Seller shall submit as soon as practicable, but in no event later than thirty (30) days after the execution hereof, filings required under the HSR Act, if any. The Persons making such filings shall request early termination of any applicable HSR Act waiting period, shall promptly furnish each other with copies of any notices, correspondence or other written communication received from the relevant Governmental Entity, shall promptly make any necessary or advisable subsequent or supplemental filings or submissions required or requested by the relevant Governmental Entity and shall, to the extent reasonably necessary and appropriate, cooperate with one another in the preparation of such filings or submissions. No Party hereto shall participate in any meeting or substantive discussion with any Governmental Entity in respect of any such filings or related investigations or other inquiries unless, to the extent practicable, it consults with the other Party hereto in advance and, to the extent practicable and permitted by such Governmental Entity, gives the other Party hereto the opportunity to attend and participate in such meeting.

(b) Each Party shall use its reasonable best efforts to resolve as promptly as practicable such objections, if any, as may be asserted by any Governmental Entity with respect to the Transactions under the HSR Act. If

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any Governmental Entity shall seek an injunction or the enactment, entry, enforcement or promulgation of any governmental order restraining or prohibiting the Transactions, each Party hereto shall (i) defend Claims seeking such an injunction or the enactment, entry, enforcement or promulgation of any such governmental order and (ii) use its reasonable best efforts to avoid the entry of and seek to have lifted, vacated or reversed any such governmental order.

6.14 Settlement Terms. Following the Effective Date, the Seller shall not agree to any consent decree terms and/or any proposed consent decree terms in connection with any investigation or settlement negotiations of the Seller's servicing practices by any Governmental Entity and/or Agency which increases the obligations of the Purchaser as successor servicer and/or servicing rights owner of the Mortgage Loans.

6.15 Certain Activities Prior to Sale Date.

(a) From the Effective Date until the earlier of the final Sale Date and the termination of this Agreement, the Seller shall pay, perform and discharge all liabilities and obligations relating to the Servicing Rights consistent in all material respects with the Seller's practices prior to the Effective Date (subject to enhancements with respect thereto) and in accordance with the Servicing Agreements, the Mortgage Loan Documents, Applicable Requirements and Agency requirements, in each case with respect to all Mortgage Loans for which the Servicing Rights have not yet been sold to the Purchaser.

(b) Following the Effective Date, upon the occurrence of any of the events set forth on Exhibit 6.15(b) prior to the initial Sale Date (assuming for this purpose that the Subservicing Agreement was effective as of the date hereof and that all references to "Sale Date" therein were references to the date hereof), the Purchaser, by written notice, may terminate the right of the Seller to act as Servicer under the Servicing Agreement (in which case the Servicing Agreement shall not become effective). After receipt of such notice, the Seller or the Seller Parent may elect to either (i) sell Servicing Rights on each Sale Date and transfer the related servicing thereof on such Sale Date to the Servicing Rights Owner or its designee or (ii) terminate this Agreement; provided that if the Seller elects to sell the Servicing Rights, the Purchaser will seek to obtain a replacement subservicer as soon as reasonably practicable on substantially the same terms as the Servicing Agreement and all Sale Dates will be postponed until Purchaser obtains such replacement. The Seller will pay all Servicing Transfer Costs incurred by the Purchaser in connection with the transfer of Servicing to such replacement subservicer and shall comply with the servicing transfer provisions set forth in Article X and Article XI of the Servicing Agreement as if the same was set forth herein mutatis mutandis. To the extent that the Seller elects to terminate this Agreement in accordance with the immediately preceding sentence then Seller Parent shall pay or cause to be paid to Purchaser prior to or concurrently with such termination, a break-up fee in an amount equal to ten million dollars (\$10,000,000). Notwithstanding anything to the contrary in this Agreement, payment of such amount will constitute liquidated damages and from and after such payment no Seller Party will have any further liability of any kind for any reason in connection with this Agreement or the termination contemplated hereby other than as provided under this Section.

(c) In furtherance of the above, the Seller shall provide the reports and other information set forth on Exhibit 6.15(c), when and as set forth thereon.

6.16 Survival. Except as otherwise expressly provided in this Agreement, any obligations of the Seller and the Purchaser under this Agreement which are required to be performed after a related Sale Date shall terminate three (3) years after the applicable Sale Date for the related Servicing Rights.

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**ARTICLE VII**

**CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER**

The obligations of Purchaser under this Agreement are subject to the satisfaction of each of the following conditions on the date or dates specified in the applicable section of this Article VII, any or all of which may be waived in writing by Purchaser:

7.1 **Correctness of Representations and Warranties.** The representations and warranties made by Seller in this Agreement (other than those representations and warranties set forth in Section 4.9) shall be true and correct in all material respects as of the applicable Sale Date.

7.2 **Compliance with Covenants.** All terms and covenants contained in this Agreement required to be complied with and performed by Seller shall have been duly complied with and performed by Seller in all material respects as of the applicable Sale Date.

7.3 **Investor Approval.** At or prior to each Sale Date, the related Required Consents shall have been issued by all appropriate Persons and the related sale of Servicing Rights and transfer of servicing shall not otherwise violate the terms of the related servicing Agreement, which, for Private Label Mortgage Loans, shall include approval, if applicable, for the Purchaser or Purchaser's designee or Purchaser's assignee to be named servicer under the related Servicing Agreement in accordance with the successor servicer requirements of such Servicing Agreement. Further, each of Fannie Mae and Freddie Mac shall have agreed in writing to Bifurcation with respect to the Servicing Rights and the Mortgage Loans. With respect to Private Label Mortgage Loans, in no event shall the Purchaser or Purchaser's designee or Purchaser's assignee be required to assume any obligation in the related Servicing Agreement that increases the Purchaser's risk or potential liability which is not a successor servicer requirement under the related Servicing Agreement; provided that, if any such circumstance arises, this condition precedent shall be deemed to have failed only with respect to the affected Servicing Rights and the related Servicing Agreements.

7.4 **No Injunction.** On the applicable Sale Date, no order, judgment, injunction or other similar legally binding decree shall have been entered, in any case that enjoins, restrains or prohibits or seeks to enjoin, restrain or prohibit this Agreement or consummation of the Transactions.

7.5 **Execution and Delivery of Agreements.** On or before such Sale Date, to the extent any Advances are subject to the security interest of any Person, Seller shall have executed and delivered to Purchaser one or more Advance Escrow Agreements with respect to all such Advances.

7.6 **Officer's Certificate.** Seller shall have furnished Purchaser with a certificate dated the applicable Sale Date signed on its behalf by its chief executive officer or another senior executive officer to the effect that the conditions set forth in Article VII have been satisfied.

7.7 **Litigation.** On such Sale Date, no litigation, claim, demand, administrative or regulatory proceeding or governmental investigation shall be pending, threatened or contemplated and no order, injunction or decree shall have been entered that either (i) would reasonably be expected to have a Material Adverse Effect with respect to the Seller or the Seller Parent, a material portion of the Servicing Rights or a material portion of the related Mortgage Loans, or (ii) enjoins, restrains or prohibits or seeks to enjoin, restrain or prohibit this Agreement or consummation of the Transactions.

7.8 **Release of Liens on Servicing Rights.** On or before the applicable Sale Date, the Purchaser shall have received (i) an instrument, in a form reasonably satisfactory to the Purchaser, evidencing the release of any lien to which the Servicing Rights transferred to the Purchaser on such Sale Date may have been subject and (ii) authorization (subject only to the consummation of such transfer) from the applicable secured party to file a UCC-3 financing statement in a form reasonably satisfactory to the Purchaser, terminating any lien referred to in the foregoing clause (i).

7.9 **Sale Date Documentation.** On or before each Sale Date, the Purchaser shall have received, in form and substance reasonably

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satisfactory to the Purchaser, an Assignment Agreement providing for the conveyance of the applicable Servicing Rights on such Sale Date and a Cross Receipt.

7.10 Stockholder Approval. Seller Parent has received the Stockholder Approval required for the Transactions.

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7.11 HSR Compliance. Each of the Seller and the Seller Parent have complied with the HSR Act and received any required approvals thereunder in connection with the transfer, assignment and conveyance of the Servicing Rights by the Seller pursuant to this Agreement.

7.12 True Sale Opinion. Purchaser shall have received a true sale opinion relating to the sale of the Servicing Rights from Seller's counsel in form and substance reasonably acceptable to Purchaser.

7.13 Servicing Agreements. With respect to the Private Label Mortgage Loans, on or before the applicable Sale Date, Purchaser shall have received the applicable Servicing Agreements; provided that, if any such Servicing Agreement is not received, this condition precedent shall only be failed with respect to the Servicing Rights relating to such Servicing Agreement.

7.14 Portfolio Retention. On or before the first Sale Date, the Purchaser shall have received, in form and substance reasonably satisfactory to the Purchaser, a non-exclusive portfolio retention agreement with the Seller.

7.15 Subservicer. If the Servicing Agreement is terminated by the Purchaser pursuant to Section 6.15(b), the Purchaser shall have entered into a replacement subservicing agreement with a replacement subservicer in accordance with Section 6.15(b), and had obtained all approvals, including Investor approvals to transfer servicing with respect to the related Mortgage Loans to such subservicer.

Notwithstanding the foregoing, Purchaser may not rely on the failure of any condition set forth in this Article VII to be satisfied to excuse it from its obligations under this Agreement if such failure was caused by Purchaser's failure to comply with its obligations to consummate the Transactions to the extent required by this Agreement.

**ARTICLE VIII**

**CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER**

The obligations of Seller under this Agreement are subject to the satisfaction of each of the following conditions on the date or dates specified in the applicable section of this Article VIII, any or all of which may be waived in writing by Seller:

8.1 Correctness of Representations and Warranties. The representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects as of the applicable Sale Date.

8.2 Compliance with Covenants. All terms and covenants contained in this Agreement required to be complied with and performed by Purchaser shall have been duly complied with and performed by Purchaser in all material respects as of the applicable Sale Date.

8.3 Investor Approval. At or prior to each Sale Date, the related Required Consents shall have been issued by all appropriate Persons and the related sale of Servicing Rights and transfer of servicing shall not otherwise violate the terms of the related servicing Agreement, which, for Private Label Mortgage Loans, shall include approval, if applicable, for the Purchaser or Purchaser's designee or Purchaser's assignee to be named servicer under the related Servicing Agreement in accordance with the successor servicer requirements of such Servicing Agreement.

8.4 No Injunction. On the applicable Sale Date, no order, judgment, injunction or other similar legally binding decree shall have been entered, in any case that enjoins, restrains or prohibits or seeks to enjoin, restrain or prohibit this Agreement or consummation of the Transactions.

8.5 Execution and Delivery of Agreements. On or before the applicable Sale Date, to the extent any Advances are subject to the security interest of any Person, Purchaser shall have executed and delivered to Seller one or more Advance Escrow Agreements with respect to all such Advances.



8.6 Financial Condition of Purchaser. On or before each Sale Date, Purchaser shall, if requested by Seller, have provided to Seller information reasonably satisfactory to Seller to evidence that the financial condition of Purchaser is adequate to support the performance by Purchaser on a timely basis of Purchaser's payment obligations hereunder and under the Subservicing Agreement (to the extent the Seller is the subservicer thereunder).

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8.7 Stockholder Approvals. Seller Parent shall have received the affirmative vote of the holders of a requisite number of outstanding Shares entitled to vote on the approval of the Transactions (the "Stockholder Approval").

8.8 Officer's Certificate. Purchaser shall have furnished Seller with a certificate dated the applicable Sale Date signed on its behalf by its chief executive officer or another senior executive officer to the effect that the conditions set forth in Article VIII have been satisfied.

8.9 Litigation. On such Sale Date, no litigation, claim, demand, administrative or regulatory proceeding or governmental investigation shall be pending, threatened or contemplated and no order, injunction or decree shall have been entered that enjoins, restrains or prohibits or seeks to enjoin, restrain or prohibit this Agreement or consummation of the Transactions.

8.10 Sale Date Documentation. On or before each Sale Date, the Seller shall have received, in form and substance reasonably satisfactory to the Purchaser, an Assignment Agreement providing for the conveyance of the applicable Servicing Rights on such Sale Date and a Cross Receipt.

8.11 Stockholder Approval. Seller Parent has received the Stockholder Approval required for the Transactions.

8.12 HSR Compliance. The Purchaser shall have complied with the HSR Act and received any required approvals thereunder in connection with the transfer, assignment and conveyance of the Servicing Rights by the Seller pursuant to this Agreement.

8.13 Portfolio Retention. On or before the first Sale Date, the Seller shall have received, in form and substance reasonably satisfactory to the Seller, a non-exclusive portfolio retention agreement with the Purchaser.

Notwithstanding the foregoing, Seller may not rely on the failure of any condition set forth in this Article VII to be satisfied to excuse it from its obligations under this Agreement if such failure was caused by Seller's failure to comply with its obligations to consummate the Transactions to the extent required by this Agreement.

**ARTICLE IX**

**REMEDIES**

9.1 Mitigation; Recourse From Investors.

(a) Each Party that is eligible for indemnification under Sections 9.2 or 9.3, as the case may be, in respect of a Loss will use commercially reasonable efforts to mitigate such Loss in a commercially reasonable manner and, if applicable, consistent with Accepted Servicing Practices. Each such indemnified Party (or Party eligible for reimbursement) will furthermore reasonably cooperate with the indemnifying Party (or responsible Party), at the indemnifying (or responsible Party's) reasonable request, in connection with any efforts by the indemnifying Party (responsible Party) to mitigate such Loss.

(b) In the event that, after a related Sale Date, a third party asserts a Claim against Purchaser or its Related Parties in connection with any of the matters that would otherwise be indemnifiable by Seller under Article IX, Purchaser and its applicable Related Parties will take reasonable actions seek to recover any otherwise indemnifiable Losses or reimbursable costs and expenses from any Investor, Insurer or other sources available to Purchaser under the terms of any applicable Servicing Agreement (each, an "Additional Source") to the extent such Losses or costs and expenses could reasonably be expected to be recoverable from an Additional Source pursuant to Applicable Requirements. If Purchaser or any applicable Related Party receives payment from any Additional Source for any Losses under this Article IX that have been previously paid by Seller, Seller will be reimbursed for such payments by Purchaser or any applicable Related Party as and to the same extent that such amount was paid to Purchaser or any applicable Related Party from such Additional Source.

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(c) In the event that a third party asserts a Claim against Seller or its Related Parties in connection with any matter that relates to the Mortgage Loans or Servicing Rights associated therewith that have been transferred

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hereunder to Purchaser and with respect to which Seller or its Related Parties are not entitled to indemnification from Purchaser pursuant to Section 9.3, or Seller otherwise incurs any Losses that are eligible for reimbursement from an Additional Source, then Purchaser will reasonably cooperate with Seller to seek to recover any such Losses from an available Additional Source. Purchaser will promptly remit to Seller or its Related Parties any recoveries in respect thereof that Purchaser receives from such Additional Source.

(d) Purchaser will timely provide, or cause to be provided, to Seller and, if requested, its counsel, any information, documentation or materials necessary for Seller to assert its rights or, upon request, confirm Purchaser's compliance with its obligations under this Section 9.1, in each case in the possession or under the control of Purchaser or its agents that is reasonably requested by Seller in writing as promptly as reasonably practicable and in compliance with all Applicable Requirements; provided further that Purchaser shall not be obligated to provide any requested information to the extent constituting confidential or privileged communications with any Governmental Entity or subject to attorney-client privilege. With respect to any amounts reimbursable to the Parties for a related claim from the same Additional Source, Seller and Purchaser hereby agree that any reimbursement payments from such Additional Source will be made to and/or allocated among the Parties on a "first in-first out" basis subject to Applicable Requirements.

9.2 Indemnification by Seller.

Subject to Section 9.1 and Section 9.6, Seller and Seller Parent will jointly and severally indemnify, defend and hold Purchaser and its Related Parties harmless from and will reimburse Purchaser and its Related Parties for any Losses suffered or incurred by Purchaser or its Related Parties, that result from or arise out of:

- (a) Any breach of a representation or warranty by Seller contained in this Agreement;
- (b) Any breach of any covenant, agreement or other obligation of Seller contained in this Agreement;
- (c) In the event that the terms of Section 6.5 have been breached and any affected Mortgage Loan is refinanced or prepaid in full, an amount equal to the Servicing Rights Reimbursement Price;
- (d) In the event that (i) the Seller, an Originator, a Prior Servicer or Purchaser is required to repurchased a Mortgage Loan from an Investor due a breach by Seller, any such Originator or Prior Servicer of Applicable Requirements or (ii) a breach of any of the representations set forth in Article IV of this Agreement has occurred and the aggregate unpaid principal balance of the Mortgage Loans for which such breach has occurred exceeds the Deductible, the related Servicing Rights Reimbursement Price (even if by the time of repurchase, the servicing for the related Mortgage Loan has been terminated by the related Investor as a result of the facts and circumstances underlying such breach);
- (e) Any Contested Enforcement Action;
- (f) Any Contested Litigation;
- (g) Any breach by Seller, any Originator or any Prior Servicer of Applicable Requirements; and/or
- (h) the matters set forth on Schedule 4.4 to the Seller Disclosure Letter.

provided, that Seller will not be responsible to Purchaser or its Related Parties for that portion, if any, of any Loss that arises out of or results from Purchaser's or its designee's failure to service any of the Mortgage Loans or Servicing Rights after each Sale Date in compliance with all Applicable Requirements.

9.3 Indemnification by Purchaser.

Subject to Section 9.1, Purchaser will indemnify, defend and hold Seller and its Related Parties harmless from and will reimburse Seller and its Related Parties for any Losses suffered or incurred by Seller or its Related Parties that result from or arise out of:

- (a) Any breach of a representation or warranty by Purchaser made in this Agreement;
- (b) Any breach of any covenant, agreement or obligation of Purchaser contained in this Agreement; and



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(c) Any Claim that is brought against Seller after the relevant Sale Date that relates to the Mortgage Loans or Mortgage Servicing Rights, except (i) to the extent Seller is liable therefor under this Agreement or the Subservicing Agreement (to the extent the Seller is the subservicer thereunder) or (ii) to the extent such Claim results from or arises out of any act or omission of any Person arising out of or related to the period prior to the Sale Date.

9.4 Procedures For Third Party Claims That Are Indemnifiable.

In the event that a Party receives written notice of the assertion of any Claim raised or made by a third party and that are subject to indemnification under this Agreement (each, a "Third Party Claim"), such Party will promptly give reasonably detailed written notice of such event to the other Party, provided, however, that the failure to give such notification will not affect the indemnification provided hereunder unless the indemnifying Party is materially prejudiced by such failure, and then only to the extent of such prejudice. Upon receipt of such notice of a Third Party Claim, the indemnifying Party will have the right to assume the defense of such Third Party Claim using counsel of its choice reasonably satisfactory to the indemnified Party; provided, however, that the indemnifying Party will obtain the prior written approval of the indemnified Party before entering into any settlement of such Third Party Claim that includes any non-monetary relief, remedies or obligations that would be applicable to the indemnified Party, which approval will not be unreasonably withheld. In the event the indemnified Party reasonably concludes that there may be legal defenses available to it that are different from or in addition to those available to the indemnifying Party, the indemnified Party will have the right, at the indemnifying Party's reasonable expense, to select separate counsel and to otherwise separately defend itself but will not consent to the entry of a judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the indemnifying Party, which consent will not be unreasonably withheld. With respect to any Third Party Claim subject to indemnification under this Agreement, the indemnified Party agrees to cooperate and cause its Related Parties to cooperate in good faith with the indemnifying Party to ensure the proper and adequate defense of such Third Party Claim.

9.5 Defense Against Repurchase: Optional Repurchase.

(a) In the event the Seller is required to pay to the Purchaser the Servicing Rights Reimbursement Price for Servicing Rights (and/or Advances) in accordance with Section 9.2, to the extent the Seller has rights to cure, appeal and defend against a repurchase demand under the Servicing Agreement, the Seller shall be entitled (but not obligated) to exercise such cure, appeal and defense right prior to the date payment is required by the applicable Investor and/or the Applicable Requirements. Notwithstanding the foregoing, the Seller shall pay to Purchaser any Servicing Rights Reimbursement Price for Servicing Rights (and/or Advances) in accordance with Section 9.2 no later than the date payment is required by the applicable Investor and/or the Applicable Requirements.

(b) In the event that a Claim Notice has been provided by Purchaser to Seller and the related Mortgage Loan is eligible for repurchase from the related Investor arising out of or relating to a breach of the representations, warranties or covenants of Seller under this Agreement, Seller shall have the option (but not the obligation) to repurchase such Mortgage Loan from the Investor and the related Servicing Rights from Purchaser; provided that following the purchase pursuant to this provision of Mortgage Loans with an aggregate unpaid principal balance of 0.5% of the aggregate unpaid principal balance of the Mortgage Loans as of the applicable Sale Dates, Seller must obtain Purchaser's consent (not to be unreasonably withheld) to exercise the option with respect to any further Mortgage Loans. The Seller may exercise such option by written notice to Purchaser. Upon the exercise of such option, Seller and Purchaser shall work together to facilitate such repurchase in accordance with Applicable Requirements. The purchase price for any such repurchase of a Mortgage Loan and related Servicing Rights shall be the sum of the amount required to repurchase such Mortgage Loan from the related Investor plus the Servicing Rights Reimbursement Price. A repurchase pursuant to the foregoing shall be accomplished by wire transfer to Purchaser on the related repurchase date of the foregoing amount. On the date of repurchase or as promptly as practicable thereafter, Purchaser shall take all actions necessary to evidence Seller's ownership of the repurchased Mortgage Loan and related Servicing Rights and to allow Seller to own the Mortgage Loan and exercise the related Servicing Rights, including executing any necessary assignments and forwarding to Seller the Legal Documents with respect to such Mortgage Loan. Notwithstanding anything to the contrary in this Agreement, no payment under this Section 9.5(b) shall be applied to reduce the Liability Holdback, the Agency Cap or the PLS Cap.

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9.6 Exclusive Remedy.

Other than to seek to compel performance a Party's obligations under the Agreement, from and after the applicable Sale Date, the indemnification provisions of this Article IX will be the sole and exclusive remedies of each Party and their respective Related Parties arising out of the Transactions, either under this Agreement, at Law or in equity (including for any breach of any representation, warranty, covenant or agreement by the other Party contained in this Agreement).

9.7 Limitations on Indemnification Obligations.

Notwithstanding any other provision in this Agreement to the contrary, except with respect to the matters set forth on Exhibit 9.7, (a) Seller's aggregate liability for any Losses arising under Section 9.2 relating to Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans and the related Servicing Rights and Advances will not exceed the Agency Cap and (b) Seller's aggregate liability for any Losses arising under Section 9.2 relating to Private Label Mortgage Loans and the related Servicing Rights and Advances will not exceed the Private Label Cap. To the extent that any Losses relate to more than one Product Type, such Claim shall be allocated amongst such affected Product Types to the related Cap on a pro rata basis based upon the unpaid principal balance of the Mortgage Loans as of the Effective Date for such Product Type. To the extent that any Losses do not relate to any Product Type, such Claim shall be allocated amongst all Product Types to the related Cap on a pro rata basis based upon the unpaid principal balance of the Mortgage Loans as of the Effective Date for all Product Types.

9.8 Limited Survival.

(a) This Agreement and the rights and obligations of the Parties hereunder are intended to terminate no later than three (3) years after the final Sale Date. Accordingly: The representations and warranties of each Party contained in this Agreement and the right to assert a claim with respect to any such representations or warranties will survive the applicable Sale Date and continue in full force and effect for a period of three (3) years after such Sale Date. To the extent any covenants, agreements or other obligations contained in this Agreement by their terms are to be performed or complied with after the applicable Sale Date, such covenants and agreements and the right to assert a claim with respect thereto will survive such Sale Date in accordance with their terms for a period of three (3) years after such Sale Date. All other covenants and agreements contained in this Agreement and the right to assert a claim with respect to any such covenants and agreements will terminate on the applicable Sale Date. Each of the time periods referred to in this Section 9.8 shall be deemed "Survival Period" for purposes of this Agreement. The foregoing limitations will not apply with respect to those specific pending claims for indemnification for which the requisite written notice (a "Claim Notice") was given by either Party to the other Party on or prior to the end of the Survival Period and as to which Losses have begun to accrue.

9.9 Treatment of Indemnity Payments.

Amounts paid under this Article IX will be treated as adjustment to the Purchase Price and the Parties will report such payments consistent with such treatment, unless there is no basis for doing so under applicable Law.

9.10 Limitation of Damages.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, THE PARTIES AGREE THAT NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY PUNITIVE, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES, WHATSOEVER, IN EACH CASE WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR ANY OTHER LEGAL OR EQUITABLE PRINCIPLE, EVEN IF APPRISED OF THE POSSIBILITY THEREOF; PROVIDED, HOWEVER, THAT SUCH LIMITATION WILL NOT BE APPLICABLE WITH RESPECT TO ANY SUCH DAMAGES PAID TO A THIRD PARTY AS A RESULT OF ANY THIRD PARTY CLAIMS MADE AGAINST A PARTY THAT IS SUBJECT TO AN INDEMNIFICATION OBLIGATION PROVIDED FOR UNDER SECTION 9.2 OR 9.3, AS APPLICABLE. IN NO EVENT SHALL SELLER BE LIABLE TO PURCHASER UNDER THIS AGREEMENT IN CONNECTION WITH THE EXERCISE BY THE VA OF ITS OPTION TO PAY THE GUARANTY ON A VA LOAN RATHER THAN TAKE POSSESSION OF THE RELATED MORTGAGED PROPERTY AFTER PAYMENT OF THE OUTSTANDING BALANCE OF SUCH VA LOAN.

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**ARTICLE X**

**TERMINATION**

10.1 Termination.

- (a) Any Party may immediately terminate this Agreement if any of the following shall occur:
- (i) no initial Sale Date shall have occurred by August 17, 2017;
  - (ii) any one or more of Fannie Mae or Freddie Mac shall have stated in writing that they will not or do not intend to provide its applicable Investor Consents;
  - (iii) by mutual consent of the Parties;
  - (iv) if the Special Meeting (including any adjournments and postponements thereof) shall have concluded without the Stockholder Approval having been obtained by reason of the failure to obtain the required vote of the holders of Shares; or
  - (v) any final, nonappealable order, judgment, injunction or other similar legally binding decree has been issued or taken by a Governmental Entity with jurisdiction over Seller, Purchaser, the Servicing Rights, the Mortgage Loans or the Transactions restraining or otherwise prohibiting the consummation of the Transactions.
- (b) Purchaser may immediately terminate this Agreement if any of the following shall occur:
- (i) if, within ten (10) Business Days (or, if earlier, prior to the date of the Special Meeting) after any tender offer or exchange offer relating to Shares that constitutes a Competing Proposal shall have been formally commenced by a Person unaffiliated with Purchaser, Seller Parent shall not have made any recommendation or public statement pursuant to Rule 14e-2 under the Securities Act reaffirming the Seller Parent Recommendation and recommending that shareholders reject such tender or exchange offer;
  - (ii) if, prior to the Special Meeting, the Seller Parent Board shall have made a Change of Recommendation;
  - (iii) if the Special Meeting has not occurred on or before May 31, 2017; or
  - (iv) if either Seller Party breaches, in any material respect, any representation or warranty (other than as set forth in Section 4.9), covenant, obligation or agreement set forth in this Agreement and such breach is not cured within thirty (30) days following Seller's receipt of Purchaser's written notice thereof.
- (c) Either Seller Party may immediately terminate this Agreement if any of the following shall occur:
- (i) In accordance with Section 6.15(b);
  - (ii) Purchaser loses any Agency approval to own the Servicing Rights relating to the Mortgage Loans, and such approval is not restored within forty-five (45) days after such approval was initially revoked by the applicable Agency;
  - (iii) Purchaser breaches, in any material respect, any representation or warranty, covenant, obligation or agreement set forth in this Agreement and such breach is not cured within thirty (30) days following Purchaser's receipt of Seller's written notice thereof; or
  - (iv) if, prior to the receipt of the Stockholder Approval, the Seller Parent Board has determined to terminate this Agreement in order to enter into an Acquisition Agreement (other than an Acceptable Confidentiality Agreement) with respect to a Superior Proposal in accordance with Section 6.9 hereof; provided, however, that any such purported termination pursuant to this Section 10.1(c)(iv) shall be void and of no force or effect unless Seller Parties have complied with Section 10.3; provided further, that substantially concurrently with such termination, Seller Parent or its relevant subsidiary shall enter into such Acquisition Agreement.





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10.2 Notice; Effect of Termination.

(a) The Party desiring to terminate this Agreement pursuant to this Article X (other than pursuant to Section 10.1(a)(iii)) shall deliver written notice of such termination to each other Party hereto specifying with particularity the reason for such termination, and any such termination shall be effective immediately upon delivery of such written notice to the other party (except to the extent such other Party has the right under this Article X to cure the basis for such termination).

(b) If this Agreement is terminated pursuant to Section 10.1, this Agreement will become void and of no effect with no liability on the part of any Party (or any stockholder, director, officer, employee or Representative of such Party) to the other Party hereto; provided, however, that (i) the provisions of Article I, this Article X and Article XI hereof and the provisions of the Confidentiality Agreement will survive such termination and (ii) subject to Section 9.10 and Section 10.3, no Party will be relieved or released from liability for damages of any kind (whether or not communicated or contemplated at the time of execution of this Agreement) arising out of, any deliberate material breach of any of its covenants contained in this Agreement (it being understood that the failure of Purchaser or Seller to effect the Closing when required under the terms of the Agreement will constitute a deliberate material breach regardless of the circumstances), and the aggrieved Party will be entitled to all rights and remedies available at Law or in equity, including in the case of a breach by Purchaser, liability to the Seller Parties for damages, determined taking into account all relevant factors including the loss of the benefit of the Transactions to the Seller Parties and any benefit to Seller Parent or its stockholders arising from such breach. No Party claiming that such breach occurred will have any duty or otherwise be obligated to mitigate any such damages. For purposes of this Section 10.2, a "deliberate" breach of any covenant will be deemed to have occurred only if the other Party took or failed to take action with actual Knowledge that the action so taken or omitted to be taken constituted a breach of such covenant. The individuals specified in the definition of "Knowledge" (1) have read this Agreement, including the representations, warranties and covenants contained herein, (2) have reviewed with counsel the representations, warranties and covenants contained herein, and (3) for purposes of this Section 10.2, will be deemed to understand the meanings of the representations, warranties and covenants contained herein.

(c) The termination of this Agreement shall not affect any other agreement between Purchaser and Seller. In respect of any termination of this Agreement, all Servicing Rights in respect of which the applicable Sale Date has occurred at the time of such termination shall remain subject to the terms of this Agreement.

10.3 Break-Up Fee.

(a) If (A) Purchaser terminates this Agreement pursuant to Section 10.1(b)(i); Section 10.1(b)(ii) or Section 10.1(b)(iii) or (B) any Seller Party terminates this Agreement pursuant to Section 10.1(a)(i) or Section 10.1(a)(iv) (provided that at the time of such termination, Purchaser had the right to terminate this Agreement pursuant to Section 10.1(b)(ii) or Section 10.1(b)(i)), then Seller Parent shall pay or cause to be paid to Purchaser not later than two (2) Business Days following such termination, an amount in cash equal to the product of three and one-half percent (3.5%) multiplied by the Purchase Price (as though calculated on the date of such termination) (the "Break-up Fee").

(b) If any Seller Party terminates this Agreement pursuant to Section 10.1(c)(iv), then Seller Parent shall pay or cause to be paid to Purchaser prior to or substantially concurrently with such termination, the Break-up Fee.

(c) If (i) any Seller Party or Purchaser terminates this Agreement pursuant to Section 10.1(a)(i) and provided that the Stockholder Approval shall not have been obtained at the Special Meeting (including any adjournment or postponement thereof) or (ii) any Seller Party or Purchaser terminates this Agreement pursuant to Section 10.1(a)(iv), and in each case of the preceding clauses (i) and (ii), (A) prior to the termination of this Agreement (in the case of a termination pursuant to Section 10.1(a)(i)) or prior to the Special Meeting (in the case of a termination pursuant to Section 10.1(a)(iv)), there shall have been publicly disclosed or announced (and not withdrawn) a bona fide written Competing Proposal, and (B) within twelve (12) months of the termination of this Agreement, any Seller Party enters into an Acquisition Agreement with respect to any Competing Proposal (which is subsequently consummated) or shall have consummated any Competing Proposal (which, in each case, need not be the same Competing Proposal that was made, disclosed or communicated prior to termination of this Agreement), then, on and subject in all respects to the

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consummation of such Competing Proposal, Seller shall pay or cause to be paid the Break-up Fee to Purchaser promptly following consummation of such Competing Proposal. For purposes of this Section 10.3(c), notwithstanding anything in this Agreement that may be deemed to the contrary, the term "Competing Proposal" shall have the meaning assigned to such term, except that the references to "more than 20%" in the definition of "Competing Proposal" shall be deemed to be references to 50% instead.

(d) The Seller Parties acknowledge and agree that the agreements contained in this Section 10.3 are an integral part of the Transactions and are not a penalty, and that, without these agreements, Purchaser would not enter into this Agreement.

(e) Any payment of the Break-up Fee by or on behalf of Seller Parent shall be made to Purchaser by wire transfer to the account set forth on Exhibit 3.2 to this Agreement.

(f) Notwithstanding anything to the contrary in this Agreement, payment of the Break-up Fee will constitute liquidated damages and from and after the payment of the Break-up Fee no Seller Party will have any further liability of any kind for any reason in connection with this Agreement or the termination contemplated hereby other than as provided under this Section. In no event will Purchaser be entitled to the Break-up Fee on more than one occasion.

**ARTICLE XI**

**MISCELLANEOUS**

11.1 Supplementary Information. From time to time prior to and after each Sale Date, each Party shall furnish to the other Party such information supplementary to the information contained in the documents and information delivered pursuant hereto which is reasonably available and may reasonably be requested or which may be necessary to file any reports due to the Investors in connection with the Mortgage Loans or Servicing Rights, or for compliance with Applicable Requirements.

11.2 Broker's Fees. Each Party shall be responsible for the payment of fees or commissions in the nature of a finder's or broker's fee arising out of or in connection with the subject matter of this Agreement due to its respective agent, finder, or broker or any other representative, without any cost or expense of the other Party.

11.3 Further Assurances. Each Party shall, at any time and from time to time, promptly, upon the reasonable request of the other Party or its representatives, execute, acknowledge, deliver or perform all such further acts, deeds, assignments, transfers, conveyances, and assurances as may be required for the better vesting and confining to Purchaser and its successors and assigns of title to Servicing Rights or as shall be necessary to effect the Transactions. Purchaser and Seller shall cooperate in good faith to consummate the Transactions and satisfy any and all condition precedents set forth in the Conditions Precedent Provision.

11.4 Assignment.

(a) Purchaser may at any time sell its Servicing Rights relating to any Mortgage Loans without the consent of Seller but subject to the terms of the Subservicing Agreement (to the extent the Seller is the subservicer thereunder).

(b) Neither Party shall assign, sub-license, sub-contract, delegate, charge or otherwise transfer or encumber any of its rights or obligations under this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld); provided, however, nothing in this Section 11.4 shall be construed to require the consent of a Party with respect to (i) an assignment by merger whereby the other Party is merged into a successor entity so long as such successor entity agrees to be bound by the terms of this Agreement, (ii) a pledge of the rights under this Agreement to secure loans and for financing purposes or (iii) solely with respect to Private Label Mortgage Loans, to the extent that the Purchaser has not obtained approval, if applicable, for the Purchaser or Purchaser's assignee or designee to be named servicer under the related Servicing Agreement by April 30, 2017, an assignment by the Purchaser to any Person set forth in a side letter, dated the date hereof, between the Purchaser and the Seller, solely with respect to the Servicing Rights relating to the Private Label Mortgage Loans in the aggregate, no later than July 31, 2017, so long as such Person has permits, approvals, licenses, and registrations to conduct all activities in all states in which its activities

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with respect to the related Private Label Mortgage Loans or the Servicing Rights (relating to the Private Label Mortgage Loans) require it to be qualified or licensed and, further, is approved to be named servicer under the related Servicing Agreement.

11.5 Reserved.

11.6 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder will be in writing and sent by facsimile, by electronic mail, by nationally recognized overnight courier service or by registered mail and will be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via electronic mail at the email address specified in this Section 11.6 or facsimile at the facsimile telephone number specified in this Section 11.6, in either case, prior to 5:00 p.m. (New York City time) on a Business Day and, in each case, a copy is sent on such Business Day by nationally recognized overnight courier service, (b) the Business Day after the date of transmission, if such notice or communication is delivered via electronic mail at the email address specified in this Section 11.6 or facsimile at the facsimile telephone number specified in this Section 11.6, in each case, later than 5:00 p.m. (New York City time) on any date and earlier than 12 midnight (New York City time) on the following date and a copy is sent no later than such date by nationally recognized overnight courier service, (c) when received, if sent by nationally recognized overnight courier service (other than in the cases of clauses (a) and (b) above), or (d) upon actual receipt by the Party to whom such notice is required to be given if sent by registered mail. The address for such notices and communications will be as follows.

If to Purchaser, to:

New Residential Mortgage LLC  
1345 Avenue of the Americas, 45th Floor,  
New York, New York 10105  
Attention: Jonathan Grebinar

with copies (which will not constitute notice), in the case of notice to Purchaser, to:

New Residential Mortgage LLC  
1345 Avenue of the Americas, 45th Floor,  
New York, New York 10105  
Attention: Austin Sandler

If to Seller, to:

PHH Mortgage Corporation  
One Mortgage Way  
Mount Laurel, NJ 08054  
Attn: Samuel Rosenthal  
Email: Sam.Rosenthal@mortgagefamily.com

In each instance, with required copies to:

PHH Mortgage Corporation  
One Mortgage Way  
Mount Laurel, NJ 08054  
Attn: General Counsel  
Email: legalnotice@phhmail.com  
and (which copy will not constitute notice) to:

Lowenstein Sandler LLP  
1251 Avenue of the Americas  
New York, New York 10020  
Attention: Jonathan C. Wishnia  
Email: jwishnia@lowenstein.com  
Facsimile No.: (973) 597-2543

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If to Seller Parent, to:  
PHH Corporation  
One Mortgage Way  
Mount Laurel, NJ 08054  
Attn: Samuel Rosenthal  
Email: Sam.Rosenthal@mortgagefamily.com

In each instance, with required copies to:  
PHH Corporation  
One Mortgage Way  
Mount Laurel, NJ 08054  
Attn: General Counsel  
Email: legalnotice@phhmail.com  
and (which copy will not constitute notice) to:

Lowenstein Sandler LLP  
1251 Avenue of the Americas  
New York, New York 10020  
Attention: Jonathan C. Wishnia  
Email: jwishnia@lowenstein.com  
Facsimile No.: (973) 597-2543

11.7 Entire Agreement. This Agreement, the Subservicing Agreement, the Confidentiality Agreement and the other documents expressly contemplated hereby or thereby (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement and (b) are not intended to and will not confer upon any Person other than the Parties to this Agreement and their permitted assigns any rights, benefits or remedies of any nature whatsoever. The representations and warranties in this Agreement are the product of negotiations among the Parties and are for the sole benefit of the Parties. Any inaccuracies in such representations and warranties are subject to waiver by the Parties in accordance with the terms of this Agreement without notice or liability to any other Person. The representations and warranties in this Agreement may represent an allocation among the Parties of risks associated with particular matters regardless of the knowledge of any of the Parties and may be qualified by certain disclosures not reflected in the text of this Agreement. Accordingly, Persons other than the Parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the Effective Date or as of any other date. The Exhibits and Schedules are part of this Agreement.

11.8 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

11.9 Governing Law; Jurisdiction.

(a) Except as otherwise set forth in this Section 11.9(a), this Agreement, and all claims or causes of action based upon, arising out of, or related to this Agreement or the Transactions, will be governed by, and construed in accordance with, the Laws of the State of New York, without giving effect to principles or rules of conflict of Laws to the extent such principles or rules would require or permit the application of the Laws of another jurisdiction (other than Sections 5-1401 and 5-1402 of the General Obligations Law). Notwithstanding the foregoing, any provisions in this Agreement related upon the Seller Parent Board's fiduciary duties, including a Competing Proposal, Seller Parent Recommendation or any Change of Recommendation, and all claims or causes of action based upon, arising out of, or related thereon (collectively, the "Maryland Provisions") will be governed by, and construed in accordance with, the Laws of the State of Maryland, without giving effect to principles or rules of conflict of Laws to the extent such principles or rules would require or permit the application of the Laws of another jurisdiction.

(b) THE PARTIES HEREUNDER EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OR

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ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY OTHER DOCUMENTS AND INSTRUMENTS EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF THE OTHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO THIS AGREEMENT.

(c) All claims or causes of action based upon, arising out of, or related to this Agreement or the Transactions will be brought in State of New York within the County of New York and the United States District Court for the Southern District of New York, and appellate courts from any thereof, and each of the Parties irrevocably submits to the exclusive jurisdiction of each such court in any such action, suit or proceeding, waives any objection it may now or hereafter have to personal jurisdiction, venue or to convenience of forum, agrees that all claims in respect of the action, suit or proceeding will be heard and determined only in any such court, and agrees not to bring any action, suit or proceeding arising out of or relating to this Agreement or the Transactions in any other court. Nothing herein contained will be deemed to affect the right of any Party to serve process in any manner permitted by applicable Law or to commence legal proceedings or otherwise proceed against any other Party in any other jurisdiction, in each case, to enforce judgments obtained in any claim or cause of action brought pursuant to this Section 11.9.

11.10 Specific Performance. The Parties hereto agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that any Party does not perform its obligations under this Agreement (including failing to take such actions as are required of it hereunder to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. The Parties acknowledge and agree that (a) each Party will be entitled to an injunction, specific performance, or other equitable relief, to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, without proof of damages, prior to the valid termination of this Agreement in accordance with Section 10.1, this being in addition to any other remedy to which they are entitled under this Agreement, and (b) the right of specific enforcement is an integral part of the Transactions and without that right, neither Party would have entered into this Agreement. Each Party agrees that it will not oppose the granting of specific performance and other equitable relief on the basis that the other Party has an adequate remedy at Law or that an award of specific performance is not an appropriate remedy for any reason at Law or equity. Each Party acknowledges and agrees that any Party entitled to an injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section 11.10 will not be required to provide any bond or other security in connection with any such injunction and any Party against whom such injunction is entered expressly waives any bond or security in connection therewith.

11.11 Counterparts. This Agreement may be executed in two or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. For purposes of this Agreement, facsimile signatures will be deemed originals, and the Parties agree to exchange original signatures as promptly as possible.

11.12 Amendment and Waiver. No term or provision of this Agreement may be waived or modified unless such waiver or modification is in writing and signed by the Party against whom such waiver or modification is sought to be enforced. Any forbearance by a Party in exercising any right or remedy under this Agreement or otherwise afforded by applicable Law shall not be a waiver or preclude the exercise of that or any other right or remedy. The waiver by either Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach.

11.13 Announcements. The initial press release or portion thereof to the extent pertaining to this Agreement and the Transactions will be substantially in the form previously agreed by Seller Parent and Purchaser and thereafter none of Seller Parent, Purchaser or any of their respective affiliates will issue or cause the publication of any press release or other announcement with respect to this Agreement or the Transactions without the prior consultation of the other Party and giving the other Party the opportunity to review and comment on such press release or other announcement; provided, however, that no prior consultation with, review by or consent from Purchaser will be required with respect to any press release or other public statement or portions thereof to the extent relating to the plans, expectations or prospects of the Seller following the consummation of the Transactions; provided, further, that this

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Section 11.13 will not apply to any release or public statement (a) made or proposed to be made by Seller Parent in connection with a Competing Proposal, any Change of Recommendation or any action taken pursuant thereto, (b) made or proposed to be made by Seller Parent in connection with any transaction that does not constitute or relate to a Competing Proposal or any action taken pursuant thereto, (c) made or proposed to be made in connection with any dispute between the Parties regarding this Agreement or the Transactions or (d) as a Party determines to be required by applicable Law, by any listing agreement with or rules of any applicable national securities exchange, trading market or listing authority, or as may be requested by a Governmental Entity.

11.14 Treatment of Sales of Servicing Rights.

(a) It is the intention of the parties hereto that each transfer and assignment from the Seller to the Purchaser of the Servicing Rights contemplated by this Agreement shall constitute an absolute sale of such Servicing Rights.

(b) In the event that it were to be determined that the Transactions evidenced hereby constitute a loan and not a purchase and sale, this Agreement constitutes a security agreement under applicable law, the Seller hereby grants to the Purchaser a first priority perfected security interest in all of Seller's right, title and interest, whether now owned or hereafter acquired, in, to and under the Servicing Rights, the Advances and all proceeds thereof to secure the Seller's obligations hereunder and under any agreement, document or instrument delivered in connection with this Agreement, provided that such security interest shall be subject and subordinate to all rights, powers and prerogatives retained or reserved by the applicable Investors. The Seller authorizes and agrees to cooperate with the Purchaser, and the Purchaser may file, at the expense of the Purchaser, any financing statements (and continuation statements and amendments to such financing statements) with respect to the Servicing Rights, Servicing Rights, the Advances and all proceeds thereof, now existing and hereafter created, meeting the requirements of applicable law in such manner and in such jurisdictions as are necessary to perfect, and maintain perfection of, the rights and interests of the Purchaser in and to the Servicing Rights, the Advances and all proceeds thereof.

[Signature page follows]

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IN WITNESS WHEREOF, each of the undersigned Parties to this Agreement has caused this Agreement to be duly executed in its name by one of its duly authorized officers on the date first set forth above.

**NEW RESIDENTIAL MORTGAGE LLC**

By: New Residential Investment Corp., its managing member

By: /s/ NICOLA SANTORO, JR.

\_\_\_\_\_  
Name: Nicola Santoro, Jr.  
Title: *Chief Financial Officer*

**PHH MORTGAGE CORPORATION**

By: /s/ GLEN A. MESSINA

\_\_\_\_\_  
Name: Glen A. Messina  
Title: *President and Chief Executive Officer*

Solely for purposes of Sections 6.1, 6.9 and 6.15 and Articles I, X and XI:

**PHH CORPORATION**

By: /s/ GLEN A. MESSINA

\_\_\_\_\_  
Name: Glen A. Messina  
Title: *President and Chief Executive Officer*

[Signature Page to Agreement for the Purchase and Sale of Servicing Rights]



**FLOW MORTGAGE LOAN SUBSERVICING AGREEMENT**

**dated as of December 28, 2016**

**between**

**NEW RESIDENTIAL MORTGAGE LLC**

**Servicing Rights Owner**

**And**

**PHH MORTGAGE CORPORATION**

**Servicer**

(Agency & Private Label Servicing)

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[\*\*\*]

INDICATES MATERIAL THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED MATERIAL HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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**FLOW MORTGAGE LOAN SUBSERVICING AGREEMENT**

This Flow Mortgage Loan Subservicing Agreement, dated as of December 28, 2016, is entered into between New Residential Mortgage LLC, as Servicing Rights Owner (the "Servicing Rights Owner") and PHH Mortgage Corporation ("PHH Mortgage" or the "Servicer"), as Servicer.

**PRELIMINARY STATEMENT**

WHEREAS, from time to time Servicing Rights Owner desires to engage from time to time Servicer as sub-servicer for portfolios of residential mortgage loans in which the related Servicing Rights are owned by Servicing Rights Owner; and

WHEREAS, Servicer and Servicing Rights Owner have agreed that Servicer shall subservice certain of the mortgage loans on behalf of Servicing Rights Owner commencing on the related Effective Date in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, Servicing Rights Owner and Servicer agree as follows:

**ARTICLE I.**

**DEFINITIONS**

1.01 Defined Terms.

Whenever used in this Agreement, the following words and phrases shall have the following meaning specified in this Article:

"Accepted Servicing Practices": Those mortgage servicing standards, policies and practices which are in accordance with the practices of prudent mortgage lending institutions that service mortgage loans of the same type as such Mortgage Loans for their own account in the jurisdiction where the related Mortgaged Property is located, taking into account Investor Guidelines.

"Advance": A P&I Advance or a Servicing Advance.

"Affiliate": When used with reference to a specified Person, any Person that (i) directly or indirectly controls or is controlled by or is under common control with the specified Person, (ii) is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, the specified Person or of which the specified Person is an officer, partner or trustee, or with respect to which the specified Person serves in a similar capacity, or (iii) directly or indirectly is the beneficial owner of 10% or more of any class of equity securities of the specified Person or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities; provided, however, that, with respect to the Servicing Rights Owner, an Affiliate shall be limited to New Residential Investment Corp. and its direct or indirect wholly-owned subsidiaries. For purposes of this definition, the term "control" (including its correlative meanings "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Agency": Fannie Mae, Freddie Mac, FHA, VA, USDA or HUD, as applicable.

"Agreement": This Flow Mortgage Loan Subservicing Agreement between Servicing Rights Owner and Servicer.

"Ancillary Fees": All income derived from the Mortgage Loans (other than the Float Benefit, payments of principal, interest, prepayment premiums, escrow payments, servicing fees and Servicing Fees), including, but not limited to, late payment charges, charges for dishonored checks, pay-off fees, assumption fees, conversion fees, conversion fees, subordination fees, wire transfer fees, reinstatement fees, lien release fees, reconveyance fees, payoff quote fees, pay by



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phone fees and such similar fees and charges, in any case to the extent not exceeding or violating any applicable amounts or limitations under Applicable Requirements.

"Applicable Requirements": As to any Mortgage Loan and REO Property, as of the time of reference: (a) all federal, state and local laws, statutes, rules, regulations and ordinances applicable to the Servicing Rights Owner or the Servicer that are related to residential mortgage loans or the servicing or subservicing thereof, including with limitation the Vendor Oversight Guidance and applicable FHA Regulations, USDA Regulations or VA Regulations; (b) all Mortgage Loan-related contractual obligations of the Servicing Rights Owner, as servicer, including, without limitation, applicable Investor Guidelines, (d) all other applicable requirements and guidelines related to the servicing or subservicing of residential mortgage loans as promulgated by (i) any Governmental Authority having jurisdiction, including without limitation the CFPB and (ii) any applicable Insurer; (e) Accepted Servicing Practices, (f) the terms of the related Mortgage Loan Documents and (g) all other applicable judicial and administrative judgments, assurances, orders, stipulations, directives, consent decrees (including, without limitation, the DFS Consent Order), awards, writs and injunctions that is made or given at any time by any Governmental Authority applicable to the servicing or subservicing of the Mortgage Loans; provided, that in the event that either the Servicing Rights Owner or the Servicer becomes subject to such judicial or administrative judgment, order, stipulation, directive, consent decree, award, writ or injunction after the initial Sale Date that would affect the servicing or subservicing of the Mortgage Loans hereunder, such party shall promptly notify the other party of the relevant terms thereof.

"ARM Loan": An "adjustable rate" Mortgage Loan, the Note Rate of which is subject to periodic adjustment in accordance with the terms and provisions of the related Mortgage Note.

"Bankruptcy Code": The Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101-1330), as amended, modified, or supplemented from time to time, and any successor statute, and all rules and regulations issued or promulgated in connection therewith.

"Business Day": Any day other than (i) a Saturday or Sunday, (ii) a day on which the Federal Reserve is closed, (iii) a day that is not a business day as provided in the related Investor Guidelines, or (iv) the Friday following Thanksgiving Day.

"Buydown Funds": In respect of any Buydown Mortgage Loan, any amount contributed by the seller of a Mortgaged Property subject to a Buydown Mortgage Loan, the buyer of such property, the mortgagee or any other source, plus interest earned thereon, in order to enable the Mortgagor to reduce the payments required to be made from the Mortgagor's funds in the early years of a Mortgage Loan.

"Buydown Mortgage Loan": Any Mortgage Loan in respect of which, pursuant to a buydown agreement, (i) the Mortgagor pays less than the full monthly payments specified in the Mortgage Note for a specified period, and (ii) the difference between the payments required under such buydown agreement and the Mortgage Note is provided from Buydown Funds.

"CFPB": The Consumer Financial Protection Bureau, an independent federal agency operating as part of the United States Federal Reserve System.

"Change of Control": With respect to the Servicer, shall mean (i) any transaction or event as a result of which the PHH Parent ceases to own, directly or indirectly, at least 51% of the stock of Servicer; (ii) the sale, transfer, or other disposition of all or substantially all of Servicer's assets (excluding any such action taken in connection with any securitization transaction or routine sales of mortgage loans); or (iii) the consummation of a merger or consolidation of Servicer with or into another entity or any other corporate reorganization, if more than 50% of the combined voting power of the continuing or surviving entity's equity outstanding immediately after such merger, consolidation or such other reorganization is owned by persons who were not equityholders of the Servicer immediately prior to such merger, consolidation or other reorganization. With respect to the PHH Parent, shall mean (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Effective Date) is or shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act as in effect on the Effective Date), directly or indirectly, of (A) more than 50% on a fully diluted basis of the voting interests in the PHH Parent's Equity Interests or (B) 25% or more on a fully diluted basis of the voting interests in the PHH Parent's Equity Interests, to the

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extent that such "person" or "group" (y) is identified on the then most recent list (as of the time of such "person" or "group" becoming such a beneficial owner) of up to five (5) competitors of the Servicing Rights Owner provided in writing by the Servicing Rights Owner to the Servicer no later than the initial Sale Date, which list may be updated semi-annually in writing by the Servicing Rights Owner during the months of June and December (commencing with June 2017) and (z) has at least two (2) representatives on the Board of Directors of PHH Corporation, or (ii) if at any time, individuals who on the date hereof constituted the Board of Directors of PHH Corporation (together with any directors whose election by such Board of Directors or whose nomination for election by the shareholders of PHH Corporation after the date hereof, as the case may be, was approved by a vote of the majority of the directors then still in office who were either directors on the date hereof or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of PHH Corporation then in office.

"Code": The Internal Revenue Code of 1986, as amended.

"Collection Account": The separate time deposit or demand account or accounts maintained pursuant to Section 5.04 which shall be entitled "PHH Mortgage as agent, trustee and/or bailee for New Residential Mortgage LLC and/or payments of various owners of interest in mortgage-backed securities" (or other similar titling).

"Commission": The United States Securities and Exchange Commission.

"Compensating Interest": For any Remittance Date, the aggregate Prepayment Interest Shortfall Amount, if any, under the Investor Guidelines.

"Compensatory Fees": Any compensatory fees, fines, penalties or other monies assessed by the Agency for failure to adhere to the applicable Investor Guidelines in servicing the Mortgage Loans.

"Condemnation Proceeds": All awards or settlements in respect of a taking of an entire Mortgaged Property or a part thereof by exercise of the power of eminent domain or condemnation, to the extent not required to be released to a Mortgagor in accordance with the terms of the related Mortgage Loan Documents.

"Cooperative Corporation": With respect to any Cooperative Loan, the cooperative apartment corporation that holds legal title to the related Cooperative Project and grants occupancy rights to units therein to stockholders through Cooperative Leases or similar arrangements.

"Cooperative Lease": The lease on a Cooperative Unit evidencing the possessory interest of the owner of the Cooperative Stock in such Cooperative Unit.

"Cooperative Loan": A Mortgage Loan that is secured by a first lien on and a perfected security interest in Cooperative Stock and the related Cooperative Lease granting exclusive rights to occupy the related Cooperative Unit in the building owned by the related Cooperative Corporation.

"Cooperative Project": With respect to any Cooperative Loan, all real property and improvements thereto and rights therein and thereto owned by a Cooperative Corporation including without limitation the land, separate dwelling units and all common elements.

"Cooperative Stock": With respect to any Cooperative Loan, the shares of stock issued by a Cooperative Corporation and allocated to a Cooperative Unit and represented by a stock certificates.

"Cooperative Unit": With respect to any Cooperative Loan, a specific unit in a Cooperative Project.

"Custodial Agreement": With respect to any Mortgage Loan, the agreement governing the retention of the Mortgage Loan Documents.

"Custodian": With respect to any Custodial Agreement, the custodian thereunder.

"Deboarding Fee": To the extent payable under this Agreement, a fee in the amount set forth on Schedule A payable to Servicer in connection with the transfer of the servicing of a Mortgage Loan from Servicer to a successor servicer at the direction of Servicing Rights Owner.

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"Default Firms": Any foreclosure attorneys, bankruptcy attorneys and eviction attorneys engaged by Servicer in accordance with Section 5.16.

"Delinquent Mortgage Loan": Any Mortgage Loan with respect to which the Monthly Payment would be considered thirty (30) days or more delinquent following the MBA Methodology.

"Determination Date": The date designated as the cut-off date, determination date or similar date set forth in the Investor Guidelines.

"DFS Consent Order": The Consent Order, dated November 9, 2016, among the Servicer, PHH Home Loans, LLC and NYDFS.

"Due Date": With respect to any Mortgage Loan, the day of the month on which each Monthly Payment is due thereon, exclusive of any days of grace.

"Due Period": With respect to each Remittance Date, the monthly period determined in accordance with Investor Guidelines.

"Effective Date": The date, as set forth in the related Servicing Transfer Notice (other than in respect of the Initial Mortgage Loans), on which responsibility for the servicing and administration of a pool of Mortgage Loans is transferred to Servicer; provided that, notwithstanding the foregoing, solely with respect to the Initial Mortgage Loans, the Transfer Date for such Initial Mortgage Loans shall be the applicable Sale Date (as defined in the Purchase Agreement).

"Eligible Account": With respect to any account, any depository institution that meets the custodial account requirements of applicable Investor Guidelines.

"Equity Interests": of any Person shall mean any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interest in (however designated) equity of such Person, including any common stock, preferred stock, any limited or general partnership interest and any limited liability company membership interest; provided that, for the avoidance of doubt and without limitation, "Equity Interests" shall exclude the convertible notes and any other indebtedness convertible into or exchangeable for Equity Interests.

"Escrow Account": The separate time deposit or demand account or accounts created and maintained pursuant to Section 5.06 which shall be entitled "PHH Mortgage as agent, trustee and/or bailee for New Residential Mortgage LLC and/or payments of various mortgagors" (or other similar titling).

"Escrow Payments": The amounts constituting taxes, assessments, water rates, sewer rents, flood insurance premiums, fire and hazard insurance premiums and other payments required to be escrowed by the Mortgagor with the mortgagee pursuant to any Mortgage Loan.

"Exchange Act": The Securities Exchange Act of 1934, as amended.

"Event of Default": Any one of the conditions or circumstances enumerated in Section 10.01.

"Fannie/Freddie Transfer": The sale or transfer by Servicing Rights Owner of some or all of the Mortgage Loans to Fannie Mae or Freddie Mac which sale or transfer is not a Securitization Transaction or a Whole Loan Transfer.

"Fannie Mae": The Federal National Mortgage Association or any successor organization.

"Fannie Mae Guide": The Fannie Mae Selling Guide and Servicing Guide, collectively, in effect on and as amended, modified, and/or supplemented from time to time after the related Effective Date.

"Fannie Mae Mortgage Loan": A mortgage loan with respect to which Fannie Mae owns the beneficial interest therein or that serves as collateral for mortgage-backed securities on which the payment of principal and interest is guaranteed by Fannie Mae.

"FHA": The Federal Housing Administration or any successor thereto.

"FHA Insurance Contract": Contractual obligation of FHA respecting the insurance of an FHA Loan pursuant to the National Housing Act, as amended.



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"FHA Loan": A Mortgage Loan which is the subject of an FHA Insurance Contract as evidenced by a certificate of Mortgage Insurance.

"FHA Regulations": Regulations promulgated by HUD under the National Housing Act, codified in Title 24 of the Code of Federal Regulations, and other HUD issuances relating to mortgage loans insured by the FHA.

"Fidelity Bond": A fidelity bond to be maintained by Servicer in accordance with the Fannie Mae Guide pursuant to Section 5.12.

"Float Benefit": (1) All interest paid on funds held in any Collection Account or Escrow Account, to the extent not payable to any Investor or Mortgagor and (2) an amount equal to any economic credit afforded to the holder of the related Collection Account or Escrow Account.

"Freddie Mac": The Federal Home Loan Mortgage Corporation or any successor organization.

"Freddie Mac Mortgage Loan": A mortgage loan with respect to which Freddie Mac owns the beneficial interest therein or that serves as collateral for mortgage-backed securities on which the payment of principal and interest is guaranteed by Freddie Mac.

"Freddie Mac Servicing Guide": The Freddie Mac Sellers' and Servicers' Guide in effect on and as amended, modified, and/or supplemented from time to time and after the related Effective Date.

"Governmental Authority": Any court, board, agency, commission, office or other authority or quasi-governmental authority of any nature whatsoever for any governmental unit (foreign, federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

"HELOC Loan" means a home equity line of credit subserviced by Servicer on behalf of Servicing Rights Owner hereunder.

"HELOC Loan Advance" means an advance of funds to or on behalf of a Mortgagor pursuant to a HELOC Loan.

"HMDA": The Home Mortgage Disclosure Act, as amended.

"HOEPA": The Home Ownership and Equity Protection Act of 1994, as amended.

"HUD": The United States Department of Housing and Urban Development, or any successor thereto and including the Federal Housing Commissioner and the Secretary of Housing and Urban Development where appropriate under the FHA Regulations.

"Initial Mortgage Loans": The Mortgage Loans serviced hereunder as to which the related Servicing Rights were sold by Servicer to Servicing Rights Owner under that certain Purchase Agreement.

"In-process Loan Modification": A trial or permanent loan modification offered by the Servicer, Agency or any prior servicer that was either accepted by the Mortgagor or for which the time for the Mortgagor to accept the offer has not expired and the offer has not been rejected. The term also means and includes (a) trial modifications in which the Servicer, Agency or any prior servicer agreed to modify the payment terms of the Mortgage Loan unless the Servicer or a prior servicer has clear written evidence that the Mortgagor has failed to perform under the trial loan modification terms and (b) modifications in which the Mortgagor completed making the trial payments, but the permanent modification was not input into the Servicer or any prior servicer's system.

"Insolvency Proceeding": With respect to any Person: (i) any case, action, or proceeding with respect to such Person before any Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up, or relief of debtors; or (ii) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of the creditors generally of such Person or any substantial portion of such Person's creditors; in any case undertaken under federal, state or foreign law, including the Bankruptcy Code.

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"Insurance Proceeds": Proceeds of any title policy, hazard policy or other insurance policy covering a Mortgage Loan, if any, to the extent such proceeds are not to be applied to the restoration of the related Mortgaged Property or released to the Mortgagor in accordance with Accepted Servicing Practices.

"Insurer": FHA, VA, USDA or any private mortgage insurer, pool insurer and any insurer or guarantor under any standard hazard insurance policy, any federal flood insurance policy, any title insurance policy, any earthquake insurance policy or other insurance policy, and any successor thereto, with respect to the Mortgage Loan or the Mortgaged Property.

"Investor Guidelines": The Fannie Mae Guide, the Freddie Mac Guide or comparable servicing guidelines issued by the Federal Housing Administration, the VA or the USDA, (in each case, including but not limited to the applicable Mortgage Loan Investor manuals, handbooks, bulletins, circulars, announcements, issuances, releases, letters, correspondence and other instructions) any servicing agreement or Reconstitution Agreement, in each case to the extent applicable to any Mortgage Loan or REO Property.

"Liquidation Proceeds": Amounts, other than Insurance Proceeds and Condemnation Proceeds or those received following the acquisition of REO Property in accordance with the provisions hereof, received by Servicer in connection with the liquidation of a defaulted Mortgage Loan, whether through sale or assignment of such Mortgage Loan, trustee's sale, foreclosure sale or otherwise, other than amounts received following the acquisition of an REO Property in accordance with the provisions hereof.

"Losses": Any and all claims, losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including reasonable attorneys' fees and costs).

"Loss Mitigation": With respect to any Mortgage Loan, any modified or proposed payment arrangement, proposed, trial or permanent loan modification, In-process Loan Modification, forbearance plan, short sale, deed-in-lieu agreement, and any other non-foreclosure home retention or non-retention option offered by the Servicer, Agency or any prior servicer that is made available to the Mortgagor by or through Servicer, Agency, or any prior servicer, including any application or request of a Mortgagor for any of the foregoing. For avoidance of doubt, this definition shall apply only to Mortgage Loans in loss mitigation or where a loss mitigation application is pending.

"MBA Methodology": A method of calculating delinquency of a Mortgage Loan based upon Mortgage Bankers Association method, under which method a Mortgage Loan is considered delinquent if the payment had not been received by the end of the day immediately preceding the Mortgage Loan's next due date (generally the last day of the month in which the payment was due). For example, a Mortgage Loan with a due date of August 1, 2016, with no payment received by the close of business on August 31, 2016, would have been reported as delinquent on September 1, 2016.

"MERS": Mortgage Electronic Registration Systems, Inc., or any successor thereto.

"Monthly Payment": The scheduled monthly payment of principal and interest on a Mortgage Loan which is payable by a Mortgagor under the related Mortgage Note.

"Mortgage": The mortgage, deed of trust or other instrument securing a Mortgage Note, which creates a first lien or second lien on either (i) with respect to a Mortgage Loan other than a Cooperative Loan, an unsubordinated estate in fee simple in real property or (ii) with respect to a Cooperative Loan, the Cooperative Lease and related Cooperative Stock, which in either case secures the Mortgage Note.

"Mortgage File": With respect to a particular Mortgage Loan, the Mortgage Loan Documents, any origination, servicing or escrow documents, and any additional documents required to be added to the Mortgage File pursuant to this Agreement set forth on Exhibit 1.

"Mortgage Loan": Each mortgage loan which is the subject of this Agreement.

"Mortgage Loan Documents": With respect to each Mortgage Loan, the documents delivered to the related Custodian pursuant to the related Custodial Agreement.

"Mortgage Loan Investor": With respect to any Mortgage Loan, the party to whom Servicing Rights Owner is obligated to remit Monthly Payments in respect of such Mortgage Loan.



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"Mortgage Loan Schedule": With respect to any Initial Mortgage Loans, the schedule of Mortgage Loans contained in an Excel file delivered to Servicing Rights Owner by Servicer on the related Effective Date setting forth certain information with respect to each Mortgage Loan, and, with respect to any Mortgage Loans, which are not Initial Mortgage Loans, made subject to this Agreement after the date hereof, the mortgage loan schedule attached to the related Servicing Transfer Notice delivered to Servicer in connection therewith.

"Mortgage Note": The note or other evidence of the indebtedness of a Mortgagor secured by a Mortgage.

"Mortgaged Property": With respect to a Mortgage Loan, the underlying real property securing repayment of a Mortgage Note, consisting of a fee simple estate.

"Mortgagor": The obligor on a Mortgage Note.

"New Loan Data File": Except with respect to the Initial Mortgage Loans, with respect to each Mortgage Loan delivered by Servicing Rights Owner to Servicer to be serviced under this Agreement, the data file produced by Servicing Rights Owner pursuant to the Servicing Transfer Instructions which is used to enable Servicer to set up each Mortgage Loan on its EDP system.

"Non-recoverable Advance": As of any date of determination, any Advance previously made or any Advance proposed to be made in respect of a Mortgage Loan which, in the good faith judgment of Servicer and in accordance with Applicable Requirements, will not or, in the case of a proposed Advance, would not be ultimately recoverable from amounts collected in respect of such Mortgage Loan.

"Note Rate": With respect to any Mortgage Loan at any time any determination thereof is to be made, the annual rate at which interest accrues thereon as set forth in the related Mortgage Note.

"NYDFS": New York Department of Financial Services.

"Off-shore Vendor": Any Vendor which is located outside the United States of America and/or the services provided by any Vendor are being performed outside the United States of America.

"P&I Advance": An advance made on account of a delinquent principal and/or interest payment in accordance with the applicable Investor Guidelines.

"Payoff": With respect to any Mortgage Loan, any payment or recovery received in advance of the last scheduled Due Date of such Mortgage Loan, which payment or recovery consists of principal in an amount equal to the outstanding principal balance of such Mortgage Loan, all accrued and unpaid premiums, and/or interest with respect thereto, and all other unpaid sums due with respect to such Mortgage Loan.

"Person": Any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PHH Parent": PHH Corporation, a Maryland corporation.

"Prepayment Interest Shortfall Amount": With respect to any Mortgage Loan that was subject to a Principal Prepayment in full or in part during any Due Period, the amount of interest required to be remitted by the Servicing Rights Owner, if any, under applicable Investor Guidelines.

"Primary Mortgage Insurance Policy" or "PMI Policy": Each policy of primary mortgage insurance in effect on the applicable Effective Date with respect to any Mortgage Loan, or any replacement policy therefor.

"Prime Rate": The prime rate announced to be in effect from time to time, as published as the average rate in The Wall Street Journal (Northeast edition).

"Principal Prepayment": Any payment or other recovery of principal on a Mortgage Loan (including a Payoff), other than a Monthly Payment or a Prepaid Monthly Payment which is received in advance of its scheduled Due Date, including any premium thereon, which is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment and which is intended to reduce the principal balance of the Mortgage Loan.



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"Prior Servicer": All servicers and subservicers, collectively and individually, other than Servicer, which, at any time prior to the applicable Effective Date, serviced or subserviced any of the Mortgage Loans.

"Private Label Mortgage Loan": Any Mortgage Loan that is not a Fannie Mae Mortgage Loan or a Freddie Mac Mortgage Loan.

"Purchase Agreement": That certain agreement for the purchase and sale of servicing rights, dated as of the date hereof, between Servicer and Servicing Rights Owner.

"Quarterly Financial Covenants": As defined in Section 6.02.

"Quarterly Financial Covenants Report": As defined in Section 6.02.

"Reconstitution": Any Fannie/Freddie Transfer, Securitization Transaction or Whole Loan Transfer.

"Reconstitution Agreement": With respect to Private Label Mortgage Loans, the fully executed contracts (including any pooling agreement, servicing agreement, custodial agreement or other agreement or arrangement) assigned to the Servicing Rights Owner and defining the rights and obligations of the Servicing Rights Owner.

"Reconstitution Agreement (MSR)": The agreement(s) entered into by Servicing Rights Owner and/or other third parties in connection with a sale of the Servicing Rights as set forth in Section 2.05 hereof with respect to any or all of the Mortgage Loans serviced hereunder.

"Reconstitution Date": The date(s) on which any or all of the Mortgage Loans serviced under this Agreement shall be removed from this Agreement and reconstituted as part of a Reconstitution pursuant to Section 2.05 hereof.

"Remittance Date": The remittance date set forth in the applicable Investor Guidelines.

"REO Disposition": The final sale by Servicer of any REO Property.

"REO Disposition Proceeds": All amounts received with respect to any REO Disposition.

"REO Property": A Mortgaged Property acquired by Servicer on behalf of Servicing Rights Owner through foreclosure or deed in lieu of foreclosure, abandonment or reclamation from bankruptcy in connection with a defaulted Mortgage Loan, as described in Section 5.14.

"Reporting Date": The fifth (5th) Business Day of each month.

"Retention Agreement": As defined in Section 12.03.

"Securitization Transaction": Any transaction involving either (1) a sale or other transfer of some or all of the Mortgage Loans directly or indirectly to an issuing entity in connection with an issuance of publicly offered or privately placed, rated or unrated mortgage-backed securities or (2) an issuance of publicly offered or privately placed, rated or unrated securities, the payments on which are determined primarily by reference to one or more portfolios of residential mortgage loans consisting, in whole or in part, of some or all of the Mortgage Loans.

"Service Level Agreements" or "SLAs": As defined in Section 5.18 of this Agreement.

"Servicer": PHH Mortgage Corporation, a New Jersey corporation.

"Servicer Economics": The sum of the following, without duplication, Servicing Fees, Ancillary Fees and other compensation set forth on Schedule A payable to the Servicer.

"Servicing Advances": All customary, reasonable and necessary "out of pocket" costs and expenses, including reasonable attorneys' fees and disbursements, advanced by Servicer in the performance of its servicing obligations in accordance with Applicable Requirements, including, but not limited to, the cost of:

- (i) the preservation, restoration and protection of a Mortgaged Property or REO Property, including third party loss draft processing fees;



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(ii) any remedial, enforcement or Loss Mitigation actions relating to the Mortgage Loan or any administrative or judicial proceedings, including without limitation mediation proceedings, relating to a Mortgage Loan, and including foreclosures, evictions, deed in lieu of foreclosures or loan modifications;

(iii) the management, liquidation, marketing, sale, renovation, repair, maintenance and preservation of a Mortgaged Property or REO Property, including reasonable fees paid to any independent contractor in connection therewith;

(iv) Escrow Payments (and similar amounts not required to be escrowed out of Mortgagor payments) and other charges which are or may become a lien upon a Mortgaged Property or REO Property, Primary Mortgage Insurance Policy premiums and fire and hazard insurance coverage;

(v) the assessment and evaluation of a Mortgage Loan and the related Mortgaged Property or REO Property, including broker price opinions, environmental evaluations, property inspections, surveys and appraisals, lien searches and title insurance and reviews;

(vi) lien release fees, including any reconveyance, recording, administrative and vendor fees associated therewith, property inspection fees, vacant property registration fees, court-ordered mediation hearings and loss draft processing fees, in each case to the extent not collected from the Mortgagor; and

(vii) such other expenditures which are deemed to be Servicing Advances herein or otherwise permitted under Investor Guidelines.

"Servicing Fee": For each Mortgage Loan serviced by Servicer hereunder, the applicable monthly servicing fee calculated in accordance with Schedule A attached hereto.

"Servicing File": With respect to each Mortgage Loan, all documents, whether in hard copy, computer record, microfiche or any other format, evidencing and pertaining to a particular Mortgage Loan and relating to the origination, servicing, collection, payment and foreclosure of such Mortgage Loan, necessary to service the Mortgage Loans in accordance with Applicable Requirements or required to be held by the mortgage loan servicers under Applicable Requirements, including without limitation the following documents with respect to each Mortgage Loan: (a) a schedule of all transactions credited or debited to the Mortgage Loan, including the Escrow Account and any suspense account; (b) a copies of the Mortgage Loan Documents; (c) any notes created by the Servicer (or any prior servicer) personnel reflecting communications with the Mortgagor about the Mortgage Loan; (d) any reports specific to the Mortgage Loan created by the Servicer (or any prior servicer) in connection with the servicing of the Mortgage Loan; (e) copies of information or documents provided by Mortgagor to the Servicer in connection with any error resolution or Loss Mitigation; and (f) any documents or records required to be maintained by mortgage loan servicers under the applicable Investor Guidelines, and any additional documents relating to such Mortgage Loan as are in, or as may from time to time come into, Servicer's possession or control; provided that, with respect to the time period in which Servicer was not the servicer of such Mortgage Loans, such documents described in clauses (a) through (f) for such time period will be in the Servicing File to the extent in the Servicer's possession or control.

"Servicing Officer": Any officer of Servicer involved in, or responsible for, the administration and servicing of the Mortgage Loans whose name appears on a written list of servicing officers furnished by Servicer to Servicing Rights Owner upon request therefor by Servicing Rights Owner, as such list may from time to time be amended.

"Servicing Rights": With respect to all Mortgage Loans, collectively, (i) the rights and obligations to service, administer, collect payments for the reduction of principal and application of interest, collect payments on account of taxes and insurance, pay taxes and insurance and other Escrow Payments, remit collected payments, provide foreclosure services, provide full escrow administration; (ii) any other obligations required by any Agency, Mortgage Loan Investor or Insurer in, of, or for such Mortgage Loans pursuant to any Investor Guidelines; (iii) the right to possess any and all documents, files, records, Mortgage Files, servicing documents, servicing records, data tapes, computer records, or other information pertaining to the Mortgage Loans or pertaining to the past, present or prospective servicing of the Mortgage Loans; (iv) the right to receive servicing fees, Ancillary Fees, other proceeds arising from or connected to the Mortgage Loans and REO Properties and the benefits derived from the Accounts arising from or connected to such Mortgage Loans;

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(v) all rights and benefits relating to the direct solicitation of the related Mortgagors for refinance or modification of the Mortgage Loans and/or for any other product or service and the attendant right, title and interest in and to the list of such Mortgagors; (vi) to the extent set forth in the Investor Guidelines, all clean-up call or related rights; (vii) all rights, powers and privileges incident to any of the foregoing; and (viii) all agreements, documents or instruments evidencing any of the foregoing.

"Servicing Rights Owner": New Residential Mortgage LLC, or its successor in interest or any successor under this Agreement appointed as herein provided.

"Servicing Rights Owner's Account": The account of Servicing Rights Owner at a bank or other entity most recently designated in a written notice by Servicing Rights Owner to Servicer as the "Servicing Rights Owner's Account."

"Servicing Rights Owner Economics": The sum of the following, with duplication, (i) all prepayment penalties/premiums and servicing-related fees payable to the Servicing Rights Owner as servicer of the Mortgage Loans under the applicable Investor Guidelines and received during the applicable prior Mortgage Loan Investor accounting cycle or applicable portion thereof, (ii) all recoveries on the Mortgage Loans during the applicable prior Mortgage Loan Investor accounting cycle or applicable portion thereof of Servicing Advances and P&I Advances previously funded or reimbursed by the Servicing Rights Owner to the Servicer or the prior servicer and (iii) all other outstanding amounts collected during the applicable prior Mortgage Loan Investor accounting cycle or applicable portion thereof and payable to the Servicing Rights Owner under this Agreement (including Float Benefit and any Loss Mitigation or incentive fees payable to the Servicing Rights Owner as servicer under applicable Investor Guidelines as described in Section 6.01).

"Servicing Transfer Costs": With respect to each Mortgage Loan, an amount equal to the lesser of (a) all reasonable out-of-pocket costs incurred in connection with the transfer of the servicing of the Mortgage Loans from Servicer to a successor servicer or subservicer, including but not limited to all applicable boarding fees incurred from the successor servicer, custodial recertification costs, the costs of transferring the Servicing File, the costs of assigning any Mortgages from the name of Seller to such successor, and the costs of changing the names of the subservicer and the owner in MERS and (b) fifteen dollars (\$15) per Mortgage Loan.

"Servicing Transfer Date": With respect to any Initial Mortgage Loans, the related Effective Date. With respect to any other Mortgage Loans (excluding the Initial Mortgage Loans), the date specified on the related Servicing Transfer Notice on which, Servicing Rights Owner or Prior Servicer shall have completed the transfer of servicing to Servicer.

"Servicing Transfer Instructions": Such instructions with respect to the transfer of servicing from the Prior Servicer to Servicer as agreed to by the parties hereto.

"Servicing Transfer Notice": Other than in respect of any Initial Mortgage Loans, in a form mutually agreed upon, by and between Servicing Rights Owner and Servicer, from time to time, pursuant to which additional Mortgage Loans, as described on the schedule attached thereto (which schedule shall become part of the Mortgage Loan Schedule as of the related Effective Date), are made subject to the terms of this Agreement.

"SRO Distribution Date": The sixth (6th) Business Day of each month.

"USDA": The United States Department of Agriculture or any successor thereto.

"USDA Regulations": The regulations promulgated by the USDA and other USDA issuances relating to mortgage loans guaranteed by the USDA.

"VA": The United States Department of Veterans Affairs or any successor thereto.

"VA Loan": A Mortgage Loan guaranteed by the VA.

"VA Regulations": The regulations promulgated by the VA pursuant to the Serviceman's Readjustment Act, as amended, codified in Title 38 of the Code of Federal Regulations, and other VA issuances relating to mortgage loans guaranteed by the VA.

"Vendor": Any third-party contractors, vendor and/or service provider engaged by the Servicer in accordance with general servicing practices and procedures and Applicable Requirements; provided, however, this definition of Vendor



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shall not include consulting services and non-trade business support services (i) not involved with and not having access to the servicing process or (ii) not involved with the protection of, or having access to, information and/or data related to the Mortgage, the Mortgage Loans or the Servicing Rights.

"Vendor Oversight Guidance": All applicable requirements and guidelines related to the oversight of third-party contractors, vendors and/or service providers as promulgated by (i) the CFPB (including but not limited to CFPB Bulletin 2012-03), (ii) the Board of Governors of the Federal Reserve System (including but not limited to the "Guidance on Managing Outsourcing Risk" dated December 5, 2013), (iii) the Federal Deposit Insurance Corporation (including but not limited to FIL-44-2008 ("Guidance for Managing Third-Party Risk")), (iv) the Office of the Comptroller of the Currency (including but not limited to OCC Bulletin 2013-29 ("Risk Management Guidance")) and (v) the Federal Financial Institutions Examination Council.

"Whole Loan Transfer": Any sale or transfer of some or all of the Mortgage Loans, other than a Securitization Transaction or a Fannie/Freddie Transfer.

**ARTICLE II.**

**ENGAGEMENT FOR SERVICING OF MORTGAGE LOANS; POSSESSION OF SERVICING FILES; BOOKS AND RECORDS; DELIVERY OF MORTGAGE LOAN DOCUMENTS**

2.01 Engagement For Servicing of Mortgage Loans

This Agreement shall become effective immediately upon the occurrence of the Initial Sale Date (as defined in the Purchase Agreement). To the extent that the Purchase Agreement terminates without the occurrence of any Sale Date, this Agreement shall be void ab initio.

Other than in respect of the Initial Mortgage Loans, as to which servicing shall begin on the related Sale Date (as defined in the Purchase Agreement) of the Servicing Rights, notwithstanding anything to the contrary in this Section 2.01, mortgage loans may be made subject hereto in accordance with this Section 2.01. The Servicing Rights Owner shall deliver a draft Servicing Transfer Notice setting forth the proposed Servicing Transfer Date and a description, containing such details as Servicer may reasonably request, of the Mortgage Loans to be serviced by Servicer hereunder. Any such draft Servicing Transfer Notice shall be given to Servicer no later than sixty (60) days prior to the related Servicing Transfer Date. Except with respect to any Initial Mortgage Loans, Servicer shall have fourteen (14) days to review and evaluate the product specifications, underwriting guidelines, system support and servicing transfer protocols and procedures of the related Prior Servicer and underlying seller, as applicable, or originator. Following such review and evaluation, Servicer shall promptly notify Servicing Rights Owner if it agrees or declines to service such mortgage loans pursuant to the terms of this Agreement.

Upon Servicer's acceptance of any such additional Mortgage Loans, each party shall execute the Servicing Transfer Notice and Servicer shall assume responsibility under this Agreement to service and administer such Mortgage Loans upon the delivery, in accordance with the Servicing Transfer Instructions, of the related New Loan Data File and all related Mortgage Loan Documents by Servicing Rights Owner.

Servicing Rights Owner shall provide the New Loan Data File for each Mortgage Loan to Servicer promptly upon Servicing Rights Owner's receipt of the written notice from Servicer wherein Servicer agrees to service such Mortgage Loans. Servicing Rights Owner shall notify Servicer promptly of any changes in the information contained in the New Loan Data File that affects the servicing of such Mortgage Loan. Servicing Rights Owner agrees to cause the related Custodian to recognize the Servicer as the subservicer of the Mortgage Loans. The Servicer shall request directly from the Custodian copies of the Mortgage Note, the Mortgage or any other documents in the Custodian's possession that Servicer deems reasonably necessary in connection with its performance of the servicing of such Mortgage Loan.

2.02 Maintenance of Servicing Files

Servicer shall maintain a Servicing File with respect to each Mortgage Loan, consisting of all documents necessary to service the Mortgage Loans in accordance with Applicable Requirements. The possession of each Servicing File by Servicer is for the sole purpose of servicing the related Mortgage Loan, and such retention and possession by Servicer is in



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a custodial capacity only. Servicer acknowledges that the ownership of each Mortgage Loan, including the Mortgage Note, the Mortgage, the Mortgage Loan Documents, the contents of the related Servicing File and all rights, benefits, proceeds and obligations arising therefrom or in connection therewith, is vested in the applicable Mortgage Loan Investor. All rights arising out of the Mortgage Loans including all funds received on or in connection with the Mortgage Loans and all records or documents with respect to the Mortgage Loans prepared by or which come into the possession of Servicer shall immediately vest in the applicable Mortgage Loan Investor and shall be received and held by Servicer for the sole purpose of servicing the Mortgage Loans and such retention and possession by Servicer is in a custodial capacity only in trust for the exclusive benefit of the applicable Mortgage Loan Investor as the owner of the related Mortgage Loans. Servicing Rights Owner acknowledges that Servicer will create electronically imaged versions of the documents contained in the Servicing File and any and all hard copies of such documents will be destroyed by Servicer in accordance with its standard record retention policy, as may be amended from time to time to the extent such destruction is not prohibited by Applicable Requirements.

The Servicer shall promptly notify the Servicing Rights Owner if it becomes aware of any incorrect or missing information or documents relating to any Mortgage Loan or Servicing File to the extent material to the servicing of a Mortgage Loan and compliance with the Servicer's obligations hereunder.

2.03 Books and Records

Servicer shall be responsible for maintaining, and shall maintain, a set of books and records for the Mortgage Loans which shall be appropriately identified in Servicer's computer system to reflect the ownership of the Mortgage Loans by the applicable Mortgage Loan Investor. To the extent that original documents are not required for purposes of realization of Liquidation Proceeds or Insurance Proceeds and to the extent permitted by Applicable Requirements, documents maintained by Servicer may be in the form of electronically imaged or scanned documents or such other reliable means of recreating original documents, including but not limited to, optical imagery techniques.

Subject to any contractual requirements of Servicer's system vendor, the Servicer shall provide the Servicing Rights Owner, its Affiliates and/or its agents with access to one or more electronic portals to allow the Servicing Rights Owner to monitor the Mortgage Loans. Through such portals, the Servicing Rights Owner shall be provided with access on demand to certain reports and data referenced in this Agreement as further mutually agreed upon from time to time. The Servicer's portals shall include the following data and documents: (i) imaged Mortgage Loan Documents and Servicing File (to the extent held by PHH on the initial Sale Date or any other individual Mortgage Loan Document requested by the Servicing Rights Owner to be imaged which is not imaged as of the initial Sale Date (it being understood that the Servicing Rights Owner shall bear the expense of imaging in Mortgage Loan Documents and Servicing File in excess of five hundred (500) Mortgage Loans per calendar quarter); (ii) imaged copies of substantially all Mortgagor communications; (iii) records of substantially all Mortgagor written communications; (iv) to the extent available or reasonably requested by the Servicing Rights Owner to the extent not imaged at the time of the Servicing Rights Owner's request, imaged copies of all litigation, bankruptcy and foreclosure documents related solely to each Mortgage Loan (for the avoidance of doubt, such imaged copies of litigation, bankruptcy and foreclosure documents will not include those unrelated to the Mortgage Loans); (v) current servicing comments regarding all Mortgagor communications and all activity related to each Mortgage Loan with sufficient detail to understand the status of any issues; (vi) a document identifying any Default Firm(s) engaged relating to the Mortgage Loan, if applicable; (vii) upon request, call recordings; (viii) upon request, insurance, including lender paid insurance, if applicable, hazard and flood; and (ix) a document identifying the single point of contact.

2.04 Delivery of Mortgage Loan Documents

Servicer shall forward to the Custodian original documents evidencing an assumption, modification, consolidation or extension of any Mortgage Loan entered into in accordance with Sections 5.01 promptly after their execution; provided, however, that Servicer shall provide the Custodian with a certified true copy of any such document submitted for recordation promptly after its execution, and shall provide the original of any document submitted for recordation or a copy of such document certified by the appropriate public recording office to be a true and complete copy of the original promptly after receipt thereof.

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Except as provided herein, the original Mortgage Loan Documents for each Mortgage Loan shall be retained by the Custodian pursuant to the Custodial Agreement. During the time that any such documentation is held by Servicer, such possession is in trust for the benefit of the applicable Mortgage Loan Investor, and Servicer shall return such documentation to the Custodian upon the request of such Mortgage Loan Investor, Servicing Rights Owner or the Custodian or when Servicer's need therefore no longer exists.

The Servicer shall not be responsible for any fees, expenses and costs of the Custodian arising under the Custodial Agreement.

2.05 Transfer of Mortgage Loans: Reconstitutions

Servicing Rights Owner shall have the right, without the prior written consent of Servicer, to sell the one or more Servicing Rights in respect of any Mortgage Loans (the "Offered Assets") and, to the extent the prospective third party purchaser elects not to retain the Servicer as the subservicer of Offered Assets, (i) this Agreement shall terminate solely with respect to such Offered Assets in accordance with Section 11.01(b), (ii) the Servicer shall cooperate in transfer the servicing to such third party purchaser's successor servicer and (iii) with respect to the Offered Assets which actually were sold, the Servicing Rights Owner shall pay the applicable Deboarding Fees on the applicable transfer date to such third party purchaser's successor servicer. Notwithstanding the foregoing, Servicing Rights Owner will afford Servicer an opportunity to review the final bid the Servicing Rights Owner receives from prospective third party purchasers of the Offered Assets which the Servicing Rights Owner anticipates to accept (the "Final Bid"), including the purchase price, payment terms, closing conditions and any financing terms. Servicing Rights Owner will provide to Servicer access to the same information regarding the potential sale as are provided to the other bidders, when or promptly after such information is provided to other bidders. Servicing Rights Owner shall afford Servicer an opportunity to bid for the Offered Assets for a period of two (2) Business Days after Servicing Rights Owner discloses to Servicer the Final Bid from the prospective third party purchaser(s) of the Offered Assets. If Servicing Rights Owner determines that the terms and conditions of Servicer's bid for the Offered Assets represents the most favorable overall economic and contractual arrangement to Servicing Rights Owner compared to the bids for the Offered Assets from prospective third party purchasers and Servicer demonstrates to Servicing Rights Owner's satisfaction that it has sufficient financial resources to close the purchase and sale of the Offered Assets upon such terms and conditions within the time period set forth in the Final Bid, then Servicing Rights Owner will make good faith efforts to consummate the purchase and sale of the Offered Assets with Servicer upon such terms and conditions.

2.06 Obligations of Servicing Rights Owner Prior to a related Effective Date

Except with respect to any Initial Mortgage Loans, Servicing Rights Owner shall take, or cause the Prior Servicer to take, the following actions with respect to any Mortgage Loans (other than the Initial Mortgage Loans) prior to the related Effective Date (or within such time as may otherwise be specified below) in order to effect the transfer of the servicing and administration of the Mortgage Loans which are not Initial Mortgage Loans to Servicer on such related Effective Date.

(a) Preliminary Test File. On or prior to a related Effective Date, if requested by Servicer, Servicing Rights Owner shall forward, or cause the Prior Servicer to forward, to Servicer a preliminary test file (including, as applicable, master file, escrow file, payee file, ARM master file, ARM history, all HMDA data required by Fannie Mae and Freddie Mac, etc.) containing all of the Mortgage Loans as of the date mutually agreed upon by Servicer and Servicing Rights Owner in all material respects. The preliminary test file shall include all field descriptions and record layouts;

(b) Notice to Hazard Insurers. Servicing Rights Owner shall inform, or shall cause the Prior Servicer to inform, by written notice all hazard insurance companies and/or their agents of the transfer and request a change in the loss payee mortgage endorsement clause to Servicer's name. Servicing Rights Owner shall provide, or shall cause the Prior Servicer to provide, Servicer with a copy of the notification letter and an officer's written certification that all hazard insurance companies have been notified by an identical letter;

(c) Notice to Mortgagors. Servicing Rights Owner shall mail, or shall cause the Prior Servicer to mail, to the Mortgagor of each Mortgage Loan a letter advising the Mortgagor of the transfer of the servicing of the

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related Mortgage Loan to Servicer as may be required under Applicable Requirements, including the Real Estate Settlement Procedures Act. Servicing Rights Owner shall provide, or shall cause the Prior Servicer to provide, Servicer with a copy of one notification letter and a report containing a listing of all Mortgage Loans receiving the notification as may be required under Applicable Requirements, including the Real Estate Settlement Procedures Act. In addition, Servicer shall:

- (i) Within fifteen (15) days following each Servicing Transfer Date, deliver to each related Mortgagor a "Welcome Letter" in accordance with Applicable Requirements. Notwithstanding the above, the Servicing Rights Owner, the Servicer, and the prior subservicer may agree to send in accordance with Applicable Requirements a joint notification to the related Mortgagors regarding the transfer of the servicing function to the Servicer. The Servicer and the Servicing Rights Owner agree that the form of any notice sent to Mortgagors under this Section 2.06(c) shall be subject to approval by the Servicing Rights Owner and the Servicer;
  - (ii) furnish to each Mortgagor each notice (including privacy notices) required to be provided to such Mortgagors in accordance with Applicable Requirements and in form and substance mutually agreed upon by the Servicing Rights Owner and the Servicer;
  - (iii) include in the related Servicing File a copy of each notice furnished to a Mortgagor pursuant to this Section 2.06(c); and
  - (iv) notwithstanding the foregoing, except as required by Applicable Requirements, no applicable notification shall be required pursuant to this Section 2.06(c) to the extent that the Servicer is already acting as the Servicer with respect to the Mortgage Loans.
- (d) ARM Adjustments. With respect to each ARM Mortgage Loan whose index value for any interest adjustment date is available on or prior to the related Effective Date, Servicing Rights Owner shall make, or shall cause the Prior Servicer to make, all such adjustments and shall inform the related Mortgagors of such adjustments;
- (e) Delivery of Books and Records. Servicing Rights Owner will, on or before the applicable Effective Date, deliver, or cause to be delivered, to Servicer all of the books, records, data, files and Mortgage Loan Documents, including records in a mutually agreed upon electronic indexed form, reasonably required by Servicer to document and service each Mortgage Loan; such books, records, data, files and documents contain all of the items which are required by the Applicable Requirements to service the Mortgage Loans.
- (f) Real Estate Taxes. In the event that any real estate taxes or assessments in connection with a Mortgage Loan are delinquent at the time of, or would become delinquent if not paid within 30 days after, the applicable Effective Date, then Servicer shall not be responsible hereunder for any penalties or interest resulting from such delinquency; provided that Servicer shall be responsible for any such penalties and/or interest incurred from such delinquency for any Initial Mortgage Loans in accordance with the Purchase Agreement. Servicing Rights Owner shall either (a) ensure that each first lien Mortgage Loan is covered by a tax service contract with CoreLogic, Inc. or (b) if not so covered, then pay to Servicer a one-time fee in the applicable amount set forth on Schedule A, in respect of each such Mortgage Loan. With respect to any Initial Mortgage Loans, Servicer shall either (a) ensure that such Initial Mortgage Loan is covered by a tax service contract with CoreLogic, Inc. or (b) if not so covered, at its sole cost, then pay (without reimbursement thereof) the applicable amount to establish such tax service contract.
- (g) Hazard Insurance. In the event that there is no hazard insurance policy covering the property securing a Mortgage Loan that Servicer shall subservice hereunder at the time of, or if the coverage under a hazard insurance policy shall lapse without payment of the required premium within thirty (30) days after, the applicable Effective Date and such a policy is required to be maintained under the Applicable Requirements, then in no event shall Servicer be responsible hereunder for the absence of hazard insurance coverage until thirty (30) days have elapsed since such applicable Effective Date.
- (h) Flood Insurance Determination Contracts. To the extent required by Applicable Requirements, Servicing Rights Owner shall obtain, at Servicing Rights Owner's sole cost and expense, before the applicable Effective Date, "life of loan" or "life-time" transferable flood insurance determination contracts from CoreLogic, Inc. or

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ServiceLink on each Mortgage Loan. Servicing Rights Owner shall either (a) assign to Servicer, on or promptly following the applicable Effective Date, the related certified and guaranteed assignable flood insurance determination contracts Servicing Rights Owner obtained for such Mortgage Loans or (b) pay to Servicer a one-time fee in the applicable amount set forth on Schedule A for each Mortgage Loan transferred to Servicer for subservicing hereunder which is not subject to such a flood insurance determination contract.

(i) Other Insurance. In the event that the monthly payments in connection with a Mortgage Loan to be subserviced by Servicer hereunder include amounts to pay premiums for accident, health, and life insurance, and similar types of personal insurance products, then at the applicable Effective Date, Servicing Rights Owner shall include, or cause to be included, a notice of such fact to Servicer.

2.07 MERS

With respect to any MERS Mortgage Loan (other than the Initial Mortgage Loans), at the Servicing Rights Owner's expense, Servicer shall update all required MERS fields, with the cooperation of the Servicing Rights Owner, as necessary and comply with all applicable requirements of MERS; and transfer of servicing to Servicer.

2.08 Transfer of Servicing

Except with respect to any Initial Mortgage Loans, the transfer of the servicing obligations with respect to the Mortgage Loans to Servicer shall be in accordance with the Servicing Transfer Instructions in all material respects.

**ARTICLE III.**

**REPRESENTATIONS AND WARRANTIES OF THE SERVICER**

3.01 Representations and Warranties of Servicer

Servicer represents and warrants to Servicing Rights Owner that as of the initial Sale Date and as of each Effective Date and/or such other date as set forth herein:

(a) Due Organization and Good Standing. Servicer (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) has all licenses necessary to carry on its business as now being conducted, (iii) is licensed, qualified and in good standing under the laws of each state where a Mortgaged Property is located if the laws of such state require licensing or qualification in order to conduct business of the type conducted by Servicer and (iv) is in compliance with the laws of any such state to the extent necessary to permit the servicing of the Mortgage Loans in accordance with the terms of this Agreement;

(b) Power and Authority; Enforceability. Servicer has the full power and authority to execute and deliver this Agreement, and to enter into and consummate all transactions contemplated by this Agreement. Servicer has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement, assuming due authorization, execution and delivery by Servicing Rights Owner, constitutes a legal, valid and binding obligation of Servicer, enforceable against it in accordance with its terms, subject to applicable bankruptcy and insolvency laws affecting the rights of creditors generally and to general principles of equity (regardless of whether enforcement of such remedies is considered in a proceeding in equity or law);

(c) No Conflict. The execution and delivery of this Agreement by Servicer, the servicing of the Mortgage Loans by Servicer hereunder, the consummation of any other of the transactions contemplated hereunder, and the fulfillment of or compliance with the terms hereof are in the ordinary course of business of Servicer and will not (i) result in a breach of any term or provision of the organizational documents of Servicer or (ii) conflict with, result in a breach, violate, or result in a default under or acceleration of, the terms of any material agreement, indenture or loan or credit agreement or other material instrument to which Servicer is a party or by which it may be bound, or (iii) constitute a violation of any Applicable Requirements including any statute, rule, regulation, order, judgment or decree applicable to Servicer of any Governmental Authority having jurisdiction over Servicer;

(d) Ability to Service. Servicer has the facilities, procedures and experienced personnel necessary for the servicing of mortgage loans of the same type as the Mortgage Loans. Servicer does not believe, nor does it have any



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cause or reason to believe, that it cannot perform each and every obligation and covenant applicable to it contained in this Agreement;

(e) No Litigation Pending. There is no action, suit, proceeding or investigation pending or, to the best of Servicer's knowledge, threatened, against Servicer which, either in any one instance or in the aggregate, if determined adversely to Servicer would adversely affect the ability of Servicer to service the Mortgage Loans hereunder in accordance with the terms; and

(f) No Consent Required. No consent, approval, authorization or order of any Governmental Authority or body is required for the performance by Servicer of or compliance by Servicer with this Agreement, or if required, such approval has been obtained prior to the initial Effective Date.

(g) Agency Approvals. The Servicer is an approved servicer for, and in good standing with, each Agency and is a HUD and VA approved mortgage pursuant to Section 203 of the National Housing Act, and shall maintain such approvals throughout the term of this Agreement. No event has occurred, including but not limited to, a change in insurance coverage, that would make the Servicer unable to comply with eligibility requirements of each Agency, or that would require notification to any Agency and, to the best of the Servicer's knowledge, there are no pending business issues with any Agency that would likely materially adversely affect the ability of the Servicer to service mortgage loans on behalf of such entities or to comply with Applicable Requirements. Servicer has not received any written notice from an Agency that it intends to terminate the Servicer's status as an approved servicer.

(h) MERS. The Servicer is a member of MERS in good standing. The Servicer shall maintain a MERS quality assurance plan to promote compliance with all MERS requirements and Applicable Requirements and provide the Servicing Rights Owner with a copy of such plan upon request.

**ARTICLE IV.**

**REPRESENTATIONS AND WARRANTIES OF THE SERVICING RIGHTS OWNER**

4.01 Representations and Warranties

Servicing Rights Owner represents and warrants to Servicer that as of the initial Sale Date and each related Effective Date or as otherwise set forth herein:

(a) Due Organization and Good Standing. Servicing Rights Owner (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) has all licenses necessary to carry on its business as now being conducted, except for such licenses, the absence of which individually or in the aggregate, would not have a material adverse effect on the ability of Servicing Rights Owner to conduct its business as it is presently conducted or the enforceability of any Mortgage Loan, (iii) is licensed, qualified and in good standing under the laws of each state where a Mortgaged Property is located if the laws of such state require licensing or qualification in order to conduct business of the type conducted by Servicing Rights Owner and (iv) is in compliance with the laws of any such state to the extent necessary to permit the servicing of the Mortgage Loans in accordance with the terms of this Agreement;

(b) Power and Authority; Enforceability. Servicing Rights Owner has the full power and authority to execute and deliver this Agreement, and to enter into and consummate all transactions contemplated by this Agreement. Servicing Rights Owner has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement, assuming due authorization, execution and delivery by Servicer, constitutes a legal, valid and binding obligation of Servicing Rights Owner, enforceable against it in accordance with its terms, subject to applicable bankruptcy and insolvency laws affecting the rights of creditors generally and to general principles of equity (regardless of whether enforcement of such remedies is considered in a proceeding in equity or law);

(c) No Conflict. The execution and delivery of this Agreement by Servicing Rights Owner, the consummation of any other of the transactions contemplated hereunder, and the fulfillment of or compliance with the terms hereof are in the ordinary course of business of Servicing Rights Owner and will not (i) result in a breach of any term or provision of the organizational documents of Servicing Rights Owner or (ii) conflict with, result in a breach, violate, or result in a default under or acceleration of, the terms of any material agreement, indenture or loan or credit

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agreement or other material instrument to which Servicing Rights Owner is a party or by which it may be bound, or (iii) constitute a violation of any Applicable Requirements including any statute, rule, regulation, order, judgment or decree applicable to Servicing Rights Owner of any Governmental Authority having jurisdiction over Servicing Rights Owner;

(d) No Litigation Pending. There is no action, suit, proceeding or investigation pending or, to the best of Servicing Rights Owner's knowledge, threatened, against Servicing Rights Owner which, either in any one instance or in the aggregate, if determined adversely to Servicing Rights Owner would adversely affect the ability of Servicing Rights Owner to engage the Servicer to service the Mortgage Loans hereunder in accordance with the terms; and

(e) No Consent Required. Except for approvals required from the applicable Agency in connection with any Effective Date or Servicing Transfer Date, no consent, approval, authorization or order of any Governmental Authority is required for the performance by Servicing Rights Owner of or compliance by Servicing Rights Owner with this Agreement, or if required, such approval has been obtained prior to the initial Effective Date or Servicing Transfer Date.

4.02 Representations and Warranties of Servicing Rights Owner Regarding Individual Mortgage Loans.

As to each Mortgage Loan other than any Initial Mortgage Loan, Servicing Rights Owner represents and warrants and covenants to Servicer as of the related Effective Date:

(a) Mortgage Loans as Described. The information set forth in the related Mortgage Loan Schedule and the information contained on the New Loan Data File delivered to the Servicer is true and correct in all material respects; and

(b) Ownership. The Servicing Rights Owner is the owner of the Servicing Rights associated with each Mortgage Loan.

**ARTICLE V.**

**ADMINISTRATION AND SERVICING OF MORTGAGE LOANS**

5.01 Appointment of Servicer; Servicing Standards; Additional Documents; Consent of Servicing Rights Owner

(a) Servicer hereby agrees to service the Mortgage Loans from and after the related Effective Date through the termination of this Agreement, as applicable, pursuant to the terms and provisions of this Agreement and Applicable Requirements; provided, however, in the event of an explicit conflict between the terms of this Agreement and the Investor Guidelines in respect of the Mortgage Loans, the terms and conditions of the Investor Guidelines shall govern and control to the extent of such conflict.

(b) Servicer shall maintain all written regulations, policies and procedures necessary for compliance with Applicable Requirements, including, without limitation, policies and procedures to ensure compliance with unfair and deceptive acts and practices laws, including the proper crediting of payments and foreclosure proceedings. Servicer shall update such regulations, policies and procedures as required and shall provide copies thereof to Servicing Rights Owner or of any update with respect to collection or loss mitigation procedures promptly following the implementation of a material change.

(c) Upon the Servicing Rights Owner's request, the Servicer shall reasonably cooperate with the Servicing Rights Owner and any backup servicer designated by the Servicing Rights Owner, including, but not limited to, working and coordinating with such backup servicer's personnel to provide applicable mapping system fields, data checks, conversion routines and other assistance to enable such backup servicer to receive readable data from the Servicer on a periodic basis, which frequency shall be determined by the Servicing Rights Owner. The Servicing Rights Owner shall reimburse the Servicer for its reasonable, actual and documented out-of-pocket or internally allocated, as applicable, costs and expenses incurred by the Servicer in connection with its cooperation with such backup servicer.

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(d) The Servicer shall maintain its current internal quality control program that reviews, on a regular basis, its compliance with and conformity to all Applicable Requirements (including all applicable regulations, rules, directives and published guidance of the CFPB, as such may be amended, modified or supplemented from time to time) to which the Servicer is subject. The program shall include evaluating and monitoring the overall quality of the Servicer's loan servicing and origination activities, including collection call programs, in accordance with Accepted Servicing Practices and this Agreement.

(e) On a calendar quarterly basis (no later than twenty (20th) day following the end of each calendar quarter), the Servicer shall provide to the Servicing Rights Owner (i) a written summary (in form and substance mutually agreed upon the Servicing Rights Owner and Servicer) setting forth material findings of such quality control program relevant to the servicing of the Mortgage Loans relating to (x) the first two calendar months of calendar quarter immediately preceding the calendar quarter in which such summary is provided and (y) the last calendar month of the second calendar quarter immediately preceding the calendar quarter in which such summary is provided and (ii) a copy of its quality control program. The quality control will include tests of business process controls and loan level sampling and diligence.

(f) The Servicer shall track any issues that emerge from the quality control reviews of itself and its Vendors, Off-shore Vendors to ensure that the Servicing Rights Owner is promptly notified of any potential material issues on a calendar quarterly basis (no later than 30 days following the end of each calendar quarter) and that such potential material issues are timely addressed and remediated. The Servicer shall provide the Servicing Rights Owner with notice of any material modifications to the quality control program as promptly as possible and in any event not later than on a calendar quarterly basis (no later than 30 days following the end of each calendar quarter) following the implementation of such modification, in which case the Servicing Rights Owner shall have the option to perform a due diligence review of the revised quality control program on reasonable notice to the Servicer.

(g) Where applicable, the Servicer will comply with the National Housing Act, as amended, and with the Servicemembers Civil Relief Act of 2003, as amended, and with all rules and regulations issued under each of those statutes, and with requirements of Insurers, including requirements concerning the giving of notices and submitting of claims required to be given or submitted pursuant to Applicable Requirements.

(h) The Servicing Rights Owner expressly assumes the full risk of ownership on all Servicing Advances (including, without limitation, arising out of denials by any Agency or Investor of reimbursement of any Servicing Advance where the Servicer has performed its obligations in accordance with Applicable Requirements and the standards set forth on Exhibit 15). The Servicer shall be liable for denials by any Agency or Investor of reimbursement of any Servicing Advance where such Servicing Advance is not reimbursed because the Servicer has failed to perform its obligations in accordance with Applicable Requirements and the standards set forth on Exhibit 15.

5.02 Collection of Mortgage Loan Payments

Continuously from the applicable Effective Date with respect to a Mortgage Loan until (i) the principal and interest on such Mortgage Loan is paid in full or (ii) servicing of such Mortgage Loan is transferred to another servicer, Servicer will proceed diligently to collect all payments due under such Mortgage Loan when the same shall become due and payable and shall, to the extent such procedures shall be consistent with the Applicable Requirements.

5.03 Additional Service Request

If fulfilling Servicing Rights Owner's request would require Servicer to perform activities that are not customarily performed by Servicer under similar servicing arrangements and Servicer would incur out-of-pocket costs or internally allocated costs, Servicer shall promptly notify Servicing Rights Owner of the costs related thereto, with a statement of work identifying such work and costs related thereto. Servicing Rights Owner, following receipt of notification from Servicer of such statement of work, shall either (x) instruct Servicer to proceed with fulfilling such request by execution of such statement of work and Servicing Rights Owner shall be responsible for reimbursing Servicer for the costs identified in such statement of work after the fulfillment of such request to Servicing Rights Owner's reasonable satisfaction or (y) decline to make such request to Servicer. Servicing Rights Owner shall pay such invoiced amount no later than thirty (30) days after Servicing Rights Owner's receipt of the invoice from Servicer.



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5.04 Establishment of Collection Account; Deposits in Collection Account

Servicer shall segregate and hold all funds collected and received pursuant to each Mortgage Loan separate and apart from any of its own funds and general assets and shall establish and maintain one or more Collection Accounts, each of which shall be an Eligible Account. The creation or designation of any Collection Account shall be evidenced by a letter agreement in the form of Exhibit 3 attached hereto, which shall be furnished to Servicing Rights Owner upon Servicing Rights Owner's request. Servicer shall make such deposits to each Collection Account in accordance with the Applicable Requirements (and, in all cases, within two (2) Business Days of the Servicer's receipt thereof); provided that payments in the nature of Ancillary Fees (other than Float Benefit) need not be deposited by Servicer in the Collection Account, all of which shall accrue to the Servicer and be retained by Servicer as additional compensation

Servicing Rights Owner shall be entitled to all Float Benefit from funds held in the Collection Account. To the extent that the Float Benefit constitutes economic credits in a calendar month, Servicer shall pay the same to Servicing Rights Owner no later than twelve (12) days following such calendar month.

5.05 Permitted Withdrawals from the Collection Account

Servicer may, from time to time in accordance with the provisions hereof, withdraw amounts from the Collection Account for the following purposes (without duplication):

- (1) to make payments in the manner provided for in Section 6.01;
- (2) to remove any amounts deposited into the Collection Account in error;
- (3) to clear and terminate the Collection Account in the event a new Collection Account has been established, or upon the termination of this Agreement, with any funds contained therein to be distributed in accordance with the terms of this Agreement; and
- (4) except for disputed amounts, to reimburse itself for any amounts payable by the Servicing Rights Owner to the Servicer as to which the Servicing Rights Owner has failed to pay the Servicer when and as due in accordance with this Agreement; provided that the Servicer has given the Servicing Rights Owner at least ten (10) days' notice of any such failure to pay.

Servicer shall keep and maintain a separate, detailed accounting, on a Mortgage Loan-by-Mortgage Loan basis, for the purpose of justifying any withdrawal from the Collection Account pursuant to this Section 5.05.

5.06 Establishment of Escrow Accounts; Deposits in Escrow

Servicer shall segregate and hold all funds collected and received pursuant to each Mortgage Loan which constitute Escrow Payments separate and apart from any of its own funds and general assets and shall establish and maintain one or more Escrow Accounts, each of which shall be an Eligible Account. The creation of any Escrow Account shall be evidenced by a letter agreement in the form shown on Exhibit 4 attached hereto, which shall be furnished to Servicing Rights Owner upon Servicing Rights Owner's request.

Servicer shall make such deposits to each Escrow Account in accordance with the Applicable Requirements (and, in all cases, within two (2) Business Days of the Servicer's receipt thereof).

Servicing Rights Owner shall be entitled to all Float Benefit from funds held in the Escrow Account. To the extent that the Float Benefit constitutes economic credits in a calendar month, Servicer shall pay the same to Servicing Rights Owner no later than twelve (12) days following such calendar month. To the extent that Servicer uses its own funds to fund any interest on escrowed funds required by Applicable Regulations to be paid to the Mortgagor, Servicing Rights Owner shall reimburse the Servicer or any interest on escrowed funds required by Applicable Regulations to be paid to the Mortgagor upon invoice therefor.

5.07 Permitted Withdrawals From Escrow Accounts

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Withdrawals from any Escrow Account may be made by Servicer in accordance with the applicable Investor Guidelines. If Servicer collects any late payments or collections from the Mortgagor which had previously been reimbursed to Servicer by Servicing Rights Owner or from the Collection Account, Servicer shall credit such amount against Servicing Rights Owner's monthly Servicing Advance reimbursement obligation.

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5.08 Payment of Taxes, Insurance and Other Charges

With respect to each Mortgage Loan, Servicer shall maintain accurate records reflecting the status of taxes, assessments, and other charges which are or may become a lien upon the Mortgaged Property and the status of fire and hazard insurance coverage and shall make payment thereof, if and as required, in accordance with the Applicable Requirements, such payments (if not from escrowed Mortgagor funds) constituting Servicing Advances hereunder.

5.09 Transfer of Accounts

The Escrow Account and Collection Account shall be maintained at a financial institution designated by Servicing Rights Owner that reasonably satisfies the Servicer's operational guidelines; provided that, to the extent the Servicing Rights Owner directs the Servicer to change such accounts to a different depository institution from time to time that meets the Eligible Account requirements more than one (1) time in any calendar year, the Servicing Rights Owner shall pay any reasonable, actual and documented out-of-pocket or internally allocated, as applicable, costs of for such additional change in depository institution.

Servicer may transfer, upon the prior written consent of Servicing Rights Owner, the Collection Account or any Escrow Account to a different depository institution from time to time that meets the Eligible Account requirements.

5.10 Maintenance of Hazard Insurance

Servicer shall cause to be maintained for each Mortgage Loan and REO Property fire and hazard insurance with extended coverage as is customary in the area where the Mortgaged Property is located in an amount consistent with Applicable Requirements.

Any amounts collected by Servicer under any such policies other than amounts to be deposited in the Escrow Account and applied to the restoration or repair of the Mortgaged Property or REO Property, or released to the Mortgagor in accordance with Accepted Servicing Practices, shall be deposited in the Collection Account within two (2) Business Days after receipt and identification thereof (which identification shall occur, in no event, later than five (5) Business Days following receipt).

Any amounts advanced by Servicer pursuant to this Section 5.10 shall be deemed Servicing Advances.

5.11 Buydown Mortgage Loans

With respect to each Buydown Mortgage Loan, Servicing Rights Owner shall have responsibility or obligation to deposit into the Escrow Account any required Buydown Funds. With respect to each Buydown Mortgage Loan, Servicer will distribute to the Mortgage Loan Investor on each Remittance Date an amount of Buydown Funds required under the terms of the Mortgage Loan.

5.12 Fidelity Bond; Errors and Omissions Insurance

The Servicer shall maintain, at its own expense, a blanket fidelity bond and an errors and omissions insurance policy and a mortgage impairment policy, with broad coverage with financially responsible companies that meet the current requirements of each Mortgage Loan Investor on all officers, employees or other Persons acting in any capacity with regard to the Mortgage Loans to handle funds, money, documents and papers relating to the Mortgage Loans. The fidelity bond and errors and omissions insurance shall protect and insure the Servicer against losses, including forgery, theft, embezzlement, fraud, errors and omissions and negligent acts of such Persons. Such fidelity bond and errors and omissions insurance policy shall also protect and insure the Servicer against losses in connection with the failure to maintain any insurance policies required pursuant to this Agreement and Applicable Requirements and the release or satisfaction of a Mortgage Loan without having obtained payment in full of the indebtedness secured thereby.

5.13 Realization Upon Defaulted Serviced Mortgage Loans and REO Properties

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In the event that any payment due under any Mortgage Loan is not paid when the same becomes due and payable, or in the event the Mortgagor fails to perform any other covenant or obligation under the Mortgage Loan and such failure continues beyond any applicable grace period, consistent with Section 5.01 hereof, Servicer shall take such action as shall be required in accordance with the Applicable Requirements. If the Applicable Requirements require the

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consent or approval of any Person, (other than the Servicing Rights Owner) Servicer, on behalf of Servicing Rights Owner, shall take such action, if any, to obtain any such consent or approval.

5.14 Management of REO Properties

If title to any Mortgaged Property is acquired in foreclosure or by deed in lieu of foreclosure (each, an "REO Property"), the deed or certificate of sale shall be taken in the name required by applicable Investor Guidelines; provided that, unless required in accordance with Investor Guidelines (it being understood that the Servicer shall provide notice to the Servicing Rights Owner within five (5) Business Days of a change in the Investor Guidelines that require the title to be conveyed in the name of the Servicing Rights Owner to Group\_NRM\_OPS@fortress.com or such other email address as is updated from time to time by the Servicing Rights Owner), in no event shall the Servicer have title to the Mortgaged Property conveyed in the name of the Servicing Rights Owner without the Servicing Rights Owner's prior written consent. To the extent that amounts on deposit in the Collection Account are insufficient for funding the management of REO Properties, Servicer shall, subject to Section 5.13, advance the amount of funds required to cover the shortfall with respect thereto and shall be entitled to reimbursement of such Servicing Advance in accordance with Section 6.03.

Prior to transferring any REO Property to the Mortgage Loan Investor, the Servicer shall comply with all Applicable Requirements related to the maintenance of such property. The Servicer shall maintain on each REO Property monthly fire and hazard insurance with extended coverage in an amount that is at least equal to the maximum insurable value of the improvements that are a part of such property and, to the extent required and available under the national flood insurance program, flood insurance, all in the amounts and with such coverage as required under Applicable Requirements.

Solely with respect to any REO Property which was converted from a Private Label Mortgage Loan, the Servicing Rights Owner may direct the Servicer to utilize an REO manager identified by the Servicing Rights Owner; provided that, to the extent such REO manager identified by the Servicing Rights Owner is not currently a Vendor of the Servicer, the Servicer shall engage such REO manager utilizing its vendor management system and will promptly notify the Servicing Rights Owner upon the Servicer's approval or rejection of such REO manager.

5.15 HELOC Loan Advances

To the extent that Servicer funds any HELOC Loan Advance, Servicer shall use its commercially reasonable efforts to obtain reimbursement in accordance with the applicable Servicing Agreement and, if any such HELOC Loan Advance is not reimbursed from the related HELOC Loan investor, the Servicer shall provide notice thereof and the Servicer shall bill the Servicing Rights Owner for such funding as a Servicing Advance under this Agreement on a monthly basis. At any time, to the extent permitted under Applicable Requirements, the Servicer shall freeze future draws under such HELOC Loan and, if such freezing is not permitted, the Servicer shall fund future HELOC Loan Advances on such HELOC Loan and be reimbursed for the same as Servicing Advances under this Agreement in each case to the extent the Servicer is unable to obtain reimbursement from the related HELOC Loan investor.

5.16 Engagement of Contractors

(a) Exhibit 13 will set forth the following lists (in a format reasonably acceptable to the Servicing Rights Owner):  
(i) Vendors (excluding Off-shore Vendors) that the Servicer engages on a platform-wide basis to which the Servicer has assigned a tier 1 or tier 2 risk tier rating, a summary of activities for each such Vendor and the applicable risk tier the Servicer has assigned such Vendor,  
(ii) Off-shore Vendors that the Servicer engages on a platform-wide basis to which the Servicer has assigned a tier 1 or tier 2 risk tier rating, a summary of activities for each such Vendor and the applicable risk tier the Servicer has assigned such Off-shore Vendor, (iii) Default Firms engaged by the Servicer for foreclosures only which the Servicer has assigned a tier 1 or tier 2 risk tier rating and identifying the applicable risk tier the Servicer has assigned such Default Firm and (iv) Default Firms engaged by the Servicer for litigation only (excluding foreclosures) (collectively, the "Vendor List").

(b) From time to time, the Servicer may engage Vendors to provide services to the Servicer that are related to the Mortgage Loans. On a calendar quarterly basis (no later than 30 days following the end of each calendar quarter), the Servicer shall notify the Servicing Rights Owner of any new Vendors and/or Default Firms engaged to

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provide services with respect to the Mortgage Loans. In the event any such additional Vendor and/or Default Firm used by Servicer or any Off-shore Vendor is identified by the Servicing Rights Owner as having been materially deficient relating to the services provided that relate to the Mortgage Loans in the reasonable judgment of the Servicing Rights Owner, the Servicing Rights Owner shall notify the Servicer with its concerns of such Vendor and/or Default Firm. The Servicer shall promptly respond to the Servicing Rights Owner and the parties hereto shall cooperate in good faith to resolve the Servicing Rights Owner's concerns and/or findings relating to such Vendor and/or Default Firm, including but not limited to determining if such material deficiencies can be corrected or to replace such Vendor or Default Firm, as applicable, with another Vendor or Default Firm, as applicable, mutually acceptable to the parties and in accordance with Applicable Requirements. In addition, the Servicer shall promptly notify the Servicing Rights Owner of any material deficiencies with respect to any Vendor and/or Default Firm used by the Servicer with respect to any Mortgage Loan. The Servicer shall promptly notify the Servicing Rights Owner of any material deficiencies with respect to any Vendor and/or Default Firm used by the Servicer with respect to any Mortgage Loan.

(c) The Servicer shall oversee all Vendors, Off-shore Vendors and Default Firms on the Vendor List in accordance with the Vendor Oversight Guidance and its third-party management policy, and require that all Vendors', Off-shore Vendors' and Default Firms' on the Vendor List policies and procedures relating to services provided with respect to this Agreement comply with all Applicable Requirements, the Vendor Oversight Guidance and the servicing standards consistent with this Agreement. Solely as it relates to violation by a Vendor that adversely affects the Mortgage Loans or any Mortgagor which the Servicer knows or should have reasonably known, the Servicer shall provide to the Servicing Rights Owner, within twenty-one (21) Business Days therefrom, (i) notice of any violations by any Vendor, Off-shore Vendor and/or Default Firm under the Vendor Oversight Guidance, the servicer's third-party management policy and/or Applicable Requirements and (ii) a summary and action-plan by the Servicer detailing how such violation(s) will be remediated. The Servicer shall provide the Servicing Rights Owner with a searchable electronic copy of the Servicer's then current third-party management policy on a calendar quarterly basis (no later than 30 days following the end of each calendar quarter) via electronic mail, the Servicer's website and/or a DVD or other portable storage device, provided, however, that the Servicer shall provide the Servicing Rights Owner with notice of any material modifications to the third-party management policy as promptly as possible and in any event not later than on a calendar quarterly basis (no later than 30 days following the end of each calendar quarter) following the implementation of such modification, in which case the Servicing Rights Owner shall have the option to perform a due diligence review of the revised third-party management policy on reasonable notice to the Servicer.

(d) Any Vendor, Off-shore Vendor and/or Default Firms engaged by Servicer shall be engaged on commercially reasonable, arm's length basis and compensation consistent with Applicable Requirements.

(e) All Default Firms to be used in connection with the servicing and administration of the Mortgage Loans and REO Properties shall be engaged in accordance with Applicable Requirements.

(f) The Servicer shall conduct periodic reviews of the Vendors, Off-shore Vendors and Default Firms on the Vendor List that are involved in performing servicing activities related to this Agreement in accordance with the Vendor Oversight Guidance and the Servicer's policies and procedures to confirm compliance with respect to the terms of this Agreement and Applicable Requirements. The Servicer shall maintain a risk management program that establishes appropriate controls in place to monitor the Servicer's Vendors, Off-shore Vendors and Default Firms. This program will include evaluating Default Firms used by the Servicer for compliance with Applicable Requirements, including all compensation arrangements with such Default Firms are consistent with this Agreement and Applicable Requirements, and as part of the Servicer's quality control program, verification of sample documents filed or otherwise utilized by such firms in any foreclosure or bankruptcy proceeding or other foreclosure-related litigation. During such periodic reviews, the Servicer shall confirm that the Vendors, Off-shore Vendors and Default Firms providing services with respect to this Agreement are not subject to litigation or other enforcement actions that could have a material effect on such Vendor's, Off-shore Vendor's and/or Default Firm's financial viability or reputation. On a calendar quarterly basis (no later than 30 days following the end of each calendar quarter), the Servicer shall provide to the Servicing Rights Owner the results of the periodic reviews completed on any Vendors, Off-shore Vendors and Default Firms on the Vendor List during such calendar quarter, which shall include performance scorecards (where applicable), risk rating and risk-tier assignment system. The Servicer shall provide the Servicing Rights Owner with notice of any material modifications to the Servicer's

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scorecarding, risk-rating, or risk-tiering methodology as promptly as possible and in any event not later than on a calendar quarterly basis (no later than 30 days following the end of each calendar quarter) following the implementation of such modification, in which case the Servicing Rights Owner shall have the option to perform a due diligence review of the revised Servicer's scorecarding, risk-rating, or risk-tiering methodology on reasonable notice to the Servicer.

(g) The Servicer shall oversee all Vendors, Off-shore Vendors and Default Firms on the Vendor List in accordance with the Vendor Oversight Guidance and its third-party management policy. If reasonably necessary for the Servicing Rights Owner to comply with the requirements of any Governmental Authority that exercises authority over the Servicing Rights Owner, the Servicer shall, unless explicitly prohibited under Applicable Requirements or under the applicable Vendor, Off-shore Vendor or Default Firm contract, at the request of the Servicing Rights Owner, provide Servicing Rights Owner with copies of any contracts, by or with any Vendors, Off-shore Vendors and/or Default Firms on the Vendor List and any reports, evaluations, reviews or assessments with respect to such contractors.

(h) In accordance with the terms and conditions of Servicer's agreement with the applicable Vendor, Off-shore Vendor and/or Default Firm, Servicer shall satisfy in a timely manner its financial obligations to the Vendors, Off-shore Vendors and Default Firms providing services with respect to this Agreement to the extent such financial obligation is required to be made under such agreement. Servicer shall maintain appropriate controls to ensure that (i) compensation paid to the Vendors, Off-shore Vendors and Default Firms on the Vendor List providing foreclosure services with respect to the Mortgage Loans is based on a method that is consistent with Applicable Requirements and considers the accuracy, completeness and legal compliance of foreclosure filings and (ii) that such services are provided only as frequently as reasonably necessary in light of the circumstances, and, in the case of both (i) and (ii) above, is not based solely on increased foreclosure volume or meeting processing timelines

5.17 Other Services

(a) The Servicer shall identify a Servicing Officer with respect to the Mortgage Loans, who shall serve as the principal point of contact for the Servicing Rights Owner for purposes of answering questions with respect to the Subservicing pursuant to this Agreement. The Servicer will provide prompt notice to the Servicing Rights Owner if a change occurs with the Servicing Officer.

(b) The Servicer shall provide notice to the Servicing Rights Owner no later than two (2) Business Days after receipt by the office of Servicer's general counsel of notice from any Agency, Insurer or Governmental Authority of an inquiry relating to an alleged violation of Applicable Requirements with respect to any Mortgage Loans that could reasonably result in a sanction, fee or other liability to the Servicing Rights Owner or otherwise materially adversely affect the Servicing Rights Owner or the Servicer's ability to perform its obligations under this Agreement, including, but not limited to, any allegations of discrimination by the Servicer and any civil investigative demand or request for information, unless disclosing such inquiry to the Servicing Rights Owner is expressly prohibited by such entity or by Applicable Requirements and (ii) promptly provide a copy (redacted as necessary to the extent providing unredacted copies is expressly prohibited by such entity or by Applicable Requirements) of any such allegation, demand or inquiry to the Servicing Rights Owner, unless providing such redacted copy is expressly prohibited by such entity or by Applicable Requirements, in which case Servicer shall provide to Servicing Rights Owner a detailed summary of such materials in writing or verbally, in each case unless such disclosure is expressly prohibited by such entity or by Applicable Requirements. The Servicer shall cooperate with the Servicing Rights Owner to respond promptly and completely to any such allegations or inquiries and similarly to any such allegations or inquiries received by the Servicing Rights Owner.

(c) The Servicer shall provide notice to the Servicing Rights Owner no later than five (5) Business Days after receipt by the office of the Servicer's general counsel of notice or knowledge that an investigation of the Servicer's servicing practices by any Governmental Authority relating to an alleged violation of Applicable Requirements with respect to any Mortgage Loans has determined that material deficiencies in servicing performance or violation of Applicable Requirements has occurred, unless expressly prohibited by the related Governmental Authority or by Applicable Requirements. The Servicer shall, upon request of the Servicing Rights Owner, confer with the Servicing Rights Owner to advise the Servicing Rights Owner of the status of any such investigation.

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(d) The Servicer shall provide notice to the Servicing Rights Owner no later than five (5) Business Days after receipt by the office of the Servicer's general counsel of notice or knowledge if (i) the Servicer reasonably believes that a Governmental Authority is reasonably likely to suspend, revoke or limit any license or approval necessary for the Servicer to service the Mortgage Loans in accordance with the terms of this Agreement or (ii) a special investigation or non-routine exam of the Servicer commenced by a Governmental Authority is reasonably likely to materially and adversely affect the Mortgage Loans, in each case, unless expressly prohibited by the related Governmental Authority or by Applicable Requirements. The Servicer shall, upon request of the Servicing Rights Owner, confer with the Servicing Rights Owner to advise the Servicing Rights Owner of the status of any such potential action or investigation.

(e) Within five (5) Business Days after receipt by the office of the Servicer's general counsel of the final reports or findings with respect to any investigation referenced in clauses (c) or (d) above, the Servicer shall deliver to the Servicing Rights Owner a copy of any such reports and/or findings relating to any material deficiencies in servicing performance or violations of Applicable Requirements (redacted as necessary to the extent providing unredacted copies is expressly prohibited by such entity or by Applicable Requirements, unless providing such redacted copy is expressly prohibited by such entity or by Applicable Requirements, in which case Servicer shall provide to Servicing Rights Owner a detailed summary of such materials in writing or verbally, in each case unless such disclosure is expressly prohibited by such entity or by Applicable Requirements). Within five (5) Business Days of the Servicer's general counsel's receipt, Servicer shall provide the Servicing Rights Owner a copy of any consent decree terms and/or any proposed consent decree terms in connection with any investigation or settlement negotiations of the Servicer's servicing practices by any Governmental Authority (redacted as necessary to the extent providing unredacted copies is expressly prohibited by such Governmental Authority or by Applicable Requirements, unless providing such redacted copy is expressly prohibited by such entity or by Applicable Requirements, in which case Servicer shall provide to Servicing Rights Owner a detailed summary of such materials in writing or verbally, in each case unless such disclosure is expressly prohibited by such Governmental Authority or by Applicable Requirements).

(f) Reserved.

(g) The Servicer shall maintain a log of all "qualified written requests" (as such term is used in the Real Estate Settlement Procedures Act) relating to the Mortgage Loans, records of all "level 1" and "level 2" escalated telephone complaints related to the Mortgage Loans and a log of all "level 3" escalated telephone complaints related to the Mortgage Loans. The Servicer shall provide copies of such records and logs and copies of any correspondence or documentation relating to any items included in such logs no later than 30 days following the end of each calendar quarter, or reasonably promptly upon reasonable request the Servicing Rights Owner.

(h) The Servicer shall maintain a MERS quality assurance plan to promote compliance with all MERS requirements and Applicable Requirements and provide the Servicing Rights Owner with a copy of such plan upon request. The Servicer shall provide the Servicing Rights Owner with prompt notice of any material modification to its MERS quality assurance plan made after the date hereof and agrees to cooperate in good faith in addressing any questions or concerns of the Servicing Rights Owner regarding such modification. The Servicer shall cooperate with any audit by the Servicing Rights Owner with respect to any Mortgage Loan registered with MERS and compliance with the MERS requirements, including providing access to any relevant documentation or information in connection therewith.

5.18 Service Level Agreements.

(a) The Servicer shall comply with the Service Level Agreements ("SLAs") as set forth from time to time on Exhibit 11, or as modified pursuant to this Section 5.18; provided, however, that the Servicer will not be responsible for delays, errors or omissions caused by the Servicing Rights Owner or any verifiable factors outside of the Servicer's control.

(b) The Servicer shall report the Servicer's actual results with respect to the SLAs in the form of report and timeline(s) described in Exhibit 12. The Servicing Rights Owner and the Servicer shall cooperate in good faith to resolve any questions or issues regarding the SLAs and the Servicer's performance with respect to such SLAs.

(c) At either party's request, the Servicing Rights Owner and the Servicer shall review the SLAs and any proposed modifications to the SLAs (including the related tools and methodologies for measuring or calculating



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compliance with such SLAs). Such modifications shall become effective when acknowledged in writing and signed by both parties.

(d) The remedy for failure to satisfy any SLAs shall be as set forth in the SLAs; provided that, for the avoidance of doubt, where the failure to satisfy any SLAs is otherwise a breach of this Agreement, nothing herein shall restrict or limit any rights or remedies available to the Servicing Rights Owners under this Agreement or Applicable Requirements.

5.19 Power of Attorney.

Upon request of Servicer, the Servicing Rights Owner shall execute a mutually agreed upon number of limited powers of attorney substantially in the form set forth in Exhibit 9 hereto and provide such original executed limited powers of attorney to the Servicer for use in connection with the servicing activities contemplated in this Agreement. The Servicing Rights Owner agrees to provide additional original executed limited powers of attorney as may be requested by the Servicer from time to time.

5.20 Repurchase Facilitation.

The Servicer shall promptly notify the Servicing Rights Owner if it becomes aware of any repurchase claim by the applicable Agency with respect to any Mortgage Loan and shall cooperate with any reasonable requests of the Servicing Rights Owner for information with respect to such Mortgage Loan and in connection with coordinating the repurchase claim (including, but not limited to, providing copies of related collection system comments) and delivery of the applicable Mortgage Loan file and related documents to the Servicing Rights Owner or its designee with respect to such repurchase transaction. Once the rebuttal process has been completed and the related Agency requires repurchase of the related Mortgage Loan, unless Servicer is required to repurchase such Mortgage Loan pursuant to this Section 5.20 or under the Purchase Agreement, the Servicing Rights Owner shall repurchase the related Mortgage Loan or deliver to the Servicer the applicable repurchase price amount in order to be drafted by or remitted to the applicable Agency. Upon such repurchase, unless otherwise mutually agreed upon, the Servicing Rights Owner or its designee shall take immediate title to the applicable Mortgage Loan.

In the event any repurchase claim by the applicable Agency with respect to any Mortgage Loan arises out of or relates to a breach of the representations, warranties or covenants of Servicer under this Agreement, Servicer shall (i) repurchase such Mortgage Loan from the applicable Agency and (ii) repurchase the related Servicing Rights from Purchaser in an amount equal to Servicing Rights Reimbursement Price (as defined in the Purchase Agreement). In connection therewith, Servicer and Servicing Rights Owner shall work together to facilitate such repurchase by the Servicer in accordance with Applicable Requirements.

5.21 FHA/VA Loan Servicing Provisions.

Notwithstanding anything set forth to the contrary in this Agreement, the Servicer shall service VA Loans in strict compliance with the VA Regulations and the Servicer shall diligently seek to mitigate losses by utilizing applicable remedies in accordance with the VA Regulations.

Notwithstanding anything set forth to the contrary in this Agreement, the Servicer shall service FHA Loans in strict compliance with the following provisions:

(i) Servicer shall service the Mortgage Loans in accordance with the provisions provided in this Agreement including, in the case of FHA Loans, taking all actions by a mortgagee in accordance with FHA Regulations. The Servicer shall not (unless the Mortgagor is in default or such default is, in the judgment of the Servicer, reasonably foreseeable) permit any modification that would in the case of FHA Loans, affect the FHA Insurance Contract with respect to such Mortgage Loan.

(ii) In servicing and administering the FHA Loans, the Servicer shall comply strictly with the National Housing Act and the FHA Regulations, and administrative guidelines issued thereunder or pursuant thereto (insofar as the same apply to any Mortgage Loan) and, to the extent permitted hereunder, promptly discharge all of the obligations of the mortgagee thereunder.

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(iii) In the event that any payment due under any FHA Loan serviced by the Servicer pursuant to this Agreement becomes Delinquent, the Servicer shall take all such actions as are in the best interests of the applicable Investor and permitted under any applicable FHA loss mitigation proceedings.

**ARTICLE VI.**

**REPORTS; REMITTANCES; ADVANCES**

6.01 Remittances to Mortgage Loan Investor and Servicing Rights Owner

(a) On each Remittance Date, Servicer shall remit to the related Mortgage Loan Investor amounts in the Collection Account(s) to the extent required in accordance with the applicable Investor Guidelines.

(b) On each SRO Distribution Date, Servicer shall remit to the Servicing Rights Owner's Account all Servicing Rights Owner Economics (to the extent greater than zero and net of lender paid mortgage insurance) with respect to the Mortgage Loans.

(c) The Servicer shall provide the Servicing Rights Owner with sufficient information in an electronic format to confirm and reconcile the calculation of the Servicing Rights Owner Economics each month, including any Servicer Economics (on a loan-by-loan basis) and reflecting all applicable fees payable to Servicing Rights Owner and to Servicer.

(d) All Float Benefit shall be payable to the Servicing Rights Owner, which amounts shall be included in the calculation of the Servicing Rights Owner Economics in accordance with this Section 6.01. The Servicing Rights Owner shall be responsible for all fees and charges associated with maintaining any Collection Account or Escrow Account.

6.02 Reporting; Delinquency Control

(a) Servicer shall deliver such reports to the Mortgage Loan Investor as are required in accordance with the applicable Investor Guidelines and deliver a copy of such reports to Servicing Rights Owner.

(b) The Servicer shall provide the Servicing Rights Owner, in an electronic format, a monthly report containing data elements to be mutually agreed upon by the parties detailing all the Servicing Rights Owner Economics and the Servicer Economics. Pursuant to Section 6.01, the Servicer shall provide the Servicing Rights Owner with sufficient information to reflect the calculation of the Servicing Rights Owner Economics and the Servicer Economics, together with such other standard reports as mutually agreed upon (to be attached hereto on Exhibit 8) and identified on Exhibit 12 hereto. The Servicer shall also provide the Servicing Rights Owner, in an electronic format, the periodic reports set forth on Exhibit 12 hereto.

(c) In addition, the Servicer shall cooperate in good faith with the Servicing Rights Owner to provide any periodic, special or other reports, information or documentation as may be reasonably requested from time to time and the reasonable, actual and documented out-of-pocket or internally allocated, as applicable, expenses incurred by the Servicer shall be reimbursed by the Servicing Rights Owner only to the extent the applicable information for such reports is not readily available without the Servicer incurring material costs and expenses and as otherwise agreed from time to time.

(d) No later than (i) forty-five (45) calendar days after the end of each of the first three quarterly fiscal periods of each fiscal year of Servicer after the initial Sale Date and (ii) ninety (90) calendar days after the end of each fiscal year of Servicer after the initial Sale Date, in each case, the Servicer shall deliver to Servicing Rights Owner, a certificate in the form of Exhibit 6 (the "Quarterly Financial Covenants Report"), signed by the chief financial officer of the Servicer certifying as to whether the financial covenants set forth on Exhibit 6 attached hereto (the "Quarterly Financial Covenants") have been met, together with reasonable supporting documentation and backup which would permit the Servicing Rights Owner to verify, validate and corroborate the certifications made in the Quarterly Financial Covenants Report.

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(e) The Servicer shall cause a certified public accountant selected and employed by it to provide the Servicing Rights Owner not later than ninety (90) days after the close of Servicer's fiscal year, with a certified statement of the Servicer's financial condition as of the close of its fiscal year. The Servicer shall deliver a Report on Assessment of Compliance with Applicable Servicing Criteria relating to compliance with the relevant servicing criteria under Item 1122 of Regulation AB promulgated by the Securities and Exchange Commission (or compliance with the Uniform Single Attestation Program for Mortgage Bankers) by an independent public accounting firm which is a member of the Public Company Accounting Oversight Board at such time that such statements, certifications and other reports are delivered to the Agencies or other Mortgage Loan Investors.

(f) As promptly as possible and in no event later than two (2) Business Days following receipt thereof, the Servicer shall notify the Servicing Rights Owner of (i) any notice by an Agency regarding the termination or potential termination of the Servicer as an eligible servicer for such Agency, (ii) any notices of material noncompliance received from any Agency that is not resolved within the cure period provided by the Agency, if applicable, and (iii) any downgrade of the Servicer's servicer ratings with any rating agency. In the event any items of material noncompliance with Applicable Requirements are discovered, or are specifically noted in connection with any audit or examination of the Servicer's servicing of any of the Mortgage Loans, the Servicer shall promptly address and resolve such items and report the status, findings and resolution of such items in a timely manner to the Servicing Rights Owner and as otherwise required by the applicable Agencies.

(g) The Servicer shall as promptly as possible and in no event later than two (2) Business Days following receipt thereof, forward to the Servicing Rights Owner any and all communications received from Mortgage Loan Investors regarding the Servicing Rights or affecting the servicing of the Mortgage Loans. It is understood and agreed that compliance with this clause (g) shall be satisfied to the extent that the Servicing Rights Owner directly receives (including via electronic mail) any such correspondence from Mortgage Loan Investors. In addition, the Servicer shall provide the litigation report contemplated by Exhibit 12, on a monthly basis, which shall include any litigation, including mortgagor litigation, contested foreclosure actions, mortgagor bankruptcy proceedings, arising with respect to any of the Mortgage Loans; provided, however, the Servicer shall, as promptly as possible and in no event later than two (2) Business Days following receipt by the office of the Servicer's general counsel, provide Servicing Rights Owner with notice of any litigation that could reasonably result in a material adverse effect on the Servicing Rights Owner or the Servicing Rights or the Servicer's ability to perform its obligations under this Agreement. At the Servicing Rights Owner's reasonable request, the Servicer shall cooperate in good faith in discussing such litigation or any litigation described in the litigation reports.

(h) The Servicer shall provide the Servicing Rights Owner, in an electronic format, with a month end collection and delinquency report containing data elements to be mutually agreed upon by the parties (or required by Applicable Requirements) identifying and describing on a loan-level basis the status of any Delinquent Mortgage Loans, and any Loss Mitigation efforts, including, but not limited to, loan modifications and forbearances. Loan-level monthly reports shall be properly coded by the Servicer to identify Mortgage Loans affected by Loss Mitigation efforts or other changes in payment terms and such reports shall reflect such pending payment terms.

(i) In addition, the Servicer shall provide to the Servicing Rights Owner, in an electronic format, with reports each Business Day containing data elements set forth on Exhibit 10 and such other additional data elements as mutually agreed upon, by and between Servicing Rights Owner and Servicer, from time to time.

(j) The Servicer agrees that the information furnished to the Servicing Rights Owner or any Mortgage Loan Investor by the Servicer regarding its financial condition or its servicing operations is true and correct in all material respects as of each date such information is provided to the Servicing Rights Owner.

6.03 Servicing Advances; Reimbursement of Servicing Advances.

(a) The Servicer shall, from time to time during the term of this Agreement, and for ease of administration, make Servicing Advances when in its good faith judgment it is necessary or advisable to do so under applicable Investor Guidelines, and the Servicer shall not have any obligation to notify the Servicing Rights Owner before making any Servicing Advance.

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(b) The Servicer shall seek the Servicing Rights Owner's prior written consent with respect to any Servicing Advances which exceeds such thresholds set forth in Exhibit 2 to the extent that the Servicer deems such Servicing Advance necessary, in the best interest of the Servicing Rights Owner or Mortgage Loan Investor and not expected to be recoverable but are not required by Applicable Requirements. In addition, the Servicer and the Servicing Rights Owner shall have conference calls on a monthly basis, at a regular time and date to be agreed upon by the parties, to discuss any Servicing Advances that Servicer deems necessary and that are in the best interest of the Servicing Rights Owner or Mortgage Loan Investor but are not required under Applicable Requirements and not otherwise recoverable.

(c) The Servicer shall reasonably cooperate with the Servicing Rights Owner, Servicing Rights Owner's lender(s) and any rating agency in connection with the Servicing Rights Owner's financing of any Servicing Advances.

(d) The Servicer shall be entitled to be reimbursed for all Servicing Advances made by the Servicer pursuant to this Agreement on a monthly basis as further described in this Section 6.03. No later than the fifth (5th) Business Day of each month, or as mutually agreed by the Servicing Rights Owner and Servicer, the Servicer shall provide the Servicing Rights Owner and Servicing Rights Owner's lender(s) (as identified to the Servicer by the Servicing Rights Owner) with reasonable and customary documentation in accordance with Applicable Requirements (and any other information reasonably requested by the Servicing Rights Owner or Servicing Rights Owner's lender(s)) evidencing Servicing Advances made by the Servicer in the previous month. Within two (2) Business Days of Servicing Rights Owner and Servicing Rights Owner's lender's receipt of such notice, the Servicing Rights Owner shall remit (or cause to be remitted) the amount set forth in the written notice provided by the Servicer (or such lesser amount as reasonably determined by the Servicer) via wire transfer to the Servicer. To the extent that Servicer recovers any amounts on account of reimbursed Servicing Advances, such amounts shall be netted against the next invoice sent by Servicer to the Servicing Rights Owner.

(e) Notwithstanding any provision in this Agreement to the contrary, the Servicer shall reimburse the Servicing Rights Owner for any Servicing Advances and/or P&I Advances made by the Servicer and reimbursed by the Servicing Rights Owner in the event the applicable Agency declines to reimburse such advance as a result of the failure of the Servicer to service the related Mortgage Loan in accordance with Applicable Requirements or the Servicer's failure to properly maintain appropriate documentations of such advances and/or properly submit reimbursements requests in accordance with the Investor Guidelines.

(f) The Servicer shall provide report described and during the timeframe set forth in Exhibit 12 relating to Servicing Advances which are not eligible for reimbursement under Investor Guidelines or the Agency declines to reimburse such Servicing Advances and documenting the reason that such Servicing Advances are not recoverable. In addition, from time to time and upon the reasonable request of the Servicing Rights Owner, the Servicer shall provide, to the Servicing Rights Owner and Servicing Rights Owner's lender(s) such documentation, data and/or reports in the Servicer's possession or control by the Servicing Rights Owner and/or Servicing Rights Owner's lender(s) to enable Servicing Rights Owner to finance the Servicing Advances and/or P&I Advances.

(g) The Servicer shall provide the Servicing Rights Owner with its "stop advance" policy and "clawback" policy. With respect to any Private Label Mortgage Loan, the Servicer shall modify its "stop advance" policy and/or "clawback" policy to the extent requested by the Servicer Rights Owner and, subject to compliance with Applicable Requirements, shall implement such change with respect to the Private Label Mortgage Loans as soon as reasonably practicable.

6.04 P&I Advances; Compensating Interest

(a) The Servicer shall make all required P&I Advances to each Mortgage Loan Investor using funds available for remittance to the applicable Mortgage Loan Investor to the extent permitted under applicable Investor Guidelines. The Servicer shall reasonably cooperate with the Servicing Rights Owner, Servicing Rights Owner's lender(s) and any rating agency in connection with the Servicing Rights Owner's financing of any P&I Advances, Compensating Interest and, with respect to Private Label Mortgage Loans, deferred servicing fees.

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(b) Payment Mechanics.

(i) No later than three (3) Business Days before each applicable Remittance Date related to the Mortgage Loans, Servicer shall furnish Servicing Rights Owner and Servicing Rights Owner's lender(s) (as identified to the Servicer by the Servicing Rights Owner) with a written statement no later than 10:00 a.m. (New York City time) estimating the aggregate amount of P&I Advances, guaranty (or other similar) fees and lender paid mortgage insurance to be remitted to the applicable Mortgage Loan Investor(s) on such Remittance Date. No later than one (1) Business Day before each applicable Remittance Date related to the Mortgage Loans, Servicer shall furnish Servicing Rights Owner and Servicing Rights Owner's lender(s) (as identified to the Servicer by the Servicing Rights Owner) with a written statement (the "P&I Advance Statement") no later than 10:00 a.m. (New York City time), updating and revising such estimate, of the aggregate amount of P&I Advances, guaranty (or other similar) fees and lender paid mortgage insurance to be remitted to the applicable Mortgage Loan Investor(s) on such Remittance Date. Each such statement shall include such reasonable pool level detail to enable Servicing Rights Owner and Servicing Rights Owner's lender(s) to verify such P&I Advances, guaranty (or other similar) fees and lender paid mortgage insurance and Compensating Interest, as applicable, and any other information reasonably requested by the Servicing Rights Owner or Servicing Rights Owner's lender(s). With respect to each P&I Advance Statement, Servicing Rights Owner shall deposit available funds in the amount indicated on such statement into the applicable account directed by Servicer no later than one Business Day prior to the applicable Remittance Date.

(ii) No later than five (5) Business Days before the applicable date in which Compensating Interest and/or securitized excess interest is required to be remitted to the applicable Mortgage Loan Investor, Servicer shall furnish Servicing Rights Owner and Servicing Rights Owner's lender(s) (as identified to the Servicer by the Servicing Rights Owner) with a written statement (the "Interest Statement") of the aggregate amount of Compensating Interest and/or securitized excess interest to be remitted to the applicable Mortgage Loan Investor(s). With respect to each Interest Statement, Servicing Rights Owner shall deposit available funds in the amount indicated on such statement into the applicable Collection Account or as otherwise directed by Servicer no later than one Business Day prior to the applicable Remittance Date.

(iii) To the extent the amounts the Servicing Rights Owner (or its lender(s)) funded exceeded the amounts required to be paid to the applicable Mortgage Loan Investor on the related Remittance Date, the Servicer shall remit such excess funds to the Servicing Rights Owner/ Mortgage Loan Investor or lender(s), as applicable, on the same Remittance Date that such amounts were deposited in the applicable Collection Account. In the event that Servicing Rights Owner fails to deposit amounts on account of P&I Advances, guaranty (or other similar) fees, lender paid mortgage insurance or Compensating Interest in the applicable Collection Account, Servicer shall have no obligation to remit any of the foregoing from its own funds; provided, however, that if the Servicer remits any of the foregoing, it shall be entitled to reimbursement pursuant to Section 6.03 and Section 6.04.

(c) The Servicer shall provide the Servicing Rights Owner with a loan-level report in a format mutually acceptable to the parties setting forth on an aggregate basis all P&I Advances made or reimbursed during the related reporting period and the P&I Advances outstanding on a cumulative basis for each Mortgage Loan. The Servicer shall provide the Servicing Rights Owner with a detailed loan-level report in a format mutually acceptable to the parties setting forth on a loan-level and aggregate basis all Servicing Advances made or reimbursed during the related reporting period and the Servicing Advances outstanding on a cumulative basis for each Mortgage Loan. The Servicer shall take all commercially reasonable efforts to seek full reimbursement for outstanding P&I Advances and Servicing Advances upon the liquidation of the related Mortgage Loan. The Servicer shall cooperate in good faith with the Servicing Rights Owner to pursue full reimbursement of outstanding P&I Advances and Servicing Advances.

6.05 Disaster Recovery Plan.

The Servicer shall maintain a current business continuity plan ("BCP") that addresses the continuation of services if an incident (act or omission) impairs or disrupts the Servicer's obligation to provide the services contemplated under this Agreement.

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On a calendar quarterly basis (no later than 30 days following the end of each calendar quarter), the Servicer shall provide the Servicing Rights Owner (and any applicable regulatory agencies having jurisdiction over the Servicing Rights Owner) with a copy of the applicable BCPs (as previously identified in writing by the Servicing Rights Owner. The Servicer shall provide the Servicing Rights Owner with notice of any material modifications to the applicable BCPs as promptly as possible and in any event not later than on a calendar quarterly basis (no later than 30 days following the end of each calendar quarter) following the implementation of such modification, in which case the Servicing Rights Owner shall have the option to perform a due diligence review of the revised BCPs on reasonable notice to the Servicer

The Servicer warrants that the BCP conforms to Applicable Requirements for business continuity planning (collectively, the "BCP Standards"), which shall cover, but are not limited to, recovery strategy, loss of critical personnel, restoring access to documents and data to the Servicing Rights Owner, documented recovery plans covering all areas of operations pursuant to this Agreement, vital records protection, and testing plans. The Servicer will maintain and test the BCP at regular intervals (no less frequently than annually or as otherwise mutually agreed to ensure that the BCP complies with BCP Standards and shall provide reporting of the test results to the Servicing Rights Owner upon request. The Servicer will comply with the BCP during the term of this Agreement. The Servicer shall notify the Servicing Rights Owner of any material modifications to the BCP.

The Servicer shall provide disaster recovery and backup capabilities through which it will be able to perform its obligations under this Agreement. The recovery strategy shall, at a minimum, provide for recovery after short and long term disruptions in facilities, environmental support, workforce availability and data processing equipment. If requested by the Servicing Rights Owner, the Servicer shall provide evidence of its capability to meet any applicable regulatory requirement concerning business continuity applicable to the Servicing Rights Owner or the Servicer. In the event that the Servicing Rights Owner's internal requirements concerning business continuity diverge materially from those of the Servicer, to the extent requested by the Servicing Rights Owner, the parties shall cooperate and mutually agree on a plan of enhancement or modification, with any reasonable, actual and documented out-of-pocket or internally allocated, as applicable, costs of such enhancement or modification to the BCP to be paid by the Servicing Rights Owner.

The Servicer shall notify the Servicing Rights Owner immediately of the occurrence of any catastrophic event that affects or could reasonably be expected to affect the Servicer's performance of the services contemplated under this Agreement.

The BCP shall include appropriate provisions to ensure the continued availability of critical third-party services and to ensure an orderly transition to new service providers should that become necessary. The Servicer shall require that any of its Vendors, Off-shore Vendors and Default Firms providing critical services with respect to this Agreement provide copies of their own business continuity plans to the Servicer and, upon the Servicing Rights Owner's request, the Servicer shall make such plans available to the Servicing Rights Owner unless disclosing such business continuity plans to the Servicing Rights Owner is expressly prohibited by the applicable contract with such Person or by Applicable Requirements.

6.06 Sanction Lists: Suspicious Activity Reports.

(a) The Servicer represents, warrants and covenants that it has, and shall maintain, policies and internal controls reasonably designed to comply with the economic sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"; collectively, with OFAC, the "Sanction Lists") and the requirements of this Section 2.19(a). The Servicer shall screen all existing Mortgages monthly against the Sanction Lists. The Servicer's policies shall detail steps (i) to identify and resolve potential matches against the Sanction Lists, and (ii) required for record retention in accordance with regulatory requirements. The Servicer shall promptly notify the Servicing Rights Owner of any unresolved potential matches against the Sanction Lists.

(b) The Servicer represents, warrants and covenants that it has, and shall maintain, policies, training and internal controls reasonably designed to detect and investigate potential suspicious activity and fraud by Mortgages and related mortgage participants in compliance with the requirements of this Section 6.06(b). The Servicer will promptly disclose to the Servicing Rights Owner potentially suspicious or unusual activity detected as part of the services performed on behalf of the Servicing Rights Owner and provide other information with respect thereto reasonably requested by the Servicing Rights Owner. The Servicer represents and warrants that it has processes in place for such escalation and

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disclosure process. The Servicer represents that it will file any required Suspicious Activity Reports ("SARs") with respect to the Mortgagors and/or other Persons related to the Mortgage Loans engaged in suspicious activities if appropriate, and will maintain records of all such SARs filed and investigations performed in accordance with regulatory requirements. The Servicer further represents, warrants and covenants that it has, and shall maintain, policies regarding (i) conducting investigations in a timely manner that is consistent with regulatory expectations and requirements, (ii) maintaining appropriate records for reviews, investigations and escalations, and (iii) if applicable, reviewing requests made pursuant to Section 314(a) of the USA PATRIOT ACT through the Financial Crimes Enforcement Network.

6.07 Litigation Management.

Any litigation related solely to a single Mortgage Loan and incidental to the Servicer's servicing obligations hereunder (other than litigation between or among the Servicing Rights Owner, on the one hand, and Servicer, on the other hand) shall be managed by the Servicer or its counsel on behalf of the Servicing Rights Owner, such as foreclosure, evictions, quiet title and bankruptcy filings, at the Servicer's internal expense with respect to administration of such litigation (excluding, however, third party costs such as reasonable out-of-pocket attorney's fees and expenses for which the Servicing Rights Owner shall remain responsible and which shall be a Servicing Advance hereunder). Unless expressly prohibited by Applicable Requirements, no litigation proceedings shall be brought in the name of the Servicing Rights Owner.

The parties shall manage litigation relating to other Mortgage Loans in accordance with the Litigation Protocol attached hereto as Exhibit 5.

In addition to the other reports the Servicer is providing under this Agreement, the Servicer shall provide the Servicing Rights Owner, on a calendar quarterly basis (no later than 30 days following the end of each calendar quarter), the following litigation-related reports, in form and substance mutually agreed upon and set forth on Exhibit 12: (i) results of periodic foreclosure firm audits, (ii) results of monthly scorecards of foreclosure and bankruptcy firms, including peer comparisons, (iii) changes in scorecarding methodology, (iv) changes in Servicer's foreclosure checklist or other foreclosure practices, (v) annual certification that each foreclosure firm is approved by the Agencies, if applicable and (vi) monthly reports summarizing litigation, foreclosure and bankruptcy activity (volume, new, resolved, costs/expenses projections, etc.).

6.08 Resolution of Disputes and Monetary Errors.

In the event either party, in good faith, disputes any sum the other party contends are due and payable hereunder, such disputing party shall deliver to the contending party a written notice of dispute. All sums that are not disputed shall be paid as and when due under this Agreement. If the contending party provides documentation substantiating that the disputed amount is properly due and payable, the disputing party shall pay such amount within five (5) Business Days after receipt of such documentation. If the parties remain in dispute thereafter, the parties shall work together in good faith to resolve such dispute.

6.09 DFS Consent Order.

The Servicer shall notify the Servicing Rights Owner within five (5) Business Days of the receipt by the office of the Servicer's general counsel of any notice from the NYDFS that the NYDFS has determined material noncompliance by the Servicer with the DFS Consent Order in respect of the servicing of the Mortgage Loans. Servicer shall make available to the Servicing Rights Owner via a secure web meeting (or such other medium reasonably acceptable to the Servicing Rights Owner) of any and all reports which Servicer or its Affiliates have delivered to a Governmental Authority required under the DFS Consent Order within five (5) Business Day of Servicer's submission to such Governmental Authority, unless disclosure to the Servicing Rights Owner is expressly prohibited by such entity or by Applicable Requirements. At the Servicing Rights Owner's request, the Servicer agrees to participate in calendar quarterly basis (no later than 30 days following the end of each calendar quarter) (which meetings may be in-person, telephonic or via a secure web meeting) to discuss the DFS Consent Order, except with respect to any disclosure to the Servicing Rights Owner that is expressly prohibited by such entity or by Applicable Requirements.

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No later than forty-five (45) calendar days after the end of each fiscal quarter after the initial Sale Date, the Servicer shall deliver to Servicing Rights Owner, a certificate in the form of Exhibit 14 (the "Quarterly Report"), signed by the chief risk and compliance officer of the Servicer or PHH Parent.

**ARTICLE VII.**

**SERVICING COMPENSATION**

7.01 Servicing Compensation

(a) In consideration of the servicing duties of Servicer described in this Agreement, for each Mortgage Loan serviced by Servicer hereunder, Servicer shall be entitled to the applicable Servicing Fees specified in Schedule A.

(b) The Servicing Fee for a Mortgage Loan shall be payable on a monthly basis for each month or part thereof that such loan is serviced hereunder and (i) with respect to the month in which the applicable Sale Date (as defined in the Purchase Agreement) occurs with respect to the Mortgage Loans, if such Sale Date is not the first (1<sup>st</sup>) Business Day of such month, such Servicing Fee shall be prorated, (ii) with respect to the month in which the applicable Sale Date (as defined in the Purchase Agreement) occurs with respect to the Mortgage Loans, if such Sale Date is on the first (1<sup>st</sup>) Business Day of such month, such Servicing Fee shall not be prorated and (iii) with respect to servicing transfer of a Mortgage Loan from the Servicer to a successor servicer, (x) to the extent the transfer date to such successor occurs on the first (1<sup>st</sup>) day of a calendar month, such Servicing Fee shall be prorated for such month or (y) to the extent the transfer date to such successor occurs on any day other than the first (1<sup>st</sup>) day of a calendar month, such Servicing Fee shall not be prorated for such month. The Servicing Rights Owner shall pay the Servicer Economics on a monthly basis within ten (10) Business Days following receipt of each invoice therefore.

(c) As additional compensation, Servicer shall be entitled to:

(i) receive and retain all Ancillary Fees (other than Float Benefit as described in Schedule A);

(ii) such fees as are set forth on Schedule A; and

(iii) Deboarding Fees to the extent due and payable under this Agreement.

(d) Notwithstanding anything to the contrary in this Agreement, in no event shall the Servicer be entitled to any boarding fees or other similar fees with respect to any Initial Mortgage Loan.

(e) Either party may give written notice ("Change Notice") to the other party of (i) any legal, regulatory or governmental policy enactment, amendment, reform (including but not limited to those reforms resulting from the Dodd-Frank regulatory reform legislation), change or development, (ii) any restructuring of a government-sponsored entity, (iii) any judicial and administrative judgments, orders, stipulations, injunctions, guidelines or settlements, or (iv) any change in interpretation of any legal, regulatory or other requirement by any Governmental Authority, that, in any of the foregoing cases, and in the sole reasonable judgment of such party providing such notice, either (x) makes any material part of Servicer's business unlawful or improper, (y) otherwise restricts or permits Servicer from engaging in any material business activity, or (z) has, or may reasonably be expected to have, a material effect on Servicer, its business, operations, financial condition, results of operations, prospects, or Servicer's ability to perform any of its material obligations under this Agreement, in each case, which is (I) not the result of or arising from the Servicer's failure to comply with Applicable Requirements and (II) not the result of any requirements imposed on Servicer by, or agreed to by Servicer with, a Governmental Authority which are not imposed on or required of similar mortgage loan servicers servicing mortgage loans similar to the Mortgage Loans and which, in the aggregate, have caused an increase in the Servicer's cost



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to service the Mortgage Loans in an amount equal to no less than [\*\*\*] of the annual "Base Monthly Servicing Fee" as calculated in accordance with Schedule A (determined, initially, as of the initial Sale Date and after any change pursuant to a Change Notice, as of the date of such Change Notice). Likewise, to the extent that the Servicing Rights Owner believes that a change in any of the foregoing has caused a decrease in the Servicer's cost to service the Mortgage Loans in an amount equal to no less than [\*\*\*] of the annual "Base Monthly Servicing Fee" as calculated in accordance with Schedule A (determined, initially, as of the initial Sale Date and after any change pursuant to a Change Notice, as of the date of such Change Notice), the Servicing Rights Owner may deliver a Change Notice to the Servicer. In the event of such Change Notice, Servicer and Servicing Rights Owner shall review and renegotiate in good faith the Servicing Fees and any other fees paid by Servicing Rights Owner, the performance standards and/or the services to be performed under this Agreement in order to reflect such change in Servicer's cost to deliver the services under this Agreement in compliance with, or to otherwise address any effect on the economics of the transaction from, any such event or occurrence described in any of clauses (i) through (iv) above. To the extent that the Servicer and the Servicing Rights Owner agree upon a change in accordance with a Change Notice, any future Change Notice shall be based upon the Servicer's cost to service the Mortgage Loans effective as of the revised terms pursuant to the Change Notice. In the event that Servicer and Servicing Rights Owner do not promptly agree upon a mutually acceptable adjustment to the Servicing Fees, and/or services to be performed under this Agreement, the parties agree to follow the following procedure: one designated representative from each party shall meet and confer in good faith to attempt to resolve the dispute ("Tier I Dispute Resolution"). Initially, the respective representatives designated to perform Tier I Dispute Resolution shall be designated upon receipt of a Change Notice by Servicing Rights Owner upon receipt of a Change Notice and the Senior Vice President of Servicing of Servicer. If both representatives are not appointed within 20 days, or if the dispute cannot be resolved by representatives appointed to perform Tier I Dispute Resolution within sixty (60) days following the date on which the latter last of the two representatives is designated by the parties, the parties agree that the dispute shall then be submitted upon expiration of such period to senior members of management ("Tier II Dispute Resolution"). If such senior members of management are not appointed by both Servicing Rights Owner and Servicer within 10 days, or if the dispute cannot be resolved by such senior members of management representatives appointed to perform Tier II Dispute Resolution after thirty (30) days following the date such dispute is submitted to them, the parties agree that the dispute shall be finally settled by arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules and as follows:

(i) Any controversy or claim arising out of or relating to the foregoing shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment rendered by the arbitration panel arbitrator(s) may be entered in any court having jurisdiction thereof (subject to the appellate procedures described below).

(ii) An arbitrator selected by the claimant and an arbitrator selected by respondent shall, within 10 days of their appointment, select a third neutral arbitrator. The three arbitrators shall constitute the arbitration panel. In the event that they are unable to do so, the parties or their attorneys may request the American Arbitration Association to appoint the third neutral arbitrator. Prior to the commencement of hearings, each of the arbitrators appointed shall provide an oath or undertaking of impartiality.

(iii) The arbitration proceedings shall be conducted before the arbitration panel of three neutral arbitrators. The place of arbitration shall be in New York City New York. The language of the arbitration shall be English. This agreement shall be governed by and interpreted in accordance with the laws of the State of New York. The parties acknowledge that this agreement evidences a transaction involving interstate commerce. The United States Arbitration Act shall govern the interpretation, enforcement, and proceedings pursuant to the arbitration clause in this agreement.

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\*[\*\*\*] INDICATES MATERIAL THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED MATERIAL HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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(iv) Either party may apply to the arbitration panel seeking injunctive relief until the arbitration judgment is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral panel (or pending the arbitral panel's determination of the merits of the controversy).

(v) Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the other with copies of documents relevant to the issues raised by any claim or counterclaim. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitration panel, which determination shall be conclusive. All document discovery shall be completed within 60 days following the appointment of the arbitration panel.

(vi) At the request of a party, the arbitration panel shall have the discretion to order examination by deposition of witnesses to the extent the arbitration panel deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of three per party and shall be held within 30 days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitration panel, and for good cause shown. Each deposition shall be limited to a maximum of seven hours duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information.

(vii) The judgment shall be made within nine months of the filing of the notice of intention to arbitrate (demand), and each arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the parties or by the arbitration panel if necessary. The judgment of the arbitration panel shall be accompanied by a reasoned opinion.

(viii) Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

(ix) Notwithstanding anything to the contrary, the parties hereby agree: that the opinion of the arbitration panel may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules ("Appellate Rules"); and that the opinion shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of an Underlying Award, as defined by Rule A-3 of the Appellate Rules, by filing a Notice of Appeal with any AAA office. Following the appeal process the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof.

(x) To the extent that the arbitration panel determines that a party to arbitration under this Section 7.01(e) has failed to prevail in that arbitration, the arbitration panel shall allocate to that party all costs and expenses of the arbitrators and shall allocate the costs and expenses (including attorneys' fees and costs) as appropriate given the merits of the matters arbitrated.

**ARTICLE VIII.**

**AUDIT RIGHTS**

8.01 Servicing Rights Owner's Right to Examine Servicer Records

(a) Servicing Rights Owner, its third party auditors and regulatory officials with regulatory authority over Servicing Rights Owner or its Affiliates and the Servicing Rights shall have the right to examine, audit and or review (each, an "Audit"), upon reasonable advance written notice to Servicer of not less than five (5) Business Days, during Servicer's normal business hours any and all of (i) the Mortgage Files (which are then in Servicer's possession or control or otherwise reasonably obtainable by the Servicer), (ii) any and all books, records, documentation or other information of Servicer (whether held by Servicer or by another) relating to the servicing of the Mortgage Loans and (iii) any and all books, records, documentation or other information of Servicer (whether held by Servicer or by another) that are relevant to the performance or observance by Servicer of the terms, covenants or conditions of this Agreement. In such reviews,

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the Servicer will allow the Servicing Rights Owner, its Affiliates, its agents and its counsel, accountants and other representatives, during normal business hours and upon reasonable notice and provided that such review shall not unduly or unreasonably interrupt the Servicer's business operations, to, at any time and from time to time, access to review the Servicer's servicing platform, the Mortgage Files (which are then in Servicer's possession or control or otherwise reasonably obtainable by the Servicer), facilities, employees servicing files, servicing documents, servicing records, data tapes, computer records, servicing systems, and other computer and technology systems or other information pertaining to the Servicing Rights, the Mortgage Loans, P&I Advances, Compensating Interest and the Servicing Advances. Servicing Rights Owner's right to perform Audits shall be limited to two (2) Audits in any calendar year (absent an Event of Default); provided that the Servicing Rights Owner, notwithstanding the foregoing, shall be permitted further on-site access if required by Governmental Authorities to the books, records, and/or other information of the Servicer across the Servicer's entire servicing platform (excluding any access or information relating to any mortgagor data or performance data for mortgage loans which are not Mortgage Loans) and with respect to the Mortgage Loans, including the servicing systems, computer systems, books, records, or other information of the Servicer relating to the Mortgage Loans, whether held by the Servicer or by another on its behalf (including but not limited to reviewing call transcripts and listening to audio of calls to Mortgagors (in-person or remotely)) at any time, upon five (5) Business Days' notice. To the extent the Servicing Rights Owner (absent an Event of Default) performs more than 2 Audits in any calendar year, the Servicing Rights Owner shall reimburse the Servicer for its reasonable, actual and documented out-of-pocket or internally allocated, as applicable, costs and expenses incurred by the Servicer in connection with its cooperation for such 3rd or greater Audit in a calendar year (absent an Event of Default). The Servicer shall reasonably cooperate with any request of the Servicing Rights Owner in connection with such examination/audit and shall facilitate such audits and in connection therewith shall provide Servicing Rights Owner and its designees access to Servicer's offices, servicing systems, computer systems, books and records concerning the Servicer, this Agreement and the Mortgage Loans at any time.

(b) Any Audit under this Section 8.01 shall be conducted with minimum disruption to Servicer's operations and shall not compromise the privacy or security of any data relating to Servicer's clients or Servicer's operations not specifically related to the services provided by Servicer to Servicing Rights Owner hereunder. Servicing Rights Owner shall treat Servicer's Confidential Information acquired during Audits as Confidential Information in accordance with the provisions of Section 12.13. In the event that Servicer has Audits scheduled by or on behalf of Servicer's other clients or regulatory officials at or about the same time as a requested Audit by or on behalf of Servicing Rights Owner, Servicing Rights Owner shall cooperate with Servicer to arrange a mutually agreeable date and time for such Audit. Servicer shall make the foregoing information available to Servicing Rights Owner at the site where such information is stored. Servicing Rights Owner, its auditors and regulators shall not be permitted to download or print any of Servicer's proprietary information including, without limitation, policies and procedures. Servicing Rights Owner shall be required to pay all reasonable costs and expenses which relate specifically to the provision of information to Servicing Rights Owner, incurred by Servicer in making such information available and in providing Audit related support to Servicing Rights Owner, including, without limitation, overtime payable to the Servicer's employees to satisfy such provision.

(c) The Servicer shall cooperate in good faith with the Servicing Rights Owner, its agents, and regulators in responding to any reasonable inquiries regarding the Servicer's Subservicing of the Mortgage Loans and the Servicer's compliance with, and ability to perform its obligations under, the provisions of this Agreement and Applicable Requirements, including without limitation inquiries regarding the Servicer's qualifications, expertise, capacity and staffing levels, training programs, work quality and workload balance, reputation (including complaints), information security, document custody practices, business continuity and financial viability, monitoring and oversight of the Vendors, Off-shore Vendors and Default Firms as well as the current accuracy of the representations and warranties made by the Servicer in Article III. If commercially practicable, the Servicer shall provide the Servicing Rights Owner with at least ninety (90) days' prior written notice if it intends to discontinue or change its current servicing system of record.

(d) On a calendar quarterly basis (no later than twenty (20th) day following the end of each calendar quarter), the Servicer shall notify the Servicing Rights Owner of the final results of any and all reviews or audits conducted by or obtained by the Servicer, its Vendors, Off-shore Vendors Default Firms, agents or representatives (including internal and external auditors) relating to the Servicer's operating practices and procedures to the extent

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relevant to the services provided by the Servicer under this Agreement during such calendar quarter, and, the Servicer shall make summaries of such results available to the Servicing Rights Owner to the extent disclosing such results to the Servicing Rights Owner is not expressly prohibited by the applicable contract with such Person or by Applicable Requirements. Such reviews shall include, without limitation, rating agency reviews, SSAE 16 reviews, and MERS reconciliation reports.

(e) For the Servicer's data processing environment and internal controls related to its obligations under this Agreement, the Servicer shall, upon the Servicing Right's Owner's request, provide, no later than 30 days following the end of each calendar year end, the Servicing Rights Owner with a copy of the Servicer's SSAE 16 SOC 1 Type II attestation performed by an independent audit firm with coverage of a minimum of nine months and a bridge letter for each year starting the year ended December 31, 2017 for so long as the Servicer performs the Subservicing under this Agreement. To the extent the Servicer relies upon Vendors with respect to critical systems in connection with its obligations under this Agreement, the Servicer shall obtain and provide Servicing Right's Owner with copies of SSAE 16 or equivalent reviews unless disclosing such copies to the Servicing Rights Owner is expressly prohibited by the applicable Vendor's contract with the Servicer or by Applicable Requirements.

(f) The Servicer shall provide the Servicing Rights Owner with prompt notice of any material modification to its MERS quality assurance plan made after the date hereof and agrees to cooperate in good faith in addressing any questions or concerns of the Servicing Rights Owner regarding such modification. The Servicer shall cooperate with any audit by the Servicing Rights Owner with respect to any Mortgage Loan registered with MERS and compliance with the MERS requirements, including providing access to any relevant documentation or information in connection therewith.

**ARTICLE IX.**

**INDEMNIFICATION**

9.01 Indemnification: Third Party Claims

(a) Servicer shall indemnify, defend and hold harmless Servicing Rights Owner, its directors, officers, agents, employees, and assignees (each, an "Indemnified Party") from and against any Losses suffered or sustained in any way by any such Person, no matter how or when arising (including Losses incurred or sustained in connection with any judgment, award, or settlement, and claims by or on behalf of a third party, and regardless of whether any risk of the foregoing was known or unknown to Servicer as of the Effective Date), in connection with or relating to (i) a breach by Servicer of any of its representations and warranties contained herein, (ii) a breach by Servicer of any of its covenants and other obligations contained herein including any failure to service the Mortgage Loans in compliance with the terms hereof and in accordance with the standard of care set forth in this Agreement, Applicable Requirements and Accepted Servicing Practices, including any Agency-imposed fees, penalties or curtailments or cancellation of insurance imposed on the Owner resulting from therefrom, (iii) the failure of Servicer or any Vendors, Off-shore Vendors and/or Default Firms hired by Servicer to perform its duties and service the Mortgage Loans in strict compliance with the terms of this Agreement, the Mortgage Loan documents and Applicable Requirements and (iv) the Servicer's use or misuse of any power of attorney provided to the Servicer under this Agreement. For the avoidance of doubt, the indemnification provided by Servicer herein shall be with respect to claims involving third-parties and claims between Servicing Rights Owner and Servicer.

(b) Servicing Rights Owner shall indemnify, defend and hold harmless Servicer, its directors, officers, agents, employees, and assignees (each, a "Servicer Indemnified Party") from and against any Losses suffered or sustained in any way by any such Person, no matter how or when arising (including Losses incurred or sustained in connection with any judgment, award, or settlement), in connection with or relating to (i) a breach by Servicing Rights Owner of any of its representations and warranties contained in herein, (ii) a breach by Servicing Rights Owner of any of its covenants and other obligations contained herein, (iii) compliance with the directions or policies of the Servicing Rights Owner (except where such directions or policies are in violation of Applicable Requirements unless Servicer shall have given Servicing Rights Owner written notice of such potential violation and rationale thereof and Servicing Rights Owner has not withdrawn such direction or policies), and (iv) any claim that is brought against Servicer after the Servicing Transfer Date that relates to the Mortgage Loans, except to the extent Servicer is liable to the Servicing Rights Owner therefor under this Agreement or the Purchase Agreement. For the avoidance of doubt, the indemnification provided by Servicer herein shall be with respect to claims involving third-parties and claims between Servicing Rights Owner and Servicer.

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(c) Notwithstanding anything contained herein to the contrary, Servicer, Servicing Rights Owner, any Servicer Indemnified Party or other Indemnified Party shall not be responsible or liable in any way for any indirect, special, incidental or consequential damages, including lost profits or savings, damage to business reputation or loss of opportunity, and any punitive and exemplary damages.

(d) Promptly after receipt by an indemnified party under Section 9.01 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 9.01, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve the indemnifying party from any liability that it may have to any indemnified party under this Section 9.01, except to the extent that it has been prejudiced in any material respect, or from any liability that it may have, otherwise than under this Section 9.01. The indemnifying party shall assume (with the consent of the indemnified party) the defense of any such claim and pay all expenses in connection therewith, including attorneys' fees, and promptly pay, discharge, and satisfy any judgment or decree which may be entered against it or the indemnified party in respect of such claim. The indemnifying party shall follow any reasonable written instructions received from the indemnified party in connection with such claim. The Servicer shall provide the Servicing Rights Owner a monthly report of legal action(s) by individual Mortgagor(s) relating to the Mortgage Loans and against the Servicer or the Servicing Rights Owner.

The obligations set forth in this Section 9.01 shall survive the termination of this Agreement.

9.02 Merger or Consolidation of Servicer

Servicer will keep in full effect its existence, rights and franchises as a company under the laws of the state of its organization and will obtain and preserve its qualification to do business as a foreign entity in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement or any of the Mortgage Loans and to perform its duties under this Agreement.

Following receipt of Servicing Rights Owner's written consent (not to be unreasonably withheld or delayed), any Person into which Servicer may be merged or consolidated, or any corporation resulting from any merger, conversion or consolidation (including by means of the sale of all or substantially all of Servicer's assets to such Person) to which Servicer shall be a party, or any Person succeeding to the business of Servicer, shall be the successor of Servicer hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

9.03 Limitation on Liability of Servicer and Others

Neither Servicer nor any of the officers, employees or agents of Servicer shall be under any liability to Servicing Rights Owner for any action taken or for refraining from the taking of any action pursuant to the terms of this Agreement or pursuant to the written directions or written policies of the Servicing Rights Owner; provided, that this provision shall not protect Servicer or any such Person against any breach of warranties or representations made herein, or failure to perform its obligations in compliance with this Agreement or any liability which would otherwise be imposed by reasons of willful misfeasance, bad faith, negligence or any breach in the performance of the obligations and duties hereunder. Servicer and any officer, employee or agent of Servicer may rely in good faith on any document of any kind reasonably believed by Servicer or such Person to be genuine and *prima facie* properly executed and submitted by the Servicing Rights Owner respecting any matters arising hereunder.

Servicer shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its duties hereunder and which in its opinion may involve it in any expense or liability; provided, that Servicer may in its discretion, and following the prior written consent of the Servicing Rights Owner, undertake any such action where it is a named party and that it may deem necessary or desirable in respect of this Agreement and the rights and duties of the parties hereto. In such event, the legal expenses and costs of such action and any liability resulting therefrom shall be expenses, costs and liabilities for which Servicer shall be entitled to be reimbursed therefor as Servicing Advances in accordance with Section 6.03. This reimbursement right shall survive the termination of this Agreement.

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**ARTICLE X.**

**DEFAULT**

10.01 Events of Default

In case one or more of the following events shall occur and be continuing:

(1) any failure by Servicer to remit to Servicing Rights Owner any payment required to be made under the terms of this Agreement which continues unremedied for a period of one (1) Business Day after the date on which such payment was required to be remitted under the terms of this Agreement;

(2) any failure on the part of Servicer duly to observe or perform in any material respect any of the covenants, obligations or agreements on the part of Servicer set forth in this Agreement which continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Servicing Rights Owner;

(3) any filing of an Insolvency Proceeding by or on behalf of Servicer or PHH Parent, any consent by or on behalf of Servicer or PHH Parent to the filing of an Insolvency Proceeding against Servicer or PHH Parent, any admission by or on behalf of Servicer or PHH Parent of their respective inability to pay its debts generally as the same become due or intention not to; or

(4) any filing of an Insolvency Proceeding against Servicer or PHH Parent that remains undismissed or unstayed for a period of thirty (30) days after the filing thereof;

(5) until the end of the Initial Term, any failure by PHH Parent or the Servicer to comply with the Quarterly Financial Covenants set forth in the Quarterly Financial Covenants Report;

(6) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator or other similar official in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Servicer and/or PHH Parent and such decree or order shall have remained in force, undischarged or unstayed for a period of thirty (30) days;

(7) any representation or warranty made by the Servicer hereunder shall prove to be untrue or incomplete in any material respect and, if such breach of a representation or warranty is capable of being cured, continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Servicing Rights Owner;

(8) (A) the Servicer shall cease being an approved subservicer/servicer in good standing with any Agency or a HUD approved mortgagee, (B) any Agency provides a notice of termination to the Servicer or the Servicing Rights Owner for failure of the Servicer to comply with the applicable Investor Guidelines and the foregoing is not cured or otherwise resolved within sixty (60) days of the receipt of such notice of termination (or such lesser timeframe as set forth in such notice for such termination to be effective) or (C) any Agency directs or otherwise notifies the Servicing Rights Owner that such Agency demands that the Servicer should be terminated;

(9) failure of the Servicer to maintain any required qualification, license or approval to do business, to service residential mortgage loans, or to otherwise collect debts or perform any activities relating to residential mortgage loans in any jurisdiction where the Mortgaged Properties are located, to the extent required under Applicable Requirements; provided that in jurisdictions where the Servicer's servicing of affected Mortgage Loans is de minimis to the Servicer's overall servicing of Mortgage Loans under this Agreement and such failure in such jurisdictions does not materially and adversely affect the related Servicing Rights, the Servicer shall have thirty days to cure any such failure; provided, however, that if such failure is not cured within thirty days but is reasonably susceptible of a cure within an additional 30 days and the Servicer is diligently pursuing a cure, the Servicer shall have an additional 30 days to cure such failure;

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(10) the then-current primary and/or special servicer rating (if any) of Servicing Rights Owner assigned by any rating agency is downgraded by the applicable rating agency from such rating (or any corresponding rating) which is caused by Servicer's failure to service in accordance with Applicable Requirements;

(11) the Servicer attempts to assign its rights to servicing compensation hereunder or the Servicer attempts, without the consent of the Servicing Rights Owner, to sell or otherwise dispose of all or substantially all of its property or assets or to assign this Agreement or the Subservicing responsibilities hereunder or to delegate its duties hereunder or any portion thereof without the consent of the Servicing Rights Owner; or

(12) except for the DFS Consent Order, an investigation by any Governmental Authority that is commenced after the initial Sale Date has determined (by consent order or judicial or related enforcement action as to which relevant appeals have been exhausted) that material deficiencies in servicing performance or violation of Applicable Requirements by the Servicer has occurred after the initial Sale Date which, in either case, has material adverse effect on the Servicer or the PHH Parent and its ability to perform under this Agreement,

(13) (A) the NYDFS has instituted additional requirements and/or obligations on the Servicer in connection with the DFS Consent Order which have a material adverse effect on the Servicer and its ability to perform under this Agreement and/or (B) the NYDFS has determined (by consent order or judicial or related enforcement action as to which relevant appeals have been exhausted) material noncompliance of the DFS Consent Order by the Servicer with respect to the servicing of the Mortgage Loans, which has a material adverse effect on the Servicer and its ability to perform under this Agreement;

(14) during the Initial Term, without the Servicing Rights Owner's prior written consent, a Change of Control has occurred with respect to the Servicer or PHH Parent; provided that, to the extent that the Servicer has notified the Servicing Rights Owner of the occurrence of a Change of Control that has not received the Servicing Rights Owner's prior written consent, the Servicing Rights Owner must elect to exercise such Event of Default within five (5) Business Days of receipt of such notice;

(15) the Servicing Rights Owner shall cease being an approved subservicer/servicer in good standing with Fannie Mae or Freddie Mac or a HUD approved mortgagee, which, in each case, is caused by the Servicer's failure to service in accordance with Applicable Requirements; then, and in each and every such case, so long as an Event of Default shall not have been remedied, Servicing Rights Owner, by notice in writing to Servicer may, in addition to whatever rights Servicing Rights Owner may have at law or in equity to damages, including injunctive relief and specific performance, terminate all the rights and obligations of Servicer under this Agreement and in and to the Mortgage Loans and the proceeds thereof subject to Section 11.02, without Servicing Rights Owner's incurring any penalty or fee of any kind whatsoever in connection therewith for exercising such right of termination; provided that no such termination shall relieve the obligation of Servicing Rights Owner to pay or reimburse Servicer for amounts payable or reimbursable to it under this Agreement (other than any Deboarding Fee).

On or after the receipt by Servicer of such written notice, all authority and power of Servicer under this Agreement (whether with respect to the Mortgage Loans or otherwise) shall cease; provided that the parties acknowledge and agree that any such termination and transfer of servicing shall occur in such a manner as to comply with Applicable Requirements (and, accordingly, may occur in staged transfers over a number of months).

In the event Servicer is terminated by Servicing Rights Owner under this Section 10.01, the Servicer (i) shall not be entitled to any Deboarding Fees and (ii) shall be responsible for the Servicing Transfer Costs incurred in connection with the transfer of servicing of the Mortgage Loans and REO Properties to a successor servicer or subservicer.

Each party shall promptly notify the other party in the event of any event of default or other termination event with respect to such party set forth in this Agreement or any event that would become an Event of Default or termination event with the giving of notice and/or passage of time.

The rights of termination, as provided herein, are in addition to all other available rights and remedies, including the right to recover damages in respect of any breach.

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10.02 Waiver of Default

Servicing Rights Owner may waive in writing any default by Servicer in the performance of its obligations hereunder and its consequences. Upon any waiver of a past default, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto except to the extent expressly so waived.

**ARTICLE XI.**

**TERMINATION**

11.01 Term and Termination

(a) Term.

(i) The initial term of this Agreement shall be from the initial Sale Date hereof until the date that is the third (3rd) anniversary of the initial Sale Date (the "Initial Term"). Except as otherwise permitted in the Agreement, neither party shall be permitted to terminate this Agreement without cause during the Initial Term.

(ii) If this Agreement has not otherwise been terminated pursuant to this Article XI, then the term of this Agreement shall automatically be renewed for successive one (1) year terms after the expiration of the Initial Term; provided that, following the Initial Term, (A) the Servicing Rights Owner may terminate this Agreement, without cause, with 180 days prior written notice to the Servicer and (B) the Servicer may terminate this Agreement, without cause, with nine (9) months' prior written notice to the Servicing Rights Owner.

(iii) Notwithstanding anything to the contrary in this Agreement, the Servicing Rights Owner may terminate this Agreement without cause with respect to some of the Mortgage Loans and/or REO Properties from time to time after the end of the Initial Term; provided that (x) at any time, to the extent that an Agency has indicated that it is terminating, or will be terminating, the Servicer Rights Owner (not caused by the Servicer's performance), subject to payment of the applicable Deboarding Fee, the Servicing Rights Owner may terminate this Agreement without cause with respect to the affected Mortgage Loans and REO Properties; and (y) that, at any time during each of the second and third years of the Initial Term (as measured based upon the anniversary of the first Sale Date), subject to payment of the applicable Deboarding Fee, Servicing Rights Owner may terminate an amount of Mortgage Loans and/or REO Properties that does not exceed twenty-five percent (25%) of Initial Mortgage Loans (calculated as of the date the applicable notice of termination is delivered by the Servicing Rights Owner to the Servicer) upon not less than (A) 90 days prior notice if the number of Mortgage Loans is 50,000 or less and (B) 120 days prior notice if the number of Mortgage Loans is over 50,000.

(iv) This Agreement shall otherwise terminate upon the earliest of (i) the distribution of the final payment on or liquidation of the last Mortgage Loan and REO Property subject to this Agreement or (ii) as otherwise set forth in this Article XI.

(b) Successor to Servicer: Requirements and Effect of Termination: Servicing Transfers. Upon the termination of Servicer's servicing responsibilities and duties under this Agreement, Servicing Rights Owner shall have the right, in its sole discretion, to (i) succeed to and assume the servicing of the Mortgage Loans and REO Properties or (ii) appoint a successor servicer to assume the servicing of the Mortgage Loans and REO Properties. If Servicer's duties, responsibilities and liabilities under this Agreement should be terminated under this Agreement, then Servicer shall continue to discharge such duties and responsibilities during the period from the date it acquires knowledge of such termination until a successor servicer or subservicer has been appointed by the Servicing Rights Owner or a Mortgage Loan Investor, as applicable, and a servicing transfer has been completed in accordance with Applicable Requirements (such period of time, the "Servicing Transition Period") all on the terms and conditions contained herein. The Servicer shall not be relieved of its obligation under this Agreement until such time. During the Servicing Transition Period, the Servicing Rights Owner and the Servicer shall discharge such duties and responsibilities with the same degree of diligence and prudence that it is obligated to exercise under this Agreement. Subject to applicable consents needed for transferring



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the servicing responsibilities and duties, the parties acknowledge and agree that time is of the essence in connection with any termination of this Agreement as to any or all of the Mortgage Loans and REO Properties.

Upon the effective date related to the termination of Servicer's servicing responsibilities and duties under this Agreement in whole or in part, Servicer shall promptly deliver to Servicing Rights Owner or the successor servicer the funds in the related Collection Account, the HELOC Advance Account and the Escrow Accounts and the Mortgage Files (which are then in Servicer's possession or control or otherwise reasonably obtainable by the Servicer), Servicing Files, any Mortgage Loan Documents (which are then in Servicer's possession or control) and related documents and statements held by it hereunder and Servicer shall account for all funds received by Servicer on behalf of Servicing Rights Owner or the Mortgage Loan Investors. Servicer shall execute and deliver such instruments and do such other things all as may reasonably be required to more fully and definitively vest and confirm in the successor all such rights, powers, duties, responsibilities, obligations and liability of Servicer.

Upon (x) valid and proper termination of this Agreement, (y) the payment and/or reimbursement of the appropriate party of any amounts then due and payable to such party and (z) the expiration of the any Servicing Transition Period, no party hereto shall have any liability or further obligation to the other party hereunder, except as may exist as a result of the survival of provisions specified in this Agreement to so survive.

11.02 Payment Obligations upon Termination and Transfer of Servicing

In the event either party terminates this Agreement with respect to some or all of the Mortgage Loans and REO Properties, Servicing Rights Owner shall, prior to the date of such termination, pay to Servicer an amount equal to the sum of (i) all outstanding undisputed expenses and advances (including Servicing Advances and P&I Advances) for which Servicer is entitled to reimbursement under this Agreement, (ii) all outstanding Servicing Fees and other servicing compensation which have accrued as of the effective date of such termination and (iii) to the extent the Servicing Rights Owner terminates without cause pursuant to Section 11.01(a)(iii) or other applicable provisions of this Agreement, the applicable Deboarding Fee. To the extent that any such amounts are not invoiced by Servicer prior to the date of termination, such amounts shall be reimbursed to Servicer within ten (10) Business Days of invoice and customary back-up documentation is received by the Servicing Rights Owner therefor. Any disputed amounts shall be resolved as promptly as practicable with payment promptly after resolution thereof.

**ARTICLE XII.**

**GENERAL PROVISIONS**

12.01 Governing Law; Consent to Service; Waiver of Jury Trial

THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

ANY LEGAL ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK, OR IN THE UNITED STATES COURTS FOR THE SOUTHERN DISTRICT OF NEW YORK. WITH RESPECT TO ANY SUCH PROCEEDING IN ANY SUCH COURT: (A) EACH PARTY GENERALLY AND UNCONDITIONALLY SUBMITS ITSELF AND ITS PROPERTY TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT; AND (B) EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT HAS OR HEREAFTER MAY HAVE TO THE VENUE OF SUCH PROCEEDING, AS WELL AS ANY CLAIM IT HAS OR MAY HAVE THAT SUCH PROCEEDING IS IN AN INCONVENIENT FORUM.

THE PARTIES HERETO HEREBY VOLUNTARILY, KNOWINGLY AND IRREVOCABLY WAIVE ANY RIGHT EACH MAY HAVE TO TRIAL BY JURY IN THE EVENT OF ANY LITIGATION CONCERNING THIS AGREEMENT.

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12.02 Notices

Any notices or other communications permitted or required hereunder shall be in writing and shall be deemed conclusively to have been given if personally delivered, sent by courier with delivery against signature therefor, mailed by registered mail, postage prepaid, and return receipt requested or transmitted by telecopier and confirmed by a similar writing mailed or sent by courier as provided above, to (i) in the case of Servicing Rights Owner, New Residential Mortgage LLC, c/o New Residential Investment Corp., 1345 Avenue of the Americas, 45th Floor, New York, New York 10105, Attention: Jonathan Grebinar, Austin Sandler and Andrew Miller, Email: jgrebinar@fortress.com; amiller@fortress.com; asandler@fortress.com, or at such other address as may hereafter be furnished to Servicer in writing by Servicing Rights Owner and (ii) in the case of Servicer, PHH Mortgage Corporation, One Mortgage Way, Mt. Laurel, New Jersey 08054, Attention: Vice President, Servicing, or such other address as may hereafter be furnished to Servicing Rights Owner in writing by Servicer.

12.03 No Solicitation

Subject to the terms of any mutually agreed upon portfolio retention agreement (a "Retention Agreement"), Servicer agrees that it will not take any action, or cause any action to be taken by any of its agents or affiliates, or by any independent contractors on its behalf, to personally, by telephone or mail, solicit the borrower or obligor under any related Mortgage Loan for any purpose whatsoever, including but not limited to any pay-off requests or refinance of a Mortgage Loan, accident, health, life, property and casualty insurance, or any other non-mortgage related products or services, in whole or in part, without the prior written consent of Servicing Rights Owner, except for products or processes that facilitate normal servicing activities, such as "phonepay", portfolio defense or automatic payment plans. Notwithstanding the foregoing, it is understood and agreed that promotions undertaken by or on behalf of Servicer or any of its affiliates which are directed to the general public at large, including, without limitation, mass mailing based on commercially acquired mailing lists, newspaper, radio and television advertisements shall not constitute solicitation under this Section 12.03. In addition, notwithstanding the foregoing, Servicer may solicit Mortgages for Mortgage Loan Investor or government sponsored refinance programs (e.g., HARP) and other non-mortgage products to the extent that Servicing Rights Owner gives its prior written consent to Servicer's solicitation of such other non-mortgage products.

12.04 Reserved

12.05 Severability of Provisions

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, the invalidity of any such covenant, agreement, provision or term of this Agreement shall in no way affect the validity or enforceability of the other provisions of this Agreement; provided, however, that if the invalidity of any covenant, agreement or provision shall deprive any party of the economic benefit intended to be conferred by this Agreement, the parties shall negotiate in good faith to develop a structure the economic effect of which is as nearly as possible the same as the economic effect of this Agreement.

12.06 Schedules and Exhibits

The schedules and exhibits that are attached to this Agreement are hereby incorporated herein and made a part hereof by this reference.

12.07 General Interpretive Principles

For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

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

(b) any reference in this Agreement to this Agreement or any other agreement, document, or instrument shall be a reference to this Agreement or any other such agreement, document, or instrument as the same has been amended, modified, or supplemented in accordance with the terms hereof and thereof (as applicable);



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- (c) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, consistently applied;
- (d) references herein to "Articles," "Sections," "Subsections," "Paragraphs," and other subdivisions without reference to a document are to designated articles, Sections, subsections, paragraphs and other subdivisions of this Agreement, unless the context shall otherwise require;
- (e) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to Paragraphs and other subdivisions;
- (f) a reference to a "day" shall be a reference to a calendar day;
- (g) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provision; and
- (h) the terms "include" and "including" shall mean without limitation by reason of enumeration.

12.08 Assignment; Waivers and Amendments

This Agreement may be amended, superseded, canceled, renewed or extended and the terms hereof may be waived, only by a written instrument signed by authorized representatives of the parties or, in the case of a waiver, by an authorized representative of the party waiving compliance of the other party's obligation hereunder.

This Agreement may be assigned only with the written consent of both Servicer and Servicing Rights Owner. The Servicing Rights Owner may also assign to an Affiliate without the consent of the Servicer, provided that the assignment is made with respect to an least fifty thousand (50,000) Mortgage Loans and the Servicer, the Servicing Rights Owner and the Affiliate enter into an assignment and assumption agreement pursuant to which the Affiliate assumes the obligations of the Servicing Rights Owner under this Agreement with respect to the applicable Mortgage Loans (including, without limitation, the representations, warranties and covenants of Servicing Rights Owner set forth in Article IV).

12.09 Captions

All Section titles or captions contained in this Agreement or in any schedule or exhibit annexed hereto or referred to herein, and the table of contents to this Agreement, are for convenience only, shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement.

12.10 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart of this Agreement.

12.11 Entire Agreement

This Agreement and the Purchase Agreement (including the schedules and exhibits annexed hereto or referred to herein) contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior agreements, written or oral, with respect thereto.

12.12 Further Assurances

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Each party hereto shall take such additional action as may be reasonably necessary to effectuate this Agreement and the transactions contemplated hereby. In addition, the parties agree to cooperate and work in good faith to solve any and all issues or developments that arise during the course of the business relationship evidenced hereby.

### 12.13 Confidentiality

(a) Confidential Information. The term "Confidential Information" shall include: (i) all proprietary information that a party makes available or discloses, directly or indirectly, (the "Provider"), in writing, electronically,

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orally, visually or in any other medium, to the other party (the "Recipient") or such information that the Recipient obtains access to pursuant to this Agreement, including but not limited to information relating to the other party's intellectual property and proprietary information, trademarks, copyrights, trade secrets, clients, customer lists, business contacts, business plans, customer leads and methods of generating customer leads, policies, procedures, techniques, discoveries, inventions, writings, conceptions, know-how, standards, computer programs, computer software, databases, products, source or object code, product or service specifications, manuals, agreements, economic and financial information, marketing plans, data, reports, analyses, compilations, ideas and tangible expression of ideas, statistics, summaries, studies, and any other materials or information, or any materials based thereon. Confidential Information may also include material non-public information of the Provider within the meaning of Regulation FD promulgated by the Commission under the Exchange Act. This list of Confidential Information is not exclusive and may now or in the future include other types of information that constitute Confidential Information which are expressly included within the scope of this Agreement by reference; (ii) Customer Information as such term is defined below in Section 12.13(e) and (iii) the terms of this Agreement. Servicing Rights Owner hereby permits Servicer to analyze all data provided by Servicer in its capacity as servicer hereunder for performance results, delinquency trends, prepayment insights and to support all client data requirements, in accordance with Applicable Requirements.

(b) Confidentiality Requirements. In connection with this Agreement and the services performed hereunder, the parties may exchange and have access to each other's Confidential Information. Confidential Information shall be used by each party solely in the performance of its obligations or the exercise of its rights pursuant to this Agreement. A party receiving Confidential Information from the other party under this Agreement, the Recipient, agrees that any Confidential Information provided by the other party, the Provider, shall be kept strictly confidential and shall not be disclosed in any manner whatsoever, in whole or in part, to any employee, agent, consultant, or third party, except (i) as may be necessary to perform its obligations or exercise its rights pursuant to this Agreement, (ii) as may be agreed upon in writing by the Provider prior to disclosure, (iii) to the Recipient's regulators and examiners, (iv) to defend itself in connection with a legal proceeding regarding the Transactions, (v) as required by Applicable Requirements, (vi) to the Recipient's Affiliates' officers, directors, attorneys, accountants, employees, agents and representatives and, with respect to the Servicing Rights Owner only, rating agencies, consultants, bankers, financial advisors and potential financing sources (collectively, "Representatives"), or (viii) as otherwise required by Applicable Requirements. Each party shall notify its employees of their confidentiality obligations with respect to the Confidential Information and shall require its employees to comply with these obligations. Prior to disclosing any Confidential Information pursuant to this subsection, Recipient shall inform each Representative that shall receive such Confidential Information of the confidential nature of the information, and each consultant or third party shall have written confidentiality obligations to Recipient at least as stringent as those appearing in this Agreement. Each party will use its reasonable best efforts to ensure that its Representatives to whom Confidential Information is disclosed take such action as shall be necessary or advisable to preserve and protect the confidentiality of Confidential Information; provided, however, that each party shall be responsible for any breach by its Representatives of the confidentiality requirements of this Agreement. A Recipient shall not duplicate, copy or reproduce, in tangible or electronic form, including, without limitation, by means of photocopying, transcribing of voice recording, or electronic imaging, delivery or processing, Confidential Information except in the ordinary course of business for the performance of its obligations or the exercise of its rights pursuant to this Agreement. Confidential Information shall be deemed the exclusive property of the disclosing party. The Recipient acknowledges that it and its Representatives are aware that U.S. securities laws prohibit any person or entity who has material non-public information about a company from purchasing or selling, directly or indirectly, securities of such company (including entering into hedging transactions involving such securities), or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person or entity is likely to trade in such securities. The Recipient agrees that it will not use and that it will use its reasonable best efforts to assure that none of its Representatives will use any Confidential Information in contravention of the U.S. securities laws.

(c) Disclosures. If the Recipient is legally compelled (whether by depositions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigation, demand or other similar process, or by the rules or regulations of a governmental agency with jurisdiction over a party) to disclose any Confidential Information of the Provider, the Recipient shall, except as prohibited by law, provide the Provider with prompt written notice of any such request or requirement prior to disclosure of any Confidential Information so that the Provider may seek, at its own

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expense, a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If the Provider seeks a protective order or other appropriate remedy, the Recipient shall, at the Provider's expense, provide such cooperation as the Provider shall reasonably request. If, in the absence of a protective order or other appropriate remedy or the receipt by the Recipient of a waiver from the Provider, the Recipient is required to disclose Confidential Information to any person, the Recipient may, without liability hereunder, disclose to such person only that portion of the Confidential Information which the Recipient is advised by reasonable written opinion of counsel is legally required to be disclosed, and will exercise its reasonable efforts to assist the Provider, at the Provider's expense, in obtaining a protective order or other reliable assurance that confidential treatment will be accorded to the Confidential Information that is disclosed.

(d) Exclusions. With the exception of Customer Information, the obligations of confidentiality in this Section 12.13 shall not in any way restrict or impair either party's right to use, disclose or otherwise deal with: (i) Confidential Information that is or becomes generally available to the public by publication or otherwise other than as a result of a disclosure directly or indirectly by the Recipient that violates the terms of this Agreement; (ii) Confidential Information which the Recipient can show was in the possession of or known by the Recipient, or its parent, subsidiary or affiliated company, prior to disclosure by the Provider under this Agreement and which was not acquired, directly or indirectly, under any confidentiality obligation applicable to the provider of such information and which the Recipient was permitted to use without restriction; or (iii) Confidential Information which is independently acquired or developed by the Recipient without reference to or reliance upon any Confidential Information furnished by the Provider and without violation of its obligations hereunder or any other confidentiality obligations owed to the Provider.

(e) Customer Information and Security Measures. Terms used in this paragraph have the meanings given them under Title V of the Gramm-Leach-Bliley Act (15 U.S.C. Section 6801, et seq.) (the "GLBA") as amended from time to time. Pursuant to this Agreement, Servicing Rights Owner may disclose to Servicer certain nonpublic personally identifiable information about Servicing Rights Owner's consumers or Customers ("Customer Information"). Servicer agrees to maintain the confidentiality of all such Customer Information to the same extent that Servicing Rights Owner is required to maintain it. Servicer agrees not to disclose or use any such Customer Information except to carry out the purposes for which Servicing Rights Owner provided such Customer Information, including use as permitted by the GLBA in the ordinary course of business to carry out those purposes. Servicer further agrees that Servicer has implemented and will maintain throughout the term of this Agreement security measures ("Security Measures") designed to: (i) ensure the security and confidentiality of the Customer Information, (ii) protect against any anticipated threats or hazards to the security and integrity of the Customer Information, (iii) protect against unauthorized access to or use of the Customer Information that could result in substantial harm or inconvenience to any customer of Servicing Rights Owner, and (iv) ensure the proper disposal of the Customer Information. Servicer agrees to (i) notify Servicing Rights Owner as soon as possible after verification in the event it becomes aware of any intrusion, security breach, or unauthorized access to or use of any Customer Information in its possession or that of its service providers, (ii) take measures to determine the scope of the breach and restore or enhance the security of the Customer Information to avoid further breaches and (iii) assist Servicing Rights Owner in identifying and notifying any of Servicing Rights Owner's Customers whose Customer Information was subject to the unauthorized access or use. Servicer must receive Servicing Rights Owner's prior written approval of any communications to customers regarding a breach in the security of Customer Information. Servicing Rights Owner shall review and grant its approval or rejection of any such communications within one (1) Business Day of its receipt of the communication(s) from Servicer. If Servicing Rights Owner rejects any communication, Servicing Rights Owner shall provide to Servicer detailed changes to be made to the communication to receive Servicing Rights Owner's approval. Servicer shall not be liable or responsible (and Servicing Rights Owner shall be liable and responsible) for any: (y) delay in sending any communication(s) to Customers if Servicing Rights Owner does not timely or appropriately approve or reject any communication; or (z) Losses to the extent resulting from Servicing Rights Owner's rejection of or changes to any communication(s). Servicer also agrees that it will abide by the Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act of 2003, and any rules, regulations, or orders issued thereunder ("FACT Act") and that all Consumer Information will be properly disposed of by Servicer in accordance with the FACT Act and any other applicable federal and state laws and regulations.

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(f) Injunctive Relief. The parties agree that monetary damages for breach of the obligations under this Section 12.13 may not be adequate and that the non-disclosing party shall be entitled to injunctive relief with respect to a breach thereof.

(g) Return of Confidential Information. Following the termination of this Agreement, each party agrees that it will return or destroy all copies of Confidential Information of the other party, without retaining any copies thereof, and destroy all copies of any analyses, compilations, studies or other documents prepared by it or for its use containing or reflecting any Confidential Information; provided, however, that each party may retain such limited copies or materials containing Confidential Information of the other party for customary document retention and audit purposes, as required by Applicable Law, and subject to the terms of this Agreement.

(h) Survival. The provisions of this Section 12.13 shall survive termination of this Agreement.

12.14 Force Majeure.

Each party will be excused from performance under this Agreement, except for any payment obligations for services that have been or are being performed hereunder, for any period and to the extent that it is prevented from performing, in whole or in part, as a result of delays caused by the other party or any act of God, war, civil disturbance, court order, labor dispute, or other cause beyond its reasonable control, including failure, fluctuations, or unavailability of heat, light, air conditioning, or telecommunications equipment. A party excused from performance pursuant to this Section shall exercise commercially reasonable efforts to continue to perform its obligations hereunder and shall thereafter continue with reasonable due diligence and good faith to remedy its inability to so perform, except that nothing herein shall obligate either party to settle a strike or labor dispute when it does not wish to do so. Such nonperformance will not be deemed a breach of this Agreement as long as the party uses commercially reasonable efforts to expeditiously remedy the problem causing such nonperformance and to execute its disaster recovery plan then in existence. If the failure of a party to perform under this Agreement as a result of a force majeure event exceeds fifteen (15) days, the other party may terminate this Agreement immediately without liability and the parties shall cooperate in good faith to facilitate the transfer of servicing to a successor servicer or subservicer designated by the Servicing Rights Owner. Notwithstanding the foregoing, in the event the force majeure provisions set forth in the Investor Guidelines are more restrictive as they relate to the Servicing Rights Owner or the Servicer, such provisions in the Investor Guidelines shall control in the event an Agency is a Mortgage Loan Investor.

12.15 Executory Contract.

Notwithstanding any provision in this Agreement to the contrary, the parties intend and the Servicer acknowledges and agrees that, in the event it files bankruptcy under 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), this Agreement is an "executory contract" within the meaning of Section 365 of the Bankruptcy Code and, therefore, Servicer shall have no right to modify on any basis whatsoever, including without limitation Section 105 of the Bankruptcy Code, any of the terms, provisions or conditions of this Agreement in any such bankruptcy proceeding and hereby irrevocably waives any ability to do so. Further, Servicer acknowledges and agrees that its services provided under this Agreement are essential and should Servicer fail to perform its obligations under this Agreement, Servicing Rights Owner shall suffer irreparable harm and, consequently, Servicing Rights Owner shall have the right to obtain on an expedited basis an order from the bankruptcy court: (i) lifting the Section 362 automatic stay so as to permit Servicing Rights Owner to terminate this Agreement; and (ii) compelling Servicer to immediately assume or reject this Agreement in accordance with the provisions of Section 365 of the Bankruptcy Code. In the event this Agreement is rejected under Section 365 of the Bankruptcy Code, this Agreement shall be terminated and Servicer agrees to immediately comply with its obligations under this Agreement with respect to termination of this Agreement. Finally, Servicer acknowledges and agrees that Section 506(c) of the Bankruptcy Code has no application to this Agreement and, even if it did, Servicer hereby expressly waives any right to surcharge Servicing Rights Owner under Section 506(c) of the Bankruptcy Code.

12.16 Independence of Parties.

Servicer shall have the status of, and act as, an independent contractor. Nothing herein contained shall be construed to create a partnership, joint venture or fiduciary relationship between Servicing Rights Owner and Servicer.

[Signature page follows]



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IN WITNESS WHEREOF, Servicer and Servicing Rights Owner have caused their names to be signed hereto by their respective officers as of the date first written above.

NEW RESIDENTIAL MORTGAGE LLC

By: New Residential Investment Corp., its managing member

By: /s/ NICOLA SANTORO, JR.

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Name: Nicola Santoro, Jr.

Title: Chief Financial Officer

PHH MORTGAGE CORPORATION

By: /s/ GLEN A. MESSINA

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Name: Glen A. Messina

Title: President and Chief Executive Officer

*[Signature Page to Flow Mortgage Loan Subservicing Agreement]*

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## SCHEDULE A

**PRICING SCHEDULE****Base Fee Monthly Servicing Fee**

Base Fee	\$	[***]
Add-on for FHA, VA or Non-Agency Loans	\$	[***]
Add-on for ARMs or Interest Only Loans	\$	[***]

**Monthly Fees for Loans in Default**

30 - 59 days past due	\$	[***]
60 - 89 days past due	\$	[***]
90+ days past due	\$	[***]
Bankruptcy	\$	[***]
Foreclosure	\$	[***]
REO	\$	[***]

**Late Charges / Ancillary Income**

**Loss Mitigation Incentives** [\*\*\*]

**Collection Accounts**

[\*\*\*]

**Claims Fees**

[\*\*\*]

Fannie Mae/Freddie Mac	\$	[***]
MI Claim	\$	[***]
FHA Part A	\$	[***]
FHA Part B	\$	[***]

**New Loan Setup Fee** (Waived for Initial Mortgage Loans)

- Automated transfer boarding fee	\$	[***]
- Manual boarding fee	\$	[***]

**Reporting**

[\*\*\*]

**Mailed Monthly Statements**

[\*\*\*]

**New York Mortgage Loans**

[\*\*\*]

**Deboarding Fee, per Mortgage Loan**

Without Cause, sale of Servicing Rights		
Year 1	\$	[***]
Year 2	\$	[***]
Year 3	\$	[***]
Without Cause, 11.01(a)(iii)(x)	\$	[***]
Without Cause, 11.01(a)(iii)(y)	\$	[***]
Without Cause, otherwise	\$	[***]

[\*\*\*] INDICATES MATERIAL THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED MATERIAL HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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**Tax Contract Transfer Fees** (not applicable to Initial Mortgage Loans):

- Tax contract transfer fee for any loan with tax contract not through CoreLogic (Seasoned Loan greater than 1 year with required info from previous tax provider)	\$	***
- Tax contract transfer fee for any loan with tax contract not through CoreLogic (Seasoned Loan greater than 1 year w/ limited info from previous tax provider, requiring legal description to complete search and place under tax service)	\$	***
- Tax contract transfer fee for any loan without a tax contract at time of transfer (New Originations/Less than 1 year require individual documents containing the HUD1/Closing Disclosure and Legal Description to complete search and place under tax service)	\$	***

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\*\*\* INDICATES MATERIAL THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED MATERIAL HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

**EXHIBIT 1**

**CONTENTS OF EACH MORTGAGE FILE**

To be mutually agreed upon from time to time by the parties based upon the mortgage loans.

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**EXHIBIT 2**

**ADVANCE THRESHOLD MATRIX**

<b>Advance Category</b>	<b>Approval Per Advance Threshold</b>
Attorney Fees (Contested Foreclosure)	\$ [***]
Hazard Insurance	\$ [***]
HOA	\$ [***]
Litigation Fees (Non-Routine)	\$ [***]
MI	\$ [***]
Mod Advances	\$ [***]
Prop Preservation	\$ [***]
Property Taxes	\$ [***]
Title Curative	\$ [***]

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[\*\*\*]

INDICATES MATERIAL THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED MATERIAL HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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**EXHIBIT 3**

**FORM OF COLLECTION ACCOUNT LETTER AGREEMENT**

[DATE]

To: [\_\_\_\_\_]

As Servicer under the Subservicing Agreement, dated as of [month/date/year] (the "Agreement") by and between you and the below signed Servicer, we hereby certify to you that we have established an account, number [\_\_\_\_\_], at [insert name of financial institution], as a Collection Account pursuant to Section [section number] of the Agreement, to be designated as "[\_\_\_\_\_], in trust for [account name].

[\_\_\_\_\_]

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

Name:

Title:

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**EXHIBIT 4**

**FORM OF ESCROW ACCOUNT LETTER AGREEMENT**

[DATE]

To: [\_\_\_\_\_]

As Servicer under the Subservicing Agreement, dated as of [month/date/year] (the "Agreement") by and between you and the below signed Servicer, we hereby certify to you that we have established an account, number [\_\_\_\_\_], at [insert name of financial institution], as an Escrow Account pursuant to Section [section number] of the Agreement, to be designated as "[\_\_\_\_\_]", in trust for [account name].

[\_\_\_\_\_]

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

Name:

Title:

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**EXHIBIT 5**

**LITIGATION PROTOCOLS**

As used herein, contested litigation Mortgage Loans ("CL Loans") means any Mortgage Loan that involves a lawsuit or other dispute resolution mechanism (including but not limited to arbitration or mediation) in which a standalone lawsuit or a responsive claim (including but not limited to a counterclaim or third party claim filed in a judicial foreclosure action) asserts outside of the ordinary course claims.

A. For all CL Loans, the Servicer shall comply with the following instructions:

1. **Contact with Borrower:** The Servicer will not make any outbound calls related to CL Loans or conduct any solicitation efforts by mail or e-mail directly to a represented Borrower without prior written consent from the Servicing Rights Owner or outside counsel designated in writing by the Servicing Rights Owner as a liaison (the "Designated Persons") unless otherwise required by applicable law.
  2. **Foreclosure:** The Servicer shall not take any foreclosure-related actions on a CL Loan (including but not limited to issuing / recording Notices of Acceleration, Default or Sale as well as any eviction, marketing or other Real Estate Owned activities) without the prior written consent of a Designated Person unless otherwise necessary to protect the secured interest in the property or to meet applicable investor requirements.
  3. **Property Inspections and Preservation:** Unless requested by a Designated Person not to do so, for every CL Loan the Servicer shall take all property preservation and inspection measures that are in accordance with the Applicable Requirements unless otherwise prohibited by applicable law.
  4. **Tax:** Unless requested by a Designated Person not do so, for every CL Loan the Servicer shall take all tax related actions (including but not limited to responding to correspondence and notices, paying due or delinquent property taxes for impounded and escrowed CL Loans, and monitoring non-impounded loans for payment status in order to protect against tax liens or a loss of the property through the payment of tax advances and/or the creation of an escrow account) in accordance with Applicable Requirements.
  5. **Insurance:** Unless requested by a Designated Person not do so, for every CL Loan the Servicer shall take all insurance related actions (including but not limited to responding to correspondence and notices as well as paying premiums and/or arranging for any needed hazard, earthquake, flood and purchase money insurance coverage) in accordance with Applicable Requirements.
  6. **Loss Mitigation Apart from Loan Modifications:** For every CL Loan, the Servicer shall not engage in any loss mitigation activities (other than loan modifications), including but not limited to collection calls efforts, short sales, deeds-in-lieu of foreclosure or deficiency waivers without the prior written consent of a Designated Person unless otherwise required to do so under applicable law or investor requirements.
  7. **Bankruptcy:** For every CL Loan with respect to which the related Mortgagor is subject to a bankruptcy or insolvency proceeding, except as otherwise provided in subsections 3, 4, 5, and 8 of these instructions, the Servicer shall not take any action (including but not limited to filing proofs of claim or motions for relief from stay) without the prior written consent of a Designated Person unless otherwise necessary to protect the interests in the second property, the interests of the Servicing Rights Owner, or to comply with applicable investor requirements.
  8. **Payment Processing:** Unless requested by a Designated Person not do so, for every CL Loan the Servicer shall take all payment processing actions in accordance with Applicable Requirements.
  9. **Communication and Cooperation:** Communication between the Servicer and Designated Persons shall be conducted in a manner (dependent in part on the parties at issue in the litigation as well as the law applicable to that litigation) so as to not waive the attorney-client privilege or the work product doctrine evidentiary privilege.
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10. Loan Modifications: Unless requested by a Designated Person not do so, for every CL Loan, the Servicer shall conduct all loan modification efforts (including but not limited to solicitation, collection of financial documents, verification of income, underwriting, issuance of denials and other correspondence as well as trial and permanent modification implementation) consistent with Applicable Requirements and the Agreement, and applicable law.
  11. Credit Reporting: The Servicer will not take any credit reporting action related to CL Loans without prior written consent from a Designated Person.
- B. If a new litigation or other dispute resolution mechanism is filed after the applicable Sale Date that would cause a Mortgage Loan to become a CL Loan, the Servicer shall provide a copy of the complaint or other operative pleading or claim to the Servicing Rights Owner at the following email address: Group\_NRM\_OPS@fortress.com (or such other email address as provided from time to time). Unless the Servicer and Servicing Rights Owner determine otherwise, the provisions of this Protocol related to CL Loans shall thereafter apply to such a litigation or proceeding.
- C. For each Mortgage Loan subject to an associated lawsuit that does not qualify such Mortgage Loan as a CL Loan, the Servicer shall service such Mortgage Loan consistent with its own litigation procedures, the Agreement, and applicable law.
- D. The above notwithstanding, the Servicer shall remain obligated to comply with all applicable law, regulations, and investor requirements with regard to its servicing of any CL Loans.
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**EXHIBIT 6**

**QUARTERLY FINANCIAL COVENANTS**

- A. With respect to the Servicer's financial condition, as of any date of determination:
- i. Minimum adjusted net worth for sellers/servicers (as described in the Fannie Mae Guides and calculated in accordance with Fannie Mae Guides for sellers/servicers, equal to a minimum of \$100 million.
  - ii. Minimum adjusted net worth for sellers/servicers (as described in the Fannie Mae Guides) to total assets (as defined in the Fannie Mae Guides) net of the sum of (i) mortgage warehouse financings and (ii) to the extent purchase of the Servicing Rights are treated as a financing by the Seller's auditors, the related purchase price of the Servicing Rights as set forth in the MSRPA, are greater than 25% (calculated in accordance with Fannie Mae Guidelines).
  - iii. Minimum liquidity at least equal to minimum liquidity requirements for sellers/servicers (calculated in accordance with Fannie Mae Guidelines).
  - iv. Declines in net worth for sellers/servicers (as described and calculated in the Fannie Mae Guides) is not greater than the amount described in the Fannie Mae Guide which would be deemed a breach of the applicable lender contract); provided that, to the extent Fannie Mae permits any waivers to any breaches of this covenant, the Servicing Rights Owner shall be deemed to have granted such waiver to this Quarterly Financial Covenant.
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**EXHIBIT 7**

**FORM OF QUARTERLY FINANCIAL COVENANT CERTIFICATION**

I, \_\_\_\_\_, \_\_\_\_\_ of [name of Servicer] ("Servicer"), do hereby certify that, except as set forth on the bottom of this certification:

- (i) Servicer is in compliance with the Quarterly Financial Covenants set forth in that certain Subservicing Agreement, dated as of \_\_\_\_\_, by and between New Residential Mortgage LLC and Servicer (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement");
- (ii) The attached supporting documentation and backup attached to this Quarterly Financial Covenant Certification with respect to the financial covenants are true, complete and correct.

[EXCEPTIONS TO THE FOREGOING:]

Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Agreement.

IN WITNESS WHEREOF, I have signed this certificate.

Date: \_\_\_\_\_, 20\_\_

[Name of Servicer]

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

\_\_\_\_\_  
Name:

Title:

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**EXHIBIT 8**

**FORM OF REPORTS**

[Provided under separate cover]

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**EXHIBIT 9**

**FORM OF LIMITED POWER OF ATTORNEY**

New Residential Mortgage LLC (the "Servicing Rights Owner"), a [\_\_\_\_\_] limited liability company, whose address is [\_\_\_\_\_] constitutes and appoints [\_\_\_\_\_] (the "Servicer"), a [\_\_\_\_\_] limited liability company, its true and lawful attorney-in-fact, in its name, place and stead to take the following designated actions in connection with any mortgage loan or real estate owned property (each, a "Mortgage Loan") owned by the Servicing Rights Owner and serviced by the Servicer pursuant to that certain Subservicing Agreement, dated as of [\_\_\_\_\_] between the Servicing Rights Owner and the Servicer:

1. To ask, demand, sue for, collect and receive all sums of money, debts or other obligations of any kind with respect to a Mortgage Loan which are now or shall after this date become due, owing or payable, or otherwise belong to the Servicing Rights Owner, to settle and compromise any of such debts or obligations that may be or become due to the Servicing Rights Owner, to endorse in the name of the Servicing Rights Owner for deposit in the appropriate account any instrument payable to or to the order of the Servicing Rights Owner; in each case with respect to a Mortgage Loan.
2. To make demand(s) on behalf of the Servicing Rights Owner upon any or all parties liable on a Mortgage Loan; to declare defaults with respect to a Mortgage Loan; to give notices of intention to accelerate; to give notices of acceleration and any other notices as the Servicer deems reasonably appropriate; to post all notices as required by law and the documents securing a Mortgage Loan in order to foreclose such Mortgage Loan; to handle all aspects of foreclosure on behalf of the Servicing Rights Owner, including, but not limited to, conducting the foreclosure sale, bidding for the Servicing Rights Owner and executing all documents including all deeds and conveyances, needed to effect such foreclosure sale and/or liquidation; to execute any documents or instruments necessary for the offer, listing, closing of sale, and conveyance of real estate owned property, including, but not limited to, grant, warranty, quit claim and statutory deeds or similar instruments of conveyance; to execute any documents or instruments in connection with any bankruptcy or receivership of a mortgagor on a Mortgage Loan; to file suit and prosecute legal actions against all parties liable for amounts due under a Mortgage Loan, including, but not limited to, any deficiency amounts due following foreclosure; to take such other actions and exercise such rights which may be taken by the Servicing Rights Owner under the terms of any Mortgage Loan, including, but not limited to, satisfaction, release, cancellation or discharge of mortgage, eviction, unlawful detainer, or similar dispossessory proceeding, sale, taking possession of, release of security instruments, realization upon all or any part of a Mortgage Loan or any collateral therefor or guaranty thereof; and to assign, convey, accept or otherwise transfer, the Servicing Rights Owner's interest in any Mortgage Loan.

3. To perform all other acts and do all other things as may be reasonably necessary to manage the Mortgage Loans.  
Nothing herein shall give the attorney-in-fact hereunder the right or power to negotiate or settle any suit, counterclaim or action against the Servicing Rights Owner. The Servicing Rights Owner shall have no obligation to inspect or review any agreement or other document or item executed by the attorney-in-fact hereunder on behalf of the Servicing Rights Owner pursuant to this Limited Power of Attorney and as such, the attorney-in-fact hereunder expressly acknowledges that the Servicing Rights Owner is relying upon such attorney-in-fact to undertake any and all necessary procedures to confirm the accuracy of any such agreement, document or other item.

This Limited Power of Attorney shall continue in full force and effect unless terminated in writing by an officer of the Servicing Rights Owner so authorized to do so (a "Revocation").

Any third party may rely upon a copy of this Limited Power of Attorney, to the same extent as if it were an original, and shall be entitled to rely on a writing signed by the attorney-in-fact hereunder to establish conclusively the identity of a particular right, power, capacity, asset, liability, obligation, property, loan or commitment of such attorney-in-fact for all purposes of this Limited Power of Attorney, unless a Revocation has been recorded in the public records of the jurisdiction where this Limited Power of Attorney has been recorded, or unless such third party has received actual written notice of a Revocation.

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No attorney-in-fact hereunder shall be obligated to furnish a bond or other security in connection with its actions hereunder.

The Servicing Rights Owner authorizes the Servicer, by and through any of its directors or officers, or any other employee who is duly authorized by the Servicer as attorney-in-fact appointed hereunder, to certify, deliver, and/or record copies and originals of this Limited Power of Attorney.

If any provision of this Limited Power of Attorney shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of each of the other provisions hereof shall not be affected thereby.

**[Signature Page Follows]**

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IN WITNESS WHEREOF, [ ] has caused this Limited Power of Attorney to be executed and subscribed in its name as of \_\_\_\_\_.

NEW RESIDENTIAL MORTGAGE LLC

By:

\_\_\_\_\_

Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

WITNESS:

By:

\_\_\_\_\_

Name:

\_\_\_\_\_

WITNESS:

By:

\_\_\_\_\_

Name:

\_\_\_\_\_

STATE OF

)

) ss

COUNTY OF

)

I certify that \_\_\_\_\_, personally came before me and acknowledged that he/she, is the \_\_\_\_\_ of \_\_\_\_\_ and that he/she as \_\_\_\_\_ being authorized to do so, executed the foregoing Limited Power of Attorney on behalf of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and have affixed my official seal.

\_\_\_\_\_

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

My Commission Expires: \_\_\_\_\_

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**EXHIBIT 10**

**DAILY DATA ELEMENTS**

<b>#</b>	<b>PHH Data Field</b>	<b>Area</b>
[***]	[***]	[***]

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[\*\*\*] INDICATES MATERIAL THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED MATERIAL HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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**EXHIBIT 11**

**SERVICE LEVEL AGREEMENTS**

<b>Service Level Agreement</b>		<b>Service Level</b>	<b>Service Level Credit</b>	<b>Measurement Window</b>
Advance Reimbursement (Applicable to FNMA & FHLMC)	[***]	1	[***]	