

Nationstar Mortgage LLC
Form 424B3
May 23, 2013
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-187643

PROSPECTUS

Nationstar Mortgage LLC

Nationstar Capital Corporation

Offers to Exchange

\$375,000,000 aggregate principal amount of our new 9.625% Senior Notes due 2019 (the New 2019 Notes), \$400,000,000 aggregate principal amount of our new 7.875% Senior Notes due 2020 (the New 2020 Notes) and \$600,000,000 aggregate principal amount of our new 6.500% Senior Notes due 2021 (the New 2021 Notes and, together with the New 2019 Notes and the New 2020 Notes, the New Notes), the issuance of each of which has been registered under the Securities Act of 1933, as amended (the Securities Act) for any and all of our outstanding unregistered 9.625% Senior Notes due 2019 (the Old 2019 Notes), 7.875% Senior Notes due 2020 (the Old 2020 Notes) and 6.500% Senior Notes due 2021 (the Old 2021 Notes and, together with the Old 2019 Notes and the Old 2020 Notes, the Old Notes), respectively.

Terms of the Exchange Offers

We are offering to exchange any and all of our Old Notes that are validly tendered and not validly withdrawn for an equal principal amount of New Notes that are freely tradable. We refer to the Old Notes and the New Notes collectively as the Notes.

The exchange offers expire at 5:00 p.m., New York City time, on June 21, 2013 (such date and time, the Expiration Date, unless we extend or terminate one or more of the exchange offers, in which case the Expiration Date of such exchange offer will mean the latest date and time to which we extend such exchange offer).

Tenders of Old Notes may be withdrawn at any time prior to the Expiration Date.

The Old Notes may be exchanged only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The exchange of Old Notes for New Notes generally will not be a taxable exchange for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offers.

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The terms of the New Notes to be issued in the exchange offers are substantially the same as the terms of the Old Notes, except that the offers of the New Notes are registered under the Securities Act, and the New Notes have no transfer restrictions, rights to additional interest or registration rights.

The New Notes will be senior unsecured obligations of each of Nationstar Mortgage LLC and Nationstar Capital Corporation, jointly and severally, and will be fully and unconditionally guaranteed, jointly and severally, on an unsecured senior basis by each of our existing and future domestic subsidiaries, other than non-guarantor subsidiaries as described by the applicable indentures governing the New Notes, and Nationstar Mortgage Holdings Inc. (NMHI), Nationstar Sub1 LLC (Sub1) and Nationstar Sub2 LLC (Sub2 and, together with NMHI and Sub1, the Parent Entities).

The New Notes will not be listed on any securities exchange. A public market for the New Notes may not develop, which could make selling the New Notes difficult.

We are making the exchange offers in reliance on the position of the staff of the Securities and Exchange Commission (SEC) as set forth in interpretive letters addressed to third parties in other transactions, including the SEC staff 's no-action letter, Exxon Capital Holdings Corporation, available May 13, 1988. See Description of the Exchange Offers Resale of the New Notes.

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. Starting on the Expiration Date (as defined herein) and ending on the close of business 90 days after the Expiration Date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Investing in the New Notes involves certain risks. See Risk Factors beginning on page 17.

We are not making an offer to exchange Notes in any jurisdiction where the offer is not permitted.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2013.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Where You Can Find More Information</u>	i
<u>Market and Industry Data</u>	i
<u>Incorporation of Certain Information by Reference</u>	i
<u>Websites</u>	i
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	17
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	42
<u>Selected Historical Consolidated Financial Data</u>	44
<u>Ratio of Earnings to Fixed Charges</u>	48
<u>Description of the Exchange Offers</u>	49
<u>Management, Board of Managers and Board of Directors</u>	61
<u>Compensation Discussion & Analysis</u>	64
<u>Certain Relationships and Related Party Transactions</u>	77
<u>Security Ownership of Certain Beneficial Owners and Management</u>	81
<u>Description of the New 2019 Notes</u>	83
<u>Description of the New 2020 Notes</u>	136
<u>Description of the New 2021 Notes</u>	189
<u>Form, Book-Entry Procedures and Transfer</u>	243
<u>Certain U.S. Federal Income Tax Consequences</u>	246
<u>Plan of Distribution</u>	249
<u>Use of Proceeds</u>	249
<u>Legal Matters</u>	250
<u>Experts</u>	250
<u>Letter of Transmittal</u>	A-1

We have not authorized anyone to give any information or make any representation about the offering that is different from, or in addition to, that contained in this prospectus or the related registration statement. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this document are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-4 to register the exchange offers of the New Notes, which you can access on the SEC's website at <http://www.sec.gov>. This prospectus, which forms part of the registration statement, does not contain all of the information included in that registration statement. For further information about us and about the New Notes offered in this prospectus, you should refer to the registration statement and its exhibits. You may read and copy any materials we or NMHI file with the SEC at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These materials are also available to the public from the SEC's website at <http://www.sec.gov>.

MARKET AND INDUSTRY DATA

Certain market and industry data included or incorporated by reference in this prospectus have been obtained from third party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications, government publications and third party forecasts in conjunction with our assumptions about our markets. We have not independently verified such third party information. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" in this prospectus.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We incorporate by reference into this prospectus certain information NMHI files with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Certain information that NMHI subsequently files with the SEC will automatically update and supersede information in this prospectus and in NMHI's other filings with the SEC. We incorporate by reference the documents listed below, which NMHI has already filed with the SEC, and any future filings we or NMHI makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of the initial registration statement and prior to the termination of the exchange offers, except that we are not incorporating any information included in a Current Report on Form 8-K that has been or will be furnished (and not filed) with the SEC, unless such information is expressly incorporated herein by a reference to a furnished Current Report on Form 8-K or other furnished document:

NMHI's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as filed on March 15, 2013 ("NMHI 2012 Form 10-K");

NMHI's Definitive Proxy Statement, as filed on April 15, 2013 (other than information in the Definitive Proxy Statement that is not specifically incorporated by reference in NMHI's 2012 Form 10-K);

NMHI's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, as filed on May 7, 2013 ("NMHI Q1 2013 10-Q"); and

NMHI's Current Reports on Form 8-K as filed on January 10, 2013, February 4, 2013, February 5, 2013, February 6, 2013, February 7, 2013, February 21, 2013, March 21, 2013 (of which there are three), March 26, 2013, May 9, 2013 and May 23, 2013.

You may request a copy of these filings at no cost, by contacting us at the following:

Nationstar Mortgage Holdings Inc.

350 Highland Drive

Lewisville, Texas 75067

Telephone: (469) 549-2000

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Attn: Marshall Murphy

To obtain timely delivery of any copies of filings requested, please write or call us no later than five business days before the Expiration Date of the exchange offers. This means that you must request this information no later than June 14, 2013.

WEBSITES

The information contained on or that can be accessed through any of our websites is not incorporated in, and is not part of, this prospectus or the registration statement.

Table of Contents

PROSPECTUS SUMMARY

*This prospectus summary contains basic information about our company and the offering. It may not contain all the information that may be important to you and is qualified in its entirety by more detailed information appearing elsewhere in, or incorporated by reference into, this prospectus. Investors should carefully read this entire prospectus, including the information set forth under **Risk Factors** and in NMHI's consolidated financial statements and related notes before making an investment decision.*

*Unless otherwise indicated or the context otherwise requires, references in this prospectus to **Nationstar**, the **Company**, **we**, **us** or **our** refer collectively to Nationstar Mortgage LLC and its subsidiaries. With respect to the discussion of the terms of the notes on the cover page, in the section entitled **Prospectus Summary Summary of the Exchange Offers**, in the section entitled **Prospectus Summary Summary of the New Notes**, in the section entitled **Description of the New 2019 Notes**, in the section entitled **Description of the New 2020 Notes** and in the section entitled **Description of the New 2021 Notes**, references to **we**, **us** or **our** include only Nationstar Mortgage LLC and Nationstar Capital Corporation and not any other subsidiaries of Nationstar Mortgage LLC.*

Company Overview

General

We are one of the largest residential mortgage services companies in the United States, offering a broad array of servicing, origination and real estate services to financial institutions and consumers. We have been one of the fastest growing mortgage servicers since 2007 as measured by growth in aggregate unpaid principal balance (**UPB**), having grown 84.1% annually on a compounded basis through March 31, 2013. As of March 31, 2013, we serviced over 1.9 million residential mortgage loans with an aggregate UPB of \$312.5 billion. Our clients include national and regional banks, government organizations, securitization trusts, private investment funds and other owners of residential mortgage loans and securities. As of March 31, 2013, we employ over 5,700 people in the United States and are a licensed servicer in all 50 states.

In addition to our core servicing business, we also operate a fully integrated loan originations platform and suite of adjacent businesses, which we call **Solutionstar**, designed to meet the changing needs of the mortgage industry. Our originations platform complements and enhances our servicing business by allowing us to replenish our servicing portfolio as loans pay off over time, while **Solutionstar** broadens our product offerings by providing mortgage-related services spanning the life cycle of a mortgage loan. We believe our integrated approach, together with the strength and diversity of our servicing operations and our strategies for growing substantial portions of our business with minimal capital outlays (which we refer to as our **capital light** approach), position us to take advantage of the major structural changes currently occurring across the mortgage industry.

Our Business

Residential Mortgage Servicing

Our leading residential mortgage servicing business serves a diverse set of clients encompassing a broad range of mortgage loans, including prime and non-prime loans, traditional and reverse mortgage loans, government-sponsored enterprises (**GSEs**) and government agency-insured loans, as well as private-label loans issued by non-government affiliated institutions. We have grown our residential mortgage servicing portfolio from an aggregate UPB of \$12.7 billion as of December 31, 2007 to \$312.5 billion as of March 31, 2013. From December 2008 to March 31, 2013, we have added over \$291 billion in UPB to our servicing platform. This growth has been funded primarily through internally generated cash flows and proceeds from equity and debt financings.

Table of Contents

We service loans as the owner of mortgage servicing rights (MSRs), which we refer to as primary servicing, and on behalf of other MSR or mortgage owners, which we refer to as subservicing. We also service reverse mortgages. As of March 31, 2013, our primary servicing and subservicing portfolios represented 77.3% and 13.7%, respectively, of our total servicing portfolio, with 9.0% of our outstanding servicing portfolio consisting of reverse mortgages.

Originations

In addition to our servicing business, we operate a fully integrated loan originations platform to complement and enhance our servicing business. In the years ended December 31, 2012, 2011 and 2010, we originated conventional loans in aggregate principal balance of \$7.9 billion, \$3.4 billion and \$2.8 billion, respectively. For the three months ended March 31, 2013, we originated approximately \$3.4 billion of loans. We originate primarily conventional agency (GSE) and government-insured residential mortgage loans and, to mitigate risk, typically sell these loans within 30 days while retaining the associated servicing rights.

Solutionstar

We operate or have investments in several adjacent businesses which provide mortgage-related services that are complementary to our servicing and originations businesses. These businesses, which together we call Solutionstar, offer an array of ancillary services, including providing services for delinquent loans, managing loans in the foreclosure/real estate owned process and providing title insurance agency, loan settlement and valuation services on newly originated and re-originated loans. We offer these services in connection with loans we currently service, as well as on a third-party basis in exchange for base and/or incentive fees. In addition to enhancing our core businesses, Solutionstar presents an opportunity to increase future earnings with minimal capital investment, including by expanding the services we provide to large banks and other financial institutions seeking to outsource these functions to a third party.

Company History

Nationstar Mortgage LLC is a Delaware limited liability company. We were formed in 1994 in Denver, Colorado as Nova Credit Corporation, a Nevada corporation. In 1997, we moved our executive offices and primary operations to Lewisville, Texas and changed our name to Centex Credit Corporation. In 2001, Centex Credit Corporation was merged into Centex Home Equity Company, LLC, a Delaware limited liability company. In 2006, FIF HE Holdings LLC, acquired all of our outstanding membership interests, and we changed our name to Nationstar Mortgage LLC. Nationstar Capital Corporation, a Delaware corporation, is our wholly-owned subsidiary formed solely for the purpose of being a corporate co-issuer of our 10.875% Senior Notes due 2015, our 9.625% Senior Notes due 2019, our 7.875% Senior Notes due 2020 and our 6.500% Senior Notes due 2021.

In March 2012, our parent, NMHI, completed an initial public offering and related reorganization transactions pursuant to which all of the equity interests in Nationstar Mortgage LLC were transferred from FIF HE Holdings LLC to two direct, wholly-owned subsidiaries of NMHI. Trading in NMHI's common stock on the New York Stock Exchange commenced on March 8, 2012 under the symbol NSM. On March 13, 2012, NMHI closed the initial public offering. Including 2,500,000 shares issued following the exercise of the underwriters' over-allotment option, the aggregate shares issued in connection with the initial public offering amounted to 19,166,667 shares. In addition, in connection with the initial public offering, FIF HE Holdings LLC offered certain of our current and former members of management the opportunity to exchange their Series 1 Class A units for shares of NMHI's common stock that were held by FIF HE Holdings LLC. As of the date of this prospectus, FIF HE Holdings LLC owns approximately 75.2% of NMHI's outstanding common stock. FIF HE Holdings LLC, in turn, is primarily owned by certain private equity funds managed by an affiliate of Fortress Investment Group LLC (Fortress). Fortress is a leading global investment management firm with

Table of Contents

approximately \$55.6 billion in fee paying assets under management as of March 31, 2013. Fortress is headquartered in New York and has affiliates with offices in Atlanta, Dallas, Frankfurt, London, Los Angeles, New Canaan, Philadelphia, Rome, San Francisco, Shanghai, Singapore, Sydney and Tokyo.

Corporate Information

Our executive offices are located at 350 Highland Drive, Lewisville, Texas 75067 and our telephone number is (469) 549-2000.

Table of Contents

Summary of the Exchange Offers

Background

On April 25, 2012, we issued \$275,000,000 aggregate principal amount of Old 2019 Notes in an unregistered offering. In connection with that issuance, we entered into a registration rights agreement on April 25, 2012 (the April Registration Rights Agreement) in which we agreed, among other things, to complete an exchange offer.

On July 24, 2012, we issued a further \$100,000,000 aggregate principal amount of Old 2019 Notes in an unregistered offering. In connection with that issuance, we entered into a registration rights agreement on July 24, 2012 (the July Registration Rights Agreement and, together with the April Registration Rights Agreement, the 2019 Registration Rights Agreements) in which we agreed, among other things, to complete an exchange offer.

Under the terms of the 2019 Registration Rights Agreements, holders of Old 2019 Notes are entitled to exchange any and all of such notes for new notes evidencing the same indebtedness and with substantially similar terms. You should read the discussion under the heading Description of the New 2019 Notes for further information regarding the New 2019 Notes.

On September 24, 2012, we issued \$300,000,000 aggregate principal amount of Old 2020 Notes in an unregistered offering. In connection with that issuance, we entered into a registration rights agreement on September 24, 2012 (the First September Registration Rights Agreement) in which we agreed, among other things, to complete an exchange offer.

On September 28, 2012, we issued a further \$100,000,000 aggregate principal amount of Old 2020 Notes in an unregistered offering. In connection with that issuance, we entered into a registration rights agreement on September 28, 2012 (the Second September Registration Rights Agreement and, together with the First September Registration Rights Agreement, the 2020 Registration Rights Agreements) in which we agreed, among other things, to complete an exchange offer.

Under the terms of the 2020 Registration Rights Agreements, holders of Old 2020 Notes are entitled to exchange any and all of such notes for new notes evidencing the same indebtedness and with substantially similar terms. You should read the discussion under the heading Description of the New 2020 Notes for further information regarding the New 2020 Notes.

On February 7, 2013, we issued \$400,000,000 aggregate principal amount of Old 2021 Notes in an unregistered offering. In connection with that issuance, we entered into a registration rights agreement on February 7, 2013 (the February Registration Rights Agreement) in which we agreed, among other things, to complete an exchange offer.

Table of Contents

On March 26, 2013, we issued a further \$200,000,000 aggregate principal amount of Old 2021 Notes in an unregistered offering. In connection with that issuance, we entered into a registration rights agreement on March 26, 2013 (the March Registration Rights Agreement) and, together with the February Registration Rights Agreement, the 2021 Registration Rights Agreements) in which we agreed, among other things, to complete an exchange offer.

Under the terms of the 2021 Registration Rights Agreements, holders of Old 2021 Notes are entitled to exchange any and all of such notes for new notes evidencing the same indebtedness and with substantially similar terms. You should read the discussion under the heading Description of the New 2021 Notes for further information regarding the New 2021 Notes.

The Exchange Offers

We are offering to exchange, for each \$1,000 aggregate principal amount of our Old 2019 Notes validly tendered and accepted, \$1,000 aggregate principal amount of our New 2019 Notes, for each \$1,000 aggregate principal amount of our Old 2020 Notes validly tendered and accepted, \$1,000 aggregate principal amount of our New 2020 Notes, and for each \$1,000 aggregate principal amount of our Old 2021 Notes validly tendered and accepted, \$1,000 aggregate principal amount of our New 2021 Notes. You should read the discussion under the headings Description of the New 2019 Notes, Description of the New 2020 Notes and Description of the New 2021 Notes for further information regarding the New Notes.

We will not pay any accrued and unpaid interest on the Old Notes that we acquire in the exchange offers. Instead, interest on the New Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including April 25, 2012, with respect to the New 2019 Notes, from and including September 24, 2012, with respect to the New 2020 Notes, and from and including February 7, 2013, with respect to the New 2021 Notes.

As of the date of this prospectus, approximately \$375,000,000 aggregate principal amount of the Old 2019 Notes, approximately \$400,000,000 aggregate principal amount of the Old 2020 Notes and approximately \$600,000,000 aggregate principal amount of the Old 2021 Notes are outstanding.

Denominations of New Notes

Tendering holders of Old Notes must tender Old Notes in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. New Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Expiration Date

The exchange offers will expire at 5:00 p.m., New York City time, on June 21, 2013, unless we extend or terminate one or more of the exchange offers, in which case the Expiration Date of such exchange offer will mean the latest date and time to which we extend

Table of Contents

such exchange offer. We may extend, amend or terminate one or more of the exchange offers without extending, amending or terminating all of the exchange offers. See Description of the Exchange Offers Expiration Date; Extensions; Amendments; Termination.

Settlement Date

The settlement date of an exchange offer will be as soon as practicable after the Expiration Date of such exchange offer.

Withdrawal of Tenders

Tenders of Old Notes may be withdrawn at any time prior to the Expiration Date.

Conditions to the Exchange Offers

Our obligation to consummate the exchange offers is subject to certain customary conditions, which we may assert or waive. See Description of the Exchange Offers Conditions to the Exchange Offer.

Procedures for Tendering

To participate in the exchange offers, you must follow the automatic tender offer program (ATOP), procedures established by The Depository Trust Company (DTC), for tendering Old Notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the Expiration Date of the exchange offers, a computer-generated message known as an agent s message that is transmitted through ATOP and that DTC confirm that:

DTC has received instructions to exchange your Old Notes; and

you agree to be bound by the terms of the letter of transmittal.

For more details, please read Description of the Exchange Offers Terms of the Exchange Offers and Description of the Exchange Offers Procedures for Tendering. If you elect to have Old Notes exchanged pursuant to these exchange offers, you must properly tender your Old Notes prior to 5:00 p.m., New York City time, on the Expiration Date. All Old Notes validly tendered and not properly withdrawn will be accepted for exchange. Old Notes may be exchanged only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Consequences of Failure to Exchange

If we complete the exchange offers and you do not participate in them, then:

your Old Notes will continue to be subject to the existing restrictions upon their transfer;

we will have no further obligation to provide for the registration under the Securities Act of those Old Notes except under certain limited circumstances; and

the liquidity of the market for your Old Notes could be adversely affected.

Table of Contents

Taxation The exchange pursuant to the exchange offers generally will not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Consequences.

Use of Proceeds We will not receive any cash proceeds from the issuance of the New Notes in these exchange offers.

Exchange Agent Wells Fargo Bank, National Association is the exchange agent for the exchange offers.

Resale Based on interpretations of the staff of the SEC, we believe that you may offer for sale, resell or otherwise transfer the New Notes without complying with the registration and prospectus delivery requirements of the Securities Act if:

you are acquiring the New Notes in the ordinary course of the business of yourself and any beneficial owner;

you are not participating in, and do not intend to participate in, a distribution of the New Notes within the meaning of the Securities Act and have no arrangement or understanding with any person to participate in a distribution of the New Notes within the meaning of the Securities Act;

you are not a broker-dealer who acquired the Old Notes directly from us; and

you are not an affiliate of ours, within the meaning of Rule 405 of the Securities Act.

If any of these conditions are not satisfied and you transfer any New Notes issued to you in the exchange offers without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. We will not be responsible for, or indemnify you against, any liability you incur.

Any broker-dealer that acquires New Notes for its own account in exchange for Old Notes that it acquired through market-making or other trading activities must acknowledge that it will deliver this prospectus when it resells or transfers any exchange notes issued in the exchange offers. See Plan of Distribution for further information regarding the prospectus delivery obligations of broker-dealers.

Regulatory Approvals Other than the federal securities laws, there are no federal or state regulatory requirements that we must comply with and there are no approvals that we must obtain in connection with the exchange offer.

Risk Factors

You should consider carefully all of the information included or incorporated by reference in this prospectus and, in particular, the information under the heading Risk Factors beginning on page 17 prior to deciding whether to invest in the Notes.

Table of Contents

Summary of the New Notes

Issuers	Nationstar Mortgage LLC, a Delaware limited liability company, and Nationstar Capital Corporation, a Delaware corporation.
Securities Offered	
<i>New 2019 Notes</i>	U.S. \$375,000,000 aggregate principal amount of 9.625% Senior Notes due 2019
<i>New 2020 Notes</i>	U.S. \$400,000,000 aggregate principal amount of 7.875% Senior Notes due 2020
<i>New 2021 Notes</i>	U.S. \$600,000,000 aggregate principal amount of 6.500% Senior Notes due 2021
Maturity Date	
<i>New 2019 Notes</i>	May 1, 2019
<i>New 2020 Notes</i>	October 1, 2020
<i>New 2021 Notes</i>	July 1, 2021
Interest Rate	
<i>New 2019 Notes</i>	9.625% per annum, payable semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2013. Interest on the New 2019 Notes will accrue from and including May 1, 2013.
<i>New 2020 Notes</i>	7.875% per annum, payable semi-annually in arrears on April 1 and October 1 of each year, commencing October 1, 2013. Interest on the New 2020 Notes will accrue from and including April 1, 2013.
<i>New 2021 Notes</i>	6.500% per annum, payable semi-annually in arrears on January 1 and July 1 of each year, commencing July 1, 2013. Interest on the New 2021 Notes will accrue from and including February 7, 2013.
Guarantees	The New Notes will be fully and unconditionally guaranteed on an unsecured senior basis by each of our existing and future domestic subsidiaries, other than our securitization and certain finance subsidiaries, certain other restricted subsidiaries and subsidiaries that in the future we designate as excluded restricted and unrestricted subsidiaries, and by the Parent Entities.

Ranking

The New Notes and the related guarantees will be our and the guarantors' general unsecured senior indebtedness, respectively, and will:

rank equally in right of payment to all of our and the guarantors' existing and future indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to the Notes and the guarantees;

rank senior in right of payment to any of our and the guarantors' existing and future senior subordinated and subordinated

Table of Contents

indebtedness and other obligations that are, by their terms, expressly subordinated in right of payment to the Notes and the guarantees; and

be effectively junior in right of payment to all of our and the guarantors' existing and future senior secured indebtedness and other obligations to the extent of the value of the assets securing such indebtedness and other obligations.

Form and Denomination

The New Notes will be issued in fully-registered form. The New Notes will be represented by one or more global notes, deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the global notes will be shown on, and any transfers will be effective only through, records maintained by DTC and its participants.

The New Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Optional Redemption

New 2019 Notes

We may redeem the New 2019 Notes, in whole or in part, at any time prior to May 1, 2015, at a price equal to 100% of the aggregate principal amount of the New 2019 Notes plus the applicable make whole premium, as described in Description of the New 2019 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

We may redeem the New 2019 Notes, in whole or in part, at any time on or after May 1, 2015, at the applicable redemption price specified in Description of the New 2019 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

In addition, we may redeem up to 35% of the aggregate principal amount of the New 2019 Notes at any time on or prior to May 1, 2015 with the net cash proceeds from certain equity offerings at the applicable redemption price specified in Description of the New 2019 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

New 2020 Notes

We may redeem the New 2020 Notes, in whole or in part, at any time prior to October 1, 2016, at a price equal to 100% of the aggregate principal amount of the New 2020 Notes plus the applicable make whole premium, as described in Description of the New 2020 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

We may redeem the New 2020 Notes, in whole or in part, at any time on or after October 1, 2016, at the applicable redemption price

Table of Contents

specified in Description of the New 2020 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

In addition, we may redeem up to 35% of the aggregate principal amount of the New 2020 Notes at any time on or prior to October 1, 2015 with the net cash proceeds from certain equity offerings at the applicable redemption price specified in Description of the New 2020 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

New 2021 Notes

We may redeem the New 2021 Notes, in whole or in part, at any time prior to January 1, 2017, at a price equal to 100% of the aggregate principal amount of the New 2021 Notes plus the applicable make whole premium, as described in Description of the New 2021 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

We may redeem the New 2021 Notes, in whole or in part, at any time on or after January 1, 2017, at the applicable redemption price specified in Description of the New 2021 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

In addition, we may redeem up to 35% of the aggregate principal amount of the New 2021 Notes at any time on or prior to January 1, 2016 with the net cash proceeds from certain equity offerings at the applicable redemption price specified in Description of the New 2021 Notes Redemption Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.

Change of Control

If certain change-of-control events occur, we must offer to repurchase all of the New Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date.

Asset Sales

If we sell assets under certain circumstances, we will be required to make an offer to purchase the New Notes at their face amount, plus accrued and unpaid interest, if any, as of the purchase date.

Absence of a Public Market

The New Notes will be freely transferrable, but will be new securities for which there currently is no market. Accordingly, we cannot assure you that any public market for the New Notes will develop or be sustained.

Certain Covenants

The indentures governing the New Notes will, among other things, limit our ability and the ability of our subsidiaries to:

incur or guarantee additional indebtedness;

incur liens;

Table of Contents

pay dividends on or make distributions in respect of our capital stock or make other restricted payments;

make investments;

consolidate, merge, sell or otherwise dispose of certain assets; and

enter into transactions with our affiliates.

These covenants are subject to important exceptions, limitations and qualifications as described in Description of the New 2019 Notes Certain Covenants, Description of the New 2020 Notes Certain Covenants and Description of the New 2021 Notes Certain Covenants.

Listing

We do not intend to list the New Notes on any securities exchange.

Governing Law

The New Notes are governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.

Book-Entry Depository

DTC.

Trustee

Wells Fargo Bank, National Association.

Risk Factors

You should refer to the section entitled Risk Factors for a discussion of material risks you should carefully consider before deciding to invest in the New Notes.

Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

The following tables present our summary consolidated financial information and the summary consolidated financial information of NMHI. Effective June 30, 2012, the Parent Entities guaranteed our outstanding 10.875% Senior Notes due 2015 and our outstanding Old 2019 Notes. Prior to March 7, 2012, NMHI conducted no activities other than those incident to its formation and the preparation of its registration statement on Form S-1. There are certain differences in our and NMHI's financial information, principally related to taxes, which are presented in Note 20 to the financial statements of the NMHI Q1 2013 10-Q. You should read these tables along with Business, Management's Discussion and Analysis of Financial Condition and Results of Operations and the audited and unaudited consolidated historical financial statements and the related notes and other information incorporated by reference into this prospectus.

The summary consolidated statement of operations data for the years ended December 31, 2010, 2011 and 2012 and the summary consolidated balance sheet data as of December 31, 2011 and 2012 have been derived from NMHI's audited financial statements incorporated by reference into this prospectus. The summary consolidated balance sheet data at December 31, 2010 has been derived from our audited financial statements that are not incorporated by reference into this prospectus. The summary consolidated statement of operations data for the three months ended March 31, 2012 and 2013 and the summary consolidated statement of operations data as of March 31, 2013 have been derived from NMHI's unaudited financial statements incorporated by reference into this prospectus. The unaudited consolidated financial data, in the opinion of management, reflects all adjustments, including normal recurring items, which are necessary to present fairly, in all material respects, the results of interim periods. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the entire year or for future periods. Additionally, historical audited consolidated financial data is not necessarily indicative of future performance.

	Year Ended December 31,			Three Months Ended March 31,	
	2010	2011	2012	2012 (unaudited)	2013 (unaudited)
(in thousands, except per share data)					
Statement of Operations Data Consolidated					
Revenues:					
Total fee income	\$ 184,084	\$ 268,705	\$ 497,151	\$ 93,560	\$ 242,475
Gain on mortgage loans held for sale	77,344	109,136	487,164	70,512	188,587
Total revenues	261,428	377,841	984,315	164,072	431,062
Total expenses and impairments	220,976	306,183	582,045	96,577	268,571
Other income (expense):					
Interest income	98,895	66,802	71,586	11,201	29,608
Interest expense	(116,163)	(105,375)	(197,308)	(24,980)	(92,374)
Contract termination fees			15,600		
Loss on equity method investments		(107)	(14,571)	(117)	
Gain (loss) on interest rate swaps and caps	(9,801)	298	(994)	(268)	1,268
Fair value changes in ABS securitizations	(23,297)	(12,389)			
Total other income (expense)	(50,366)	(50,771)	(125,687)	(14,164)	(61,498)
(Loss) income before taxes	(9,914)	20,887	276,583	53,331	100,993
Income tax expense			71,296	3,145	38,377
Net (loss) income	\$ (9,914)	\$ 20,887	\$ 205,287	\$ 50,186	\$ 62,616

Table of Contents

	2010	December 31, 2011	2012	March 31, 2013 (unaudited)
(in thousands)				
Balance Sheet Data Consolidated				
Cash and cash equivalents	\$ 21,223	\$ 62,445	\$ 152,649	\$ 220,039
Accounts receivable	441,275	562,300	3,043,606	3,614,827
Mortgage servicing rights (at fair value)	145,062	251,050	635,860	1,289,643
Total assets	1,947,181	1,787,931	7,126,143	8,885,565
Notes payable ⁽¹⁾	709,758	873,179	3,601,586	3,409,886
Unsecured senior notes	244,061	280,199	1,062,635	1,669,146
Legacy assets securitized debt	138,662	112,490	100,620	98,388
Excess spread financing (at fair value)		44,595	288,089	498,906
ABS nonrecourse debt (at fair value)	496,692			
Total liabilities	1,690,809	1,506,622	6,368,461	8,061,313
Total equity	256,372	281,309	757,682	824,252

(1) A summary of notes payable as of March 31, 2013 follows:

Notes Payable	March 31, 2013 (in thousands)
<i>Servicing</i>	
MBS Advance Financing Facility	\$ 174,965
Securities Repurchase Facility (2011)	11,774
2010-ABS Advance Financing Facility	194,217
2011-1 Agency Advance Financing Facility	575,035
MSR Note	3,239
2012- AW Agency Advance Financing Facility	
2012- C ABS Advance Financing Facility	574,437
2012- R ABS Advance Financing Facility	326,821
2012- W ABS Advance Financing Facility	424,503
Reverse Participations Financing Facility	104,799
MBS Advance Financing Facility	60,012
<i>Originations</i>	
\$750 Million Warehouse Facility	495,751
\$150 Million Warehouse Facility	128,900
\$750 Million Warehouse Facility (2011)	197,257
\$300 Million Warehouse Facility (2009)	80,847
ASAP+ Short-Term Financing Facility	57,329
	\$ 3,409,886

Table of Contents

The following tables summarize consolidated financial information for our and NMHI's Operating Segments. Management analyzes our and NMHI's performance in two separate segments, the Servicing Segment and the Originations Segment, which together constitute our Operating Segments. In addition, we have a legacy asset portfolio, which primarily consists of non-prime and non-conforming mortgage loans, most of which were originated from April to July 2007. The Servicing Segment provides loan servicing on our and NMHI's servicing portfolio and the Originations Segment involves the origination, packaging and sale of GSE mortgage loans into the secondary markets via whole loan sales or securitizations.

	Year Ended December 31,			Three Months Ended March 31,	
	2010	2011	2012	2012	2013
	(in thousands)				
Statement of Operations Data - Operating Segments Information					
Revenues:					
Total fee income	\$ 189,884	\$ 269,692	\$ 496,843	\$ 93,440	\$ 251,421
Gain on mortgage loans held for sale	77,498	109,431	487,142	70,500	179,695
Total revenues	267,382	379,123	983,985	163,940	431,116
Total expenses and impairments	194,203	279,537	557,900	87,704	259,511
Other income (expense):					
Interest income	12,111	14,981	51,362	5,926	24,359
Interest expense	(60,597)	(68,979)	(182,647)	(20,705)	(88,080)
Contract termination fees			15,600		
Loss on equity method investments		(107)	(14,571)	(117)	
Gain (loss) on interest rate swaps and caps	(9,801)	298	1,237	38	795
Total other income (expense)	(58,287)	(53,807)	(129,019)	(14,858)	(62,926)
Income before taxes	\$ 14,892	\$ 45,779	\$ 297,066	\$ 61,378	\$ 108,679

	Year Ended December 31,			Three Months Ended March 31,	
	2010	2011	2012	2012	2013
	(in thousands)				
Income from Operating Segments to Adjusted EBITDA Reconciliation:					
Income from Operating Segments	\$ 14,892	\$ 45,779	\$ 297,066	\$ 61,378	\$ 108,679
Adjust for:					
Interest expense from unsecured senior notes	24,628	30,464	63,879	8,542	30,690
Depreciation and amortization	1,873	3,395	8,880	1,242	3,528
Change in fair value of MSRs	6,043	39,000	68,242	(495)	9,659
Amortization of mortgage servicing liabilities			(5,120)	(633)	(275)
Fair value changes on excess spread financing ⁽¹⁾		3,060	10,684	4,852	23,891
Share-based compensation	8,999	14,764	14,045	2,395	2,858
Exit costs		1,836			
Fair value changes in derivatives	9,801	(298)	(1,237)	(38)	(795)
Ineffective portion of cash flow hedge	(930)	(2,032)			
Adjusted EBITDA ⁽²⁾	\$65,306	\$135,968	\$456,439	\$ 77,243	\$ 178,235

(1) Relates to a financing arrangement on certain MSRs which are carried at fair value under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, *Financial Instruments*.

Table of Contents

(2) Adjusted EBITDA is a key performance measure used by management in evaluating the performance of our and NMHI's segments. Adjusted EBITDA represents our and NMHI's Operating Segments' income (loss), and excludes income and expenses that relate to the financing of the senior notes, depreciable (or amortizable) asset base of the business, income taxes (if any), exit costs from our and NMHI's restructuring and certain non-cash items. Adjusted EBITDA also excludes results from our and NMHI's legacy asset portfolio and certain securitization trusts that were consolidated upon adoption of the new accounting guidance eliminating the concept of a qualifying special purpose entity (QSPE).

Adjusted EBITDA provides us and NMHI with a key measure of our and NHMI's Operating Segments' performance as it assists us in comparing our and NHMI's Operating Segments' performance on a consistent basis. Management believes Adjusted EBITDA is useful in assessing the profitability of our and NHMI's core business and uses Adjusted EBITDA in evaluating our and NHMI's operating performance as follows:

Financing arrangements for our and NHMI's Operating Segments are secured by assets that are allocated to these segments. Interest expense that relates to the financing of the senior notes is not considered in evaluating our and NHMI's operating performance because this obligation is serviced by the excess earnings from our and NHMI's Operating Segments after the debt obligations that are secured by their assets.

To monitor operating costs of each Operating Segment excluding the impact from depreciation, amortization and fair value change of the asset base, exit costs from our and NHMI's restructuring and non-cash operating expense, such as share-based compensation. Operating costs are analyzed to manage costs per our and NHMI's operating plan and to assess staffing levels, implementation of technology-based solutions, rent and other general and administrative costs.

Management does not assess the growth prospects and the profitability of our and NHMI's legacy asset portfolio and certain securitization trusts that were consolidated upon adoption of the new accounting guidance, except to the extent necessary to assess whether cash flows from the assets in the legacy asset portfolio are sufficient to service its debt obligations.

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our and NHMI's results as reported under GAAP. Some of these limitations are:

Adjusted EBITDA does not reflect our and NHMI's cash expenditures or future requirements for capital expenditures or contractual commitments;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our and NHMI's working capital needs;

Adjusted EBITDA does not reflect the cash requirements necessary to service principal payments related to the financing of the business;

Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our corporate debt;

although depreciation and amortization and changes in fair value of MSRs are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

other companies in our and NHMI's industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

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Because of these and other limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us and NHMI s to invest in the growth of our business. Adjusted EBITDA is presented to provide additional information about our and NHMI s operations. Adjusted EBITDA is a non-

Table of Contents

GAAP measure and should be considered in addition to, but not as a substitute for or superior to, operating income, net income, operating cash flow and other measures of financial performance prepared in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

We have provided above a reconciliation of Adjusted EBITDA to our and NMHI's net income from Operating Segments, which is the most directly comparable GAAP financial measure.

Adjusted EBITDA, as described in this prospectus, is not calculated in a manner consistent with consolidated EBITDA, which is described under the headings Description of the New 2019 Notes, Description of the New 2020 Notes and Description of the New 2021 Notes.

Table of Contents

RISK FACTORS

*You should carefully consider the risks described below, together with all the other information included or incorporated by reference in this prospectus, before deciding to participate in the exchange offers and to invest in the New Notes. The risks described below are not the only ones facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business or results of operations in the future. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your investment in the notes. See also *Cautionary Statement Regarding Forward-Looking Statements* in this prospectus.*

Risks Related to Our Business and Industry

Our foreclosure proceedings in certain states have been delayed due to inquiries by certain state Attorneys General, court administrators and state and federal government agencies, the outcome of which could have a negative effect on our operations, earnings or liquidity.

Allegations of irregularities in foreclosure processes, including so-called robo-signing by mortgage loan servicers, have gained the attention of the Department of Justice, regulatory agencies, state Attorneys General and the media, among other parties. On December 1, 2011, the Massachusetts Attorney General filed a lawsuit against five large mortgage providers alleging unfair and deceptive business practices, including the use of so-called robo-signers. In response, one of the mortgage providers temporarily halted most of its lending in Massachusetts. A \$25 billion settlement among banks, federal agencies and the state attorneys general from 49 states and the District of Columbia settled the claims made as a part of the Massachusetts Attorney General's case and claims from other states' Attorneys General. Certain state Attorneys General, court administrators and government agencies, as well as representatives of the federal government, have issued letters of inquiry to mortgage servicers, including us, requesting written responses to questions regarding policies and procedures, especially with respect to notarization and affidavit procedures. As of March 31, 2013, the foreclosure proceedings for loans in our servicing portfolio are not affected by the various inquiries by the state Attorneys General or the inquiries in California and Florida. However, we can give no assurance that the foreclosure proceedings for loans in our servicing portfolio will not be affected by any such inquiries in the future. These requests or any subsequent administrative, judicial or legislative actions taken by these regulators, court administrators or other government entities may subject us to fines and other sanctions, including a foreclosure moratorium or suspension. Additionally, because we do business in all fifty states, our operations may be affected by regulatory actions or court decisions that are taken at the individual state level.

In addition to these inquiries, several state Attorneys General have requested that certain mortgage servicers, including us, suspend foreclosure proceedings pending internal review to ensure compliance with applicable law, and we have received requests from four such state Attorneys General. Pursuant to these requests and in light of industry-wide press coverage regarding mortgage foreclosure documentation practices, we, as a precaution, delayed foreclosure proceedings in 23 states, so that we could evaluate our foreclosure practices and underlying documentation. Upon completion of our internal review and after responding to such inquiries, we resumed these previously delayed proceedings. Such inquiries, however, as well as continued court backlog and emerging court processes may cause an extended delay in the foreclosure process in certain states.

Even in states where we did not suspend foreclosure proceedings or where we have lifted or will soon lift any such delayed foreclosures, we have faced, and may continue to face, increased delays and costs in the foreclosure process. For example, we have incurred, and may continue to incur, additional costs related to the re-execution and re-filing of certain documents. We may also be required to take other action in our capacity as a mortgage servicer in connection with pending foreclosures. In addition, the current legislative and regulatory climate could lead borrowers to contest foreclosures that they would not otherwise have contested under ordinary circumstances, and we may incur increased litigation costs if the validity of a foreclosure action is challenged by

Table of Contents

a borrower. Delays in foreclosure proceedings could also require us to make additional servicing advances by drawing on our servicing advance facilities, or delay the recovery of advances, all or any of which could materially affect our earnings and liquidity and increase our need for capital.

The ongoing implementation of the Dodd-Frank Act will increase our regulatory compliance burden and associated costs and place restrictions on certain originations and servicing operations, all of which could adversely affect our business, financial condition and results of operations.

The Dodd-Frank Act represents a comprehensive overhaul of the financial services industry in the United States. The Dodd-Frank Act includes, among other things: (i) the creation of a Financial Stability Oversight Council to identify emerging systemic risks posed by financial firms, activities and practices, and to improve cooperation among federal agencies; (ii) the creation of a Bureau of Consumer Financial Protection (CFPB) authorized to promulgate and enforce consumer protection regulations relating to financial products; (iii) the establishment of strengthened capital and prudential standards for banks and bank holding companies; (iv) enhanced regulation of financial markets, including the derivatives and securitization markets; and (v) amendments to the Truth in Lending Act aimed at improving consumer protections with respect to mortgage originations, including originator compensation, minimum repayment standards and prepayment considerations.

On January 10, 2013, the CFPB announced a rule to implement certain provisions of the Dodd-Frank Act relating to mortgage originations. Under the new originations rule, before originating a mortgage loan, lenders must determine on the basis of certain information and according to specified criteria that the prospective borrower has the ability to repay the loan. Lenders that issue loans meeting certain requirements will be presumed to comply with the new rule with respect to these loans. On January 17, 2013, the CFPB announced rules to implement certain provisions of the Dodd-Frank Act relating to mortgage servicing. The new servicing rules require servicers to meet certain benchmarks for customer service. Servicers must provide periodic billing statements and certain required notices and acknowledgments, promptly credit borrowers' accounts for payments received and promptly investigate complaints by borrowers and are required to take additional steps before purchasing insurance to protect the lender's interest in the property. The new servicing rules also call for additional notice, review and timing requirements with respect to delinquent borrowers, including early intervention, ongoing access to servicer personnel and specific loss mitigation and foreclosure procedures. Both the originations and servicing rules will take effect on January 10, 2014. The CFPB also issued guidelines on October 13, 2011 and January 11, 2012 indicating that it would send examiners to banks and other institutions that service and/or originate mortgages to assess whether consumers' interests are protected. The CFPB is conducting an examination of our business pursuant to these guidelines.

The ongoing implementation of the Dodd-Frank Act, including the implementation of the new originations and servicing rules by the CFPB and the CFPB's continuing examination of our business, will increase our regulatory compliance burden and associated costs and place restrictions on our servicing operations, which could in turn adversely affect our business, financial condition and results of operations.

The enforcement consent orders by, agreements with, and settlements of, certain federal and state agencies against the largest mortgage servicers related to foreclosure practices could impose additional compliance costs on our servicing business, which could materially and adversely affect our financial condition and results of operations.

On April 13, 2011, the federal agencies overseeing certain aspects of the mortgage market, the Federal Reserve, the OCC and the FDIC, entered into enforcement consent orders with 13 of the largest mortgage servicers in the United States regarding foreclosure practices. The enforcement consent orders require the servicers, among other things to: (i) promptly correct deficiencies in residential mortgage loan servicing and foreclosure practices; (ii) make significant modifications in practices for residential mortgage loan servicing and foreclosure processing, including communications with borrowers and limitations on dual-tracking, which occurs when servicers continue to pursue foreclosure during the loan modification process; (iii) ensure that foreclosures are not pursued once a mortgage has been approved for modification and establish a single point of contact for

Table of Contents

borrowers throughout the loan modification and foreclosure processes; and (iv) establish robust oversight and controls pertaining to their third party vendors, including outside legal counsel, that provide default management or foreclosure services. On January 7, 2013, ten of the mortgage servicers reached an agreement in principle with the OCC and the Federal Reserve to pay more than \$8.5 billion in cash payments and other assistance to borrowers. While these enforcement consent orders are considered not to be preemptive of the state actions, it is currently unclear how state actions and proceedings will be affected by the federal consents.

On February 9, 2012, federal and state agencies announced a \$25 billion settlement with five large banks that resulted from investigations of foreclosure practices. As part of the settlement, the banks have agreed to comply with various servicing standards relating to foreclosure and bankruptcy proceedings, documentation of borrowers' account balances, chain of title, and evaluation of borrowers for loan modifications and short sales as well as servicing fees and the use of lender-placed insurance. The settlement also provides for certain financial relief to homeowners. As a result, there have been \$46 billion worth of loan modifications, short-sales, refinancings and forbearance.

Although we are not a party to the above enforcement consent orders and settlements, we could become subject to the terms of the consent orders and settlements if (i) we subservice loans for the mortgage servicers that are parties to the enforcement consent orders and settlements; (ii) the agencies begin to enforce the consent orders and settlements by looking downstream to our arrangement with certain mortgage servicers; (iii) the mortgage servicers for which we subservice loans request that we comply with certain aspects of the consent orders and settlements, or (iv) we otherwise find it prudent to comply with certain aspects of the consent orders and settlements. In addition, the practices set forth in such consent orders and settlements may be adopted by the industry as a whole, forcing us to comply with them in order to follow standard industry practices, or may become required by our servicing agreements. As of March 31, 2013, less than half of the loans that we subservice, which are less than 10% of the loans we service, are for entities that are parties to the enforcement consent orders and settlements discussed above. While we have made and continue to make changes to our operating policies and procedures in light of the consent orders and settlements, further changes could be required and changes to our servicing practices will increase compliance costs for our servicing business, which could materially and adversely affect our financial condition or results of operations.

On September 1, 2011, November 10, 2011 and December 2012, the New York State Department of Financial Services entered into agreements regarding mortgage servicing practices with seven financial institutions. The additional requirements provided for in these agreements will increase operational complexity and the cost of servicing loans in New York. Other servicers, including us, could be required to enter into similar agreements. In addition, other states may also require mortgage servicers to enter into similar agreements. These additional costs could also materially and adversely affect our financial condition and results of operations.

Legal proceedings, state or federal governmental examinations or enforcement actions and related costs could have a material adverse effect on our liquidity, financial position and results of operations.

We are routinely and currently involved in legal proceedings concerning matters that arise in the ordinary course of our business. These legal proceedings range from actions involving a single plaintiff to class action lawsuits with potentially tens of thousands of class members. These actions and proceedings are generally based on alleged violations of consumer protection, securities, employment, contract and other laws, including the Fair Debt Collection Practices Act. Additionally, along with others in our industry, we are subject to repurchase claims and may continue to receive claims in the future, including from our Legacy Portfolio. Our business in general exposes us to both formal and informal periodic inquiries, from various state and federal agencies as part of those agencies' oversight of the mortgage servicing sector. Such inquiries may include those into servicer foreclosure processes and procedures and lender placed insurance. An adverse result in governmental investigations or examinations or private lawsuits, including purported class action lawsuits, may adversely affect our financial results. In addition, a number of participants in our industry, including us, have been the subject of purported class action lawsuits and regulatory actions by state regulators, and other industry participants have been the subject of actions by state Attorneys General. Although we believe we have

Table of Contents

meritorious legal and factual defenses to the lawsuits in which we are currently involved, the ultimate outcomes with respect to these matters remain uncertain. Litigation and other proceedings may require that we pay settlement costs, legal fees, damages, penalties or other charges, any or all of which could adversely affect our financial results. In particular, ongoing and other legal proceedings brought under state consumer protection statutes may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages substantially in excess of the amounts we earned from the underlying activities and that could have a material adverse effect on our liquidity, financial position and results of operations.

Governmental investigations, both state and federal, can be either formal or informal. The costs of responding to the investigations can be substantial. In addition, government-mandated changes to servicing practices could lead to higher costs and additional administrative burdens, in particular regarding record retention and informational obligations.

The continued deterioration of the residential mortgage market may adversely affect our business, financial condition and results of operations.

Since late 2006, a number of mortgage servicers and originators of residential mortgage loans have experienced serious financial difficulties and, in some cases, have gone out of business, as adverse economic conditions, including high unemployment, have impacted the residential mortgage market, resulting in unprecedented delinquency, default and foreclosure rates. These increased rates of delinquency, default and foreclosure have led to increased loss severities on all types of residential mortgage loans due to sharp declines in residential real estate values. Falling home prices have resulted in higher loan-to-value ratios (LTVs), lower recoveries in foreclosure and an increase in loss severities above those that would have been realized had property values remained the same or continued to increase. As LTVs increase, borrowers are left with equity in their homes that is not sufficient to permit them to refinance their existing loans. This may also provide borrowers an incentive to default on their mortgage loan even if they have the ability to make principal and interest payments, which we refer to as strategic defaults. Increased mortgage defaults negatively impact our Servicing Segment because they increase the costs to service the underlying loans and may ultimately reduce the number of mortgages we service. While home prices have increased in most parts of the country and the number of foreclosures has generally declined since 2007, the housing market has not fully recovered from the economic crisis. Any deterioration from its current state could adversely affect our business, financial condition and results of operations.

Adverse economic conditions may also impact our Originations Segment. Declining home prices and increasing LTVs may preclude many potential borrowers, including borrowers whose existing loans we service, from refinancing their existing loans. An increase in prevailing interest rates could decrease our originations volume through our Consumer Direct Retail originations channel, our largest originations channel by volume from December 31, 2006 to March 31, 2013, because this channel focuses predominantly on refinancing existing mortgage loans.

A continued deterioration or a delay in any recovery in the residential mortgage market may reduce the number of mortgages we service or new mortgages we originate, reduce the profitability of mortgages currently serviced by us, adversely affect our ability to sell mortgage loans originated by us, increase delinquency rates or cause us to experience other serious financial difficulties similar to those experienced by other mortgage servicers and originators, some of whom have gone out of business since the residential mortgage market began to deteriorate. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We service reverse mortgages, which subjects us to additional risks and could have a material adverse effect on our business, liquidity, financial condition and results of operations.

In 2012, we purchased the servicing rights to certain reverse mortgages. As of March 31, 2013, our reverse mortgage servicing portfolio amounted to \$28.2 billion in UPB, representing 9.0% of our total servicing

Table of Contents

portfolio. The reverse mortgage business is subject to substantial risks, including market, credit, interest rate, liquidity, operational, reputational and legal risks. A reverse mortgage is a loan available to seniors aged 62 or older that allows homeowners to borrow money against the value of their home. No repayment of the mortgage is required until the borrower dies or the home is sold. A deterioration of the market for reverse mortgages may reduce the number of reverse mortgages we service, reduce the profitability of reverse mortgages currently serviced by us and adversely affect our ability to sell reverse mortgages in the market. Although foreclosures involving reverse mortgages generally occur less frequently than forward mortgages, loan defaults on reverse mortgages leading to foreclosures may occur if borrowers fail to meet maintenance obligations, such as payment of taxes or home insurance premiums. An increase in foreclosure rates may increase our cost of servicing. As a reverse mortgage servicer, we will also be responsible for funding any payments due to borrowers in a timely manner, remitting to investors interest accrued, and paying for interest shortfalls. Advances on reverse mortgages are typically greater than advances on forward residential mortgages. They are typically recovered upon weekly or monthly reimbursement or from sale in the market. In the event we receive requests for advances in excess of amounts we are able to fund, we may not be able to fund these advance requests, which could materially and adversely affect our liquidity. As of March 31, 2013, our reverse mortgage servicing advance facility had an outstanding balance of \$104.8 million and the capacity to borrow a total of up to \$150 million. Finally, we are subject to negative headline risk in the event that loan defaults on reverse mortgages lead to foreclosures or even evictions of elderly homeowners. All of the above factors could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Borrowers with adjustable rate mortgage loans are especially exposed to increases in monthly payments and they may not be able to refinance their loans, which could cause delinquency, default and foreclosure and therefore adversely affect our business.

Borrowers with adjustable rate mortgage loans are exposed to increased monthly payments when the related mortgage loan's interest rate adjusts upward from an initial fixed rate or a low introductory rate, as applicable, to the rate computed in accordance with the applicable index and margin. Borrowers with adjustable rate mortgage loans seeking to refinance their mortgage loans to avoid increased monthly payments as a result of an upward adjustment of the mortgage loan's interest rate may no longer be able to find available replacement loans at comparably low interest rates. This increase in borrowers' monthly payments, together with any increase in prevailing market interest rates, may result in significantly increased monthly payments for borrowers with adjustable rate mortgage loans, which may cause delinquency, default and foreclosure. Increased mortgage defaults and foreclosures may adversely affect our business as they reduce the number of mortgages we service. As of March 31, 2013, we serviced or held adjustable rate mortgage loans with a total UPB of approximately \$56 billion and the average interest rate of our portfolio of adjustable rate mortgage loans was 4.00%. Because of the continuing low interest rate environment, a significant portion of our adjustable rate mortgage loans subject to adjustment during 2013 will not experience a rate increase.

We principally service higher risk loans, which are more expensive to service than conventional mortgage loans.

A significant percentage of the mortgage loans we service are higher risk loans, meaning that the loans are to less creditworthy borrowers or for properties the value of which has decreased. These loans are more expensive to service because they require more frequent interaction with customers and greater monitoring and oversight. Additionally, in connection with the ongoing mortgage market reform and regulatory developments, servicers of higher risk loans may be subject to increased scrutiny by state and federal regulators or may experience higher compliance costs, which could result in a further increase in servicing costs. We may not be able to pass along any of the additional expenses we incur in servicing higher risk loans to our servicing clients. The greater cost of servicing higher risk loans, which may be further increased through regulatory reform, could adversely affect our business, financial condition and results of operations.

Table of Contents

A significant change in delinquencies for the loans we service or originate could adversely affect our business, financial condition and results of operations.

Delinquency rates have a significant impact on our revenues, expenses and liquidity and on the valuation of our MSR's and our mortgage loans as follows:

Revenue. An increase in delinquencies will result in lower revenue for loans we service for GSEs because we only collect servicing fees from GSEs for performing loans. Additionally, while increased delinquencies generate higher ancillary fees, including late fees, these fees are not likely to be recoverable in the event that the related loan is liquidated. In addition, an increase in delinquencies lowers the interest income we receive on cash held in collection and other accounts.

Expenses. An increase in delinquencies will result in a higher cost to service due to the increased time and effort required to collect payments from delinquent borrowers. It may also result in an increase in interest expense as a result of an increase in our advancing obligations. The cost of servicing an increasingly delinquent mortgage loan portfolio may thus rise without a corresponding increase in revenue.

Liquidity. An increase in delinquencies could also negatively impact our liquidity because of an increase in borrowing under our advance facilities, if we cannot recover the advances we are required to make from delinquent borrowers.

Valuation of MSR's. We base the price we pay for MSR's on, among other things, our projections of the cash flows from the related pool of mortgage loans. Our expectation of delinquencies is a significant assumption underlying those cash flow projections. If delinquencies were significantly greater than expected, the estimated fair value of our MSR's could be diminished. If the estimated fair value of MSR's is reduced, we could suffer a loss, which has a negative impact on our financial results.

Valuation of mortgage loans. Higher delinquencies reduce the value of mortgage loans. An increase in delinquencies in any of the mortgage loans that we originate may require us to sell these loans at a greater discount to par, which would have a negative impact on our financial results.

An increase in delinquency rates could therefore adversely affect our business, financial condition and results of operations.

Moreover, a significant percentage of the mortgage loans we service are higher risk loans, which tend to have higher delinquency and default rates. Private-label mortgage loans may be at a greater risk of such delinquency than GSE and government agency-insured mortgage loans. Therefore, as we increase the percentage of private-label mortgages in our servicing portfolio as measured by UPB, our servicing portfolio may become increasingly delinquent, which could adversely affect our business, financial condition and results of operations.

Decreases in property values have caused increases in LTVs, resulting in borrowers having little or negative equity in their property, which may reduce new loan originations and provide incentive to borrowers to strategically default on their loans.

We believe that borrowers with negative equity in their properties are more likely to strategically default on mortgage loans, which could materially affect our business. Also, with the exception of loans modified under the Making Home Affordable plan (MHA), we are generally unable to refinance loans with high LTVs. Increased LTVs could reduce our ability to originate loans for borrowers with low or negative equity and could adversely affect our business, financial condition and results of operations.

The industry in which we operate is highly competitive and our inability to compete successfully could adversely affect our business, financial condition and results of operations.

We operate in a highly competitive industry that could become even more competitive as a result of economic, legislative, regulatory and technological changes. In the servicing industry, we face competition in areas such as fees and performance in reducing delinquencies and entering successful modifications. Competition

Table of Contents

to service mortgage loans comes primarily from large commercial banks and savings institutions. These financial institutions generally have significantly greater resources and access to capital than we do, which gives them the benefit of a lower cost of funds. Additionally, our servicing competitors may decide to modify their servicing model to compete more directly with our servicing model, or our servicing model may generate lower margins as a result of competition or as overall economic conditions improve.

In the mortgage loan originations industry, we face competition in such areas as mortgage loan offerings, rates, fees and customer service. Competition to originate mortgage loans comes primarily from large commercial banks and savings institutions. These financial institutions generally have significantly greater resources and access to capital than we do, which gives them the benefit of a lower cost of funds.

In addition, technological advances and heightened e-commerce activities have increased consumers' accessibility to products and services. This has intensified competition among banks and non-banks in offering mortgage loans and loan servicing. We may be unable to compete successfully in our industries and this could adversely affect our business, financial condition and results of operations.

We may not be able to maintain or grow our business if we cannot identify and acquire MSRMs or enter into additional subservicing agreements on favorable terms.

Our servicing portfolio is subject to run off, meaning that mortgage loans serviced by us may be prepaid prior to maturity, refinanced with a mortgage not serviced by us or liquidated through foreclosure, deed-in-lieu of foreclosure or other liquidation process or repaid through standard amortization of principal. As a result, our ability to maintain the size of our servicing portfolio depends on our ability to originate additional mortgages or to acquire the right to service additional pools of residential mortgages. We may not be able to acquire MSRMs or enter into additional subservicing agreements on terms favorable to us or at all, which could adversely affect our business, financial condition and results of operations. In determining the purchase price for MSRMs and subservicing agreements, management makes certain assumptions, many of which are beyond our control, including, among other things:

the rates of prepayment and repayment within the underlying pools of mortgage loans;

projected rates of delinquencies, defaults and liquidations;

future interest rates;

our cost to service the loans;

ancillary fee income; and

amounts of future servicing advances.

We may not be able to recover our significant investments in personnel and our technology platform if we cannot identify and acquire MSRMs or enter into additional subservicing agreements on favorable terms, which could adversely affect our business, financial condition and results of operations.

We have made, and expect to continue to make, significant investments in personnel and our technology platform to allow us to service additional loans. In particular, prior to acquiring a large portfolio of MSRMs or entering into a large subservicing contract, we invest significant resources in recruiting, training, technology and systems. We may not realize the expected benefits of these investments to the extent we are unable to increase the pool of residential mortgages serviced, we are delayed in obtaining the right to service such loans or we do not appropriately value the MSRMs that we do purchase or the subservicing agreements we enter into. Any of the foregoing could adversely affect our business, financial condition and results of operations.

Table of Contents

We may not realize all of the anticipated benefits of potential future acquisitions, which could adversely affect our business, financial condition and results of operations.

Our ability to realize the anticipated benefits of potential future acquisitions of servicing portfolios, originations platforms or companies will depend, in part, on our ability to scale-up to appropriately service any such assets, and integrate the businesses of such acquired companies with our business. The process of acquiring assets or companies may disrupt our business and may not result in the full benefits expected. The risks associated with acquisitions include, among others:

uncoordinated market functions;

unanticipated issues in integrating information, communications and other systems;

unanticipated incompatibility of purchasing, logistics, marketing and administration methods;

not retaining key employees; and

the diversion of management's attention from ongoing business concerns.

In the event that we acquire a servicing or originations platform, we may elect to operate this platform in addition to our current platform for a period of time or indefinitely. These transactions could vary in size. Individually or collectively, these transactions could substantially increase the UPB, or alter the composition of the portfolio, of mortgage loans that we service or have an otherwise significant impact on our business. We can provide no assurances that we will enter into any such agreement or as to the timing of any potential acquisition. Additionally, we may make or have made potentially significant acquisitions which could expose us to greater risks than we currently experience in servicing our current portfolio and adversely affect our business, financial condition and results of operations. We also may not realize all of the anticipated benefits of potential future acquisitions, which could adversely affect our business, financial condition and results of operations.

Any future acquisitions could require substantial additional capital in excess of cash from operations. Therefore, we may fund acquisitions with a combination of excess MSR co-investments, nonrecourse securitization debt, warehouse financing, servicer advance facilities, additional corporate indebtedness or equity financing. Where we can obtain such financing on attractive terms, we typically attempt to finance our acquisitions on a nonrecourse basis. In addition, we could enter into such acquisition arrangements on a standalone basis or on a co-investment or other basis with one or more of our affiliates. We can provide no assurances, however, as to the availability or terms of funding for future acquisitions or our ability to enter into such arrangements with our affiliates. If we fail to obtain adequate financing or otherwise enter into satisfactory arrangements with our affiliates, we could be exposed to significant risks, including risks that we may not be able to complete the acquisition on alternative terms or at all and risks that we may have to pay damages.

Moreover, the success of any acquisition will depend upon our ability to effectively integrate the acquired servicing portfolios, originations platforms or businesses. The acquired servicing portfolios, originations platforms or businesses may not contribute to our revenues or earnings to any material extent, and cost savings and synergies we expect at the time of an acquisition may not be realized once the acquisition has been completed. If we inappropriately value the assets we acquire or the value of the assets we acquire declines after we acquire them, the resulting charges may negatively affect the carrying value of the assets on our balance sheet and our earnings. See We use financial models and estimates in determining the fair value of certain assets, such as MSRs and investments in debt securities. If our estimates or assumptions prove to be incorrect, we may be required to record impairment charges, which could adversely affect our earnings. Furthermore, if we incur additional indebtedness to finance an acquisition, the acquired business may not be able to generate sufficient cash flow to service that additional indebtedness. Unsuitable or unsuccessful acquisitions could adversely affect our business, financial condition and results of operations.

We may be unable to obtain sufficient capital to meet the financing requirements of our business.

Our financing strategy includes the use of significant leverage. Accordingly, our ability to finance our operations and repay maturing obligations rests in large part on our ability to borrow money. We are generally

Table of Contents

required to renew our financing arrangements each year, which exposes us to refinancing and interest rate risks. See Note 12 Indebtedness, to NMHI's Consolidated Financial Statements, incorporated by reference into this prospectus. Our ability to refinance existing debt and borrow additional funds is affected by a variety of factors including:

limitations imposed on us under the indentures governing our unsecured senior notes and other financing agreements that contain restrictive covenants and borrowing conditions that may limit our ability to raise additional debt;

the decrease in liquidity in the credit markets;

prevailing interest rates;

the strength of the lenders from which we borrow;

limitations on borrowings on advance facilities imposed by the amount of eligible collateral pledged, which may be less than the borrowing capacity of the advance facility; and

accounting changes that may impact calculations of covenants in our debt agreements.

In the ordinary course of our business, we periodically borrow money or sell newly-originated loans to fund our servicing and originations operations. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources of NMHI's 2012 Form 10-K, incorporated by reference into this prospectus. Our ability to fund current operations and meet our servicing advance obligations depends on our ability to secure these types of financings on acceptable terms and to renew or replace existing financings as they expire. We rely on our originations and servicing advance facilities for substantially all of the liquidity we rely on to fund the mortgage loans that we originate and the servicing advances we are required to make. We may elect to fund these liquidity needs from cash flows available to us. To the extent we do not have sufficient cash available to meet these liquidity needs we will continue to draw on originations and servicing advance facilities. Such financings may not be available with the GSEs or other counterparties on acceptable terms or at all. If we are unable to obtain such financings, we may need to raise the funds we require on the capital markets or through other means, any of which may increase our cost of funds.

An event of default, a negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in the economy that constricts the availability of credit similar to the market conditions that we have experienced during the last several years may increase our cost of funds and make it difficult for us to renew existing credit facilities or obtain new lines of credit. We intend to continue to seek opportunities to acquire loan servicing portfolios and/or businesses that engage in loan servicing and/or loan originations. Our liquidity and capital resources may be diminished by any such transactions. Additionally, we believe that a significant acquisition may require us to raise additional capital to facilitate such a transaction, which may not be available on acceptable terms or at all.

In June 2011, the Basel Committee on Banking Supervision of the Bank of International Settlements announced the final framework for strengthening capital requirements, known as Basel III, which if implemented as proposed by U.S. bank regulatory agencies in their June 2012 notices of proposed rulemaking, is expected to materially increase the cost of funding for banking institutions that we rely on for financing. Such Basel III requirements on banking institutions could reduce our sources of funding and increase the costs of originating and servicing mortgage loans. If we are unable to obtain sufficient capital on acceptable terms for any of the foregoing reasons, this could adversely affect our business, financial condition and results of operations.

We may not be able to continue to grow our loan originations volume, which could adversely affect our business, financial condition and results of operations.

Overall originations volumes are down significantly in the current economic environment. According to Inside Mortgage Finance, total U.S. residential mortgage originations volume decreased from \$3.0 trillion in 2006 to \$1.8 trillion in 2012. We may be unable to continue to grow our loan originations volume as a result of this declining market for mortgage loans.

Table of Contents

More specifically, our loan originations business consists primarily of refinancing existing loans. While we intend to use sales lead aggregators and Internet marketing to reach new borrowers, our Consumer Direct Retail originations platform may not succeed because of the referral-driven nature of our industry. Further, our largest customer base consists of borrowers whose existing loans we service. Because we primarily service credit-sensitive loans, many of our existing servicing customers may not be able to qualify for conventional mortgage loans with us or may pose a higher credit risk than other consumers. Furthermore, our Consumer Direct Retail originations platform focuses predominantly on refinancing existing mortgage loans. This type of originations activity is sensitive to increases in interest rates.

Our loan originations business also consists of providing purchase money loans to homebuyers. The origination of purchase money mortgage loans is greatly influenced by traditional business clients in the home buying process such as realtors and builders. As a result, our ability to secure relationships with such traditional business clients will influence our ability to grow our purchase money mortgage loan volume and, thus, our loan originations business.

Our wholesale originations business operates largely through third party mortgage brokers who are not contractually obligated to do business with us. Further, our competitors also have relationships with our brokers and actively compete with us in our efforts to expand our broker networks. Accordingly, we may not be successful in maintaining our existing relationships or expanding our broker networks. If we are unable to continue to grow our loan originations business, this could adversely affect our business, financial condition and results of operations.

Our counterparties may terminate our servicing rights and subservicing contracts, which could adversely affect our business, financial condition and results of operations.

The owners of the loans we service and the primary servicers of the loans we subservice, may, under certain circumstances, terminate our MSR's or subservicing contracts, respectively.

As is standard in the industry, under the terms of our master servicing agreement with GSEs, GSEs have the right to terminate us as servicer of the loans we service on their behalf at any time and also have the right to cause us to sell the MSR's to a third party. In addition, failure to comply with servicing standards could result in termination of our agreements with GSEs. Because we are required to follow the guidelines of the GSEs with which we do business and are not able to negotiate our fees with these entities for the purchase of our loans, our competitors may be able to sell their loans on more favorable terms. Some GSEs may also have the right to require us to assign the MSR's to a subsidiary and sell our equity interest in the subsidiary to a third party. Under our subservicing contracts, the primary servicers for which we conduct subservicing activities have the right to terminate our subservicing rights with or without cause, with little notice and little to no compensation. We expect to continue to acquire subservicing rights, which could exacerbate these risks.

If we were to have our servicing or subservicing rights terminated on a material portion of our servicing portfolio, this could adversely affect our business, financial condition and results of operations.

Federal, state and local laws and regulations could materially adversely affect our business, financial condition and results of operations.

Federal, state and local governments have recently proposed or enacted numerous laws, regulations and rules related to mortgage loans generally and foreclosure actions in particular. These laws, regulations and rules may result in delays in the foreclosure process, reduced payments by borrowers, modification of the original terms of mortgage loans, permanent forgiveness of debt and increased servicing advances. In some cases, local governments have ordered moratoriums on foreclosure activity, which prevent a servicer or trustee, as applicable, from exercising any remedies they might have in respect of liquidating a severely delinquent mortgage loan. Several courts also have taken unprecedented steps to slow the foreclosure process or prevent foreclosure altogether.

Table of Contents

In addition, in January 2011, the Federal Housing Finance Agency (the "FHFA") proposed changes to mortgage servicing compensation structures, including cutting servicing fees and channeling funds toward reserve accounts for delinquent loans. Due to the highly regulated nature of the residential mortgage industry, we are required to comply with a wide array of federal, state and local laws and regulations that regulate, among other things, the manner in which we conduct our servicing and originations business and the fees we may charge. These regulations directly impact our business and require constant compliance, monitoring and internal and external audits. A material failure to comply with any of these laws or regulations could subject us to lawsuits or governmental actions, which could materially adversely affect our business, financial condition and results of operations.

In addition, there continue to be changes in legislation and licensing in an effort to simplify the consumer mortgage experience, which require technology changes and additional implementation costs for loan originators. We expect legislative changes will continue in the foreseeable future, which may increase our operating expenses.

Furthermore, there continue to be changes in state law that are adverse to mortgage servicers that increase costs and operational complexity of our business and impose significant penalties for violation.

Any of these changes in the law could adversely affect our business, financial condition and results of operations.

Unlike competitors that are banks, we are subject to state licensing and operational requirements that result in substantial compliance costs.

Because we are not a depository institution, we do not benefit from a federal exemption to state mortgage banking, loan servicing or debt collection licensing and regulatory requirements. We must comply with state licensing requirements and varying compliance requirements in all fifty states and the District of Columbia, and we are sensitive to regulatory changes that may increase our costs through stricter licensing laws, disclosure laws or increased fees or that may impose conditions to licensing that we or our personnel are unable to meet. In addition, we are subject to periodic examinations by state regulators, which can result in refunds to borrowers of certain fees earned by us, and we may be required to pay substantial penalties imposed by state regulators due to compliance errors. Future state legislation and changes in existing regulation may significantly increase our compliance costs or reduce the amount of ancillary fees, including late fees, that we may charge to borrowers. This could make our business cost-prohibitive in the affected state or states and could materially affect our business.

Federal and state legislative and agency initiatives in mortgage-backed securities ("MBS") and securitization may adversely affect our financial condition and results of operations.

There are federal and state legislative and agency initiatives that could, once fully implemented, adversely affect our business. For instance, the risk retention requirement under the Dodd-Frank Act requires securitizers to retain a minimum beneficial interest in MBS they sell through a securitization, absent certain qualified residential mortgage ("QRM") exemptions. Once implemented, the risk retention requirement may result in higher costs of certain originations operations and impose on us additional compliance requirements to meet servicing and originations criteria for QRMs. Additionally, the amendments to Regulation AB relating to the registration statement required to be filed by ABS issuers adopted in March 2011 by the SEC pursuant to the Dodd-Frank Act would increase compliance costs for ABS issuers, which could in turn increase our cost of funding and operations. Lastly, certain proposed federal legislation would permit borrowers in bankruptcy to restructure mortgage loans secured by primary residences. Bankruptcy courts could, if this legislation is enacted, reduce the principal balance of a mortgage loan that is secured by a lien on mortgaged property, reduce the mortgage interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's mortgage loan. Any of the foregoing could materially affect our financial condition and results of operations.

Table of Contents

Our business would be adversely affected if we lose our licenses.

Our operations are subject to regulation, supervision and licensing under various federal, state and local statutes, ordinances and regulations. In most states in which we operate, a regulatory agency regulates and enforces laws relating to mortgage servicing companies and mortgage originations companies such as us. These rules and regulations generally provide for licensing as a mortgage servicing company, mortgage originations company or third party debt default specialist, requirements as to the form and content of contracts and other documentation, licensing of our employees and employee hiring background checks, licensing of independent contractors with which we contract, restrictions on collection practices, disclosure and record-keeping requirements and enforcement of borrowers' rights. In certain states, we are subject to periodic examination by state regulatory authorities. Some states in which we operate require special licensing or provide extensive regulation of our business.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable federal, state and local regulations. We may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could result in a default under our servicing agreements and have a material adverse effect on our operations. The states that currently do not provide extensive regulation of our business may later choose to do so, and if such states so act, we may not be able to obtain or maintain all requisite licenses and permits. The failure to satisfy those and other regulatory requirements could result in a default under our servicing agreements and have a material adverse effect on our operations. Furthermore, the adoption of additional, or the revision of existing, rules and regulations could adversely affect our business, financial condition and results of operations.

We may be required to indemnify or repurchase loans we sold, or will sell, if these loans fail to meet certain criteria or characteristics or under other circumstances.

The indentures governing our securitized pools of loans and our contracts with purchasers of our whole loans contain provisions that require us to indemnify or repurchase the related loans under certain circumstances. While our contracts vary, they contain provisions that require us to repurchase loans if:

our representations and warranties concerning loan quality and loan circumstances are inaccurate, including representations concerning the licensing of a mortgage broker;

we fail to secure adequate mortgage insurance within a certain period after closing;

a mortgage insurance provider denies coverage;

we fail to comply, at the individual loan level or otherwise, with regulatory requirements in the current dynamic regulatory environment; or

the borrower fails to make certain initial loan payments due to the purchaser.

We believe that, as a result of the current market environment, many purchasers of residential mortgage loans are particularly aware of the conditions under which originators must indemnify or repurchase loans and would benefit from enforcing any repurchase remedies they may have. Along with others in the industry, we are subject to repurchase claims and may continue to receive claims in the future. We believe that our exposure to repurchases under our representations and warranties includes the current unpaid balance of all loans we have sold. Between January 1, 2009 and March 31, 2013, we sold an aggregate of \$17.2 billion of loans. To recognize the potential loan repurchase or indemnification losses, we have recorded a reserve of \$20.9 million as of March 31, 2013. In the three months ended March 31, 2013, we were not required to repurchase a significant number of mortgages that had been previously sold, and we incurred losses of \$3.2 million related to such repurchase activity. Because of the increase in our loan originations since 2008, we expect that repurchase requests are likely to increase. Should home values continue to decrease, our realized loan losses from loan repurchases and indemnifications may increase as well. As such, our reserve for repurchases may increase beyond our current expectations. See Management's Discussion and Analysis of Financial Condition and Results of Operations Analysis of Items on Consolidated Balance Sheet Liabilities and Stockholders' Equity

Table of Contents

of NMHI's 2012 Form 10-K incorporated by reference into this prospectus. If we are required to indemnify or repurchase loans that we originate and sell or securitize that result in losses that exceed our reserve, this could adversely affect our business, financial condition and results of operations.

We may incur increased litigation costs and related losses if a borrower challenges the validity of a foreclosure action or if a court overturns a foreclosure, which could adversely affect our liquidity, business, financial condition and results of operations.

We may incur costs if we are required to, or if we elect to, execute or re-file documents or take other action in our capacity as a servicer in connection with pending or completed foreclosures. We may incur litigation costs if the validity of a foreclosure action is challenged by a borrower. If a court overturns a foreclosure because of errors or deficiencies in the foreclosure process, we may have liability to a title insurer or the purchaser of the property sold in foreclosure. These costs and liabilities may not be legally or otherwise reimbursable to us, particularly to the extent they relate to securitized mortgage loans. In addition, if certain documents required for a foreclosure action are missing or defective, we could be obligated to cure the defect or repurchase the loan. A significant increase in litigation costs could adversely affect our liquidity, and our inability to be reimbursed for an advance could adversely affect our business, financial condition and results of operations.

Because we are required to follow the guidelines of the GSEs with which we do business and are not able to negotiate our fees with these entities for the purchase of our loans, our competitors may be able to sell their loans to GSEs on more favorable terms.

Even though we currently originate conventional agency and government conforming loans, because we previously originated non-prime mortgage loans, we believe we are required to pay a higher fee to access the secondary market for selling our loans to GSEs. We believe that because many of our competitors have always originated conventional loans, they are able to sell newly originated loans on more favorable terms than us. As a result, these competitors are able to earn higher margins than we earn on originated loans, which could materially impact our business.

In our transactions with the GSEs, we are required to follow specific guidelines that impact the way we service and originate mortgage loans including:

our staffing levels and other servicing practices;

the servicing and ancillary fees that we may charge;

our modification standards and procedures; and

the amount of non-reimbursable advances.

In particular, the FHFA has directed GSEs to align their guidelines for servicing delinquent mortgages they own or guarantee, which can result in monetary incentives for servicers that perform well and penalties for those that do not. In addition, FHFA has directed the Federal National Mortgage Association (Fannie Mae) to assess compensatory fees against servicers in connection with delinquent loans, foreclosure delays, and other breaches of servicing obligations.

We cannot negotiate these terms with the GSEs and they are subject to change at any time. A significant change in these guidelines that has the effect of decreasing our fees or requires us to expend additional resources in providing mortgage services could decrease our revenues or increase our costs, which could adversely affect our business, financial condition and results of operations.

We are required to make servicing advances that can be subject to delays in recovery or may not be recoverable in certain circumstances, which could adversely affect our liquidity, business, financial condition and results of operations.

During any period in which a borrower is not making payments, we are required under most of our servicing agreements to advance our own funds to meet contractual principal and interest remittance requirements for

Table of Contents

investors, pay property taxes and insurance premiums, legal expenses and other protective advances. We also advance funds to maintain, repair and market real estate properties on behalf of investors. As home values change, we may have to reconsider certain of the assumptions underlying our decisions to make advances and, in certain situations, our contractual obligations may require us to make certain advances for which we may not be reimbursed. In addition, in the event a mortgage loan serviced by us defaults or becomes delinquent, the repayment to us of the advance may be delayed until the mortgage loan is repaid or refinanced or a liquidation occurs. As a reverse mortgage servicer, we will also be responsible for funding any payments due to borrowers in a timely manner, remitting to investors interest accrued and paying for interest shortfalls. Advances on reverse mortgages are typically greater than advances on forward residential mortgages. They are typically recovered upon weekly or monthly reimbursement or from sale in the market. In the event we receive requests for advances in excess of amounts we are able to fund, we may not be able to fund these advance requests, which could materially and adversely affect our liquidity. A delay in our ability to collect an advance may adversely affect our liquidity, and our inability to be reimbursed for an advance could adversely affect our business, financial condition and results of operations.

Changes to government mortgage modification programs could adversely affect future incremental revenues.

Under the Home Affordable Modification Program (HAMP) and similar government programs, a participating servicer may be entitled to receive financial incentives in connection with any modification plans it enters into with eligible borrowers and subsequent success fees to the extent that a borrower remains current in any agreed upon loan modification. While we participate in and dedicate numerous resources to HAMP, we may not continue to participate in or realize future revenues from HAMP or any other government mortgage modification program. Changes in legislation or regulation regarding HAMP that result in the modification of outstanding mortgage loans and changes in the requirements necessary to qualify for refinancing mortgage loans may impact the extent to which we participate in and receive financial benefits from such programs, or may increase the expense of our participation in such programs. Changes in government loan modification programs could also result in an increase to our costs.

HAMP is currently scheduled to expire on December 31, 2013. If HAMP is not extended, this could decrease our revenues, which would adversely affect our business, financial condition and results of operations.

Under the MHA, a participating servicer may receive a financial incentive to modify qualifying loans, in accordance with the plan's guidelines and requirements. The MHA also allows us to refinance loans with a high LTV of up to 125%. This allows us to refinance loans to existing borrowers who have little or negative equity in their homes. Changes in legislation or regulations regarding the MHA could reduce our volume of refinancing originations to borrowers with little or negative equity in their homes. Changes to HAMP, the MHA and other similar programs could adversely affect future incremental revenues.

We are highly dependent upon programs administered by GSEs such as Fannie Mae and Freddie Mac to generate revenues through mortgage loan sales to institutional investors. Any changes in existing U.S. government-sponsored mortgage programs could materially and adversely affect our business, liquidity, financial position and results of operations.

In February 2011, the Obama Administration delivered a report to Congress regarding a proposal to reform the housing finance markets in the United States. The report, among other things, outlined various potential proposals to wind down the GSEs and reduce or eliminate over time the role of the GSEs in guaranteeing mortgages and providing funding for mortgage loans, as well as proposals to implement reforms relating to borrowers, lenders and investors in the mortgage market, including reducing the maximum size of loans that the GSEs can guarantee, phasing in a minimum down payment requirement for borrowers, improving underwriting standards and increasing accountability and transparency in the securitization process.

Our ability to generate revenues through mortgage loan sales to institutional investors depends to a significant degree on programs administered by the GSEs, such as Fannie Mae and the Federal Home Loan

Table of Contents

Mortgage Corporation (Freddie Mac), a government agency, the Government National Mortgage Association (Ginnie Mae), and others that facilitate the issuance of MBS in the secondary market. These GSEs play a critical role in the residential mortgage industry and we have significant business relationships with many of them. Almost all of the conforming loans we originate qualify under existing standards for inclusion in guaranteed mortgage securities backed by GSEs. We also derive other material financial benefits from these relationships, including the assumption of credit risk by these GSEs on loans included in such mortgage securities in exchange for our payment of guarantee fees and the ability to avoid certain loan inventory finance costs through streamlined loan funding and sale procedures.

Any discontinuation of, or significant reduction in, the operation of these GSEs or any significant adverse change in the level of activity in the secondary mortgage market or the underwriting criteria of these GSEs could materially and adversely affect our business, liquidity, financial position and results of operations.

The conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the U.S. federal government, could adversely affect our business and prospects.

Due to increased market concerns about the ability of Fannie Mae and Freddie Mac to withstand future credit losses associated with securities held in their investment portfolios, and on which they provide guarantees without the direct support of the U.S. federal government, on July 30, 2008, the U.S. government passed the Housing and Economic Recovery Act of 2008. On September 7, 2008, the FHFA, placed Fannie Mae and Freddie Mac into conservatorship and, together with the U.S. Treasury, established a program designed to boost investor confidence in their respective debt and MBS. As the conservator of Fannie Mae and Freddie Mac, the FHFA controls and directs the operations of Fannie Mae and Freddie Mac and may (i) take over the assets and operations of Fannie Mae and Freddie Mac with all the powers of the stockholders, the directors and the officers of Fannie Mae and Freddie Mac and conduct all business of Fannie Mae and Freddie Mac; (ii) collect all obligations and money due to Fannie Mae and Freddie Mac; (iii) perform all functions of Fannie Mae and Freddie Mac which are consistent with the conservator's appointment; (iv) preserve and conserve the assets and property of Fannie Mae and Freddie Mac; and (v) contract for assistance in fulfilling any function, activity, action or duty of the conservator.

In addition to the FHFA becoming the conservator of Fannie Mae and Freddie Mac, the U.S. Treasury and the FHFA have entered into preferred stock purchase agreements among the U.S. Treasury, Fannie Mae and Freddie Mac pursuant to which the U.S. Treasury will ensure that each of Fannie Mae and Freddie Mac maintains a positive net worth.

Although the U.S. Treasury has committed capital to Fannie Mae and Freddie Mac, these actions may not be adequate for their needs. If these actions are inadequate, Fannie Mae and Freddie Mac could continue to suffer losses and could fail to honor their guarantees and other obligations. The future roles of Fannie Mae and Freddie Mac could be significantly reduced and the nature of their guarantees could be considerably limited relative to historical measurements. Any changes to the nature of the guarantees provided by Fannie Mae and Freddie Mac could redefine what constitute agency and government conforming MBS and could have broad adverse market implications. Such market implications could adversely affect our business and prospects.

The geographic concentration of our servicing portfolio may result in a higher rate of delinquencies, which could adversely affect our business, financial condition and results of operations.

As of March 31, 2013, approximately 23.3% and 10.1% of the aggregate outstanding loan balance in our forward servicing portfolio was secured by properties located in California and Florida, respectively. Some of these states have experienced severe declines in property values and are experiencing a disproportionately high rate of delinquencies and foreclosures relative to other states. To the extent these states continue to experience weaker economic conditions or greater rates of decline in real estate values than the United States generally, the

Table of Contents

concentration of loans we service in those regions may increase the effect of the risks listed in this Risk Factors section. The impact of property value declines may increase in magnitude and it may continue for a long period of time. Additionally, if states in which we have greater concentrations of business were to change their licensing or other regulatory requirements to make our business cost-prohibitive, we may be required to stop doing business in those states or may be subject to higher cost of doing business in those states, which could adversely affect our business, financial condition and results of operations.

We use financial models and estimates in determining the fair value of certain assets, such as MSRs. If our estimates or assumptions prove to be incorrect, we may be required to record impairment charges, which could adversely affect our earnings.

We use internal financial models that utilize, wherever possible, market participant data to value certain of our assets, including our MSRs, newly originated loans held for sale and investments in debt securities for purposes of financial reporting. These models are complex and use asset-specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of MSRs are complex because of the high number of variables that drive cash flows associated with MSRs. Even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. If loan loss levels are higher than anticipated, due to an increase in delinquencies or prepayment speeds, or financial market illiquidity continues beyond our estimate, the value of certain of our assets may decrease. We may be required to record impairment charges, which could impact our ability to satisfy minimum net worth covenants of \$424.4 million and borrowing conditions in our debt agreements and adversely affect our business, financial condition or results of operations. Errors in our financial models or changes in assumptions could adversely affect our earnings. See We may not realize all of the anticipated benefits of potential future acquisitions, which could adversely affect our business, financial condition and results of operations.

Our earnings may decrease because of changes in prevailing interest rates.

Our profitability is directly affected by changes in prevailing interest rates. The following are the material risks we face related to changes in prevailing interest rates:

an increase in prevailing interest rates could generate an increase in delinquency, default and foreclosure rates resulting in an increase in both operating expenses and interest expense and could cause a reduction in the value of our assets;

an increase in prevailing interest rates could adversely affect our loan originations volume because refinancing an existing loan would be less attractive for homeowners and qualifying for a loan may be more difficult for consumers;

an increase in prevailing interest rates would increase the cost of servicing our outstanding debt, including our ability to finance servicing advances and loan originations;

a decrease in prevailing interest rates may require us to record a decrease in the value of our MSRs; and

a decrease in prevailing interest rates could reduce our earnings from our custodial deposit accounts.

Our hedging strategies may not be successful in mitigating our risks associated with interest rates.

From time to time, we have used various derivative financial instruments to provide a level of protection against interest rate risks, but no hedging strategy can protect us completely. The derivative financial instruments that we select may not have the effect of reducing our interest rate risks. In addition, the nature and timing of hedging transactions may influence the effectiveness of these strategies. Poorly designed strategies, improperly executed and documented transactions or inaccurate assumptions could actually increase our risks and losses. In addition, hedging strategies involve transaction and other costs. Our hedging strategies and the derivatives that

Table of Contents

we use may not be able to adequately offset the risks of interest rate volatility and our hedging transactions may result in or magnify losses. Furthermore, interest rate derivatives may not be available on favorable terms or at all, particularly during economic downturns. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

A downgrade in our servicer ratings could have an adverse effect on our business, financial condition and results of operations.

Standard & Poor's and Fitch rate us as a residential loan servicer. Our current favorable ratings from the rating agencies are important to the conduct of our loan servicing business. These ratings may be downgraded in the future. Any such downgrade could adversely affect our business, financial condition and results of operations.

We depend on the accuracy and completeness of information about borrowers and counterparties and any misrepresented information could adversely affect our business, financial condition and results of operations.

In deciding whether to extend credit or to enter into other transactions with borrowers and counterparties, we may rely on information furnished to us by or on behalf of borrowers and counterparties, including financial statements and other financial information. We also may rely on representations of borrowers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. We additionally rely on representations from public officials concerning the licensing and good standing of the third party mortgage brokers through which we do business. While we have a practice of independently verifying the borrower information that we use in deciding whether to extend credit or to agree to a loan modification, including employment, assets, income and credit score, if any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to loan funding, the value of the loan may be significantly lower than expected. Whether a misrepresentation is made by the loan applicant, the mortgage broker, another third party or one of our employees, we generally bear the risk of loss associated with the misrepresentation. We have controls and processes designed to help us identify misrepresented information in our loan originations operations. We, however, may not have detected or may not detect all misrepresented information in our loan originations or from our business clients. Any such misrepresented information could adversely affect our business, financial condition and results of operations.

Technology failures could damage our business operations and increase our costs, which could adversely affect our business, financial condition and results of operations.

The financial services industry as a whole is characterized by rapidly changing technologies, and system disruptions and failures caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, natural disasters and other similar events may interrupt or delay our ability to provide services to our borrowers. Security breaches, acts of vandalism and developments in computer capabilities could result in a compromise or breach of the technology that we use to protect our borrowers' personal information and transaction data. Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or implement effective preventive measures against all security breaches, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources, including third parties such as persons involved with organized crime or associated with external service providers. Those parties may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers or clients. These risks may increase in the future as we continue to increase our reliance on the internet and use of web-based product offerings and on the use of cybersecurity.

A successful penetration or circumvention of the security of our systems or a defect in the integrity of our systems or cybersecurity could cause serious negative consequences for our business, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or

Table of Contents

damage to our computers or operating systems and to those of our customers and counterparties. Any of the foregoing events could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure and harm to our reputation, all of which could adversely affect our business, financial condition and results of operations.

The success and growth of our business will depend upon our ability to adapt to and implement technological changes.

Our mortgage loan originations business is currently dependent upon our ability to effectively interface with our brokers, borrowers and other third parties and to efficiently process loan applications and closings. The originations process is becoming more dependent upon technological advancement, such as our continued ability to process applications over the Internet, accept electronic signatures, provide process status updates instantly and other borrower-expected conveniences. Maintaining and improving this new technology and becoming proficient with it may also require significant capital expenditures. As these requirements increase in the future, we will have to fully develop these technological capabilities to remain competitive and any failure to do so could adversely affect our business, financial condition and results of operations.

Any failure of our internal security measures or breach of our privacy protections could cause harm to our reputation and subject us to liability, any of which could adversely affect our business, financial condition and results of operations.

In the ordinary course of our business, we receive and store certain confidential information concerning borrowers. Additionally, we enter into third party relationships to assist with various aspects of our business, some of which require the exchange of confidential borrower information. If a third party were to compromise or breach our security measures or those of the vendors, through electronic, physical or other means, and misappropriate such information, it could cause interruptions in our operations and expose us to significant liabilities, reporting obligations, remediation costs and damage to our reputation. Any of the foregoing risks could adversely affect our business, financial condition and results of operations. See also Technology failures could damage our business operations and increase our costs, which could adversely affect our business, financial condition and results of operations.

Our vendor relationships subject us to a variety of risks.

We have significant vendors that, among other things, provide us with financial, technology and other services to support our servicing and originations businesses. With respect to vendors engaged to perform activities required by servicing criteria, we have elected to take responsibility for assessing compliance with the applicable servicing criteria for the applicable vendor and are required to have procedures in place to provide reasonable assurance that the vendor's activities comply in all material respects with servicing criteria applicable to the vendor. In the event that a vendor's activities do not comply with the servicing criteria, it could negatively impact our servicing agreements. In addition, if our current vendors were to stop providing services to us on acceptable terms, including as a result of one or more vendor bankruptcies due to poor economic conditions, we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms, or at all. Further, we may incur significant costs to resolve any such disruptions in service and this could adversely affect our business, financial condition and results of operations.

The loss of the services of our senior managers could adversely affect our business.

The experience of our senior managers is a valuable asset to us. Our management team has significant experience in the residential mortgage originations and servicing industry. We do not maintain key life insurance policies relating to our senior managers. The loss of the services of our senior managers could adversely affect our business.

Table of Contents

Our business could suffer if we fail to attract and retain a highly skilled workforce.

Our future success will depend on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization, in particular skilled managers, loan servicers, debt default specialists, loan officers and underwriters. Trained and experienced personnel are in high demand and may be in short supply in some areas. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. We may not be able to attract, develop and maintain an adequate skilled workforce necessary to operate our businesses and labor expenses may increase as a result of a shortage in the supply of qualified personnel. If we are unable to attract and retain such personnel, we may not be able to take advantage of acquisitions and other growth opportunities that may be presented to us and this could materially affect our business, financial condition and results of operations.

Negative public opinion could damage our reputation and adversely affect our earnings.

Reputation risk, or the risk to our business, earnings and capital from negative public opinion, is inherent in our business. Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending and debt collection practices, technology failures, corporate governance, and actions taken by government regulators and community organizations in response to those activities. Negative public opinion can also result from media coverage, whether accurate or not. Negative public opinion can adversely affect our ability to attract and retain customers, trading counterparties and employees and can expose us to litigation and regulatory action. Although we take steps to minimize reputation risk in dealing with our customers and communities, this risk will always be present in our organization.

Risks Related to the New Notes

Our substantial indebtedness may limit our financial and operating activities and our ability to incur additional debt to fund future needs.

As of March 31, 2013, we and our guarantors had approximately \$4.2 billion of total indebtedness, and unfunded availability of approximately \$2.6 billion under our various financing facilities. Our substantial indebtedness and any future indebtedness we incur could:

require us to dedicate a substantial portion of cash flow from operations to the payment of principal and interest on indebtedness, including indebtedness we may incur in the future, thereby reducing the funds available for other purposes;

make it more difficult for us to satisfy and comply with our obligations with respect to the Notes;

subject us to increased sensitivity to increases in prevailing interest rates;

place us at a competitive disadvantage to competitors with relatively less debt in economic downturns, adverse industry conditions or catastrophic external events; or

reduce our flexibility in planning for or responding to changing business, industry and economic conditions.

In addition, our substantial level of indebtedness could limit our ability to obtain additional financing on acceptable terms or at all to fund future acquisitions, working capital, capital expenditures, debt service requirements, general corporate and other purposes, which would have a material effect on our business and financial condition. Our liquidity needs could vary significantly and may be affected by general economic conditions, industry trends, performance and many other factors not within our control.

Table of Contents

Our substantial obligations could have other important consequences. For example, our failure to comply with the restrictive covenants in the agreements governing our indebtedness, including the indentures governing the Notes, which limit our ability to incur liens, to incur debt and to sell assets, could result in an event of default that, if not cured or waived, could harm our business or prospects and could result in our bankruptcy.

We may incur more debt, which could limit our financial and operating activities.

We and our subsidiaries are able to incur additional indebtedness in the future, subject to the limitations contained in the agreements governing our indebtedness, including the indentures governing the Notes. Although these agreements generally restrict us and our restricted subsidiaries from incurring additional indebtedness, these restrictions are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the related risks could be magnified and could limit our financial and operating activities.

We may not be able to generate sufficient cash flow to meet our debt service obligations, including the Notes.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations including the Notes will depend on our current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our ratio of earnings to fixed charges for the year ended March 31, 2013 was 2.1 and our interest coverage ratio for the year ended March 31, 2013 was 2.1. While our existing cash flow is not restricted as a result of our securitization arrangements and is sufficient to service our existing debt, if we increase our amount of outstanding debt or our cash flow decreases, we may be unable to meet our debt service obligations.

If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition or results of operations.

In addition, we are dependent on the cash flow of and dividends and distributions to us from our subsidiaries in order to service our current indebtedness. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to any indebtedness of ours or to make any funds available therefor, except for those subsidiaries that have guaranteed our obligations under our outstanding indebtedness and that guarantee our obligations under the Notes. The ability of our subsidiaries to pay any dividends and distributions will be subject to, among other things, the terms of any debt instruments of our subsidiaries then in effect as well as applicable law. There can be no assurance that our subsidiaries will generate cash flow sufficient to pay dividends or distributions to us that enable us to pay interest or principal on our existing indebtedness or the Notes.

We may be unable to repay or repurchase the Notes at maturity.

At maturity, the entire outstanding principal amount of the Notes, together with accrued and unpaid interest, will become due and payable. We may not have the funds to fulfill these obligations or the ability to renegotiate these obligations. If upon the maturity date other arrangements prohibit us from repaying the Notes, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if we were not able to obtain such waivers or refinance these borrowings, we would be unable to repay the Notes.

Table of Contents

The indentures governing the Notes, as well as other agreements governing our debt, include provisions that may restrict our financial and business operations, but may not necessarily restrict our ability to take actions that may impair our ability to repay the Notes.

The agreements governing our indebtedness, including our servicing advance facilities that relate to servicing loan portfolios, our warehouse facilities that relate to originating mortgage loans, the notes we issued to finance our purchase of a portfolio of mortgage servicing rights and the indentures that govern the Notes, contain negative covenants customary for such financings, such as limiting our ability to sell or dispose of assets, incur additional indebtedness or liens, make certain restricted payments, make certain investments, consummate mergers, consolidations or other business combinations or engage in other lines of business. These restrictions may interfere with our ability to engage in other necessary or desirable business activities, which could materially affect our business, financial condition or results of operations.

Our financing facilities also require us to comply with certain financial ratios and covenants, such as maximum leverage ratios, minimum tangible net worth, minimum liquidity and positive earnings covenants. In addition, availability under certain of our financing facilities is limited by borrowing base and minimum collateral conditions. Our ability to comply with these covenants depends on our financial condition and performance and also is subject to events outside our control. Asset write-downs, other non-cash charges and other one-time events also impact our ability to comply with these covenants. In addition, these restrictions may interfere with our ability to obtain financing or to engage in other necessary or desirable business activities, which may have a material effect on our operations. These covenants are subject to important exceptions and qualifications. Moreover, if we fail to comply with these covenants and are unable to obtain a waiver or amendment, an event of default would result.

Our financing facilities and other debt agreements, including the indentures governing the Notes, also contain other events of default customary for such financings. In addition, as a servicer, we are required to observe and perform the covenants and obligations in the agreements under which we service loans. As a servicer, we also have obligations under Regulation AB under the Securities Act. Failure to service in accordance with these requirements may lead to an event of default under our credit facilities. We cannot provide assurance that we would have sufficient liquidity to repay or refinance the Notes or borrowings under our credit facilities if such amounts were accelerated upon an event of default. If we are unable to service our debt, this could materially affect our business, financial condition or results of operations.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

Any default under the agreements covering our indebtedness that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could make us unable to pay the principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain alternative financing necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we would be in default under the terms of the agreements governing such indebtedness, which could also result in an event of default under other financing agreements. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, or we could be forced to apply all available cash flows to repay such indebtedness, and, in any case, we could ultimately be forced into bankruptcy or liquidation.

Table of Contents

The repayment of the Notes is effectively subordinated to substantially all of our existing and future secured debt and the existing and future secured debt of our guarantors.

The Notes, and each guarantee of the Notes, are unsecured obligations. The Notes, and any other unsecured debt securities issued by us, are effectively junior in right of payment to all secured indebtedness. In the event of our bankruptcy, or the bankruptcy of our guarantors or special purpose vehicles, holders of any secured indebtedness of ours or of our guarantors will have claims that are prior to the claims of the holders of any debt securities issued by us with respect to the assets securing our other indebtedness. As of March 31, 2013, the aggregate carrying value of our and our guarantors' secured indebtedness was approximately \$2.6 billion.

If we defaulted on our obligations under any of our secured debt, our secured lenders could proceed against the collateral granted to them to secure that indebtedness. If any secured indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness and our other indebtedness, including the Notes. In addition, upon any distribution of assets pursuant to any liquidation, insolvency, dissolution, reorganization or similar proceeding, the holders of secured indebtedness will be entitled to receive payment in full from the proceeds of the collateral securing our secured indebtedness before the holders of the Notes will be entitled to receive any payment with respect thereto. As a result, the holders of the Notes may recover proportionally less than holders of secured indebtedness.

The Notes and related subsidiary guarantees are effectively subordinated to indebtedness of our existing and future non-guarantor subsidiaries.

Not all of our subsidiaries guarantee the Notes. The Notes are effectively subordinated to all indebtedness and other liabilities and commitments, including trade payables, of our existing and future subsidiaries that do not guarantee the Notes. Any right of the holders of the Notes to participate in the assets of a non-guarantor subsidiary upon any liquidation or reorganization of the subsidiary will be subject to the prior claims of the subsidiary's creditors.

As of March 31, 2013, Home Community Mortgage, LLC; HomeSearch.com Realty Inc.; Nationstar Advance Funding 2012-AW, LLC; Nationstar Advance Funding 2012-C, LLC; Nationstar Advance Funding 2012-R, LLC; Nationstar Advance Funding 2012-W, LLC; Nationstar Advance Funding II LLC; Nationstar Advance Funding Trust 2012-AW; Nationstar Advance Funding Trust 2012-C; Nationstar Advance Funding Trust 2012-R; Nationstar Advance Funding Trust 2012-W; Nationstar Advance Funding, LLC; Nationstar Agency Advance Funding LLC; Nationstar Agency Advance Funding Trust; Nationstar Funding LLC; Nationstar Home Equity Loan 2009-A REO LLC; Nationstar Home Equity Loan Trust 2009-A; Nationstar Mortgage Advance Receivables Trust 2010-ADV1; Nationstar Mortgage JV LLC; Nationstar Mortgage JV Manager LLC; Nationstar Residual LLC; Nationstar Reverse Mortgage Advance Funding LLC; Nationstar Reverse Mortgage Advance Receivables Trust 2012-ADV1, Nationstar Advance Funding III LLC, Nationstar Mortgage Advance Receivables Trust, Solutionstar Realty Services LLC, Solutionstar Settlement Services Holding LLC, Solutionstar Settlement Services LLC and Solutionstar Settlement Services of Alabama LLC are our non-guarantor subsidiaries. Non-guarantor subsidiaries held approximately 25.3% of our total assets as of March 31, 2013.

Unrestricted subsidiaries generally are not subject to any of the covenants in the indentures and do not guarantee the Notes, and we may not be able to rely on the cash flow or assets of those unrestricted subsidiaries to pay our indebtedness.

Subject to compliance with the restrictive covenants contained in the indentures governing the Notes, we are permitted to designate certain of our subsidiaries as unrestricted subsidiaries. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of the indentures governing the Notes, any guarantees of the Notes by such subsidiary or any of its subsidiaries will be released under the indentures. As a result, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries.

Table of Contents

Unrestricted subsidiaries are generally not subject to the covenants under the indentures governing the Notes and do not guarantee the Notes. Unrestricted subsidiaries may enter into financing arrangements that limit their ability to make loans or other payments to fund payments in respect of the Notes. Accordingly, we may not be able to rely on the cash flow or assets of unrestricted subsidiaries to pay any of our indebtedness, including the Notes.

As of the date of this prospectus there are no unrestricted subsidiaries, and we do not have any plans to designate any of our subsidiaries as unrestricted subsidiaries.

Your right to be repaid would be adversely affected if a court determined that any of our guarantors made any guarantee for inadequate consideration or with the intent to defraud creditors.

Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, any guarantee made by any of our guarantors could be voided, or claims under the guarantee made by any of our guarantors could be subordinated to all other obligations of any such guarantor, if the guarantor, at the time it incurred the obligations under the guarantee:

incurred the obligations with the intent to hinder, delay or defraud creditors; or

received less than reasonably equivalent value in exchange for incurring those obligations; and

was insolvent or rendered insolvent by reason of that incurrence;

was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

A legal challenge to the obligations under any guarantee on fraudulent conveyance grounds could focus on any benefits received in exchange for the incurrence of those obligations. A guarantee could be subject to the claim that, since the guarantee was incurred for our benefit and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration. The liability of each guarantor under the indentures will be limited to the amount that will result in its guarantee not constituting a fraudulent conveyance, and there can be no assurance as to what standard a court would apply in making a determination as to what would be the maximum liability of each guarantor. We believe that each of our guarantors making a guarantee will receive reasonably equivalent value for incurring the guarantee, but a court may disagree with our conclusion.

The measures of insolvency for purposes of the fraudulent transfer laws vary depending on the law applied in the proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

the sum of its debts, including contingent liabilities, is greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets is less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or

it cannot pay its debts as they become due.

Table of Contents

The credit ratings assigned to the Notes may not reflect all risks of an investment in the Notes.

The credit ratings assigned to the Notes reflect the rating agencies' assessments of our ability to make payments on the Notes when due. Consequently, actual or anticipated changes in these credit ratings will generally affect the market value of the Notes. These credit ratings, however, may not reflect the potential impact of risks related to structure, market or other factors related to the value of the Notes.

Adverse changes in the ratings of the Notes may cause their trading price to fall and affect the marketability of the Notes.

Rating agencies may lower, suspend or withdraw ratings on the Notes or our other debt in the future. Note holders will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market prices or marketability of the Notes.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indentures governing the Notes.

Upon the occurrence of a change of control, as defined in the indentures governing the Notes, we must offer to buy back the Notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest and special interest, if any, to the date of the repurchase. Our failure to purchase, or give notice of purchase of, the Notes would be a default under the indentures governing the Notes. See Description of New 2019 Notes Repurchase at the Option of Holders Change of Control, Description of New 2020 Notes Repurchase at the Option of Holders Change of Control and Description of New 2021 Notes Repurchase at the Option of Holders Change of Control.

If a change of control occurs, it is possible that we may not have sufficient assets at the time of the change of control to make the required repurchase of Notes or to satisfy all obligations under our other debt instruments, including future debt instruments. In order to satisfy our obligations, we could seek to refinance our indebtedness or obtain a waiver from the other lenders or you as a holder of the Notes. We cannot assure you that we would be able to obtain a waiver or refinance our indebtedness on terms acceptable to us, if at all. Our failure to repurchase any Notes submitted in a change of control offer could constitute an event of default under our other debt documents, even if the change of control offer itself would not cause a default under the indentures governing the Notes.

The change of control provision in the indentures may not protect you in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the indentures. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change of the magnitude required under the definition of a change of control triggering event in the indentures to trigger our obligation to repurchase the Notes.

There is no established trading market for the Notes. If an actual trading market does not develop for the Notes, you may not be able to resell the Notes quickly, for the price that you paid or at all.

The Notes are a new issue of securities and therefore there is no established trading market for the Notes, and an active trading market may not develop. We do not intend to apply for the Notes to be listed on any securities exchange or to arrange for any quotation on any automated dealer quotation systems. The initial purchasers of the Old Notes have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The initial purchasers of the Old Notes may discontinue any market making in the Notes at any time, at their sole discretion. As a result, we cannot assure you as to the liquidity of any trading market for the Notes.

Table of Contents

We also cannot assure you that you will be able to sell your Notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. You may not be able to resell your Notes at their fair market value. The liquidity of, and trading market for, the Notes may also be adversely affected by, among other things:

prevailing interest rates;

our operating performance and financial condition;

the interest of securities dealers in making a market; and

the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in the prices of securities similar to the Notes. It is possible that the market for the Notes will be subject to disruptions. Any disruptions may have a negative effect on noteholders, regardless of our prospects and financial performance.

Risks Relating to the Exchange Offers

The consummation of the exchange offers may not occur.

We are not obligated to complete the exchange offers under certain circumstances. See **Description of the Exchange Offers** **Conditions to the Exchange Offers**. Even if the exchange offers are completed, they may not be completed on the schedule described in this prospectus. Accordingly, holders participating in the exchange offers may have to wait longer than expected to receive their New Notes, during which time those holders of Old Notes will not be able to effect transfers of their Old Notes tendered in the exchange offers.

You may be required to deliver prospectuses and comply with other requirements in connection with any resale of the New Notes.

If you tender your Old Notes for the purpose of participating in a distribution of the New Notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the New Notes. In addition, if you are a broker-dealer that receives New Notes for your own account in exchange for Old Notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of such New Notes.

Failure to tender the Old Notes in the exchange offers may affect their marketability and will substantially limit, and may effectively eliminate, opportunities to sell your Old Notes in the future.

If the Old Notes are tendered and accepted in the exchange offers, the trading market, if any, for the untendered and tendered but unaccepted Old Notes will be adversely affected. Your failure to participate in the exchange offers will substantially limit, and may effectively eliminate, opportunities to sell your Old Notes in the future.

We issued the Old Notes in a private placement exempt from the registration requirements of the Securities Act. Accordingly, you may not offer, sell or otherwise transfer your Old Notes except in compliance with the registration requirements of the Securities Act and any other applicable securities laws, or pursuant to an exemption from the securities laws, or in a transaction not subject to the securities laws. If you do not exchange your Old Notes for the New Notes in the exchange offer, your Old Notes will continue to be subject to these transfer restrictions after the completion of the exchange offers. In addition, after the completion of the exchange offers, you will no longer be able to obligate us to register the Old Notes under the Securities Act.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including some of the statements under Prospectus Summary, Risk Factors, and elsewhere in this prospectus, includes and incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. When used in this discussion, the words anticipate, appears, believe, foresee, intend, should, expect, estimate, project, plan, may, could, will, are like intended to identify forward-looking statements. These statements involve predictions of our future financial condition, performance, plans and strategies, and are thus dependent on a number of factors including, without limitation, assumptions and data that may be imprecise or incorrect. Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to:

the delay in our foreclosure proceedings due to inquiries by certain state Attorneys General, court administrators and state and federal government agencies;

the impact of the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), including rules issued by the Consumer Financial Protection Bureau (CFPB) relating to mortgage servicing and originations and the continuing examination of our business begun by the CFPB, on our business activities and practices, costs of operations and overall results of operations;

the impact on our servicing practices of enforcement consent orders against, and agreements entered into by certain federal and state agencies with the largest mortgage servicers and ongoing inquiries regarding other non-bank mortgage servicers;

increased legal proceedings and related costs;

the continued uncertainty of the residential mortgage market, increase in monthly payments on adjustable rate mortgage loans, adverse economic conditions, decrease in property values and increase in delinquencies and defaults;

the deterioration of the market for reverse mortgages and increase in foreclosure rates for reverse mortgages;

our ability to efficiently service higher risk loans;

our ability to mitigate the increased risks related to servicing reverse mortgages;

our ability to compete successfully in the mortgage loan servicing and mortgage loan originations industries;

our ability to maintain or grow the size of our servicing portfolio and realize our significant investments in personnel and our technology platform by successfully identifying attractive acquisition opportunities, including MSRs, subservicing contracts, servicing platforms and originations platforms;

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our ability to scale-up appropriately and integrate our acquisitions to realize the anticipated benefits of any such potential future acquisitions, including potentially significant acquisitions;

our substantial indebtedness may limit our financial and operating activities and our ability to incur additional debt to fund future needs;

our ability to obtain sufficient capital to meet our financing requirements;

our ability to grow our loan originations volume;

the termination of our servicing rights and subservicing contracts;

changes to federal, state and local laws and regulations concerning loan servicing, loan origination, loan modification or the licensing of entities that engage in these activities;

Table of Contents

changes in state and federal laws that are adverse to mortgage servicers which increase costs and operational complexity and impose significant penalties for violation;

loss of our licenses;

our ability to meet certain criteria or characteristics under the indentures governing our securitized pools of loans;

our ability to follow the specific guidelines of GSEs or a significant change in such guidelines;

delays in our ability to collect or be reimbursed for servicing advances;

changes to HAMP, Home Affordable Refinance Program, MHA or other similar government programs;

changes in our business relationships with Fannie Mae, Freddie Mac, Ginnie Mae and others that facilitate the issuance of MBS;

changes to the nature of the guarantees of Fannie Mae and Freddie Mac and the market implications of such changes;

errors in our financial models or changes in assumptions;

requirements to write down the value of certain assets;

changes in prevailing interest rates;

our ability to successfully mitigate our risks through hedging strategies;

changes to our servicer ratings;

the accuracy and completeness of information about borrowers and counterparties;

our ability to maintain our technology systems and our ability to adapt such systems for future operating environments;

failure of our internal security measures or breach of our privacy protections;

failure of our vendors to comply with servicing criteria;

the loss of the services of our senior managers;

failure to attract and retain a highly skilled work force;

changes in public opinion concerning mortgage originators or debt collectors;

changes in accounting standards;

conflicts of interest with our principal stockholder and the holders of the notes; and

other risks described in the Risk Factors section of this prospectus beginning on page 17.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this prospectus. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or review any forward-looking statement except as required by law, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. You should specifically consider the factors identified in this prospectus or incorporated by reference that could cause actual results to differ. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following tables present our selected historical consolidated financial information and the selected historical consolidated financial information of NMHI. Effective June 30, 2012, the Parent Entities guaranteed our outstanding 10.875% Senior Notes due 2015 and our outstanding Old 2019 Notes. Prior to March 7, 2012, NMHI conducted no activities other than those incident to its formation and the preparation of its registration statement on Form S-1. There are certain differences in our and NMHI's financial information, principally related to taxes, which are presented in Note 20 to the financial statements of the NMHI Q1 2013 10-Q. You should read these tables along with Business, Management's Discussion and Analysis of Financial Condition and Results of Operations and the audited and unaudited consolidated historical financial statements and the related notes and other information incorporated by reference into this prospectus.

The selected consolidated statement of operations data for the years ended December 31, 2010, 2011 and 2012 and the selected consolidated balance sheet data at December 31, 2011 and 2012 have been derived from NMHI's audited financial statements incorporated by reference into this prospectus. The selected consolidated statement of operations data for the years ended December 31, 2008 and 2009 and the selected consolidated balance sheet data at December 31, 2008, 2009 and 2010 have been derived from our audited financial statements that are not incorporated by reference into this prospectus. The summary consolidated statement of operations data for the three months ended March 31, 2012 and 2013 and the summary consolidated statement of operations data as of March 31, 2013 have been derived from NMHI's unaudited financial statements incorporated by reference into this prospectus. The unaudited consolidated financial data, in the opinion of management, reflects all adjustments, including normal recurring items, which are necessary to present fairly, in all material respects, the results of interim periods. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the entire year or for future periods. Additionally, historical audited consolidated financial data is not necessarily indicative of future performance.

	2008	Year Ended December 31,			2012	Three Months Ended March 31,	
		2009	2010	2011		2012	2013
						(unaudited)	
	(in thousands, except per share data)						
Statement of Operations Data Consolidated							
Revenues:							
Total fee income	\$ 74,007	\$ 100,218	\$ 184,084	\$ 268,705	\$ 497,151	\$ 93,560	\$ 242,475
Gain (loss) on mortgage loans held for sale	(86,663)	(21,349)	77,344	109,136	487,164	70,512	188,587
Total revenues	(12,656)	78,869	261,428	377,841	984,315	164,072	431,062
Total expenses and impairments	147,777	142,367	220,976	306,183	582,045	96,577	268,571
Other income (expense):							
Interest income	92,060	52,518	98,895	66,802	71,586	11,201	29,608
Interest expense	(65,548)	(69,883)	(116,163)	(105,375)	(197,308)	(24,980)	(92,374)
Contract termination fees					15,600		
Loss on equity method investments				(107)	(14,571)	(117)	
Gain (loss) on interest rate swaps and caps	(23,689)	(14)	(9,801)	298	(994)	(268)	1,268
Fair value changes in ABS securitizations			(23,297)	(12,389)			
Total other income (expense)	2,823	(17,379)	(50,366)	(50,771)	(125,687)	(14,164)	(61,498)
(Loss) income before taxes	(157,610)	(80,877)	(9,914)	20,887	276,583	53,331	100,993
Income tax expense					71,296	3,145	38,377
Net (loss) income	\$ (157,610)	\$ (80,877)	\$ (9,914)	\$ 20,887	\$ 205,287	\$ 50,186	\$ 62,616

Table of Contents

	2008	2009	December 31, 2010	2011	2012	March 31, 2013 (unaudited)
(in thousands)						
Balance Sheet Data Consolidated						
Cash and cash equivalents	\$ 9,357	\$ 41,645	\$ 21,223	\$ 62,445	\$ 152,649	\$ 220,039
Accounts receivable	355,975	513,939	441,275	562,300	3,043,606	3,614,827
Mortgage servicing rights (at fair value)	110,808	114,605	145,062	251,050	635,860	1,289,643
Total assets	1,122,001	1,280,185	1,947,181	1,787,931	7,126,143	8,885,565
Notes payable ⁽¹⁾	810,041	771,857	709,758	873,179	3,601,586	3,409,886
Unsecured senior notes			244,061	280,199	1,062,635	1,669,146
Legacy assets securitized debt		177,675	138,662	112,490	100,620	98,388
Excess spread financing (at fair value)				44,595	288,089	498,906
ABS nonrecourse debt (at fair value)			496,692			
Total liabilities	866,079	1,016,362	1,690,809	1,506,622	6,368,461	8,061,313
Total equity	255,922	263,823	256,372	281,309	757,682	824,252

(1) A summary of notes payable as of March 31, 2013 follows:

Notes Payable	March 31, 2013 (in thousands)
<i>Servicing</i>	
MBS Advance Financing Facility	\$ 174,965
Securities Repurchase Facility (2011)	11,774
2010-ABS Advance Financing Facility	194,217
2011-1 Agency Advance Financing Facility	575,035
MSR Note	3,239
2012- AW Agency Advance Financing Facility	
2012- C ABS Advance Financing Facility	574,437
2012- R ABS Advance Financing Facility	326,821
2012- W ABS Advance Financing Facility	424,503
Reverse Participations Financing Facility	104,799
MBS Advance Financing Facility	60,012
<i>Originations</i>	
\$750 Million Warehouse Facility	495,751
\$150 Million Warehouse Facility	128,900
\$750 Million Warehouse Facility (2011)	197,257
\$300 Million Warehouse Facility (2009)	80,847
ASAP+ Short-Term Financing Facility	57,329
	\$ 3,409,886

Table of Contents

The following tables summarize consolidated financial information for our and NMHI's Operating Segments. Management analyzes our and NMHI's performance in two separate segments, the Servicing Segment and the Originations Segment, which together constitute our Operating Segments. In addition, we have a legacy asset portfolio, which primarily consists of non-prime and non-conforming mortgage loans, most of which were originated from April to July 2007. The Servicing Segment provides loan servicing on our and NMHI's servicing portfolio and the Originations Segment involves the origination, packaging and sale of GSE mortgage loans into the secondary markets via whole loan sales or securitizations.

	2008	Year Ended December 31,			2012	Three Months Ended March 31,	
		2009	2010	2011		2012	2013
						(unaudited)	
	(in thousands)						
Statement of Operations Data - Operating Segments Information							
Revenues:							
Total fee income	\$ 75,190	\$ 101,289	\$ 189,884	\$ 269,692	\$ 496,843	\$ 93,440	\$ 251,421
Gain on mortgage loans held for sale	21,985	54,437	77,498	109,431	487,142	70,500	179,695
Total revenues	97,175	155,726	267,382	379,123	983,985	163,940	431,116
Total expenses and impairments	85,832	118,429	194,203	279,537	557,900	87,704	259,511
Other income (expense):							
Interest income	12,792	8,404	12,111	14,981	51,362	5,926	24,359
Interest expense	(17,007)	(29,315)	(60,597)	(68,979)	(182,647)	(20,705)	(88,080)
Contract termination fees					15,600		
Loss on equity method investments				(107)	(14,571)	(117)	
Gain (loss) on interest rate swaps and caps			(9,801)	298	1,237	38	795
Total other income (expense)	(4,215)	(20,911)	(58,287)	(53,807)	(129,019)	(14,858)	(62,926)
Income before taxes	\$ 7,128	\$ 16,386	\$ 14,892	\$ 45,779	\$ 297,066	\$ 61,378	\$ 108,679

Table of Contents

	Year Ended December 31,					Three Months Ended March 31,	
	2008	2009	2010	2011	2012	2012	2013
	(in thousands)						
Income from Operating Segments to Adjusted EBITDA Reconciliation:							
Income from Operating Segments	\$ 7,128	\$ 16,386	\$ 14,892	\$ 45,779	\$ 297,066	\$ 61,378	\$ 108,679
Adjust for:							
Interest expense from unsecured senior notes			24,628	30,464	63,879	8,542	30,690
Depreciation and amortization	1,172	1,542	1,873	3,395	8,880	1,242	3,528
Change in fair value of MSRs	11,701	27,915	6,043	39,000	68,242	(495)	9,659
Amortization of mortgage servicing liabilities					(5,120)	(633)	(275)
Fair value changes on excess spread financing ⁽¹⁾				3,060	10,684	4,852	23,891
Share-based compensation	1,633	579	8,999	14,764	14,045	2,395	2,858
Exit costs				1,836			
Fair value changes in derivatives			9,801	(298)	(1,237)	(38)	(795)
Ineffective portion of cash flow hedge			(930)	(2,032)			
Adjusted EBITDA ⁽²⁾	\$ 21,634	\$ 46,422	\$ 65,306	\$ 135,968	\$ 456,439	\$ 77,243	\$ 178,235

(1) Relates to a financing arrangement on certain MSRs which are carried at fair value under FASB ASC 825, *Financial Instruments*.

(2) Adjusted EBITDA is a key performance measure used by management in evaluating the performance of our segments. See Summary Consolidated Financial Data.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth information regarding our ratio of earnings to fixed charges for each of the periods shown. For purposes of calculating this ratio, (i) earnings consist of income (loss) from continuing operations before provision (benefit) for income taxes and fixed charges and (ii) fixed charges consist of interest expense, which includes amortization of deferred finance charges, and imputed interest on our lease obligations. The interest component of rent was determined based on an estimate of a reasonable interest factor at the inception of the leases.

	Year Ended December 31,					Three Months Ended March 31,	
	2008	2009	2010	2011	2012	2012	2013
Ratio of earnings to fixed charges	(1)	(1)	(1)	1.2	2.4	3.1	2.1

- (1) Earnings for the years ended December 31, 2008, 2009 and 2010 were inadequate to cover fixed charges. The coverage deficiencies were \$157.6 million, \$80.9 million and \$9.9 million, respectively.

Table of Contents

DESCRIPTION OF THE EXCHANGE OFFERS

Purpose of the Exchange Offers

On April 25, 2012, we issued \$275,000,000 aggregate principal amount of unregistered 9.625% Senior Notes due 2019 (the Old 2019 Notes). In connection with that issuance, we entered into a Registration Rights Agreement on April 25, 2012 (the April Registration Rights Agreement).

On July 24, 2012, we issued a further \$100,000,000 aggregate principal amount of Old 2019 Notes. In connection with that issuance, we entered into a Registration Rights Agreement on July 24, 2012 (the July Registration Rights Agreement and, together with the April Registration Rights Agreement, the 2019 Registration Rights Agreements).

On September 24, 2012, we issued \$300,000,000 aggregate principal amount of unregistered 7.875% Senior Notes due 2020 (the Old 2020 Notes). In connection with that issuance, we entered into a Registration Rights Agreement on September 24, 2012 (the First September Registration Rights Agreement).

On September 28, 2012, we issued a further \$100,000,000 aggregate principal amount of Old 2020 Notes. In connection with that issuance, we entered into a Registration Rights Agreement on September 28, 2012 (the Second September Registration Rights Agreement and, together with the First September Registration Rights Agreement, the 2020 Registration Rights Agreements).

On February 7, 2013, we issued \$400,000,000 aggregate principal amount of unregistered 6.500% Senior Notes due 2021 (the Old 2021 Notes and, together with the Old 2019 Notes and the Old 2020 Notes, the Old Notes). In connection with that issuance, we entered into a Registration Rights Agreement on February 7, 2013 (the February Registration Rights Agreement).

On March 26, 2013, we issued a further \$200,000,000 aggregate principal amount of Old 2021 Notes. In connection with that issuance, we entered into a Registration Rights Agreement on March 26, 2013 (the March Registration Rights Agreement and, together with the February Registration Rights Agreement, the 2021 Registration Rights Agreements).

Pursuant to the 2019 Registration Rights Agreements, we agreed that we would use reasonable best efforts to:

file a registration statement (the Exchange Offer Registration Statement) covering an offer to the Holders of Old 2019 Notes to exchange all Old 2019 Notes for new 9.625% Senior Notes due 2019 which have been registered under the Securities Act of 1933, as amended (the Securities Act) (the New 2019 Notes) not later than March 31, 2013;

have the Exchange Offer Registration Statement remain effective for 90 days after Expiration Date for use by broker-dealers who acquired the Old 2019 Notes directly from us;

commence the exchange offer for the New 2019 Notes as soon as reasonably practicable after the Exchange Offer Registration Statement is declared effective by the SEC, and

complete the registered exchange offer for the New 2019 Notes not later than June 29, 2013.

Pursuant to the 2020 Registration Rights Agreements, we agreed that we would use reasonable best efforts to:

file the Exchange Offer Registration Statement covering an offer to the Holders of Old 2020 Notes to exchange all Old 2020 Notes for new 7.875% Senior Notes due 2020 which have been registered under the Securities Act (the New 2020 Notes) not later than March 31, 2013;

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have the Exchange Offer Registration Statement remain effective for 90 days after Expiration Date for use by broker-dealers who acquired the Old 2020 Notes directly from us;

commence the Exchange Offer for the New 2020 Notes as soon as reasonably practicable after the Exchange Offer Registration Statement is declared effective by the SEC, and

complete the registered exchange offer for the New 2020 Notes not later than June 29, 2013.

Table of Contents

Pursuant to the 2021 Registration Rights Agreements, we agreed that we would use reasonable best efforts to:

file the Exchange Offer Registration Statement covering an offer to the Holders of Old 2021 Notes to exchange all Old 2021 Notes for new 6.500% Senior Notes due 2021 which have been registered under the Securities Act (the New 2021 Notes and, together with the New 2019 Notes and New 2020 Notes, the New Notes) not later than March 31, 2014;

have the Exchange Offer Registration Statement remain effective for 90 days after Expiration Date for use by broker-dealers who acquired the Old 2021 Notes directly from us;

commence the Exchange Offer for the New 2021 Notes as soon as reasonably practicable after the Exchange Offer Registration Statement is declared effective by the SEC, and

complete the registered exchange offer for the New 2021 Notes not later than June 29, 2014.

Upon the effectiveness of the registration statement of which this prospectus is a part, we will offer the New Notes in exchange for the Old Notes. We filed a copy of the 2019 Registration Rights Agreements, the 2020 Registration Rights Agreements and the 2021 Registration Rights Agreements as exhibits to the registration statement of which this prospectus forms a part and can also be obtained from us. See [Where You Can Find More Information](#).

Resale of the New Notes

We are making the exchange offers in reliance on the position of the staff of the Securities and Exchange Commission (the SEC) as set forth in interpretive letters addressed to other parties in other transactions. For further information on the SEC's position, see *Exxon Capital Holdings Corporation*, available May 13, 1988, *Morgan Stanley & Co. Incorporated*, available June 5, 1991 and *Shearman & Sterling*, available July 2, 1993, and other interpretive letters to similar effect. We have not sought our own interpretive letter, however, and we cannot assure you that the staff would make a similar determination with respect to the exchange offers as it has in interpretive letters to other parties. Based on these interpretations by the staff, we believe that the New Notes issued under the exchange offers may be offered for resale, resold or otherwise transferred by you, without further compliance with the registration and prospectus delivery provisions of the Securities Act, so long as you:

- (1) are acquiring the New Notes in the ordinary course of the business of yourself and any beneficial owner;
- (2) are not participating in, and do not intend to participate in, a distribution of the New Notes within the meaning of the Securities Act and have no arrangement or understanding with any person to participate in a distribution of the New Notes within the meaning of the Securities Act;
- (3) are not a broker-dealer who acquired the Old Notes directly from us; and
- (4) are not an affiliate of ours, within the meaning of Rule 405 of the Securities Act.

By tendering the Old Notes in exchange for New Notes, you will be required to represent to us that each of the above statements applies to you. If you are participating in or intend to participate in, a distribution of the New Notes, or have any arrangement or understanding with any person to participate in a distribution of the New Notes to be acquired in these exchange offers, you may be deemed to have received restricted securities and may not rely on the applicable interpretations of the staff of the SEC. If you are so deemed, you will have to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction.

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Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of

Table of Contents

transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of New Notes received in exchange for Old Notes which the broker-dealer acquired as a result of market-making or other trading activities. See Plan of Distribution.

The exchange offers are not being made to, nor will we accept tenders for exchange from, holders of Old Notes in any jurisdiction in which the exchange offers or the acceptance of the exchange offers would not be in compliance with the securities or blue sky laws of such jurisdiction.

Terms of the Exchange Offers

Upon the terms and subject to the conditions set forth in this prospectus and the letter of transmittal, we will accept any and all Old Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date. We will issue \$1,000 principal amount of New Notes in exchange for each \$1,000 principal amount of Old Notes validly tendered and accepted pursuant to the exchange offers.

We will not pay any accrued and unpaid interest on the Old Notes that we acquire in the exchange offers. Instead, interest on the New Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including April 25, 2012, the date on which we issued the Old 2019 Notes, with respect to the New 2019 Notes, from and including September 24, 2012, the date on which we issued the Old 2020 Notes, with respect to the New 2020 Notes, and from and including February 7, 2013, the date on which we issued the Old 2021 Notes, with respect to the New 2021 Notes.

Tendering holders of Old Notes must tender Old Notes in minimum denominations of \$2,000, and integral multiples of \$1,000 in excess thereof. New Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that:

- (1) we have registered the New Notes under the Securities Act and therefore these notes will not bear legends restricting their transfer, and
- (2) specified rights under the 2019 Registration Rights Agreements, the 2020 Registration Rights Agreements and the 2021 Registration Rights Agreements, as applicable, including the provisions providing for payment of additional interest in specified circumstances relating to the exchange offers, will be eliminated for all the Notes.

The New Notes will evidence the same debt as the Old Notes and will be issued under the terms of, and entitled to the benefits of, the applicable indentures relating to the Old Notes. As of the date of this prospectus, approximately \$375,000,000 aggregate principal amount of the Old 2019 Notes, approximately \$400,000,000 aggregate principal amount of the Old 2020 Notes and approximately \$600,000,000 aggregate principal amount of the Old 2021 Notes are outstanding. Old Notes accepted for exchange will be retired and cancelled and not reissued.

Except as described under Form, Book-Entry Procedures and Transfer, we will issue the New Notes in the form of one or more global notes registered in the name of DTC or its nominee, and each beneficial owner's interest in it will be transferable in book-entry form through DTC.

We will conduct the exchange offers in accordance with the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder.

We will be considered to have accepted validly tendered Old Notes if and when we have given oral or written notice (if oral, to be promptly confirmed in writing) to that effect to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the New Notes from us.

Table of Contents

If we do not accept any tendered Old Notes for exchange because of an invalid tender, the occurrence of the other events described in this prospectus or otherwise, we will return these Old Notes, without expense, to the tendering holder as soon as practicable after the Expiration Date of the exchange offers.

Holders who tender Old Notes will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes on exchange of Old Notes in connection with the exchange offers. We will pay all charges and expenses, other than certain applicable taxes in certain circumstances, in connection with the exchange offers. See **Other Fees and Expenses** and **Transfer Taxes**.

If we successfully complete the exchange offers, any Old Notes which holders do not tender or which we do not accept in the exchange offers will remain outstanding and continue to accrue interest. The holders of Old Notes after the exchange offers in general will not have further rights under the 2019 Registration Rights Agreements, the 2020 Registration Rights Agreements and the 2021 Registration Rights Agreements, as applicable, including registration rights and any rights to additional interest. Holders wishing to transfer the Old Notes would have to rely on exemptions from the registration requirements of the Securities Act.

Expiration Date; Extensions; Amendments; Termination

For purposes of the exchange offers, the term **Expiration Date** means 5:00 p.m., New York City time, on June 21, 2013, subject to our right to extend the Expiration Date of one or more of the exchange offers in our sole discretion, in which case the **Expiration Date** will mean the latest time and date to which such exchange offer is extended.

We reserve the right, in our sole discretion, by giving oral or written notice (if oral, to be promptly confirmed in writing) to the exchange agent, to:

extend one or more of the exchange offers;

terminate one or more of the exchange offers if a condition to our obligation to exchange such Old Notes for such New Notes is not satisfied or waived on or prior to the applicable Expiration Date; and

amend one or more of the exchange offers.

If an exchange offer is amended in a manner that we determine constitutes a material change, we will extend such exchange offer for a period of two to ten business days, depending upon the significance of the amendment and the manner of disclosure to the holders, if such exchange offer would otherwise have expired during that two to ten business day period.

We may extend, amend or terminate one or more of the exchange offers without extending, amending or terminating all of the exchange offers. We will notify holders of the applicable Old Notes of any extension, amendment or termination of such exchange offer by press release or other public announcement. We will announce any extension of the applicable Expiration Date no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled Expiration Date, as applicable. We have no other obligation to publish, advertise or otherwise communicate any information about any extension, amendment or termination.

Settlement Date

We will deliver the New Notes on the settlement date, which will be as soon as practicable after the Expiration Date of the exchange offers, as applicable. We will not be obligated to deliver New Notes unless the exchange offers are consummated.

Conditions to the Exchange Offers

Notwithstanding any other provision of the exchange offers, we will not be required to accept for exchange, or to issue New Notes in exchange for, any Old Notes and may terminate or amend one or more of the exchange

Table of Contents

offers if at any time before the expiration of the applicable exchange offer, we determine (i) that the applicable exchange offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction; (ii) an action or proceeding shall have been instituted or threatened in any court or by any governmental agency which might materially impair our ability to proceed with the applicable exchange offer or a material adverse development shall have occurred in any existing action or proceeding with respect to us; or (iii) all governmental approvals that we deem necessary for the consummation of the applicable exchange offer have not been obtained.

Other than the federal securities laws, there are no federal or state regulatory requirements that we must comply with and there are no approvals that we must obtain in connection with the exchange offer.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us in whole or in part at any time and from time to time. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any of those rights and each of those rights shall be deemed an ongoing right which may be asserted at any time and from time to time.

Any determination made by us concerning an event, development or circumstance described or referred to above will be conclusive and binding.

If any of the foregoing conditions are not satisfied, we may, at any time on or prior to the Expiration Date:

terminate the applicable exchange offer and return all applicable tendered Old Notes to the respective tendering holders;

modify, extend or otherwise amend the applicable exchange offer and retain all applicable tendered Old Notes until the Expiration Date, as extended, subject, however, to the withdrawal rights of holders; or

to the extent lawful, waive the unsatisfied conditions with respect to the applicable exchange offer and accept all applicable Old Notes tendered and not previously validly withdrawn.

We may extend, terminate, modify or amend one or more of the exchange offers without extending, terminating, modifying or amending all of the exchange offers.

In addition, we will not accept for exchange any Old Notes tendered, and no New Notes will be issued in exchange for those Old Notes, if at such time any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or with respect to the qualification of the applicable indenture governing the New Notes under the Trust Indenture Act of 1939, as amended.

Effect of Tender

Any tender by a holder, and our subsequent acceptance of that tender, of Old Notes will constitute a binding agreement between that holder and us upon the terms and subject to the conditions of the exchange offers described in this prospectus and in the letter of transmittal. The acceptance of the applicable exchange offer by a tendering holder of Old Notes will constitute the agreement by that holder to deliver good and marketable title to the tendered Old Notes, free and clear of any and all liens, restrictions, charges, pledges, security interests, encumbrances or rights of any kind of third parties.

Letter of Transmittal; Representations, Warranties and Covenants of Holders of Old Notes

Upon agreement to the terms of the letter of transmittal pursuant to an agent's message, a holder, or the beneficial holder of Old Notes on behalf of which the holder has tendered, will, subject to that holder's ability to withdraw its tender, and subject to the terms and conditions of the exchange offers generally, thereby:

(1)

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irrevocably sell, assign and transfer to or upon our order or the order of our nominee all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the holder's status as a holder of, all Old Notes tendered thereby, such that thereafter the holder shall have

Table of Contents

no contractual or other rights or claims in law or equity against us or any fiduciary, trustee, fiscal agent or other person connected with the Old Notes arising under, from or in connection with those Old Notes;

- (2) waive any and all rights with respect to the Old Notes tendered thereby, including, without limitation, any existing or past defaults and their consequences in respect of those Old Notes; and
- (3) release and discharge us and the trustee for the Old Notes from any and all claims the holder may have, now or in the future, arising out of or related to the Old Notes tendered thereby, including, without limitation, any claims that the holder is entitled to receive additional principal or interest payments with respect to the Old Notes tendered thereby, other than as expressly provided in this prospectus and in the letter of transmittal, or to participate in any redemption or defeasance of the Old Notes tendered thereby.

In addition, by tendering Old Notes in the exchange offers, each holder of Old Notes will represent, warrant and agree that:

- (1) it has received this prospectus;
- (2) it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more beneficial owners of, the Old Notes tendered thereby, and it has full power and authority to execute the letter of transmittal;
- (3) the Old Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to those Old Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;
- (4) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Old Notes tendered thereby from the date of the letter of transmittal, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- (5) in evaluating the exchange offers and in making its decision whether to participate in the exchange offers by tendering its Old Notes, it has made its own independent appraisal of the matters referred to in this prospectus and the letter of transmittal and in any related communications and it is not relying on any statement, representation or warranty, express or implied, made to it by us, the exchange agent, other than those contained in this prospectus, as amended or supplemented through the Expiration Date;
- (6) the execution and delivery of the letter of transmittal shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in this prospectus;
- (7) the agreement to the terms of the letter of transmittal pursuant to an agent's message shall, subject to the terms and conditions of the exchange offers, constitute the irrevocable appointment of the exchange agent as its attorney and agent and an irrevocable instruction to that attorney and agent to complete and execute all or any forms of transfer and other documents at the discretion of that attorney and agent in relation to the Old Notes tendered thereby in favor of us or any other person or persons as we may direct and to deliver those forms of transfer and other documents in the attorney's and agent's discretion and the certificates and other documents of title relating to the registration of Old Notes and to execute all other documents and to do all other acts and things as may be in the opinion of that attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the exchange offers, and to vest in us or our nominees those Old Notes;
- (8)

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the terms and conditions of the exchange offers shall be deemed to be incorporated in, and form a part of, the letter of transmittal, which shall be read and construed accordingly;

- (9) it is acquiring the New Notes in the ordinary course of the business of the holder and any beneficial owner;

Table of Contents

(10) it is not participating in, and does not intend to participate in, a distribution of the New Notes within the meaning of the Securities Act and has no arrangement or understanding with any person to participate in a distribution of the New Notes within the meaning of the Securities Act;

(11) it is not a broker-dealer who acquired the Old Notes directly from us; and

(12) it is not an affiliate of ours, within the meaning of Rule 405 of the Securities Act.

The representations, warranties and agreements of a holder tendering Old Notes will be deemed to be repeated and reconfirmed on and as of the Expiration Date and the settlement date. For purposes of this prospectus, the beneficial owner of any Old Notes means any holder that exercises investment discretion with respect to those Old Notes.

Absence of Dissenters' Rights

Holders of the Old Notes do not have any appraisal or dissenters' rights in connection with the exchange offers.

Acceptance of Old Notes for Exchange and Delivery of New Notes

On the settlement date, the New Notes to be issued in exchange for the Old Notes in the applicable exchange offer, if consummated, will be delivered in book-entry form.

We will be deemed to accept validly tendered Old Notes that have not been validly withdrawn as provided in this prospectus when, and if, we give oral or written notice (if oral, to be promptly confirmed in writing) of acceptance to the exchange agent. Subject to the terms and conditions of the exchange offers, delivery of the New Notes will be made by the exchange agent on the settlement date following receipt of that notice. The exchange agent will act as agent for tendering holders of Old Notes for the purpose of receiving Old Notes and transmitting New Notes as of the settlement date. If any tendered Old Notes are not accepted for any reason described in the terms and conditions of the exchange offers, such unaccepted Old Notes will be returned without expense to the tendering holders as promptly as practicable after the expiration or termination of the applicable exchange offer.

Procedures for Tendering

To participate in the exchange offers, you must properly tender your Old Notes to the exchange agent as described below. We will only issue New Notes in exchange for Old Notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the Old Notes, and you should follow carefully the instructions on how to tender your Old Notes. It is your responsibility to properly tender your Old Notes. We have the right to waive any defects. However, we are not required to waive defects, and neither we, nor the exchange agent is required to notify you of defects in your tender.

If you have any questions or need help in exchanging your Old Notes, please contact the exchange agent at the address or telephone numbers set forth below.

All of the Old Notes were issued in book-entry form, and all of the Old Notes are currently represented by global certificates registered in the name of Cede & Co., the nominee of DTC. We have confirmed with DTC that the Old Notes may be tendered using DTC's automatic tender offer program, or ATOP. The exchange agent will establish an account with DTC for purposes of the exchange offers promptly after the commencement of the exchange offers, and DTC participants may electronically transmit their acceptance of the exchange offers by causing DTC to transfer their Old Notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an agent's message to the exchange agent. The agent's message will state that DTC has received instructions from the participant to tender Old Notes and that the participant agrees to be bound by the terms of the letter of transmittal.

Table of Contents

By using the ATOP procedures to exchange Old Notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

Determinations Under the Exchange Offers. We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered Old Notes and withdrawal of tendered Old Notes. Our determination will be final and binding. We reserve the absolute right to reject any Old Notes not properly tendered or any Old Notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular Old Notes. Our interpretation of the terms and conditions of the exchange offers, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of Old Notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Old Notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of Old Notes will not be deemed made until such defects or irregularities have been cured or waived. Any Old Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder as soon as practicable after the Expiration Date of the exchange.

When We Will Issue New Notes. In all cases, we will issue New Notes for Old Notes that we have accepted for exchange under the exchange offers only after the exchange agent receives, prior to 5:00 p.m., New York City time, on the Expiration Date:

a book-entry confirmation of such number of Old Notes into the exchange agent's account at DTC; and

a properly transmitted agent's message.

Return of Old Notes Not Accepted or Exchanged. If we do not accept any tendered Old Notes for exchange or if Old Notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged Old Notes will be returned without expense to their tendering holder. Such non-exchanged Old Notes will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offers.

Participating Broker-Dealers. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where those Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of those New Notes. See Plan of Distribution.

Withdrawal of Tenders

Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, you must comply with the appropriate ATOP procedures. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn Old Notes and otherwise comply with the ATOP procedures.

We will determine all questions as to the validity, form, eligibility and time of receipt of a notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any Old Notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offers.

Any Old Notes that have been tendered for exchange but that are not exchanged for any reason will be credited to an account maintained with DTC for the Old Notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender, expiration or termination of the applicable exchange offer. You may retender properly withdrawn Old Notes by following the procedures described under Procedures for Tendering above at any time on or prior to the Expiration Date of the applicable exchange offer.

Table of Contents

Exchange Agent

Wells Fargo Bank, National Association has been appointed as the exchange agent for the exchange offers. All correspondence in connection with the exchange offers should be sent or delivered by each holder of Old Notes, or a beneficial owner's commercial bank, broker, dealer, trust company or other nominee, to the exchange agent at:

By Regular Mail or Overnight Courier:

Wells Fargo Bank, National Association

Corporate Trust Operations

MAC N9303-121

Sixth & Marquette Avenue

Minneapolis, MN 55479

By facsimile: (612)-667-6282

For Information or Confirmation by Telephone: (800) 344-5128

Questions concerning tender procedures and requests for additional copies of this prospectus or the letter of transmittal should be directed to the exchange agent at the address, telephone numbers or fax number listed above. Holders of Old Notes may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the exchange offers. We will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

Announcements

We may make any announcement required pursuant to the terms of this prospectus or required by the Exchange Act or the rules promulgated thereunder through a reasonable press release or other public announcement in our sole discretion; provided, that, if any such announcement is made by issuing a press release to Business Wire, such announcement shall be reasonable and sufficient.

Other Fees and Expenses

We will bear the expenses of soliciting tenders of the Old Notes. The principal solicitation is being made by mail. Additional solicitations may, however, be made by e-mail, facsimile transmission, telephone or in person by the exchange agent as well as our officers and other employees and those of our affiliates.

We have not retained any dealer-manager in connection with this exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

Tendering holders of Old Notes will not be required to pay any fee or commission to the exchange agent. If, however, a tendering holder handles the transaction through its commercial bank, broker, dealer, trust company or other institution, that holder may be required to pay brokerage fees or commissions.

Transfer Taxes

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection with that tender or exchange, except that holders who instruct us to register New Notes in the name of, or request that Old Notes not tendered or not accepted in the exchange offers be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax on those Old Notes.

Table of Contents

Consequences of Failure to Exchange

Holders of Old Notes who do not exchange their Old Notes for New Notes under these exchange offers will remain subject to the restrictions on transfer applicable in the Old Notes (i) as set forth in the legend printed on the Old Notes as a consequence of the issuance of the Old Notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws and (ii) otherwise as set forth in the prospectus distributed in connection with the private offering of the Old Notes.

Any Old Notes not tendered by their holders in exchange for New Notes in these exchange offers will not retain any rights under the 2109 Registration Rights Agreements, the 2020 Registration Rights Agreements and the 2021 Registration Rights Agreements, as applicable (except in certain limited circumstances). See Resale Registration Statement; Additional Interest.

In general, you may not offer or sell the Old Notes unless they are registered under the Securities Act, or if the offer or sale is exempt from the registration requirements of the Securities Act and applicable state securities laws. We do not intend to register resales of the Old Notes under the Securities Act. Based on interpretations of the SEC staff, New Notes issued pursuant to these exchange offers may be offered for resale, resold or otherwise transferred by their holders (other than any such holder that is our affiliate within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the New Notes in the ordinary course of the business of the holder and any beneficial owner and the holders are not engaged in, have no arrangement with any person to participate in, and do not intend to engage in, any public distribution of the New Notes to be acquired in these exchange offers. Any holder who tenders in these exchange offers and is engaged in, has an arrangement with any person to participate in, or intends to engage in, any public distribution of the New Notes (i) may not rely on the applicable interpretations of the SEC and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Resale Registration Statement; Additional Interest

2019 Registration Rights Agreements and 2020 Registration Rights Agreements

Under the 2019 Registration Rights Agreements and the 2020 Registration Rights Agreements, we have agreed that if:

- (1) any change in law or applicable interpretations of the staff of the SEC does not permit us to effect the exchange offers for the Old 2019 Notes or the Old 2020 Notes, as applicable;
- (2) for any other reason the Exchange Offer Registration Statement is not filed by March 31, 2013 or the exchange offers for the Old 2019 Notes or the Old 2020 Notes, as applicable, are not completed within 90 days after March 31, 2013;
- (3) any holder of the Old 2019 Notes or the Old 2020 Notes, as applicable, notifies us that:
 - (a) it is prohibited by law or SEC policy from participating in the exchange offers for the Old 2019 Notes or the Old 2020 Notes, as applicable; or
 - (b) it may not resell the New 2019 Notes or the New 2020 Notes, as applicable, acquired by it in the exchange offers for the Old 2019 Notes or the Old 2020 Notes, as applicable, to the public without delivering a prospectus and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales; or
 - (c) it is a broker-dealer (Participating Broker-Dealer) receiving New 2019 Notes or New 2020 Notes, as applicable, in the applicable exchange offer and owns Old 2019 Notes or Old 2020 Notes, as applicable, acquired directly from us or an affiliate of ours;

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then we will use our reasonable best efforts, at our cost, to (a) file as promptly as practicable a registration statement (the Shelf Registration Statement) covering resales of the Old 2019 Notes

Table of Contents

or the Old 2020 Notes, as applicable; (b) cause the Shelf Registration Statement to be declared effective under the Securities Act and (c) use our reasonable best efforts to keep the Shelf Registration Statement effective for a period of one year after the Expiration Date, or such earlier date on which (a) such Old 2019 Notes or Old 2020 Notes, as applicable, covered by the Shelf Registration Statement have been sold, or (b)(i) the Old 2019 Notes or the Old 2020 Notes, as applicable, are freely transferable by holders that are not our affiliates in accordance with Rule 144 (or any similar provision then in force) under the Securities Act or otherwise where no conditions of Rule 144 are then applicable (other than the holding period requirement in paragraph (d)(1)(ii) of Rule 144 so long as such holding period requirement is satisfied), (ii) the restrictive legend has been removed from the Old 2019 Notes or the Old 2020 Notes, as applicable, and (iii) the Old 2019 Notes or the Old 2020 Notes, as applicable, do not bear a restricted CUSIP number. We will, in the event a Shelf Registration Statement is filed, among other things, provide to each holder for whom such Shelf Registration Statement was filed copies of the prospectus which is a part of the Shelf Registration Statement, notify each such holder when the Shelf Registration Statement has become effective and take certain other actions as are required to permit unrestricted resales of the Old 2019 Notes or the Old 2020 Notes, as applicable. A holder selling Old 2019 Notes or Old 2020 Notes, as applicable, pursuant to the Shelf Registration Statement generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, and will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the 2019 Registration Rights Agreements or the 2020 Registration Rights Agreements, as applicable, which are applicable to such holder (including certain indemnification obligations).

The 2019 Registration Rights Agreements and the 2020 Registration Rights Agreements, as applicable, further provide that in the event that either (i) the exchange offers for the Old 2019 Notes or the Old 2020 Notes, as applicable, are not completed prior to June 29, 2013 (ii) the Shelf Registration Statement, if required under the 2019 Registration Rights Agreements or the 2020 Registration Rights Agreements, as applicable, has not become effective on or prior to June 29, 2013 or (iii) the Shelf Registration Statement, if required, ceases to be effective or this prospectus ceases to be usable for more than 30 days (whether or not consecutive) in any 12-month period, the interest rate on the Old 2019 Notes and the Old 2020 Notes, as applicable, will be increased by (x) 0.25% per annum for the first 90-day period immediately following June 29, 2013 and (y) an additional 0.25% per annum with respect to each subsequent 90 day period thereafter, in each case until the applicable exchange offer is completed or the Shelf Registration Statement, if required, becomes effective or is no longer required, up to a maximum increase of 0.50% per annum.

The foregoing description is a summary of certain provisions of the 2019 Registration Rights Agreements and the 2020 Registration Rights Agreements. It does not restate the 2019 Registration Rights Agreements and the 2020 Registration Rights Agreements in its entirety. We urge you to read the 2019 Registration Rights Agreements and the 2020 Registration Rights Agreements, which are exhibits to the registration statement of which this prospectus forms a part and can also be obtained from us. See [Where You Can Find More Information](#).

2021 Registration Rights Agreements

Under the 2021 Registration Rights Agreements, we have agreed that if:

- (1) any change in law or applicable interpretations of the staff of the SEC does not permit us to effect the exchange offer for the Old 2021 Notes;
- (2) for any other reason the Exchange Offer Registration Statement is not filed by March 31, 2014 or the exchange offer for the Old 2021 Notes is not completed within 90 days after March 31, 2014;

Table of Contents

- (3) any holder of the Old 2021 Notes notifies us that:
- (a) it is prohibited by law or SEC policy from participating in the exchange offer for the Old 2021 Notes; or
 - (b) it may not resell the New 2021 Notes acquired by it in the exchange offer for the Old 2021 Notes to the public without delivering a prospectus and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales; or
 - (c) it is a Participating Broker-Dealer receiving New 2021 Notes in the exchange offer for the Old 2021 Notes and owns Old 2021 Notes acquired directly from us or an affiliate of ours;

then we will use our reasonable best efforts, at our cost, to (a) file as promptly as practicable the Shelf Registration Statement covering resales of the Old 2021 Notes; (b) cause the Shelf Registration Statement to be declared effective under the Securities Act and (c) use our reasonable best efforts to keep the Shelf Registration Statement effective for a period of one year after the Expiration Date, or such earlier date on which (a) such Old 2021 Notes covered by the Shelf Registration Statement have been sold, or (b)(i) the Old 2021 Notes are freely transferable by holders that are not our affiliates in accordance with Rule 144 (or any similar provision then in force) under the Securities Act or otherwise where no conditions of Rule 144 are then applicable (other than the holding period requirement in paragraph (d)(1)(ii) of Rule 144 so long as such holding period requirement is satisfied), (ii) the restrictive legend has been removed from the Old 2021 Notes, and (iii) the Old 2021 Notes do not bear a restricted CUSIP number. We will, in the event a Shelf Registration Statement is filed, among other things, provide to each holder for whom such Shelf Registration Statement was filed copies of the prospectus which is a part of the Shelf Registration Statement, notify each such holder when the Shelf Registration Statement has become effective and take certain other actions as are required to permit unrestricted resales of the Old 2021 Notes. A holder selling Old 2021 Notes pursuant to the Shelf Registration Statement generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, and will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the 2021 Registration Rights Agreements, which are applicable to such holder (including certain indemnification obligations).

The 2021 Registration Rights Agreements, further provide that in the event that either (i) the exchange offer for the Old 2021 Notes is not completed prior to June 29, 2014 (ii) the Shelf Registration Statement, if required under the 2021 Registration Rights Agreements, has not become effective on or prior to June 29, 2014 or (iii) the Shelf Registration Statement, if required, ceases to be effective or this prospectus ceases to be usable for more than 30 days (whether or not consecutive) in any 12-month period, the interest rate on the Old 2021 Notes will be increased by (x) 0.25% per annum for the first 90-day period immediately following June 29, 2014 and (y) an additional 0.25% per annum with respect to each subsequent 90 day period thereafter, in each case until the exchange offer for the Old 2021 Notes is completed or the Shelf Registration Statement, if required, becomes effective or is no longer required, up to a maximum increase of 0.50% per annum.

The foregoing description is a summary of certain provisions of the 2021 Registration Rights Agreements. It does not restate the 2021 Registration Rights Agreements in their entirety. We urge you to read the 2021 Registration Rights Agreements, which are an exhibit to the registration statement of which this prospectus forms a part and can also be obtained from us. See [Where You Can Find More Information](#).

Other

Participation in these exchange offers are voluntary, and you should carefully consider whether to participate. You are urged to consult your financial and tax advisors in making your own decision as to what action to take.

Table of Contents**MANAGEMENT, BOARD OF MANAGERS AND BOARD OF DIRECTORS****Executive Officers**

The following is a list, as of March 28, 2013, of the names and ages of the executive officers of NMHI and of the offices held by each of these persons with NMHI.

Name	Positions with NMHI	Age
Jay Bray	Chief Executive Officer	46
David C. Hisey	Executive Vice President and Chief Financial Officer	52
Harold Lewis	President and Chief Operating Officer	52
Ramesh Lakshminarayanan	Executive Vice President and Chief Risk Officer	50
Amar R. Patel	Executive Vice President of Portfolio Investments	41
Anthony W. Villani	Executive Vice President and General Counsel	56

Jay Bray

Mr. Bray has served as the President of Nationstar Mortgage LLC since July 2011, as the Chief Executive Officer of Nationstar Mortgage LLC since October 2011, as the Chief Financial Officer of Nationstar Mortgage LLC from the time he joined Nationstar Mortgage LLC in May 2000 until September 2012, as a Manager of Nationstar Mortgage LLC since October 2011, and as a Director of Nationstar Capital Corporation since March 2010. In addition he has served as NMHI's Chief Executive Officer since 2012. He also served as NMHI's Executive Vice President and Chief Financial Officer from May 2011 to February 2012. Mr. Bray has over 22 years of experience in the mortgage servicing and originations industry. From 1988 to 1994, Mr. Bray worked with Arthur Andersen, where he served as an audit manager from 1992 to 1994. From 1994 to 2000, Mr. Bray held a variety of leadership roles at Bank of America and predecessor entities, where he managed the Asset Backed Securitization process for mortgage related products, developed and implemented a secondary execution strategy and profitability plan and managed investment banking relationships, secondary marketing operations and investor relations. Additionally, Mr. Bray led the portfolio acquisition, pricing and modeling group.

David C. Hisey

Mr. Hisey has served as the Executive Vice President and Chief Financial Officer of Nationstar Mortgage LLC since September 2012. He has held the same position at NMHI since he joined NMHI in February 2012. Mr. Hisey was previously the Executive Vice President and Deputy Chief Financial Officer for Fannie Mae, a role he held from 2008 to 2012. From 2005 to 2008 he served as Senior Vice President and Controller for Fannie Mae. Prior to his most recent assignment at Fannie Mae, he also briefly served as Executive Vice President and Chief Financial Officer. Prior to joining Fannie Mae, Mr. Hisey was Corporate Vice President of Financial Services Consulting, Managing Director and practice leader of the Lending and Leasing Group of BearingPoint, Inc., a management consulting and systems integration company. Prior to joining BearingPoint in 2001, Mr. Hisey was an audit partner with KPMG, LLP; his tenure at KPMG spanned 19 years from 1982 to 2001.

Harold Lewis

Mr. Lewis has served as the President and Chief Operating Officer of NMHI since September 2012. He also has held the same position at NMHI since joining NMHI in February 2012. Mr. Lewis was previously the Chief Operating Officer at CitiMortgage. Mr. Lewis joined CitiMortgage in April 2009 as head of the Citi Homeowner Assistance Program. Prior to CitiMortgage, Mr. Lewis held executive positions at Fannie Mae for seven years, most recently as Senior Vice President of National Servicing. Mr. Lewis has also held senior management roles with Resource Bancshares Mortgage Group, Nations Credit, Bank of America/Barnett Bank, Cardinal Bank Shares and Union Planter National Bank.

Table of Contents***Ramesh Lakshminarayanan***

Mr. Lakshminarayanan joined NMHI in 2012 as its Executive Vice President and Chief Risk Officer. He also holds the same position at Nationstar Mortgage LLC. He has over 20 years of experience managing credit risk, with over 10 years of experience in risk management specific to the mortgage industry. Prior to joining NMHI, Mr. Lakshminarayanan worked for JPMorgan Chase from 2006 to December 2011, where he served as Chief Risk Officer Retail/Chief Risk Officer of Chase Home Lending and from January 2012 to June 2012 as Head of Capital Market Operations for Mortgage Banking. From 2001 to 2004, Mr. Lakshminarayanan worked for CitiFinancial as Chief Risk Officer of CitiFinancial Mortgages and from 2004 to 2006 as Group Chief Risk Officer of Consumer Finance North America.

Amar R. Patel

Mr. Patel has served as Nationstar Mortgage LLC's Executive Vice President of Portfolio Investments since joining Nationstar Mortgage LLC in June 2006. He holds the same position at NMHI and has served in this capacity since 2011. Mr. Patel has over 20 years of experience in the mortgage industry. From 1993 to 2006, Mr. Patel held various management roles at Capstead Mortgage Corporation, last serving as Senior Vice President of Asset and Liability Management.

Anthony W. Villani

Mr. Villani has served as NMHI's Executive Vice President and General Counsel since 2012. He joined Nationstar Mortgage LLC in October 2011 as an Executive Vice President. Mr. Villani also served as NMHI's Secretary from February to August of 2012. Prior to joining Nationstar Mortgage LLC, Mr. Villani was Vice President and Associate General Counsel of Goldman, Sachs & Co. where he served as the managing attorney for Litton Loan Servicing LP, a Goldman Sachs company, from June 2008 until September 2011. He has also served as Executive Vice President and General Counsel of EMC Mortgage Corporation, a wholly-owned subsidiary of The Bear Stearns Companies Inc.

Board of Managers of Nationstar Mortgage LLC

Our Board of Managers consists of two managers. Our ability to expand our Board of Managers is subject to complying with applicable notice, background check and other state licensing requirements. No board committees have been designated at this time. Managers hold office until a successor is elected and qualifies or until the Manager's death, resignation or removal. The following table sets forth the name, age and position of our current managers.

Name	Position	Age
Peter Smith	Manager	45
Jay Bray	Manager	46

Board of Directors of Nationstar Capital Corporation

The Board of Directors of Nationstar Capital Corporation consists of one director. No board committees have been designated at this time. Directors hold office until a successor is elected and qualifies or until the Director's death, resignation or removal. The following table sets forth the name, age and position of the current director of Nationstar Capital Corporation.

Name	Position	Age
Jay Bray	Chief Executive Officer and Director	46

Table of Contents

Peter Smith has served as Nationstar Mortgage LLC's Manager since 2006 and is a Managing Director of Fortress Investment Group in the asset management area. He has also been a member of the board of directors of Springleaf Finance Corporation and Springleaf Finance, Inc. since 2010. Mr. Smith has also been a member of the board of directors of Eurocastle Investment Limited since 2011. Mr. Smith joined Fortress in May 1998. From 1991 to 1996, Mr. Smith was a Vice President at CRIIMI MAE Inc. From 1996 to 1998, Mr. Smith held positions at UBS and BlackRock. Mr. Smith holds a B.B.A. in Finance from Radford University and an M.B.A. in Finance from George Washington University. As a result of his extensive acquisition, management and financing experience, we believe he is qualified to serve on our board.

Family Relationships

There are no family relationships between any of our executive officers or directors.

Director Independence

Nationstar Mortgage LLC and Nationstar Capital Corporation are privately owned. As a result, we are not required to have independent directors. NMHI is listed on the New York Stock Exchange (NYSE) and complies with the director independence requirement under the rules of NYSE.

Table of Contents

COMPENSATION DISCUSSION & ANALYSIS

Compensation Discussion and Analysis

This Compensation Discussion and Analysis is designed to provide an understanding of the compensation program for NMHI's named executive officers for 2012: (1) Chief Executive Officer, Jay Bray; (2) Executive Vice President and Chief Financial Officer, David C. Hisey; (3) President and Chief Operating Officer, Harold Lewis; (4) Executive Vice President and Chief Risk Officer, Ramesh Lakshminarayanan; and (5) Executive Vice President of Portfolio Investments, Amar R. Patel. The elements of their compensation are set forth in greater detail in the compensation tables and related disclosures following this section. For a complete list of the current executive officers of NMHI, see Management, Board of Managers and Board of Directors.

It is also noted that the total compensation provided for the named executive officers comes partially from NMHI and partially from its wholly-owned subsidiary, Nationstar Mortgage LLC. Therefore, the disclosure in this section relates to the joint policies and practices of NMHI and Nationstar Mortgage LLC.

The year 2012 marked a year of transition and significant growth for NMHI as it re-structured itself as a new publicly-traded company and acquired a substantial amount of assets. While Mr. Bray continued as NMHI's Chief Executive Officer and Mr. Patel as its Executive Vice President of Portfolio Investment, David C. Hisey was appointed as its Executive Vice President and Chief Financial Officer, Harold Lewis as President and Chief Operating Officer and Ramesh Lakshminarayanan as Executive Vice President and Chief Risk Officer. In connection with these appointments NMHI was focused on delivering competitive compensation packages to attract experienced and qualified executives to take on key leadership roles in the transition of NMHI from a private to an expanding public company.

Compensation Philosophy and Objectives

NMHI's primary executive compensation objectives are to attract, motivate and retain the most talented and dedicated executives and to align their annual and long-term incentives with Company performance while enhancing stockholder value. To achieve these goals NMHI seeks to maintain compensation plans that:

Align compensation with NMHI and business unit goals to enhance ownership and accountability;

Encourage the achievement of NMHI, business unit and individual goals, both short- and long-term; and

Deliver a mix of fixed and at-risk compensation.

Executive Summary 2012 Compensation Overview

As noted, 2012 was a significant transition year for NMHI. Not only did NMHI successfully accomplish its initial public offering but NMHI also took significant steps in expanding and developing its business and building out core corporate structure and functions. NMHI's financial and business highlights for 2012 include the following:

Share price increased more than 120% from the initial public offering price on March 7, 2012 to close at \$30.98 on December 31, 2012;

Added \$1.5 billion of incremental market capitalization since the initial public offering;

Raised over \$1 billion of capital that was deployed in numerous accretive growth opportunities;

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Generated record revenue, pretax income and net income;

Increased net income by 876% compared to 2011, from \$21 million to \$205 million;

Increased servicing portfolio compared to 2011, from \$107 billion to \$207 billion;

Added over 550,000 new customers, increasing total customer base to 1.1 million;

Table of Contents

Increased loan origination volume compared to 2011, from \$3.4 billion to \$7.9 billion while broadening origination channels;

Entered reverse mortgage servicing business; and

Added significant strength and experience to the senior management team.

As described below, the compensation structure applicable to the named executive officers was established in anticipation of these strategic plans and operational results, including the hiring of new talent to assist in the growth and expansion of NMHI's operations.

Process for Setting Executive Officer Compensation

Role of Compensation Committee. Prior to its initial public offering in March of 2012, NMHI's compensation policies and arrangements were overseen by and set for 2012 by the Initial Stockholder. Though based at that time on practices, policies and metrics that were appropriate for a privately-held company, NMHI's compensation policies and arrangements anticipated the strategic plan to take NMHI public through the initial public offering and the accompanying planned growth and expansion. The Initial Stockholder evaluated NMHI's performance, including the achievement of key investment and capital raising goals, and the individual performance of each named executive officer, with a goal of setting overall compensation at levels that it believed were appropriate. After the initial public offering, these functions were assumed by the Compensation Committee of NMHI's Board of Directors. While the Compensation Committee began its oversight at that time, it did not materially change the policies and arrangements that were already in place for 2012. It has, however, begun to review the practices, policies and compensation plans for the named executive officers in light of the new status of NMHI as a public company. Also, since the initial public offering, compensation decisions as to NMHI's executive officers, including the terms of employment for newly-hired executive officers, have been made by the Compensation Committee. The Compensation Committee conducts periodic reviews, at least annually, of all compensation decisions related to the NMHI's executive officers, including the Chief Executive Officer. The Compensation Committee administers the NMHI's compensation plans, programs and policies relating to NMHI's named executive officers, including all the plans described below. It also conducts an annual evaluation of the Chief Executive Officer.

Role of Named Executive Officers. Other than the Chief Executive Officer, the named executive officers do not, either individually or as a group, play a direct role in determining executive compensation. The Chief Executive Officer advises the Compensation Committee from time to time of his own evaluation of the job performance of the other named executive officers and offers for consideration his own recommendations as to their compensation levels. Since its creation in February 2012, the Compensation Committee has adopted and made the final compensation decisions with respect to the named executive officers, though, as stated above, it has made no material changes to those policies and arrangements that were in place prior to the initial public offering.

Role of Compensation Consultant. Though the Compensation Committee has not retained a compensation consultant to determine or recommend the amount or form of executive or director compensation, it does have the authority to and in the future may elect to retain a compensation consultant if it determines that doing so would assist it in developing, implementing and maintaining appropriate compensation philosophies and plans.

Risk Considerations. In developing and reviewing the executive incentive programs, the Compensation Committee considers the business risks inherent in the design of compensation arrangements to ensure they do not induce executives to take unacceptable levels of business risk for the purpose of increasing their incentive plan awards. The Compensation Committee believes that the mix of compensation components used in the determination of the named executive officers' compensation reflects the performance of NMHI and the performance of the individual employee and does not encourage the named executive officers to take unreasonable risks relating to the business. The named executive officers' ownership interest in NMHI aligns

Table of Contents

their interests with NMHI's long-term performance and discourages excessive risk taking. The Compensation Committee does not believe NMHI's compensation programs are reasonably likely to have a material adverse effect on NMHI's operations.

Tax Considerations. Section 162(m) of the Internal Revenue Code places a limit of \$1,000,000 on the amount of compensation that NMHI may deduct in any given year with respect to the Chief Executive Officer and certain other of NMHI's most highly paid executive officers. While there are exceptions to this \$1,000,000 limitation for performance-based compensation meeting certain requirements, to maintain flexibility in compensating executive officers in view of the overall objectives of the compensation program, the Compensation Committee has not adopted a policy requiring that all compensation be tax deductible.

Miscellaneous Considerations. Although NMHI does not have requirements or guidelines specifying specific amounts of ownership of NMHI common stock for its named executive officers, it does promote and encourage the aligning of their interests with those of its stockholders by providing them with significant restricted stock awards. NMHI's Insider Trading Policy also prohibits its employees and directors from engaging in hedging transactions in NMHI common stock.

Elements of Compensation

The total compensation of our named executive officers in 2012 consisted of three principal elements:

base salary;

non-equity incentive awards (annual cash bonuses); and

long-term incentive awards (cash and/or equity).

Determinations regarding any one element affect determinations regarding each other element, with the goal to set overall compensation at an appropriate level to be able to attract and retain top talent. In this regard, the extent to which different compensation elements are at-risk are taken into account in setting the levels for each other element. For example, the amount of base salary paid to a named executive officer is considered in determining the amount of any cash bonus or restricted stock award. But the relationship among the elements is not strictly formulaic due to the need to evaluate the likelihood that the at-risk components of compensation will actually be paid at any particular level. The overall compensation packages of each of the named executive officers are also based on their respective experience, current market conditions, business trends and overall performance of NMHI.

The combination of non-equity incentive awards (generally annual cash bonuses) and long-term incentive awards (generally equity but may also include cash incentives) seeks to strike the appropriate balance between the near-term focus on profitability of NMHI and individual performance, and the long-term focus to create enhanced stockholder value.

Base Salary

Base salaries are the foundation of NMHI's compensation program. For the named executive officers these are set depending on the scope of their respective responsibilities and what is necessary to recruit and retain skilled executives. Base salaries are reviewed annually in accordance with the named executive officer's annual performance evaluation and may be modified from time to time in view of the named executive officer's individual responsibilities, individual and company performance, and experience. Periodic salary adjustments are intended to reward individual performance and are also intended to ensure that the individual's base salary, in conjunction with the other compensation elements, remains competitive for the position and responsibilities.

Each of the named executive officers, except for Messrs. Bray and Patel, has entered into an employment agreement (more fully discussed below) with NMHI which sets a minimum salary for each. Messrs. Bray's and Patel's base salaries were initially set by the Initial Stockholder prior to NMHI's initial public offering. Base salaries are intended to complement the at-risk components (non-equity annual incentive and long-term incentive

Table of Contents

awards) of NMHI s compensation program by assuring that the named executive officers will receive an appropriate minimum level of compensation. For 2012, Mr. Bray received a merit increase of \$130,000 and Mr. Patel a merit increase of \$20,000 over 2011 base salaries. This was done to compensate them for the increased complexity of their roles in operating a rapidly growing newly-pub