UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________
Commission File Number: 001-39645

GUILD HOLDINGS COMPANY
(Exact Name of Registrant as Specified in its Charter)

Delaware	**85-2453154**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5887 Copley Drive San Diego, California	**92111**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (858) 560-6330

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.01 par value per share	**GHLD**	**The New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

As of August 2, 2023, the registrant had 20,625,581 shares of Class A common stock outstanding and 40,333,019 shares of Class B common stock outstanding.

GUILD HOLDINGS COMPANY
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

Important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements include, but are not limited to, those factors described below under "Summary of Risk Factors" and in Part II, Item 1A. "Risk Factors" in this Quarterly Report.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described elsewhere in this Quarterly Report. Moreover, we operate in a very competitive environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

As used herein, "Guild," "the Company," "we," "us," "our," and similar terms include Guild Holdings Company and its subsidiaries, unless the context indicates otherwise.

SUMMARY OF RISK FACTORS

Below is a summary of the principal factors that make an investment in our Class A common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under Part II, Item 1A. "Risk Factors" and should be carefully considered, together with other information in this Quarterly Report and our other filings with the Securities and Exchange Commission ("SEC"), before making an investment decision regarding our Class A common stock.

- A disruption in the secondary home loan market or our ability to sell the loans we originate may continue to have a detrimental effect on our business.
- Macroeconomic and U.S. residential real estate market conditions have and could further materially and adversely affect our clients, origination volume, revenue, and results of operations.
- We are highly dependent on certain U.S. government-sponsored entities and government agencies, and any organizational or pricing changes in these entities, their guidelines or their current roles could materially and adversely affect us.

- Changes in prevailing interest rates or U.S. monetary policies have had and may continue to have a detrimental effect on our business. Our hedging strategies may not be successful in mitigating interest rate risk.
- Our servicing rights are subject to termination with or without cause.
- Our existing and any future indebtedness could adversely affect our liquidity and our ability to operate our business.
- A significant disruption in the technology that supports our origination and servicing platform could harm us.
- Acquisitions and investments have in the past, and may in the future, cause our financial results to differ from expectations and we may not be able to achieve anticipated benefits from such acquisitions or investments.
- Pressure from existing and new competitors may adversely affect us.
- Our failure to maintain or grow our historical referral relationships with our referral partners may materially and adversely affect us.
- Servicing advances can be subject to delays in recovery or may not be recoverable at all.
- From time to time our estimates of the fair value of certain assets prove to be inaccurate and we are required to write them down.
- The success and growth of our business will depend upon our ability to adapt to and implement technological changes and to develop and market attractive products and services.
- Failure or perceived failure to comply with existing or future laws, regulations, contracts, self-regulatory schemes, standards, and other obligations related to data privacy and security (including security incidents) could harm our business.
- Our business may be materially and adversely affected by a cybersecurity breach or other vulnerability involving our computer systems or those of certain of our third-party service providers.
- Operating and growing our business may require additional capital that may not be available.
- We are subject to certain operational risks, including employee or customer fraud, the obligation to repurchase sold loans in the event of a documentation error, and data processing system failures and errors.
- We are periodically required to repurchase mortgage loans, or indemnify purchasers of our mortgage loans, including if these loans fail to meet certain criteria or characteristics.
- Seasonality may cause fluctuations in our financial results.
- If we fail to protect our brand and reputation, our ability to grow our business and increase the volume of mortgages we originate and service may be adversely affected.
- We may fail to comply with the complex legal and regulatory framework (including state licensing requirements) governing our mortgage loan origination and servicing activities.
- Material changes to the laws, regulations or practices applicable to reverse mortgage programs could adversely affect our reverse mortgage business.
- We are controlled by McCarthy Capital Mortgage Investors, LLC (“MCMI”), and MCMI’s interests may conflict with our interests and the interests of our other stockholders.
- We are a “controlled company” and may rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.
- Our directors and executive officers have significant control over our business.
- We are a holding company and depend upon distributions from Guild Mortgage Company LLC ("GMC") to meet our obligations.
- The dual class structure of our common stock may adversely affect the trading market of our Class A common stock.
- We have previously identified material weaknesses in our internal control over financial reporting and ineffective disclosure controls and procedures.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business, financial condition, results of operations and cash flows.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

GUILD HOLDINGS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(In thousands, except share and per share amounts)	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 105,963	$ 137,891
Restricted cash	5,868	8,863
Mortgage loans held for sale	1,125,992	845,775
Reverse mortgage loans held for investment	36,709	—
Ginnie Mae loans subject to repurchase right	598,634	650,179
Accounts, notes and interest receivable	65,035	58,304
Derivative assets	13,702	3,120
Mortgage servicing rights, net	1,184,503	1,139,539
Intangible assets, net	29,100	33,075
Goodwill	184,894	176,769
Other assets	182,239	186,076
Total assets	$ 3,532,639	$ 3,239,591
Liabilities and stockholders' equity		
Warehouse lines of credit	$ 1,053,060	$ 713,151
Notes payable	123,750	126,250
Ginnie Mae loans subject to repurchase right	598,879	650,179
Accounts payable and accrued expenses	33,629	34,095
Accrued compensation and benefits	34,251	29,597
Investor reserves	18,364	16,094
Contingent liabilities due to acquisitions	7,793	526
Derivative liabilities	—	5,173
Operating lease liabilities	83,759	85,977
Note due to related party	—	530
Deferred compensation plan	94,873	95,769
Deferred tax liabilities	232,816	232,963
Total liabilities	2,281,174	1,990,304
Commitments and contingencies (Note 16)		
Stockholders' equity		
Preferred stock, $0.01 par value; 50,000,000 shares authorized; no shares issued and outstanding	—	—
Class A common stock, $0.01 par value; 250,000,000 shares authorized; 20,645,142 and 20,583,130 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	206	206
Class B common stock, $0.01 par value; 100,000,000 shares authorized; 40,333,019 shares issued and outstanding as of June 30, 2023 and December 31, 2022	403	403
Additional paid-in capital	45,141	42,727
Retained earnings	1,205,654	1,205,885
Non-controlling interest	61	66
Total stockholders' equity	1,251,465	1,249,287
Total liabilities and stockholders' equity	$ 3,532,639	$ 3,239,591

See accompanying notes to condensed consolidated financial statements

GUILD HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Revenue				
Loan origination fees and gain on sale of loans, net	$ 136,925	$ 207,972	$ 229,576	$ 450,611
Gain on reverse mortgage loans held for investment	2,306	—	2,306	—
Loan servicing and other fees	60,211	54,595	120,298	107,772
Valuation adjustment of mortgage servicing rights	27,890	21,074	(26,981)	205,675
Interest income	26,584	14,823	44,829	30,086
Interest expense	(17,329)	(10,949)	(29,591)	(25,087)
Other income, net	224	22	259	242
Net revenue	236,811	287,537	340,696	769,299
Expenses				
Salaries, incentive compensation and benefits	144,903	178,192	256,023	365,521
General and administrative	20,448	6,371	41,331	741
Occupancy, equipment and communication	18,402	18,973	35,832	37,285
Depreciation and amortization	3,661	3,808	7,399	7,721
(Reversal of) provision for foreclosure losses	(1,044)	1,796	470	1,475
Total expenses	186,370	209,140	341,055	412,743
Income (loss) before income tax expense (benefit)	50,441	78,397	(359)	356,556
Income tax expense (benefit)	13,505	20,108	(100)	90,294
Net income (loss)	36,936	58,289	(259)	266,262
Net income (loss) attributable to non-controlling interest	—	17	(5)	32
Net income (loss) attributable to Guild	$ 36,936	$ 58,272	$ (254)	$ 266,230
Net income (loss) per share attributable to Class A and Class B Common Stock:				
Basic	$ 0.61	$ 0.95	$ —	$ 4.36
Diluted	$ 0.60	$ 0.95	$ —	$ 4.31
Weighted average shares outstanding of Class A and Class B Common Stock:				
Basic	60,962	61,064	60,931	61,060
Diluted	61,801	61,650	60,931	61,779

See accompanying notes to condensed consolidated financial statements

GUILD HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)
(In thousands, except share amounts)

	Class A Shares	Class A Amount	Class B Shares	Class B Amount	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total
Balance at December 31, 2021	20,723,912	$ 207	40,333,019	$ 403	$ 42,175	$ 877,194	$ 34	$ 920,013
Stock-based compensation	—	—	—	—	1,272	—	—	1,272
Dividend equivalents on unvested restricted stock units forfeited	—	—	—	—	(40)	40	—	—
Net income	—	—	—	—	—	207,958	15	207,973
Balance at March 31, 2022	20,723,912	$ 207	40,333,019	$ 403	$ 43,407	$ 1,085,192	$ 49	$ 1,129,258
Stock-based compensation	—	—	—	—	1,728	—	—	1,728
Dividend equivalents on unvested restricted stock units forfeited	—	—	—	—	(25)	25	—	—
Vesting of restricted stock units	34,055	—	—	—	—	—	—	—
Repurchase and retirement of Class A common stock	(141,952)	(1)	—	—	(1,444)	—	—	(1,445)
Net income	—	—	—	—	—	58,272	17	58,289
Balance at June 30, 2022	20,616,015	$ 206	40,333,019	$ 403	$ 43,666	$ 1,143,489	$ 66	$ 1,187,830

	Class A Shares	Class A Amount	Class B Shares	Class B Amount	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total
Balance at December 31, 2022	20,583,130	$ 206	40,333,019	$ 403	$ 42,727	$ 1,205,885	$ 66	$ 1,249,287
Stock-based compensation	—	—	—	—	1,756	—	—	1,756
Vesting of restricted stock units	333	—	—	—	—	—	—	—
Shares of Class A common stock withheld related to net share settlement	(137)	—	—	—	(1)	—	—	(1)
Repurchase and retirement of Class A common stock	(50,166)	(1)	—	—	(567)	—	—	(568)
Net loss	—	—	—	—	—	(37,190)	(5)	(37,195)
Balance at March 31, 2023	20,533,160	$ 205	40,333,019	$ 403	$ 43,915	$ 1,168,695	$ 61	$ 1,213,279
Stock-based compensation	—	—	—	—	2,323	—	—	2,323
Dividend equivalents on unvested restricted stock units forfeited	—	—	—	—	(23)	23	—	—
Vesting of restricted stock units	211,733	2	—	—	(2)	—	—	—
Shares of Class A common stock withheld related to net share settlement	(48,163)	—	—	—	(523)	—	—	(523)
Repurchase and retirement of Class A common stock	(51,588)	(1)	—	—	(549)	—	—	(550)
Net income	—	—	—	—	—	36,936	—	36,936
Balance at June 30, 2023	20,645,142	$ 206	40,333,019	$ 403	$ 45,141	$ 1,205,654	$ 61	$ 1,251,465

See accompanying notes to condensed consolidated financial statements

GUILD HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(In thousands)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net (loss) income	$ (259)	$ 266,262
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	7,399	7,721
Valuation adjustment of mortgage servicing rights	26,981	(205,675)
Valuation adjustment of mortgage loans held for sale	6,106	33,648
Valuation adjustment of reverse mortgage loans held for investment	(2,306)	—
Unrealized (gain) loss on derivatives	(15,755)	6,924
Amortization of right-of-use assets	10,888	8,531
Provision (relief) for investor reserves	5,018	(896)
Provision for foreclosure losses	470	1,475
Valuation adjustment of contingent liabilities, net due to acquisitions	1,248	(45,402)
Gain on sale of mortgage loans excluding fair value of other financial instruments, net	(151,020)	(340,002)
Earnings from joint ventures	(165)	—
Deferred income taxes	(147)	85,257
Other	2,180	(4,938)
Benefit from investor reserves	(2,748)	(622)
Foreclosure loss reserve	(2,509)	(833)
Stock-based compensation	4,079	3,000
Changes in operating assets and liabilities:		
Origination of mortgage loans held for sale	(7,012,503)	(11,908,191)
Proceeds on sale of and payments from mortgage loans held for sale	6,877,200	13,168,952
Accounts, notes and interest receivable	9,618	44,200
Other assets	6,199	2,208
Mortgage servicing rights	(71,945)	(149,295)
Accounts payable and accrued expenses	(2,329)	(12,351)
Accrued compensation and benefits	3,939	(28,368)
Income taxes	2,225	7,056
Contingent liability payments	—	(5,241)
Operating lease liabilities	(11,579)	(8,028)
Deferred compensation plan liability	(5,262)	4,035
Real estate owned, net	(922)	21
Net cash (used in) provided by operating activities	(315,899)	929,448
Cash flows from investing activities		
Acquisition of businesses	(5,480)	—
Origination of reverse mortgage loans held for investment	(34,402)	—
Investments in joint ventures	(854)	—
Issuance of note receivable	(11,250)	—
Proceeds from the sale of property and equipment	3	176
Purchases of property and equipment	(2,426)	(2,546)
Net cash used in investing activities	(54,409)	(2,370)
Cash flows from financing activities		
Borrowings on warehouse lines of credit	6,954,199	11,756,682
Repayments on warehouse lines of credit	(6,614,142)	(12,536,045)
Borrowings on MSR notes payable	30,000	—
Repayments on MSR notes payable	(32,500)	(131,250)
Contingent liability payments	—	(7,300)
Net change in notes payable	(530)	(1,261)
Taxes paid related to net share settlement of equity awards	(524)	—
Repurchases of Class A common stock	(1,118)	(1,445)
Net cash provided by (used in) financing activities	335,385	(920,619)
(Decrease) increase in cash, cash equivalents and restricted cash	(34,923)	6,459

Cash, cash equivalents and restricted cash, beginning of period	146,754	248,120
Cash, cash equivalents and restricted cash, end of period	$ 111,831	$ 254,579
Cash, cash equivalents and restricted cash at end of period are comprised of the following:		
Cash and cash equivalents	$ 105,963	$ 248,987
Restricted cash	5,868	5,592
Total cash, cash equivalents and restricted cash	$ 111,831	$ 254,579
Supplemental information		
Cash paid for interest, net	$ 7,173	$ 19,690
Cash paid for income taxes, net of refunds	$ (2,144)	$ (2,068)
Supplemental disclosure of non-cash investing activities:		
Measurement period adjustments to goodwill	$ 760	$ (1,710)

See accompanying notes to condensed consolidated financial statements

GUILD HOLDINGS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except as otherwise indicated)
(Unaudited)

NOTE 1 - BUSINESS, BASIS OF PRESENTATION, AND SIGNIFICANT ACCOUNTING POLICIES

Guild Holdings Company, including its consolidated subsidiaries (collectively, "Guild" or the "Company") originates, sells, and services residential mortgage loans within the United States.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with U.S. generally accepted accounting principles ("GAAP") applicable to interim financial statements. These unaudited condensed consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results of the interim period. The condensed consolidated balance sheet data as of December 31, 2022 was derived from audited financial statements but does not include all disclosures required by GAAP. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. The Company follows the same accounting policies for preparing quarterly and annual reports.

Principles of Consolidation

The Company's condensed consolidated financial statements include the accounts of the Company, Guild Mortgage Company LLC ("GMC"), and their consolidated subsidiaries and those variable interest entities ("VIE") of which the Company is the primary beneficiary.

Generally, a VIE is a legal entity in which the equity investors do not have the characteristics of a controlling financial interest or lack sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. In determining whether the Company is the primary beneficiary of a VIE, the Company considers qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of the Company's investment; the obligation or likelihood for the Company or other investors to provide financial support; and the similarity with and significance to the Company's business activities and the business activities of the other investors.

The Company consolidates one VIE. At June 30, 2023, the VIE had immaterial assets and liabilities.

All intercompany accounts and transactions have been eliminated in consolidation.

Investments in Joint Ventures

The Company has investments in joint ventures involved in the mortgage lending business, which are included in other assets in the Condensed Consolidated Balance Sheets. The Company's investments in these joint ventures are accounted for under the equity method of accounting as the Company does not have a majority voting interest, operational control or financial control. As a result, the Company does not recognize the assets and liabilities of these joint ventures in its financial statements. The Company's share of the net earnings or losses of the investee are included in other income, net in the Condensed Consolidated Statements of Income (Loss).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although management is not currently aware of any factors that would significantly change its estimates and assumptions, actual results could materially differ from those estimates.

Escrow and Fiduciary Funds

As a loan servicer, the Company maintains segregated bank accounts in trust for investors and escrow balances for mortgagors, which are excluded from the Company's Condensed Consolidated Balance Sheets. These accounts totaled $899.2 million and $580.2 million at June 30, 2023 and December 31, 2022, respectively.

Reverse Mortgage Loans Held for Investment

In April 2023, the Company acquired certain assets of Cherry Creek Mortgage, LLC ("CCM") (see Note 3 - Acquisitions), which expanded its range of services by offering reverse mortgages to its customers. Reverse mortgage loans are residential mortgage loans for which neither principal nor interest is due until the borrower dies, the home is sold, or other trigger events occur. Reverse mortgage loans can have either fixed interest rates or adjustable interest rates. In the case of most fixed-rate reverse mortgage loans, the borrower must draw the loan proceeds up front in one lump sum, while many adjustable-rate mortgage loans provide the borrower with a line of credit that can be drawn over time.

The Company has elected to measure these loans at fair value, on a recurring basis, with c hanges in fair value recorded as a charge or credit to gain on reverse mortgage loans held for investment in the Condensed Consolidated Statements of Income (Loss). The reverse mortgage loan activity is included in the Company's origination segment.

Upfront costs and fees related to reverse mortgage loans held for investment, including broker fees, are recognized in gain on reverse mortgage loans held for investment in the Condensed Consolidated Statements of Income (Loss) as incurred and are not capitalized.

Recent Accounting Standards

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-4, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), which provides temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. ASU 2020-04 generally considers contract modifications related to reference rate reform to be an event that does not require contract remeasurement at the modification date nor a reassessment of a previous accounting determination. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which clarifies that the practical expedients in ASU 2020-04 apply to derivatives impacted by changes in the interest rate used for margining, discounting, or contract price alignment. The guidance in ASU 2020-04 is optional and may be elected over time, through December 31, 2022, as reference rate reform activities occur. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, to extend the temporary accounting rules from December 31, 2022 to December 31, 2024. Once ASU 2020-04 is elected, the guidance must be applied prospectively for all eligible contract modifications. For contracts to which ASC *Topic 470*, Debt applies, the Company has applied the optional expedients available from ASU 2020-04 and accounted for the contract modifications related to reference rate reform prospectively. The Company transitioned its funding facilities and financing facilities that utilized LIBOR as the reference rate to alternative reference rates prior to the LIBOR cessation date of June 30, 2023 and there was no material impact on the Company's consolidated financial statements.

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Inputs used to measure fair value are prioritized within a three-level fair value hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of assets and liabilities measured at fair value within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels of inputs used to measure fair value are as follows:

- ***Level One*** - Level One inputs are unadjusted, quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- ***Level Two*** - Level Two inputs are observable for that asset or liability, either directly or indirectly, and include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, observable inputs for the asset or liability other than quoted prices and inputs derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the inputs must be observable for substantially the full term of the asset or liability.
- ***Level Three*** - Level Three inputs are unobservable inputs for the asset or liability that reflect the Company's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and are developed based on the best information available.

The Company updates the valuation of each instrument recorded at fair value on a monthly or quarterly basis, evaluating all available observable information, which may include current market prices or bids, recent trade activity, changes in the levels of market activity and benchmarking of industry data. The assessment also includes consideration of identifying the valuation approach that would be used currently by market participants. If it is determined that a change in valuation technique or its application is appropriate, or if there are other changes in availability of observable data or market activity, the current methodology will be analyzed to determine if a transfer between levels of the valuation hierarchy is appropriate. Such reclassifications are reported as transfers into or out of a level as of the beginning of the quarter that the change occurs.

Fair value is based on quoted market prices, when available. If quoted prices are not available, fair value is estimated based upon other observable inputs. Unobservable inputs are used when observable inputs are not available and are based upon judgments and assumptions, which are the Company's assessment of the assumptions market participants would use in pricing the asset or liability. These inputs may include assumptions about risk, counterparty credit quality, the Company's creditworthiness and liquidity and are developed based on the best information available. When a determination is made to classify an asset or liability within Level Three of the valuation hierarchy, the determination is based upon the significance of the unobservable factors to the overall fair value measurement of the asset or liability. The fair value of assets and liabilities classified within Level Three of the valuation hierarchy also typically includes observable factors and the realized or unrealized gain or loss recorded from the valuation of these instruments would also include amounts determined by observable factors.

Recurring Fair Value Measurements

The Company's fair value measurements are evaluated within the fair value hierarchy, based on the nature of the inputs used to determine the fair value at the measurement date. At June 30, 2023 and December 31, 2022, the Company had the following assets and liabilities that are measured at fair value on a recurring basis:

Trading Securities — Trading securities are classified within Level One of the valuation hierarchy. Valuation is based upon quoted prices for identical instruments traded in active markets. Level One trading securities include securities traded on active exchange markets, such as the New York Stock Exchange. Trading securities are included within other assets in the Condensed Consolidated Balance Sheets.

Notes Receivable — Notes receivable are classified within Level Three of the valuation hierarchy as the Company's valuation includes significant unobservable inputs, including consideration of estimates of future earn-out payments, discount rates and expectations about settlement.

Derivative Instruments — Derivative instruments are classified within Level Two and Level Three of the valuation hierarchy, and include the following:

Interest Rate Lock Commitments — "IRLCs" are classified within Level Three of the valuation hierarchy. IRLCs represent an agreement to extend credit to a mortgage loan applicant, or an agreement to purchase a loan from a third-party originator, whereby the interest rate on the

loan is set prior to funding. The fair value of IRLCs is based upon the estimated fair value of the underlying mortgage loan, including the expected net future cash flows related to servicing the mortgage loan, net of estimated incentive compensation expenses, and adjusted for: (i) estimated costs to complete and originate the loan and (ii) an adjustment to reflect the estimated percentage of IRLCs that will result in a closed mortgage loan under the original terms of the agreement (pull-through rate). The pull-through rate is considered a significant unobservable input and is estimated based on changes in pricing and actual borrower behavior using a historical analysis of loan closing and fallout data. The average pull-through rate used to calculate the fair value of IRLCs as of June 30, 2023 and December 31, 2022, was 85.4% and 93.4%, respectively. On a quarterly basis, actual loan pull-through rates are compared to the modeled estimates to confirm the assumptions are reflective of current trends. Generally, a change in interest rates is accompanied by a directionally opposite change in the assumption used for the pull-through percentage, and the impact to fair value of a change in pull-through would be partially offset by the related change in price.

Forward Delivery Commitments — Forward delivery commitments are classified within Level Two of the valuation hierarchy. Forward delivery commitments fix the forward sales price that will be realized upon the sale of mortgage loans into the secondary market. The fair value of forward delivery commitments is primarily based upon the current agency mortgage-backed security market to-be-announced pricing specific to the loan program, delivery coupon and delivery date of the trade. Best efforts sales commitments are also entered into for certain loans at the time the borrower commitment is made. These best-efforts sales commitments are valued using the committed price to the counterparty against the current market price of the IRLC or mortgage loan held for sale.

Option contracts are a type of forward commitment that represents the rights to buy or sell mortgage-backed securities at specified prices in the future. Their value is based upon the underlying current to-be-announced pricing of the agency mortgage-backed security market, and market-based volatility. See Note 6 for additional information on the derivative instruments.

Mortgage Loans Held for Sale — "MLHS" are carried at fair value. The fair value of MLHS is based on secondary market pricing for loans with similar characteristics, and as such, is classified as a Level Two measurement. Fair value is estimated through a market approach by using either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, including the value attributable to servicing rights and credit risk, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics. The agency mortgage-backed security market is a highly liquid and active secondary market for conforming conventional loans whereby quoted prices exist for securities at the pass-through level and are published on a regular basis. The Company has the ability to access this market and it is the market into which conforming mortgage loans are typically sold.

Reverse Mortgage Loans Held for Investment — Reverse mortgage loans held for investment are carried at fair value and classified within Level Three of the valuation hierarchy. See Note 9 for additional information on the Company's reverse mortgage loans held for investment.

Mortgage Servicing Rights — "MSRs" are classified within Level Three of the valuation hierarchy due to the use of significant unobservable inputs and the lack of an active market for such assets. The fair value of MSRs is estimated based upon projections of expected future cash flows considering prepayment estimates, the Company's historical prepayment rates, portfolio characteristics, interest rates based on interest rate yield curves, implied volatility, costs to service and other economic factors. The Company obtains valuations from an independent third party on a monthly basis, and records an adjustment based on this third-party valuation. See Note 7 for additional information on the Company's MSRs.

Investment in Warrants — The Company was a party to a joint marketing agreement with a private independent insurance carrier whereby the Company marketed their products and submitted leads for borrowers needing insurance. In connection with satisfying the conditions set forth under such agreement, the Company received warrants that may be exercised to

purchase shares of common stock of the private company. The Company’s equity investment in the warrants is carried at its estimated fair value, which was determined using the price per share paid by an investor in an equity sale transaction completed by the private company, resulting in a Level Three classification. The warrants are exercisable until June 2025. The Company’s investment in the warrants will be revalued at each balance sheet date with changes in the fair value reported in other income, net in the Condensed Consolidated Statements of Income (Loss) each reporting period. The Company's investment in warrants is included within other assets in the Condensed Consolidated Balance Sheets.

Contingent Liabilities due to acquisitions — Contingent liabilities represent future obligations of the Company to make payments to the former owners of its acquired companies. The Company determines the fair value of its contingent liabilities using a discounted cash flow approach whereby the Company forecasts the cash outflows related to the future payments, which are based on a percentage of net income specified in the purchase agreements. The Company then discounts these expected payment amounts to calculate the present value, or fair value, as of the valuation date. The Company’s management evaluates the underlying projections used in determining fair value each period and makes updates to these underlying projections.

The Company uses a risk-adjusted discount rate to value the contingent liabilities, which is considered a significant unobservable input, and as such, the liabilities are classified as a Level Three measurement. Management’s underlying projections adjust for market penetration and other economic expectations, and the discount rate is risk-adjusted for key factors such as uncertainty in the mortgage banking industry due to its reliance on external influences (interest rates, regulatory changes, etc.), upfront payments, and credit risk. An increase in the discount rate will result in a decrease in the fair value of the contingent liabilities. Conversely, a decrease in the discount rate will result in an increase in the fair value of the contingent liabilities. At June 30, 2023 and December 31, 2022 the range of the risk adjusted discount rate was 10.1% - 25.0%, with a median of 25.0%, and 14.5% - 25.0%, with a median of 15.0%, respectively. Adjustments to the fair value of the contingent liabilities (other than payments) are recorded as a gain or loss and are included within general and administrative expenses in the Condensed Consolidated Statements of Income (Loss).

The following table summarizes the Company’s assets and liabilities measured at fair value on a recurring basis at June 30, 2023:

Description	Level 1	Level 2	Level 3	Total
Assets:				
Trading securities	$ 84	$ —	$ —	$ 84
Notes receivable	—	—	9,824	9,824
Derivative				
Forward delivery commitments and best efforts sales commitments	—	8,089	—	8,089
Interest rate lock commitments	—	—	5,613	5,613
Mortgage loans held for sale	—	1,125,992	—	1,125,992
Reverse mortgage loans held for investment	—	—	36,709	36,709
Mortgage servicing rights	—	—	1,184,503	1,184,503
Investment in warrants	—	—	961	961
Total assets at fair value	$ 84	$ 1,134,081	$ 1,237,610	$ 2,371,775
Liabilities:				
Contingent liabilities due to acquisitions	$ —	$ —	$ 7,793	$ 7,793
Total liabilities at fair value	$ —	$ —	$ 7,793	$ 7,793

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2022:

Description	Level 1	Level 2	Level 3	Total
Assets:				
Trading securities	$ 96	$ —	$ —	$ 96
Derivative				
Forward delivery commitments	—	1,602	—	1,602
Interest rate lock commitments	—	—	1,518	1,518
Mortgage loans held for sale	—	845,775	—	845,775
Mortgage servicing rights	—	—	1,139,539	1,139,539
Investment in warrants	—	—	961	961
Total assets at fair value	$ 96	$ 847,377	$ 1,142,018	$ 1,989,491
Liabilities:				
Derivative				
Forward delivery commitments and best efforts sales commitments	$ —	$ 5,173	$ —	$ 5,173
Contingent liabilities due to acquisitions	—	—	526	526
Total liabilities at fair value	$ —	$ 5,173	$ 526	$ 5,699

The table below presents a reconciliation of certain Level Three assets and liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2023 and 2022:

	IRLCs	Contingent Liabilities	Note Receivable
Balance at March 31, 2023	**$ 12,206**	**$ 2,218**	**$ 11,250**
Net transfers and revaluation losses	(6,593)	—	—
Additions	—	4,401	—
Valuation adjustments	—	1,174	(1,426)
Balance at June 30, 2023	**$ 5,613**	**$ 7,793**	**$ 9,824**
Balance at December 31, 2022	**$ 1,518**	**$ 526**	**$ —**
Net transfers and revaluation gains	4,095	—	—
Additions	—	6,103	11,250
Valuation adjustments	—	1,164	(1,426)
Balance at June 30, 2023	**$ 5,613**	**$ 7,793**	**$ 9,824**
Balance at March 31, 2022	**$ (11,851)**	**$ 20,438**	**$ —**
Net transfers and revaluation losses	26,451	—	—
Payments	—	(2,370)	—
Valuation adjustments	—	(16,511)	
Balance at June 30, 2022	**$ 14,600**	**$ 1,557**	**$ —**
Balance at December 31, 2021	**$ 22,119**	**$ 59,500**	**$ —**
Net transfers and revaluation losses	(7,519)	—	—
Payments	—	(12,541)	—
Valuation adjustments	—	(45,402)	
Balance at June 30, 2022	**$ 14,600**	**$ 1,557**	**$ —**

Changes in the availability of observable inputs may result in reclassifications of certain assets or liabilities. Such reclassifications are reported as transfers in or out of Level Three as of the beginning of the period that the change occurs. There were no transfers between fair value levels during the three and six months ended June 30, 2023 and 2022.

Non-Recurring Fair Value Measurements

Certain assets and liabilities that are not typically measured at fair value on a recurring basis may be subject to fair value measurement requirements under certain circumstances. These adjustments to fair value usually result from write-downs of individual assets. At June 30, 2023 and December 31, 2022, the Company had the following financial assets measured at fair value on a non-recurring basis:

Ginnie Mae Loans subject to Repurchase Right — Government National Mortgage Association ("GNMA" or "Ginnie Mae") securitization programs allow servicers to buy back individual delinquent mortgage loans from the securitized loan pool once certain conditions are met. If a borrower makes no payment for three consecutive months, the servicer has the option to repurchase the delinquent loan for an amount equal to 100% of the loan's remaining principal balance. Under ASC 860, *Transfers and Servicing*, this buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. The Company records these assets and liabilities at their fair value, which is determined to be the remaining unpaid principal balance ("UPB"). The Company's future expected realizable cash flows are the cash payments of the remaining UPB whether paid by the borrower or reimbursed through a claim filed with HUD. The Company considers the fair value of these assets and liabilities to fall into the Level Two bucket in the valuation hierarchy due to the assets and liabilities having specified contractual terms and the inputs are observable for substantially the full term of the assets' and liabilities' lives.

The following table summarizes the Company's financial assets and liabilities measured at fair value on a non-recurring basis at June 30, 2023:

Description	Level 1	Level 2	Level 3	Total
Assets:				
Ginnie Mae loans subject to repurchase right	$ —	$ 598,634	$ —	$ 598,634
Total assets at fair value	$ —	$ 598,634	$ —	$ 598,634
Liabilities:				
Ginnie Mae loans subject to repurchase right	$ —	$ 598,879	$ —	$ 598,879
Total liabilities at fair value	$ —	$ 598,879	$ —	$ 598,879

The following table summarizes the Company's financial assets and liabilities measured at fair value on a non-recurring basis at December 31, 2022:

Description	Level 1	Level 2	Level 3	Total
Assets:				
Ginnie Mae loans subject to repurchase right	$ —	$ 650,179	$ —	$ 650,179
Total assets at fair value	$ —	$ 650,179	$ —	$ 650,179
Liabilities:				
Ginnie Mae loans subject to repurchase right	$ —	$ 650,179	$ —	$ 650,179
Total liabilities at fair value	$ —	$ 650,179	$ —	$ 650,179

Fair Value Option

The following is the estimated fair value and UPB of MLHS that have contractual principal amounts and for which the Company has elected the fair value option. The fair value option was elected for MLHS as the Company believes fair value best reflects their expected future economic

performance:

	Fair Value	Principal Amount Due Upon Maturity	Difference [1]
Balance at June 30, 2023	$ 1,125,992	$ 1,155,240	$ (29,248)
Balance at December 31, 2022	$ 845,775	$ 868,833	$ (23,058)

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(1) Represents the amount of losses included in loan origination fees and gain on sale of loans, net due to changes in fair value of items accounted for using the fair value option.

NOTE 3 - ACQUISITIONS

Cherry Creek Mortgage, LLC.

On April 3, 2023, the Company acquired substantially all the assets of Cherry Creek Mortgage, LLC. ("CCM") under the terms of an asset purchase agreement to expand the Company's operations throughout the United States. The total fair value of consideration transferred was $8.3 million, which consisted of $2.6 million of cash, contingent consideration of $4.4 million and an original issuance discount on note receivable of $1.3 million. The note receivable issued to CCM in March 2023 represents advances made to CCM (see Note 4 for additional information on the note receivable).

CCM is entitled to earn-out payments for four years based on certain performance criteria. There is no guarantee CCM will achieve any earn-out payments during the earn-out period. Earn-out payments will be first allocated to repay the principal and accrued interest on the note receivable.

The acquisition has been accounted for as a business combination, under which the total purchase price is allocated to the net tangible and intangible assets and liabilities of CCM acquired in connection with the acquisition based on their preliminary fair values and are subject to change during the measurement period. Of the $8.3 million purchase price, we allocated $5.6 million to net assets and $2.7 million to goodwill. The goodwill resulting from the purchase price allocation reflects the expected synergistic benefits of expanding our geographic locations and the existing workforce. The acquired goodwill was allocated to the Origination segment and is deductible for tax purposes.

Legacy Mortgage, LLC

On February 13, 2023, the Company, acquired certain assets of Legacy Mortgage, LLC ("Legacy") under the terms of an asset purchase agreement to expand the Company's operations in the Southwest region. The total fair value of consideration transferred was $5.0 million, which consisted of $3.3 million of cash and contingent consideration of $1.7 million.

Legacy is entitled to earn-out payments based on certain performance criteria for three years. The fair value of the earn-out payments on the acquisition date was $1.7 million.

The acquisition has been accounted for as a business combination, under which the total purchase price is allocated to the net tangible and intangible assets and liabilities of Legacy acquired in connection with the acquisition based on their preliminary fair values and are subject to change during the measurement period. Of the $5.0 million purchase price, the Company allocated $0.4 million to net assets and $4.6 million to goodwill. The goodwill resulting from the purchase price allocation reflects the expected synergistic benefits of expanding the Company's geographic locations and the existing workforce. The acquired goodwill was allocated to the Origination segment and is deductible for tax purposes.

The results of CCM and Legacy are included in the Company's condensed consolidated financial statements since the date of the acquisitions and did not have a material impact on the Company's condensed consolidated financial statements and related disclosures. Transaction costs associated with these transactions were not material and were expensed as incurred within general and administrative expenses in the Condensed Consolidated Statements of Income (Loss).

NOTE 4 - ACCOUNTS, NOTES AND INTEREST RECEIVABLE

Accounts, notes and interest receivable consisted of the following:

	June 30, 2023	December 31, 2022
Trust advances	$ 25,045	$ 44,164
Foreclosure advances, net	13,792	12,320
Receivables related to loan sales	4,219	562
Notes receivable	9,844	—
Accrued interest - notes receivable	313	—
Other	11,822	1,258
Total accounts, notes and interest receivable	$ 65,035	$ 58,304

Management has established a foreclosure reserve for estimated uncollectible balances of the foreclosure and trust advances. Management believes that substantially all other accounts, notes and interest receivable amounts are collectible and, accordingly, no allowance for doubtful accounts is necessary.

The activity of the foreclosure loss reserve was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Balance — beginning of period	$ 8,665	$ 10,271	$ 8,698	$ 10,355
Utilization of foreclosure reserve	(962)	(1,070)	(2,509)	(833)
(Reversal of) provision for foreclosure losses	(1,044)	1,796	470	1,475
Balance — end of period	$ 6,659	$ 10,997	$ 6,659	$ 10,997

Notes Receivable

In March 2023, the Company issued a note receivable to CCM in the amount of $ 11.3 million in connection with the acquisition of CCM, which closed in April 2023. The Company recognized a discount on the note receivable of approximately $1.3 million on the date the acquisition closed. The note bears interest at a variable rate tied to the Secured Overnight Financing Rate ("SOFR") plus an applicable margin. Also, pursuant to the acquisition, CCM will be entitled to earn-out payments for four years based on certain performance criteria. The earn-out payments will be first allocated to repay the interest and principal due on the note receivable. The note receivable matures in April 2027. If an earn-out payment is not due to CCM, 50% of the interest payment may be "paid-in-kind", and thereby added to the principal balance.

NOTE 5 - OTHER ASSETS

Other assets consisted of the following:

	June 30, 2023	December 31, 2022
Prepaid expenses	$ 25,431	$ 31,499
Company owned life insurance	40,237	37,871
Property and equipment, net	13,750	12,118
Right-of-use assets	73,133	74,660
Income tax receivable	24,306	26,531
Real estate owned	1,472	306
Land	1,969	2,034
Trading securities	84	96
Investments in joint ventures, net	896	—
Investment in warrants	961	961
Total other assets	$ 182,239	$ 186,076

Property and equipment, net consisted of the following:

	June 30, 2023	December 31, 2022
Computer equipment	$ 30,543	$ 29,447
Furniture and equipment	25,725	25,072
Leasehold improvements	19,624	18,713
Internal-use software in production	1,998	772
Internal-use software	11,448	10,357
Property and equipment, gross	89,338	84,361
Accumulated depreciation	(75,588)	(72,243)
Property and equipment, net	$ 13,750	$ 12,118

Depreciation and amortization expense for property and equipment was $ 1.7 million and $1.8 million for the three months ended June 30, 2023 and 2022, respectively, and $3.4 million and $3.7 million for the six months ended June 30, 2023 and 2022, respectively.

NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses forward commitments in hedging the interest rate risk exposure on its fixed and adjustable rate commitments. The Company’s derivative instruments are not designated as hedging instruments for accounting purposes; therefore, changes in fair value are recognized in current period earnings. Realized and unrealized gains and losses from the Company's non-designated derivative instruments are included in loan origination fees and gain on sale of loans, net in the Condensed Consolidated Statements of Income (Loss).

Changes in the fair value of the Company's derivative financial instruments are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Unrealized hedging gains (losses)	$ 9,703	$ (46,957)	$ 15,755	$ (6,924)

Notional and Fair Value

The notional and fair value of derivative financial instruments not designated as hedging instruments were as follows at June 30, 2023 and December 31, 2022:

		Fair Value	
	Notional Value	Derivative Asset	Derivative Liability
Balance at June 30, 2023			
IRLCs	$ 1,338,917	$ 5,613	$ —
Forward delivery commitments and best efforts sales commitments	$ 1,621,954	$ 8,089	$ —
Balance at December 31, 2022			
IRLCs	$ 810,514	$ 1,518	$ —
Forward delivery commitments and best efforts sales commitments	$ 1,127,154	$ 1,602	$ 5,173

The Company had an additional $ 273.7 million and $256.3 million of outstanding forward contracts and mandatory sell commitments, comprised of closed loans with equal and offsetting UPB amounts allocated to them, at June 30, 2023 and December 31, 2022, respectively. The Company also had $325.0 million and $470.8 million in closed hedge instruments not yet settled at June 30, 2023 and December 31, 2022, respectively. See Note 2 for fair value disclosure of the derivative instruments.

The following table presents the quantitative information about IRLCs and the fair value measurements:

	June 30, 2023	December 31, 2022
Unobservable Input	Range (Weighted Average)	
Loan funding probability (“pull-through”)	0% -100% (85.4%)	0% - 100% (93.4%)

Counterparty agreements for forward commitments contain master netting agreements. The master netting agreements contain a legal right to offset amounts due to and from the same counterparty. The Company incurred no credit losses due to nonperformance of any of its counterparties during the three and six months ended June 30, 2023 and 2022.

The table below represents financial assets and liabilities that are subject to master netting arrangements categorized by financial instrument:

	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Balance Sheet	Net Amounts of Recognized Assets (Liabilities) in the Balance Sheet
June 30, 2023			
Forward delivery commitments and best efforts sales commitments	$ 8,352	$ (263)	$ 8,089
Total assets	$ 8,352	$ (263)	$ 8,089
December 31, 2022			
Forward delivery commitments	$ 1,887	$ (285)	$ 1,602
Total assets	$ 1,887	$ (285)	$ 1,602
Forward delivery commitments and best efforts sales commitments	$ (11,399)	$ 4,959	$ (6,440)
Margin calls	1,267	—	1,267
Total liabilities	$ (10,132)	$ 4,959	$ (5,173)

NOTE 7 - MORTGAGE SERVICING RIGHTS

The activity of mortgage servicing rights was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Balance — beginning of period	$ 1,112,161	$ 937,556	$ 1,139,539	$ 675,340
MSRs originated	44,452	71,680	71,945	149,295
Changes in fair value:				
Due to collection/realization of cash flows	(15,890)	(25,827)	(27,060)	(50,721)
Due to changes in valuation model inputs or assumptions	43,780	46,901	79	256,396
Balance — end of period	$ 1,184,503	$ 1,030,310	$ 1,184,503	$ 1,030,310

The following table presents the weighted average discount rate, prepayment speed and cost to service assumptions used to determine the fair value of MSRs:

Unobservable Input	June 30, 2023	December 31, 2022
	Range (Weighted Average)	
Discount rate	9.6% - 15.6% (10.7%)	9.6% - 15.7% (10.6%)
Prepayment rate	6.5% - 27.6% (7.9%)	6.6% - 28.6% (7.5%)
Cost to service (per loan)	$72.0 - $273.4 ($91.8)	$66.7 - $330.4 ($92.0)

At June 30, 2023 and December 31, 2022, the MSRs had a weighted average life of approximately 8.3 years and 8.5 years, respectively. See Note 2 for additional information regarding the valuation of MSRs.

Actual revenue generated from servicing activities included contractually specified servicing fees, as well as late fees and other ancillary servicing revenue, which were recorded within loan servicing and other fees as follows for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Servicing fees from servicing portfolio	$ 59,410	$ 53,368	$ 118,390	$ 104,932
Late fees	1,619	1,368	3,287	2,883
Other ancillary servicing revenue and fees	(818)	(141)	(1,379)	(43)
Total loan servicing and other fees	$ 60,211	$ 54,595	$ 120,298	$ 107,772

At June 30, 2023 and December 31, 2022, the UPB of mortgage loans serviced totaled $ 82.0 billion and $78.9 billion, respectively. Conforming conventional loans serviced by the Company are sold to the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") programs on a nonrecourse basis, whereby foreclosure losses are generally the responsibility of FNMA and FHLMC and not the Company. Similarly, certain loans serviced by the Company are secured through GNMA programs, whereby the Company is insured against loss by the Federal Housing Association ("FHA") or partially guaranteed against loss by the Department of Veterans Affairs ("VA").

The key assumptions used to estimate the fair value of MSRs are prepayment speeds, the discount rate and costs to service. Increases in prepayment speeds generally have an adverse effect on the value of MSRs as the underlying loans prepay faster. In a declining interest rate environment, the fair value of MSRs generally decreases as prepayments increase and therefore, the estimated life of the MSRs and related cash flows decrease. Decreases in prepayment speeds generally have a positive effect on the value of MSRs as the underlying loans prepay less frequently. In a rising interest rate environment, the fair value of MSRs generally increases as prepayments decrease and therefore, the estimated life of the MSRs and related cash flows increase. Increases in the discount rate generally have an adverse effect on the value of the MSRs. The discount rate is risk adjusted for key factors such as uncertainty in the mortgage banking industry due to its reliance on external influences (interest rates, regulatory changes, etc.), premium for market liquidity, and credit risk. A higher discount rate would indicate higher uncertainty of the future cash flows. Conversely, decreases in the discount rate generally have a positive effect on the value of the MSRs. Increases in the costs to service generally have an adverse effect on the value of the MSRs as an increase in costs to service would reduce the Company’s future net cash inflows from servicing a loan. Conversely, decreases in the costs to service generally have a positive effect on the value of the MSRs. MSR uncertainties are hypothetical and do not always have a direct correlation with each assumption. Changes in one assumption may result in changes to another assumption, which might magnify or counteract the uncertainties.

The following table illustrates the impact of adverse changes on the prepayment speeds, discount rate and cost to service at two different data points at June 30, 2023 and December 31, 2022, respectively:

	Prepayment Speeds		Discount Rate		Cost to Service (per loan)	
	10% Adverse Change	20% Adverse Change	10% Adverse Change	20% Adverse Change	10% Adverse Change	20% Adverse Change
June 30, 2023						
Mortgage servicing rights	$ (37,298)	$ (72,947)	$ (50,152)	$ (96,983)	$ (11,744)	$ (23,777)
December 31, 2022						
Mortgage servicing rights	$ (36,298)	$ (70,878)	$ (50,392)	$ (96,848)	$ (11,880)	$ (24,162)

NOTE 8 - MORTGAGE LOANS HELD FOR SALE

The Company sells substantially all of its originated mortgage loans into the secondary market. The Company may retain the right to service some of these loans upon sale through ownership of servicing rights. A reconciliation of the changes in mortgage loans held for sale to the amounts presented in the Condensed Consolidated Statements of Cash Flows is set forth below:

	Six Months Ended June 30,	
	2023	2022
Balance at the beginning of period	$ 845,775	$ 2,204,216
Origination of mortgage loans held for sale	7,012,503	11,908,191
Proceeds on sale of and payments from mortgage loans held for sale	(6,877,200)	(13,168,952)
Gain on sale of mortgage loans excluding fair value of other financial instruments, net	151,020	340,002
Valuation adjustment of mortgage loans held for sale	(6,106)	(33,648)
Balance at the end of period	$ 1,125,992	$ 1,249,809

At June 30, 2023, mortgage loans held for sale included UPB of the underlying loans of $ 1.2 billion and had a fair value of $1.1 billion. At December 31, 2022, mortgage loans held for sale included UPB of the underlying loans of $868.8 million and had a fair value of $845.8 million.

NOTE 9 - REVERSE MORTGAGE LOANS HELD FOR INVESTMENT

	Three and Six Months Ended June 30, 2023
Beginning balance	$ —
Originations	34,192
Additional funding	211
Fair value gain recognized in earnings [1]	2,306
Ending balance	$ 36,709
Unsecuritized loans	$ 36,709
Total	$ 36,709

(1) See further breakdown in the table below

Gain on Reverse Mortgage Loans Held for Investment

	Three and Six Months Ended June 30, 2023
Change in fair value of reverse mortgage loans held for investment	$ 2,306
Fair value gain recognized in earnings	2,306
Gain on reverse mortgage loans held for investment	$ 2,306

NOTE 10 - INVESTOR RESERVES

The Company's estimate of the investor reserves considers the current macro-economic environment and recent repurchase trends; however, if the Company experiences a prolonged period of higher repurchase and indemnification activity, then the realized losses from loan repurchases and indemnifications may ultimately be in excess of the liability. The maximum exposure under the Company's representations and warranties would be the outstanding principal balance and any premium received on all loans ever sold by the Company, less any loans that have already been paid in full by the mortgagee, that have defaulted without a breach of representations and warranties, that have been indemnified via settlement or make-whole, or that have been repurchased. Additionally, the Company may receive relief of certain representations and warranty obligations on loans sold to FNMA or FHLMC on or after January 1, 2013 if FNMA or FHLMC satisfactorily concludes a quality control loan file review or if the borrower meets certain acceptable payment history requirements within 12 or 36 months after the loan is sold to FNMA or FHLMC. The activity of the investor reserves was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Balance — beginning of period	$ 16,671	$ 17,380	$ 16,094	$ 18,437
Benefit from investor reserves	(1,423)	(2,192)	(2,748)	(622)
Provision for (relief from) investor reserves	3,116	1,731	5,018	(896)
Balance — end of period	$ 18,364	$ 16,919	$ 18,364	$ 16,919

NOTE 11 - GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill allocated to the origination segment are presented in the following table:

Balance at December 31, 2022	$ 176,769
Measurement period adjustments for Inlanta [(1)]	760
Goodwill acquired from Legacy (see Note 3)	4,621
Goodwill acquired from CCM (see Note 3)	2,744
Balance at June 30, 2023	$ 184,894

(1) During the three months ended March 31, 2023, the Company recorded measurement period adjustments which increased goodwill by $1.5 million for certain retention bonuses and decreased goodwill by $ 0.8 million for the partial return of the purchase price required within 90 days of the acquisition based on a provision in the asset purchase agreement related to the Company's acquisition of Inlanta Mortgage, Inc. during December 2022. These adjustments did not impact the Company's statements of income (loss).

Intangible Assets

The following table presents our intangible assets, net as of June 30, 2023:

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (Years)
Referral network	$ 42,300	$ 14,100	$ 28,200	3.8
Non-compete agreements	2,700	1,800	900	0.1
	$ 45,000	$ 15,900	$ 29,100	3.8

Amortization expense related to intangible assets was $ 2.0 million for each of the three months ended June 30, 2023 and 2022, and $ 4.0 million for each of the six months ended June 30, 2023 and 2022.

NOTE 12 - WAREHOUSE LINES OF CREDIT

Warehouse lines of credit consisted of the following at June 30, 2023 and December 31, 2022. Changes subsequent to June 30, 2023 have been described in the notes referenced with the below table.

	Maturity as of June 30, 2023	June 30, 2023	December 31, 2022
$345 million master repurchase facility agreement[1]	January 2024	$ 172,099	$ 47,565
$150 million master repurchase facility agreement[2]	August 2023	87,082	10,848
$300 million master repurchase facility agreement[3]	June 2024	201,382	189,512
$200 million master repurchase facility agreement[4]	May 2024	103,055	110,605
$200 million master repurchase facility agreement[5]	September 2023	96,035	16,131
$300 million master repurchase facility agreement[6]	September 2023	165,315	81,353
$100 million master repurchase facility agreement[7]	July 2023	5,371	56,237
$50 million master repurchase facility agreement[8]	N/A	33,178	—
$75 million master repurchase facility agreement[9]	March 2025	36,362	40,096
$200 million master repurchase facility agreement[10]	N/A	154,979	162,454
		1,054,858	714,801
Prepaid commitment fees		(1,798)	(1,650)
Net warehouse lines of credit		$ 1,053,060	$ 713,151

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(1) The variable interest rate is calculated using a base rate tied to SOFR.

(2) The variable interest rate is calculated using a base rate tied to SOFR, plus the applicable interest rate margin. This line of credit requires a minimum deposit of $750,000.

(3) The variable interest rate is calculated using a base rate tied to SOFR, plus the applicable interest rate margin. This facility requires a minimum deposit of $1.5 million.

(4) The variable interest rate is calculated using a base rate plus SOFR, with a floor of 0.375% plus the applicable interest rate margin.

(5) The variable interest rate is calculated using a base rate tied to SOFR with a floor of 0.40%, plus the applicable interest rate margin.

(6) The variable interest rate is calculated using a base rate tied to SOFR with a floor of 0.50%, plus the applicable interest rate margin.

(7) The variable interest rate is calculated using a base rate tied to SOFR with a floor of 0.25%, plus the applicable interest rate margin. Subsequent to June 30, 2023, this facility was paid in full and terminated.

(8) The variable interest rate is calculated using a base rate tied to SOFR, plus the applicable interest rate margin. This facility's maturity date is 30 days from written notice by either the financial institution or the Company.

(9) The interest rate on this facility is 3.375%. This facility is used for GNMA delinquent buyouts. Each buyout represents a separate transaction that can remain on the facility for up to four years.

(10) This facility agreement is due on demand and the variable interest rate is calculated using a base rate tied to SOFR with a floor of 0.75%.

The weighted average interest rate for warehouse lines of credit was 7.02% and 3.31% at June 30, 2023 and December 31, 2022, respectively. All warehouse lines of credit are collateralized by underlying mortgages and related documents. Existing balances on warehouse lines are repaid through the sale proceeds from the collateralized loans held for sale. The Company had cash balances of $6.9 million and $50.7 million in its warehouse buy down accounts as offsets to certain lines of credit at June 30, 2023 and December 31, 2022, respectively.

The agreements governing the Company's warehouse lines of credit contain covenants that include certain financial requirements, including maintenance of maximum adjusted leverage ratio, minimum net worth, minimum tangible net worth, minimum liquidity, positive quarterly income and limitations on additional indebtedness, dividends, sale of assets, and decline in the mortgage loan servicing portfolio's fair value. At June 30, 2023 and December 31, 2022, the Company believes it was in compliance with all debt covenants.

The Company has an optional short-term financing agreement between FNMA and the lender described as "As Soon As Pooled". The Company can elect to assign FNMA Mortgage Backed Security ("MBS") trades to FNMA in advance of settlement and enter into a financing transaction and revenue related to the assignment is deferred until the final pool settlement date. The Company determines utilization based on warehouse availability and cash needs. There was no outstanding balance as of June 30, 2023 and December 31, 2022.

NOTE 13 - NOTES PAYABLE

Revolving Notes:

The Company has an agreement for a revolving note from one of its warehouse banks, which it can draw upon as needed. The agreement currently expires in August 2027. Borrowings on the revolving note are collateralized by the Company's GNMA MSRs. Monthly interest on the outstanding balance is calculated using a base rate tied to the SOFR rate plus the applicable margin, with a SOFR floor of 0.5%. The revolving note also has an unused facility fee on the average unused balance, which is also paid quarterly. The unused facility fee is waived if the average outstanding balance exceeds 50% of the available facility. The revolving note has a committed amount of $ 135.0 million and the agreement allows for the Company to increase the committed amount up to a maximum of $200.0 million. The Company has the option to convert the outstanding balance of the revolving note into a term note at its discretion. At June 30, 2023 and December 31, 2022, the Company had no balance and $20.0 million, respectively, in outstanding borrowings on this credit facility.

The Company has an agreement for a revolving note of up to $ 100.0 million from one of its warehouse banks, which it can draw upon as needed. The agreement currently expires in September 2023. Borrowings on the revolving note are collateralized by the Company's FHLMC MSRs. Monthly interest on the outstanding balance is calculated using a base rate tied to the SOFR rate plus the applicable margin, with a floor of 0.50%. The revolving note also has an unused facility fee on the average unused balance, which is also paid quarterly. The unused facility fee is waived if the average outstanding balance exceeds 35% of the available combined warehouse and MSR facility. The lender has the option to convert the outstanding balance of the revolving note into a term note at its discretion. At June 30, 2023 and December 31, 2022, the Company had $30.0 million and no balance, respectively, in outstanding borrowings on this credit facility.

Term Note:

The Company has a term note agreement with one of its warehouse banks collateralized by the Company's FNMA MSRs. The term note has a committed amount of $125.0 million and the agreement

allows for the Company to increase the committed amount up to a maximum of $ 175.0 million. The Company could draw on the committed amount through March 2022 and the note matures in March 2024. Interest on the principal is paid monthly and is based upon a margin plus the highest of the (i) Prime Rate, (ii) Federal Funds Rate plus 0.5%, or (iii) the Eurodollar Base Rate plus 1.0%. Principal payments of 5% of the outstanding balance as of March 31, 2022 are due quarterly beginning April 15, 2022, with the remaining principal balance due upon maturity. The term note also has an unused facility fee on the average unused balance, which is also paid quarterly. At June 30, 2023 and December 31, 2022, the Company had an outstanding balance of $93.8 million and $106.3 million, respectively, on this facility.

The minimum calendar year payments of the Company’s term note as of June 30, 2023 are as follows:

2023	$	12,500
2024		81,250
Total	$	93,750

NOTE 14 - STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

Basic earnings per share is computed based on the weighted average number of shares of Class A and Class B common stock outstanding during the period using the two-class method. Diluted earnings per share is computed based on the weighted average number of shares plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include restricted stock units ("RSUs") for Class A common stock.

The following table sets forth the components of basic and diluted earnings (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss) attributable to Guild	$ 36,936	$ 58,272	$ (254)	$ 266,230
Weighted-average shares outstanding, Class A Common Stock	20,629	20,731	20,598	20,727
Weighted-average shares outstanding, Class B Common Stock	40,333	40,333	40,333	40,333
Weighted-average shares outstanding - basic	60,962	61,064	60,931	61,060
Add dilutive effects of non-vested shares of restricted stock - Class A	839	586	—	719
Weighted-average shares outstanding - diluted	61,801	61,650	60,931	61,779
Basic earnings per share:				
Class A and Class B Common Stock	$ 0.61	$ 0.95	$ —	$ 4.36
Diluted earnings per share:				
Class A and Class B Common Stock	$ 0.60	$ 0.95	$ —	$ 4.31

Approximately 0.8 million potential shares of Class A common stock related to unvested RSUs were excluded from the calculation of diluted loss per share for the six months ended June 30, 2023 because they were anti-dilutive due to the net loss. No shares of Class A common stock were excluded from the calculation of earnings per share as a result of being anti-dilutive for the three months ended June 30, 2023 and the three and six months ended June 30, 2022.

Capital Stock

The Company has two classes of common stock: Class A and Class B. The Company's Class A common stock is traded on the New York Stock Exchange under the symbol “GHLD.” There is no public market for the Company’s Class B common stock. However, under the terms of the Company’s Certificate of Incorporation, the holder of Class B common stock may convert any portion or all of the

holder's shares of Class B common stock into an equal number of shares of Class A common stock at any time.

The holders of shares of Class A common stock and Class B common stock are entitled to dividends when and if declared by the Company's Board of Directors out of legally available funds. Any stock dividend must be paid in shares of Class A common stock with respect to Class A common stock and in shares of Class B common stock with respect to Class B common stock.

The voting powers, preferences and relative rights of Class A common stock and Class B common stock are identical in all respects, except that the holders of shares of Class A common stock have one vote per share and the holders of shares of Class B common stock have ten votes per share.

Restricted Stock Units

The Company issues RSUs, which represent the right to receive, upon vesting, one share of the Company's Class A common stock. The number of potentially dilutive shares related to RSUs is based on the number of shares, if any, that would be issuable at the end of the respective reporting period, assuming that date was the end of the vesting period.

Share Repurchase Program

On May 5, 2022, the Company's Board of Directors authorized the Company to repurchase up to $ 20.0 million of the Company's outstanding Class A common stock over the next 24 months from such date. The share repurchase program allows the Company to repurchase shares of its Class A common stock from time to time on the open market or in privately negotiated transactions. The Company is not obligated to purchase any shares under the share repurchase program and the timing of any repurchases will depend on a number of factors, including, but not limited to, stock price, trading volume, market conditions, and other general business considerations. The share repurchase program may be modified, suspended or terminated by the Company's Board of Directors at any time. The Company intends to fund any repurchases under the share repurchase program with cash on hand. During the three and six months ended June 30, 2023, the Company repurchased and subsequently retired 51,588 and 101,754 shares of the Company's Class A common stock at an average purchase price of $ 10.58 per share and $10.88 per share, respectively. As of June 30, 2023, $13.3 million remained available for repurchase.

NOTE 15 - STOCK-BASED COMPENSATION

Stock-Based Compensation

The Company's stock-based compensation arrangements include grants of RSUs under the 2020 Omnibus Incentive Plan. The stock-based compensation costs recognized during the three and six months ended June 30, 2023 was $2.3 million and $4.1 million, respectively, and $1.7 million and $3.0 million for the three and six months ended June 30, 2022, and are included in salaries, incentive compensation and benefits. The income tax benefit recognized related to this expense was approximately $0.1 million and $0.3 million for the three months ended June 30, 2023 and 2022, respectively, and $0.4 million and $0.5 million for the six months ended June 30, 2023 and 2022, respectively. As of June 30, 2023, there was approximately $15.7 million of unrecognized compensation costs related to non-vested RSUs, which the Company expects to recognize over a weighted average period of 1.8 years.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Commitments to Extend Credit

The Company enters into IRLCs with customers who have applied for residential mortgage loans and meet certain credit and underwriting criteria. These commitments expose the Company to market risk if interest rates change and the loan is not economically hedged or committed to an investor. The Company is also exposed to credit loss if the loan is originated and not sold to an investor and the customer does not perform. The collateral upon extension of credit typically consists of a first deed of trust in the mortgagor's residential property. Commitments to originate loans do not necessarily reflect future cash requirements as some commitments are expected to expire without being drawn upon. Total commitments to originate loans at June 30, 2023 and December 31, 2022 were approximately $1.3 billion and $0.8 billion, respectively.

The Company manages the interest rate price risk associated with its outstanding IRLCs and loans held for sale by entering into derivative loan instruments such as forward loan sales commitments, mandatory delivery commitments, options and futures contracts. Total commitments related to these derivatives at June 30, 2023 and December 31, 2022 were approximately $1.6 billion and $1.1 billion, respectively.

Legal

The Company is involved in various lawsuits arising in the ordinary course of business. While the ultimate results of these lawsuits cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the consolidated financial position or results of operations of the Company.

NOTE 17 - MINIMUM NET WORTH REQUIREMENTS

Certain secondary market investors and state regulators require the Company to maintain minimum net worth and capital requirements. To the extent that these requirements are not met, secondary market investors and/or the state regulators may utilize a range of remedies including sanctions, and/or suspension or termination of selling and servicing agreements, which may prohibit the Company from originating, securitizing or servicing these specific types of mortgage loans.

The Company is subject to the following minimum net worth, minimum capital ratio and minimum liquidity requirements established by the Federal Housing Finance Agency ("FHFA") for Fannie Mae and Freddie Mac Seller/Servicers, and Ginnie Mae for single family issuers.

Minimum Net Worth

The minimum net worth requirement for Fannie Mae and Freddie Mac is defined as follows:

- Base of $2,500 plus 25 basis points of outstanding UPB for total loans serviced.
- Adjusted/Tangible Net Worth comprises total equity less goodwill, intangible assets, affiliate receivables and certain pledged assets.

The minimum net worth requirement for Ginnie Mae is defined as follows:

- Base of $2,500 plus 35 basis points of the issuer’s total single-family effective outstanding obligations.
- Adjusted/Tangible Net Worth comprises total equity less goodwill, intangible assets, affiliate receivables and certain pledged assets.

Minimum Capital Ratio

- For Fannie Mae, Freddie Mac and Ginnie Mae the Company is also required to hold a ratio of Adjusted/Tangible Net Worth to Total Assets greater than 6%.

Minimum Liquidity

The minimum liquidity requirement for Fannie Mae and Freddie Mac is defined as follows:

- 3.5 basis points of total Agency servicing.
- Incremental 200 basis points of total nonperforming Agency, measured as 90 plus day delinquencies, servicing in excess of 6% of the total Agency servicing UPB.
- Allowable assets for liquidity may include: cash and cash equivalents (unrestricted); available for sale or held for trading investment grade securities (e.g., Agency MBS, Obligations of Government Sponsored Entities, US Treasury Obligations); and unused/available portion of committed servicing advance lines.

The minimum liquidity requirement for Ginnie Mae is defined as follows:

- Maintain liquid assets equal to the greater of $1,000 or 10 basis points of the Company's outstanding single-family MBS.

The most restrictive of the minimum net worth and capital requirements require the Company to maintain a minimum adjusted net worth balance of $86,951 as of December 31, 2022. As of December 31, 2022, the Company was in compliance with this requirement.

In August 2022, the FHFA and Ginnie Mae revised their minimum financial eligibility requirements. The requirements will be effective at various dates beginning September 30, 2023, for issuers of securities guaranteed by Ginnie Mae and seller/servicers of mortgage loans to Fannie Mae and Freddie Mac. The Company is evaluating the impact of the revised requirements.

NOTE 18 - SEGMENTS

ASC 280, *Segment Reporting*, establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in that guidance, the Company has determined that it has two reportable segments — Origination and Servicing.

Origination — The Company operates its loan origination business throughout the United States. Its licensed sales professionals and support staff cultivate deep relationships with referral partners and clients and provide a customized approach to the loan transaction whether it is a purchase or refinance. The origination segment is primarily responsible for loan origination, acquisition and sale activities.

Servicing — The Company services loans out of its corporate office in San Diego, California. Properties of the loans serviced by the Company are disbursed throughout the United States and as of June 30, 2023 the Company serviced at least one loan in forty-nine different states. The servicing segment provides a steady stream of cash flow to support the origination segment and more importantly it allows for the Company to build long standing client relationships that drive repeat and referral business back to the origination segment to recapture the client's next mortgage transaction. The servicing segment is primarily responsible for the servicing activities of all loans in the Company's servicing portfolio, which includes, but is not limited to, collection and remittance of loan payments, managing borrower's impound accounts for taxes and insurance, loan payoffs, loss mitigation and foreclosure activities.

The Company does not allocate assets to its reportable segments as they are not included in the review performed by the Chief Operating Decision Maker for purposes of assessing segment performance and allocating resources. The balance sheet is managed on a consolidated basis and is not used in the context of segment reporting. The Company also does not allocate certain corporate expenses, which are represented by All Other in the tables below.

The following table presents the financial performance and results by segment for the three months ended June 30, 2023:

	Origination	Servicing	Total Segments	All Other	Total
Revenue					
Loan origination fees and gain on sale of loans, net	$ 136,499	$ 426	$ 136,925	$ —	$ 136,925
Gain on reverse mortgage loans held for investment	2,306	—	2,306	—	2,306
Loan servicing and other fees	—	60,249	60,249	(38)	60,211
Valuation adjustment of mortgage servicing rights	—	27,890	27,890	—	27,890
Interest income (expense)	1,331	10,266	11,597	(2,342)	9,255
Other income, net	168	49	217	7	224
Net revenue	140,304	98,880	239,184	(2,373)	236,811
Expenses					
Salaries, incentive compensation and benefits	127,024	7,495	134,519	10,384	144,903
General and administrative	15,061	2,240	17,301	3,147	20,448
Occupancy, equipment and communication	16,187	1,223	17,410	992	18,402
Depreciation and amortization	3,364	218	3,582	79	3,661
Reversal of foreclosure losses	—	(1,044)	(1,044)	—	(1,044)
Income tax expense	—	—	—	13,505	13,505
Net (loss) income	$ (21,332)	$ 88,748	$ 67,416	$ (30,480)	$ 36,936

The following table presents the financial performance and results by segment for the six months ended June 30, 2023:

	Origination	Servicing	Total Segments	All Other	Total
Revenue					
Loan origination fees and gain on sale of loans, net	$ 228,775	$ 801	$ 229,576	$ —	$ 229,576
Gain on reverse mortgage loans held for investment	2,306	—	2,306	—	2,306
Loan servicing and other fees	—	120,336	120,336	(38)	120,298
Valuation adjustment of mortgage servicing rights	—	(26,981)	(26,981)	—	(26,981)
Interest income (expense)	2,631	17,676	20,307	(5,069)	15,238
Other income, net	166	101	267	(8)	259
Net revenue	233,878	111,933	345,811	(5,115)	340,696
Expenses					
Salaries, incentive compensation and benefits	220,281	15,069	235,350	20,673	256,023
General and administrative	29,555	5,120	34,675	6,656	41,331
Occupancy, equipment and communication	31,361	2,481	33,842	1,990	35,832
Depreciation and amortization	6,763	360	7,123	276	7,399
Provision for foreclosure losses	—	470	470	—	470
Income tax benefit	—	—	—	(100)	(100)
Net (loss) income	$ (54,082)	$ 88,433	$ 34,351	$ (34,610)	$ (259)

The following table presents the financial performance and results by segment for the three months ended June 30, 2022:

	Origination	Servicing	Total Segments	All Other	Total
Revenue					
Loan origination fees and gain on sale of loans, net	$ 206,445	$ 1,527	$ 207,972	$ —	$ 207,972
Loan servicing and other fees	—	54,595	54,595	—	54,595
Valuation adjustment of mortgage servicing rights	—	21,074	21,074	—	21,074
Interest income (expense)	5,678	(358)	5,320	(1,446)	3,874
Other income, net	(25)	56	31	(9)	22
Net revenue	212,098	76,894	288,992	(1,455)	287,537
Expenses					
Salaries, incentive compensation and benefits	165,133	7,509	172,642	5,550	178,192
General and administrative	1,460	2,254	3,714	2,657	6,371
Occupancy, equipment and communication	16,495	1,293	17,788	1,185	18,973
Depreciation and amortization	3,395	162	3,557	251	3,808
Provision for foreclosure losses	—	1,796	1,796	—	1,796
Income tax expense	—	—	—	20,108	20,108
Net income (loss)	$ 25,615	$ 63,880	$ 89,495	$ (31,206)	$ 58,289

The following table presents the financial performance and results by segment for the six months ended June 30, 2022:

	Origination	Servicing	Total Segments	All Other	Total
Revenue					
Loan origination fees and gain on sale of loans, net	$ 444,966	$ 5,645	$ 450,611	$ —	$ 450,611
Loan servicing and other fees	—	107,772	107,772	—	107,772
Valuation adjustment of mortgage servicing rights	—	205,675	205,675	—	205,675
Interest income (expense)	12,795	(4,625)	8,170	(3,171)	4,999
Other income, net	(25)	75	50	192	242
Net revenue	457,736	314,542	772,278	(2,979)	769,299
Expenses					
Salaries, incentive compensation and benefits	339,459	14,767	354,226	11,295	365,521
General and administrative	(10,251)	4,922	(5,329)	6,070	741
Occupancy, equipment and communication	32,602	2,397	34,999	2,286	37,285
Depreciation and amortization	6,876	324	7,200	521	7,721
Provision for foreclosure losses	—	1,475	1,475	—	1,475
Income tax expense	—	—	—	90,294	90,294
Net income (loss)	$ 89,050	$ 290,657	$ 379,707	$ (113,445)	$ 266,262

NOTE 19 - SUBSEQUENT EVENT

On August 2, 2023, the Company's Board of Directors declared a special cash dividend of $ 0.50 per share on its Class A and Class B common stock, payable on September 7, 2023, to stockholders of record on August 23, 2023.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to highlight and supplement data and information presented elsewhere in this Quarterly Report, including the condensed consolidated financial statements and related notes thereto included in Part I, Item 1. Prior period information has been revised to conform to the current period presentation. The following discussion includes forward-looking statements that reflect our plans, estimates and assumptions and involve numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section in Part II, Item 1A in this Quarterly Report. See also "Cautionary Statement Regarding Forward-Looking Statements." Future results could differ significantly from the historical results presented in this section.

Business and Executive Overview

We started our business in 1960 and are among the longest-operating seller servicers in the United States. We are a growth-oriented mortgage company that employs a relationship-based loan sourcing strategy to execute our mission of delivering the promise of homeownership in neighborhoods and communities across the United States. Our business model is centered on providing a personalized mortgage-borrowing experience that is delivered by our knowledgeable loan officers and supported by our diverse product offerings. Throughout these individualized interactions, we work to earn our clients' trust and confidence as a financial advisor that can help them find their way through life's changes and build for the future.

Our operations consist of two distinct but related reportable segments that we refer to as our origination and servicing segments. Management believes that maintaining both an origination segment and a servicing segment provides us with a more balanced business model in both rising and declining interest rate environments, compared to industry participants that predominantly focus on either origination or servicing, instead of both. Typically in an interest rising market environment originations tend to shift to purchase originations rather than refinances. Due to our physical presence and footprint throughout the country we believe that we are in an advantageous position when the market is more purchase focused as compared to our competitors that are more refinance focused and have to significantly change their business model during purchase cycles. In addition, one of our business strategies is to seek to recapture mortgage transactions when our borrowers prepay their loans. Purchase recapture rate is calculated as the ratio of the (i) UPB of our clients that originated a new mortgage with us for the purchase of a home in a given period, to (ii) total UPB of our clients that paid off their existing mortgage as a result of selling their home in the same period. Refinance recapture rate is calculated as the ratio of the (i) UPB of our clients that originated a new mortgage loan for the purpose of refinancing an existing mortgage with us in a given period, to (ii) total UPB of our clients that paid off their existing mortgage as a result of a refinance in the same period. Overall recapture rate for a given period is calculated as the ratio of the (i) UPB of our clients from both purchase and refinance transactions in a given period, to (ii) total UPB of our clients that paid off their existing mortgage and originated a new mortgage in the same period. This calculation excludes clients to whom we did not actively market due to contractual prohibitions or other business reasons.

We operate our origination segment, from more than 320 office locations. Our licensed sales professionals and support staff cultivate deep relationships with our referral partners and clients and provide a customized approach to the loan transaction, whether it is a purchase or a refinance. We believe that our servicing segment provides a steady stream of revenue to support our origination segment and, more importantly, positions us to build longstanding client relationships that drive repeat and referral business back to the origination segment to recapture our clients' future mortgage transactions. In particular, the growth of our servicing segment is dependent on the continued growth of our origination volume because our servicing portfolio consists primarily of originated MSRs.

Executive Summary

This executive summary highlights selected financial information that should be considered in the context of the additional discussions below.

- Originated $4.5 billion and $2.7 billion of mortgage loans in the three months ended June 30, 2023 and March 31, 2023, respectively, and originated $7.3 billion and $11.9 billion of

mortgage loans in the six months ended June 30, 2023 and 2022, respectively. Mortgage rates rose sharply during 2022 and remained high during the six months ended June 30, 2023. Rising mortgage rates, high home prices and low inventory have caused mortgage demand to drop, which has caused significant declines in origination volume across the U.S. mortgage market. Our recent talent acquisitions and the seasonal uptick in homebuying attributed to an increase in origination volume during the three months ended June 30, 2023.

- Purchase originations accounted for 94.0%, 92.1%, 93.3% and 74.7% of total originations for the three months ended June 30, 2023 and March 31, 2023 and for the six months ended June 30, 2023 and 2022, respectively. According to the Mortgage Bankers Association's ("MBA") July 2023 Mortgage Finance Forecast, purchase originations accounted for 80.1%, 80.2%, 80.2% and 62.8% of total originations for the three months ended June 30, 2023 and March 31, 2023 and for the six months ended June 30, 2023 and 2022, respectively.

- Servicing portfolio as of June 30, 2023 was $82.0 billion of unpaid principal balance ("UPB") compared to $75.9 billion of UPB as of June 30, 2022, with the average size of the portfolio increasing 9.6% since June 30, 2022.

- Generated $36.9 million of net income and $37.2 million of net loss for the three months ended June 30, 2023 and March 31, 2023, respectively, and net loss of $0.3 million and net income of $266.3 million for the six months ended June 30, 2023 and 2022, respectively.

- Generated $9.0 million of adjusted net income and $2.5 million of adjusted net loss for the three months ended June 30, 2023 and March 31, 2023, respectively, and $6.4 million and $46.0 million of adjusted net income for the six months ended June 30, 2023 and 2022, respectively.

- Generated $16.5 million and $1.1 million of adjusted EBITDA for the three months ended June 30, 2023 and March 31, 2023, respectively, and $17.7 million and $68.6 million of adjusted EBITDA for the six months ended June 30, 2023 and 2022, respectively.

- During the three months ended June 30, 2023, we had a 27% purchase recapture rate, a 22% refinance recapture rate and a 25% overall recapture rate, compared to 24%, 30%, and 26%, respectively, during the three months ended March 31, 2023. During the six months ended June 30, 2023, we had a 28% purchase recapture rate, a 26% refinance recapture rate and a 27% overall recapture rate, compared to 31%, 50%, and 43%, respectively, for the six months ended June 30, 2022.

Please see "—Non-GAAP Financial Measures" for further information regarding our use of non-GAAP measures and reconciliations to net income, the nearest comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Net income includes changes in the fair value of our MSRs of a gain of $27.9 million and a loss of $54.9 million for the three months ended June 30, 2023 and March 31, 2023, respectively, and a loss of $27.0 million and a gain of $205.7 million for the six months ended June 30, 2023 and 2022, respectively. These fair value adjustments are affected by changes in mortgage rates and assumptions used within the valuation model. According to the MBA's July 2023 Mortgage Finance Forecast, average 30-year mortgage rates increased by 10 basis points and decreased by 20 basis points during the three months ended June 30, 2023 and March 31, 2023, respectively, and decreased by 10 basis points and increased by 220 basis points during the six months ended June 30, 2023 and 2022, respectively. Increases in average mortgage rates generally result in lower prepayment speeds and a subsequent upward adjustment to the fair value of our MSRs for the loans that still exist in our portfolio.

The increase in interest rates during 2022, continued high rates in 2023 and the tight housing supply have led to higher levels of competition and lower gain on sale margins. Margins may continue to decrease in the future due to higher interest rates, increasing competition among mortgage providers, which has placed additional pressure on pricing. However, such changes will depend on future market demand, capacity and other macroeconomic factors.

Recent Developments

Market and Economic Overview

The Federal Reserve aggressively raised the Federal Funds rate during 2022 by 425 basis points and has increased its key interest rate by an additional 100 basis points through July 31, 2023 in an effort to curb inflation and slow economic growth. While the softer rate hikes in 2023 may keep mortgage rates steady, additional rate hikes are expected during the remainder of 2023, though at a slower pace. Borrowing costs will most likely remain volatile if the Federal Reserve does not successfully tame inflation. While the Federal Reserve does not directly control mortgage rates, a higher Federal Funds rate and higher inflation usually lead to increases in the 10-year treasury yield, which leads to higher mortgage rates. During the three and six months ended June 30, 2023, the 10-year treasury yield remained flat at 3.6% and decreased 20 basis points, respectively, and during the three and six months ended June 30, 2022, the 10-year treasury yield increased 100 basis points and 140 basis points, respectively. The rise in interest rates since March 2022 has led to fewer refinancings and lower prepayment activity in 2022 and 2023. The MBA's July 2023 Mortgage Finance Forecast projects that throughout 2023, the 10-year treasury yield will decrease by 40 basis points and the 30-year mortgage rate will decrease by 70 basis points. The MBA is also forecasting mortgage originations for purchases to decrease 11.9% in 2023 to $1.4 trillion from $1.6 trillion in 2022 and are predicting refinance originations will remain slow throughout the remainder of 2023, decreasing by 44.8% to $400 billion from $700 billion in 2022.

Home-buying affordability challenges remain as high home prices and high mortgage rates cause some buyers to delay purchase plans. Many homeowners with mortgage rates well below the current rates are choosing not to sell, further tightening available inventory. As a result of the foregoing market and economic conditions, we have experienced lower origination volume through June 30, 2023. This trend may continue in future periods. We continue to experience intense competition in the mortgage market, and we expect this competition will continue to put pressure on gain on sale margins and profitability.

Recent Acquisitions

In April 2023, we acquired certain assets of Cherry Creek Mortgage, LLC ("CCM"), a privately held Colorado-based lender licensed in 45 states. The acquisition expanded our range of services by offering reverse mortgages to our customers. The acquisition was funded with cash on hand of approximately $2.6 million. See Note 3 - Acquisitions in Part I, Item 1 for additional information.

In February 2023, we acquired certain assets of Legacy Mortgage, LLC ("Legacy"), an independent New Mexico-based mortgage banker, which expanded our presence in the Southwest region. The acquisition was funded with cash on hand of approximately $3.3 million. See Note 3 - Acquisitions in Part I, Item 1 for additional information.

In December 2022, we acquired certain assets of Inlanta Mortgage, Inc. ("Inlanta"), a Wisconsin-based independent mortgage banker that served borrowers in 27 states. The acquisition of Inlanta expanded our local presence in the Midwest region. The acquisition was funded with cash on hand of approximately $3.5 million.

Description of Certain Components of Financial Data

The primary components of our revenue and expenses are described below.

Our Components of Revenue

Loan origination fees and gain on sale of loans, net— This represents all income recognized from the time when a loan is originated until the time when a loan is subsequently sold to an investor and includes cash and non-cash components. Each component is described below:

- *Gain (loss) on sale of loans* — Net proceeds from the difference between the quoted loan price committed to the client and the price received from the investor at loan sale, net of miscellaneous investor fees charged.
- *Loan origination fees* — Fees collected from the client, which typically include processing, underwriting, funding, credit report, tax service, flood certification and appraisal fees, net of any associated third-party costs.

- *The fair value of the MSRs at time of sale* — After a loan for which we continue to act as the servicer is sold to an investor, we record the value of the MSR at fair value. Fair value is estimated based on the present value of future cash flows. We utilize a third-party valuation service to determine this estimated value based on variables such as contractual servicing fees, ancillary fees, estimated prepayment speeds, discount rate and the cost to service.
- *Changes in the fair value of IRLC and MLHS* — When the client accepts an interest rate lock, we record the estimated fair value of the loan. We also evaluate several factors to determine the likelihood of the loan closing and discount the value of any interest rate lock commitments ("IRLCs") we consider having a lower probability of closing. The probability of the loan ultimately closing changes as the stage of the loan progresses from application to underwriting submission, loan approval and funding. Loans that close and are held for sale are commonly referred to as mortgage loans held for sale or "MLHS." MLHS are also recorded at fair value. We typically determine the fair value of our MLHS based on investor committed pricing; however, we determine the fair value of any MLHS that is not allocated to a commitment based on current delivery trade prices.
- *Changes in the fair value of forward delivery commitments* — We enter into forward delivery commitments to hedge against changes in the interest rates associated with our IRLCs and MLHS. Our hedging policies are set by our risk management function and are monitored daily. Typically, when the fair value of an IRLC or MLHS increases, the fair value of any related forward contract decreases.
- *Provision for investor reserves* — At the time a loan is sold to an investor, we make certain representations and warranties. If defects are subsequently discovered in these representations and warranties that cause a loan to no longer satisfy the applicable investor eligibility requirements, we may be required to repurchase that loan. We are also required to indemnify several of our investors for borrowers' prepayments and defaults. We estimate the potential for these losses based on our recent and historical loan repurchase and indemnification experience and our success rate on appeals. We also screen market conditions for any indications of a rise in delinquency rates, which may result in a heightened exposure to loss.
- *Early pay-off fees* — The amount of gain on sale premium received from the investors who purchase our loans that we must return to those investors when loans sold to them are repaid before a specified point in time.

Gain on reverse mortgage loans held for investment— This represents all income recognized from the time when a reverse mortgage loan is originated until the time when a reverse mortgage loan is subsequently securitized and sold to an investor and includes cash and non-cash components. This includes the net fair value changes of securitized reverse mortgage loans held for investment.

Loan servicing and other fees— Loan servicing and other fees consist of:

- *Loan servicing income* — This represents the contractual fees that we earn by servicing loans for various investors. Fees are calculated based on a percentage of the outstanding principal balance and are recognized into revenue as related payments are received.
- *Other ancillary fees* — We may also collect other ancillary fees from the client, such as late fees and nonsufficient funds fees.
- *Impound interest* — We are required to pay interest to our clients annually based on the average escrow account balances that we hold in trust for the payment of their property taxes and insurance.

Valuation adjustment of mortgage servicing rights— We have elected to recognize MSRs at fair value. This requires that we periodically reevaluate the valuation of our MSRs following our initial analysis at the time of sale. A third party conducts a monthly valuation of our MSRs, and we record any changes to the fair value of our MSRs that result from changes in valuation model inputs or assumptions and collections of servicing cash flows in accordance with such third-party analysis. Changes in the fair value of our MSRs result in an adjustment to the value of our MSRs.

Interest income — Interest income consists primarily of interest earned on MLHS.

Interest expense — Interest expense consists primarily of interest paid on funding and non-funding debt facilities collateralized by our MLHS and MSRs. We define funding debt as all other debt related to operations, such as warehouse lines of credit and our early buyout facility, which we use to repurchase certain delinquent Government National Mortgage Association ("GNMA" or "Ginnie Mae") loans. Non-funding debt includes the note agreements collateralized by our MSRs (our "MSR notes payable"). We also record related bank charges and payoff interest expense as interest expense. Payoff interest expense is equal to the difference between what we collect in interest from our clients and what we remit in interest to the investors who purchase the loans that we originate. For loans sold through Agency Mortgage Backed Security, we are required to remit a full month of interest to those investors, regardless of the date on which the client prepays during the payoff month, resulting in additional interest expense.

Other income, net — Other income, net typically includes non-operating gains and losses and our pro rata share of net earnings from joint ventures.

Our Components of Expenses

Salaries, incentive compensation and benefits — Salaries, incentive compensation and benefits expense includes all payroll, incentive compensation and employee benefits paid to our employees, as well as expenses incurred in connection with our use of employment and temporary help agencies. Our loan officers are paid incentive compensation based on origination volume, resulting in a variable pay structure that fluctuates.

General and administrative — General and administrative expense primarily includes costs associated with professional services, attendance at conferences and meetings, office expenses, liability insurance, business licenses and other miscellaneous costs.

In addition, within general and administrative expense, we record any adjustments to the fair value of the contingent liabilities related to our completed acquisitions, commonly known as "earn-out payments." These payments are estimated based on the present value of future cash flows during the earn-out period. We also record within general and administrative expense the adjustment to the fair value of the note receivable issued in connection with the CCM acquisition, which is offset with its earn-out payment.

Occupancy, equipment and communication — Occupancy, equipment and communication includes expenses related to the commercial office spaces we lease, as well as telephone and internet service and miscellaneous leased equipment used for operations.

Depreciation and amortization — We depreciate furniture and equipment on a straight-line basis for a period of up to three years and we record amortization expense related to our leasehold improvements on rented space. That amortization expense is recognized over the shorter of the lease term or the useful life of the asset. We record costs related to the maintenance of software, which consist of both internal and external costs incurred in connection with software development and testing, as well as any costs associated with the implementation of new software. These costs are amortized over a three-year period. We also record amortization expense related to our acquired intangible assets, which are amortized on a straight-line basis over their estimated useful lives.

Provision for foreclosure losses — We may incur a loss on government loans related to unreimbursed interest and costs associated with foreclosure. We reserve for government loans based on historical loss experience, future expectations, as well as for loan-specific issues related to foreclosure.

Income tax expense — We are subject to federal and state income tax. We record this expense based on our statutory federal and state tax rates. These statutory rates are adjusted for permanent non-deductible differences and reconciliation differences from prior years. We also evaluate material temporary differences to determine whether any additional adjustments to this expense are required.

Key Performance Indicators

Management reviews several key performance indicators to evaluate our business results, measure our performance, identify trends affecting our business, formulate projections and inform our strategic business decisions. We use these key performance indicators to develop operational goals for managing our business.

Our origination metrics enable us to monitor our ability to generate revenue and expand our market share across different channels. In addition, they help us track origination quality and compare our performance against the nationwide originations market and our competitors. Our servicing metrics enable us to monitor the size of our customer base, the characteristics and related value of our MSRs, the health of the business as measured by the average MSR delinquency rate and help drive our customer retention efforts. We believe that the net additions to our portfolio are indicators of the growth of our mortgage loans serviced and our servicing income.

We believe that these key performance indicators provide useful information to investors and others by allowing for greater transparency with respect to key metrics used by management in its financial and operational decision-making. These metrics may be used by investors in understanding and evaluating our operating results and enhancing the overall understanding of our past performance and future prospects. Summary data for these key performance indicators is listed below. Please refer to “Results of Operations” for additional metrics that management reviews in conjunction with the condensed consolidated financial statements.

($ and units in thousands)	Three Months Ended			
	Jun 30, 2023	Mar 31, 2023	Change	% Change
Origination Data				
$ Total in-house origination[1]	$ 4,458,502	$ 2,701,426	$ 1,757,076	65.0%
# Total in-house origination	13	9	4	44.4%
$ Retail forward in-house origination	$ 4,125,328	$ 2,558,801	$ 1,566,527	61.2%
# Retail forward in-house origination	12	8	4	50.0%
$ Retail reverse in-house origination	$ 7,858	$ —	7,858	NM
# Retail reverse in-house origination	—	—	—	— %
$ Retail brokered origination[2]	$ 64,240	$ 41,704	$ 22,536	54.0%
$ Wholesale reverse origination	$ 26,603	$ —	$ 26,603	NM
Total originations	$ 4,549,345	$ 2,743,130	$ 1,806,215	65.8%
Gain on sale margin (bps)[3]	310	343	(33)	(9.6)%
Gain on sale margin on pull-through adjusted locked volume (bps)[4]	314	284	30	10.6%
30-year conventional conforming par rate[5]	6.5 %	6.4 %	0.1%	1.6%
Servicing Data				
UPB (period end)	$ 82,030,408	$ 79,916,577	$ 2,113,831	2.6 %
Loans serviced (period end)	335	328	7	2.1 %
MSR multiple (period end)[6]	4.8	4.6	0.2	4.3 %
Weighted average coupon rate	3.8%	3.7%	0.1%	2.7%
Loan payoffs[7]	$ 1,048,266	$ 727,268	$ 320,998	44.1%
Loan delinquency rate 60-plus days (period end)	1.5%	1.5%	—%	—%

($ and units in thousands)	Six Months Ended June 30, 2023	2022	Change	% Change
Origination Data				
$ Total in-house origination[1]	$ 7,159,928	$ 11,783,484	$ (4,623,556)	(39.2)%
# Total in-house origination	22	37	(15)	(40.5)%
$ Retail forward in-house origination	$ 6,684,129	$ 11,318,089	$ (4,633,960)	(40.9)%
# Retail forward in-house origination	20	35	(15)	(42.9)%
$ Retail reverse in-house origination	$ 7,858	$ —	7,858	NM
# Retail reverse in-house origination	—	—	—	— %
$ Retail brokered origination[2]	$ 105,944	$ 118,370	$ (12,426)	(10.5)%
$ Wholesale reverse origination	$ 26,603	$ —	$ 26,603	NM
Total originations	$ 7,292,475	$ 11,901,854	$ (4,609,379)	(38.7)%
Gain on sale margin (bps)[3]	323	382	(59)	(15.4)%
Gain on sale margin on pull-through adjusted locked volume (bps)[4]	299	347	(48)	(13.8)%
30-year conventional conforming par rate[5]	6.5 %	5.3 %	1.2%	22.6%
Servicing Data				
UPB (period end)[6]	$ 82,030,408	$ 75,856,564	$ 6,173,844	8.1%
Loans serviced (period end)	335	314	21	6.7%
MSR multiple (period end)[7]	4.8	4.7	0.1	2.1%
Weighted average coupon rate	3.8%	3.4%	0.4%	11.8%
Loan payoffs[8]	$ 1,775,534	$ 4,254,702	$ (2,479,168)	(58.3)%
Loan delinquency rate 60-plus days (period end)	1.5%	1.6%	(0.1)%	(6.3)%

(1) Includes retail forward, correspondent and retail reverse and excludes wholesale reverse and brokered loans.

(2) Brokered loans are defined as loans we originate in the retail channel that are processed by us but underwritten and closed by another lender. These loans are typically for products we choose not to offer in-house.

(3) Represents loan origination fees and gain on sale of loans, net, including the fair value adjustment of reverse mortgage loans, divided by total originations, excluding brokered loans, to derive basis points.

(4) Represents loan origination fees and gain on sales of loans, net divided by pull-through adjusted locked volume, which excludes reverse loans. Pull-through adjusted locked volume is equal to total locked volume multiplied by pull-through rates of 85.4%, 84.0% and 92.7% as of June 30, 2023, March 31, 2023 and June 30, 2022, respectively. We estimate the pull-through rate based on changes in pricing and actual borrower behavior using a historical analysis of loan closing data and "fallout" data with respect to the number of commitments that have historically remained unexercised. For additional information regarding our total locked volume and pull-through adjusted locked volume see "*—Results of Operations for the Three Months Ended June 30, 2023 and March 31, 2023 and Results of Operations for the Six Months Ended June 30, 2023 and 2022—Revenue—Loan Origination Fees and Gain on Sale of Loans, Net.*"

(5) Represents the 30-year average conventional conforming note rate published monthly according to the MBA Mortgage Monthly Finance Forecast.

(6) Excludes subserviced portfolio of $34.5 million as of June 30, 2023.

(7) Represents a metric used to determine the relative value of our MSRs in relation to our annualized retained servicing fee. It is calculated by dividing (a) the fair market value of our MSRs as of a specified date by (b) the weighted average annualized retained servicing fee for our servicing portfolio as of such date. We exclude purchased MSRs from this calculation because our servicing portfolio consists primarily of originated MSRs and, consequently, purchased MSRs do not have a material impact on our weighted average service fee.

(8) Represents the gross amount of UPB paid off from our servicing portfolio.

Non-GAAP Financial Measures

To supplement our financial statements presented in accordance with GAAP and to provide investors with additional information regarding our GAAP financial results, we have presented in this Quarterly Report Adjusted Net Income (Loss), Adjusted EBITDA and Adjusted Return on Equity, which are non-GAAP financial measures. These non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly titled measures presented by other companies.

Adjusted Net Income (Loss). We define Adjusted Net Income (Loss) as earnings attributable to Guild before the change in the fair value measurements related to our MSRs, contingent liabilities and note receivable related to completed acquisitions due to changes in valuation assumptions, amortization of acquired intangible assets and stock-based compensation. We exclude these items because we believe they are non-cash expenses that are not reflective of our core operations or indicative of our ongoing operations. Adjusted Net Income (Loss) is also adjusted by applying an estimated effective tax rate to these adjustments. In addition we exclude the change in the fair value of MSRs due to changes in model inputs and assumptions from Adjusted Net Income (Loss) and Adjusted EBITDA below because we believe this non-cash, non-realized adjustment to net revenues is not indicative of our operating performance or results of operations but rather reflects changes in model inputs and assumptions (e.g., prepayment speed, discount rate and cost to service assumptions) that impact the carrying value of our MSRs from period to period.

Adjusted EBITDA. We define Adjusted EBITDA as earnings before interest (without adjustment for net warehouse interest related to loan fundings and payoff interest related to loan prepayments), taxes, depreciation and amortization and net income attributable to the non-controlling interest exclusive of any change in the fair value measurements of the MSRs due to valuation assumptions, contingent liabilities from business acquisitions and stock-based compensation. We exclude these items because we believe they are non-cash expenses that are not reflective of our core operations or indicative of our ongoing operations.

Adjusted Return on Equity. We define Adjusted Return on Equity as annualized Adjusted Net Income as a percentage of average beginning and ending stockholders' equity during the period.

We use these non-GAAP financial measures to evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. These non-GAAP financial measures are designed to evaluate operating results exclusive of fair value adjustments that are not indicative of management's operating performance. Accordingly, we believe that these financial measures provide useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects.

Our non-GAAP financial measures are not prepared in accordance with GAAP and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures rather than net income (loss), which is the most directly comparable financial measure calculated and presented in accordance with GAAP for Adjusted Net Income (Loss) and Adjusted EBITDA, and Return on Equity, which is the most directly comparable financial measure calculated and presented in accordance with GAAP for Adjusted Return on Equity. These limitations include that these non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and many of the adjustments to the GAAP financial measures reflect the exclusion of items that are recurring and may be reflected in our financial results for the foreseeable future. In addition, other companies may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison.

The following tables reconcile Adjusted Net Income (Loss) and Adjusted EBITDA to net income (loss) and Adjusted Return on Equity to Return on Equity, the most directly comparable financial measures calculated and presented in accordance with GAAP:

Reconciliation of Net Income (Loss) Attributable to Guild to Adjusted Net Income (Loss)	**Three Months Ended**		**Six Months Ended June 30,**	
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**2023**	**2022**
Net income (loss)	$ 36,936	$ (37,195)	$ (259)	$ 266,262
Net income (loss) attributable to non-controlling interest	—	(5)	(5)	32
Net income (loss) attributable to Guild	$ 36,936	$ (37,190)	$ (254)	$ 266,230
Add adjustments:				
Change in fair value of MSRs due to model inputs and assumptions	(43,780)	43,701	(79)	(256,396)
Change in fair value of contingent liabilities, net due to acquisitions	1,258	(10)	1,248	(45,402)
Amortization of acquired intangible assets	1,988	1,988	3,975	3,975
Stock-based compensation	2,323	1,756	4,079	3,000
Tax impact of adjustments[1]	10,241	(12,713)	(2,582)	74,590
Adjusted Net Income (Loss)	$ 8,966	$ (2,468)	$ 6,387	$ 45,997

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[1] Calculated using the estimated effective tax rates of 26.8%, 26.8%, 28.0% and 25.3% for the three months ended June 30, 2023 and March 31, 2023 and the six months ended June 30, 2023 and 2022, respectively.

Reconciliation of Net Income (Loss) to Adjusted EBITDA	**Three Months Ended**		**Six Months Ended June 30,**	
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**2023**	**2022**
Net income (loss)	$ 36,936	$ (37,195)	$ (259)	$ 266,262
Add adjustments:				
Interest expense on non-funding debt	2,625	2,757	5,382	3,170
Income tax expense	13,505	(13,605)	(100)	90,294
Depreciation and amortization	3,661	3,738	7,399	7,721
Change in fair value of MSRs due to model inputs and assumptions	(43,780)	43,701	(79)	(256,396)
Change in fair value of contingent liabilities, net due to acquisitions	1,258	(10)	1,248	(45,402)
Stock-based compensation	2,323	1,756	4,079	3,000
Adjusted EBITDA	$ 16,528	$ 1,142	$ 17,670	$ 68,649

Reconciliation of Return on Equity to Adjusted Return on Equity	**Three Months Ended**		**Six Months Ended June 30,**	
($ in thousands, except where in percentages)	**Jun 30, 2023**	**Mar 31, 2023**	**2023**	**2022**
Income Statement Data:				
Net income (loss) attributable to Guild	$ 36,936	$ (37,190)	$ (254)	$ 266,230
Adjusted net income (loss)	$ 8,966	$ (2,468)	$ 6,387	$ 45,997
Denominator: Average stockholders' equity	$ 1,232,372	$ 1,231,283	$ 1,250,376	$ 1,053,922
Return on Equity	12.0 %	(12.1)%	— %	50.5 %
Adjusted Return on Equity	2.9 %	(0.8)%	1.0 %	8.7 %

The following table reconciles the valuation adjustment of mortgage servicing rights from our Condensed Consolidated Statements of Income (Loss) to the change in fair value of MSRs due to model inputs and assumptions included in the reconciliation tables above.

Reconciliation of valuation adjustment of mortgage servicing rights to change in fair value of MSRs due to model inputs and assumptions	**Three Months Ended**		**Six Months Ended June 30,**	
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**2023**	**2022**
Valuation adjustment of mortgage servicing rights	$ 27,890	$ (54,871)	$ (26,981)	$ 205,675
Subtract adjustment:				
Change in fair value of MSRs due to collection/realization of cash flows	(15,890)	(11,170)	(27,060)	(50,721)
Change in fair value of MSRs due to model inputs and assumptions	$ 43,780	$ (43,701)	$ 79	$ 256,396

Results of Operations for the Three Months Ended June 30, 2023 and March 31, 2023

	Three Months Ended			
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**$ Change**	**% Change**
Revenue				
Loan origination fees and gain on sale of loans, net	$ 136,925	$ 92,651	$ 44,274	47.8 %
Gain on reverse mortgage loans held for investment	2,306	—	2,306	NM
Loan servicing and other fees	60,211	60,087	124	0.2 %
Valuation adjustment of mortgage servicing rights	27,890	(54,871)	82,761	150.8 %
Interest income	26,584	18,245	8,339	45.7 %
Interest expense	(17,329)	(12,262)	(5,067)	41.3 %
Other income, net	224	35	189	540.0 %
Net revenue	236,811	103,885	132,926	128.0 %
Expenses				
Salaries, incentive compensation and benefits	144,903	111,120	33,783	30.4 %
General and administrative	20,448	20,883	(435)	(2.1)%
Occupancy, equipment and communication	18,402	17,430	972	5.6 %
Depreciation and amortization	3,661	3,738	(77)	(2.1)%
(Reversal of) provision for foreclosure losses	(1,044)	1,514	(2,558)	(169.0)%
Total expenses	186,370	154,685	31,685	20.5 %
Income (loss) before income tax expense (benefit)	50,441	(50,800)	101,241	199.3 %
Income tax expense (benefit)	13,505	(13,605)	27,110	199.3 %
Net income (loss)	$ 36,936	$ (37,195)	$ 74,131	199.3 %
Net income (loss) attributable to non-controlling interest	—	(5)	5	100.0 %
Net income (loss) attributable to Guild	$ 36,936	$ (37,190)	$ 74,126	199.3 %

Results of Operations for the Six Months Ended June 30, 2023 and 2022

($ in thousands)	Six Months Ended June 30, 2023	2022	$ Change	% Change
Revenue				
Loan origination fees and gain on sale of loans, net	$ 229,576	$ 450,611	$ (221,035)	(49.1)%
Gain on reverse mortgage loans held for investment	$ 2,306	$ —	2,306	NM
Loan servicing and other fees	120,298	107,772	12,526	11.6 %
Valuation adjustment of mortgage servicing rights	(26,981)	205,675	(232,656)	(113.1)%
Interest income	44,829	30,086	14,743	49.0 %
Interest expense	(29,591)	(25,087)	(4,504)	18.0 %
Other income, net	259	242	17	7.0 %
Net revenue	340,696	769,299	(428,603)	(55.7)%
Expenses				
Salaries, incentive compensation and benefits	256,023	365,521	(109,498)	(30.0)%
General and administrative	41,331	741	40,590	NM
Occupancy, equipment and communication	35,832	37,285	(1,453)	(3.9)%
Depreciation and amortization	7,399	7,721	(322)	(4.2)%
Provision for foreclosure losses	470	1,475	(1,005)	(68.1)%
Total expenses	341,055	412,743	(71,688)	(17.4)%
(Loss) income before income tax (benefit) expense	(359)	356,556	(356,915)	(100.1)%
Income tax (benefit) expense	(100)	90,294	(90,394)	(100.1)%
Net (loss) income	$ (259)	$ 266,262	$ (266,521)	(100.1)%
Net (loss) income attributable to non-controlling interest	(5)	32	(37)	(115.6)%
Net (loss) income attributable to Guild	$ (254)	$ 266,230	$ (266,484)	(100.1)%

Revenue

Loan Origination Fees and Gain on Sale of Loans, Net

The tables below provide additional detail regarding the loan origination fees and gain on sale of loans, net for the periods presented:

	Three Months Ended			
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**$ Change**	**% Change**
Gain on sale of loans	$ 83,752	$ 47,964	$ 35,788	74.6 %
Loan origination fees	15,696	7,940	7,756	97.7 %
Fair value of originated MSRs	40,403	25,134	15,269	60.8 %
Fair value adjustment to MLHS and IRLCs	(16,105)	18,150	(34,255)	(188.7)%
Changes in fair value of forward commitments	16,295	(4,635)	20,930	451.6 %
Provision for investor reserves	(3,116)	(1,902)	(1,214)	63.8 %
Total loan origination fees and gain on sale of loans, net	$ 136,925	$ 92,651	$ 44,274	47.8 %

	Six Months Ended June 30,			
($ in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Gain on sale of loans	$ 131,716	$ 315,741	$ (184,025)	(58.3)%
Loan origination fees	23,637	31,426	(7,789)	(24.8)%
Fair value of originated MSRs	65,536	141,218	(75,682)	(53.6)%
Fair value adjustment to MLHS and IRLCs	2,045	(39,266)	41,311	(105.2)%
Changes in fair value of forward commitments	11,660	596	11,064	NM
Provision for investor reserves	(5,018)	896	(5,914)	(660.0)%
Total loan origination fees and gain on sale of loans, net	$ 229,576	$ 450,611	$ (221,035)	(49.1)%

The $35.8 million increase in gain on sale of loans for the three months ended June 30, 2023 compared to the sequential quarter was driven by increases in loan sales of $1.5 billion, or 55.0%. The $184.0 million decrease in gain on sale of loans for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was driven by decreases in loan sales of $5.9 billion, or 46.4%. As mortgage rates have increased throughout 2022 and remained high through June 30, 2023 it has caused affordability issues amongst borrowers. These affordability issues have led to a decrease in demand for mortgage loans and a decline in the refinance market. The decline in industry origination volume has created increased competition amongst mortgagors to originate loans. This competition has put pressure on gain on sale margins as mortgagors have lowered their margins to try to attract borrowers.

The increase in loan origination fees for the three months ended June 30, 2023 compared to the sequential quarter and the decrease in loan origination fees for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 are directionally consistent with our loan origination volume increase of 65.0% and decrease of 39.2%, respectively, in the comparative periods. Our recent talent acquisitions and the seasonal uptick in homebuying attributed to an increase in origination volume during the three months ended June 30, 2023.

Gain on Reverse Loans Held for Investment

During the three and six months ended June 30, 2023, there was minimal activity related to our reverse mortgage portfolio. We recorded $2.3 million for the fair value adjustment of reverse mortgage loans held for investment.

The tables below provide additional detail regarding the composition of our origination volume and other key performance indicators for the periods presented:

($ and units in thousands)	Three Months Ended Jun 30, 2023	Mar 31, 2023	Change	% Change
Loan origination volume by type:				
Conventional conforming	$ 2,620,297	$ 1,648,376	$ 971,921	59.0 %
Government	1,312,368	790,285	522,083	66.1 %
State housing	431,893	210,918	220,975	104.8 %
Non-agency	93,944	51,847	42,097	81.2 %
Total in-house originations[1]	$ 4,458,502	$ 2,701,426	$ 1,757,076	65.0 %
Wholesale reverse loans	$ 26,603	$ —	$ 26,603	NM
Brokered loans	$ 64,240	$ 41,704	$ 22,536	54.0 %
Total originations	$ 4,549,345	$ 2,743,130	$ 1,806,215	65.8 %
In-house loans closed	13	9	4	44.4 %
Average loan amount	$ 343	$ 315	$ 28	8.9 %
Service retained[2]	83.7 %	87.1 %	(3.4)%	(3.9) %
Service released[3]	16.3 %	12.9 %	3.4 %	26.4 %
Gain on sale margin (bps)[4]	310	343	(33)	(9.6) %
Weighted average note rate	6.5 %	6.4 %	0.1 %	1.6 %
Excludes reverse and brokered loans:				
Purchase	94.0 %	92.1 %	1.9 %	2.1 %
Refinance	6.0 %	7.9 %	(1.9)%	(24.1) %
Total locked volume[5]	$ 5,108,143	$ 3,879,760	$ 1,228,383	31.7 %
Pull-through adjusted locked volume[6]	$ 4,362,354	$ 3,258,998	$ 1,103,356	33.9 %
Gain on sale margin on pull-through adjusted locked volume (bps)[7]	314	284	30	10.6 %
Weighted average loan-to-value	85.0 %	85.3 %	(0.3)%	(0.4) %
Weighted average credit score	741	737	4	0.5 %
Days application to close	37	39	(2)	(5.1) %
Days close to purchase by investors	16	16	—	— %
Purchase recapture rate	26.5 %	24.0 %	2.5 %	10.4 %
Refinance recapture rate	22.4 %	30.1 %	(7.7)%	(25.6) %

($ and units in thousands)	Six Months Ended June 30, 2023	2022	Change	% Change
Loan origination volume by type:				
Conventional conforming	$ 4,268,673	$ 8,081,182	$ (3,812,509)	(47.2) %
Government	2,102,653	2,627,487	(524,834)	(20.0) %
State housing	642,811	508,802	134,009	26.3 %
Non-agency	145,791	566,013	(420,222)	(74.2) %
Total in-house originations[1]	$ 7,159,928	$ 11,783,484	$ (4,623,556)	(39.2) %
Wholesale reverse loans	$ 26,603	$ —	$ 26,603	NM
Brokered loans	$ 105,944	$ 118,370	$ (12,426)	(10.5) %
Total originations	$ 7,292,475	$ 11,901,854	$ (4,609,379)	(38.7) %
In-house loans closed	22	37	(15)	(40.5) %
Average loan amount	$ 325	$ 318	$ 7	2.2 %
Service retained[2]	85.0 %	89.0 %	(4.0)%	(4.5) %
Service released[3]	15.0 %	11.0 %	4.0 %	36.4 %
Gain on sale margin (bps)[4]	323	382	(59)	(15.4) %
Weighted average note rate	6.5 %	4.3 %	2.2 %	51.2 %
Excludes reverse and brokered loans:				
Purchase	93.3 %	74.7 %	18.6 %	24.9 %
Refinance	6.7 %	25.3 %	(18.6)%	(73.5) %
Total locked volume[5]	$ 8,987,903	$ 14,020,810	$ (5,032,907)	(35.9) %
Pull-through adjusted locked volume[6]	$ 7,675,669	$ 12,997,291	$ (5,321,622)	(40.9) %
Gain on sale margin on pull-through adjusted locked volume (bps)[7]	299	347	(48)	(13.8) %
Weighted average loan-to-value	85.1 %	80.8 %	4.3 %	5.3 %
Weighted average credit score	740	738	2	0.3 %
Days application to close	37	45	(8)	(17.8) %
Days close to purchase by investors	18	15	3	20.0 %
Purchase recapture rate	27.6 %	30.6 %	(3.0)%	(9.8) %
Refinance recapture rate	26.0 %	49.6 %	(23.6)%	(47.6) %

(1) Includes retail forward, correspondent and retail reverse and excludes wholesale reverse and brokered loans.
(2) Represents loans sold for which we continue to act as the servicer.
(3) Represents loans sold for which we do not continue to act as the servicer.
(4) Represents loan origination fees and gain on sale of loans, net, including the fair value adjustment of reverse mortgage loans, divided by total originations, excluding brokered loans, to derive basis points.
(5) Total locked volume represents the aggregate dollar value of the potential loans for which we have agreed to extend credit to consumers at specified rates for a specified period of time, subject to certain contingencies that are described in the IRLCs between us and each of those consumers. The total locked volume for a given period is representative of the IRLCs that we has initially entered into during that period.
(6) Pull-through adjusted locked volume is equal to total locked volume, excluding reverse loans, multiplied by pull-through rates of 85.4%, 84.0% and 92.7% as of June 30, 2023, March 31, 2023 and June 30, 2022, respectively. We estimate the pull-through rate based on changes in pricing and actual borrower behavior using a historical analysis of loan closing data and “fallout” data with respect to the number of commitments that have historically remained unexercised.
(7) Represents loan origination fees and gain on sales of loans, net divided by pull-through adjusted locked volume.

Loan Servicing and Other Fees

The tables below provide additional details regarding our loan servicing and other fees for the periods presented.

	Three Months Ended			
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**$ Change**	**% Change**
Servicing fee income	$ 59,410	$ 58,980	$ 430	0.7 %
Other ancillary fees	1,538	1,590	(52)	(3.3)%
Loan modification fees	374	151	223	147.7 %
Interest on impound accounts	(1,111)	(634)	(477)	75.2 %
Total loan servicing and other fees	$ 60,211	$ 60,087	$ 124	0.2 %

	Six Months Ended June 30,			
($ in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Servicing fee income	$ 118,390	$ 104,932	$ 13,458	12.8 %
Other ancillary fees	3,128	2,911	217	7.5 %
Loan modification fees	525	624	(99)	(15.9)%
Interest on impound accounts	(1,745)	(695)	(1,050)	151.1 %
Total loan servicing and other fees	$ 120,298	$ 107,772	$ 12,526	11.6 %

There were no material changes for total loan servicing and other fees during the three months ended June 30, 2023 as compared to the sequential quarter.

Total loan servicing and other fees increased for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 due to the 9.6% increase in our average servicing portfolio and increase in the number of loans serviced.

The tables below provide additional details regarding our servicing portfolio composition and key performance indicators for the periods presented.

($ and units in thousands)	Three Months Ended Jun 30, 2023	Three Months Ended Mar 31, 2023	Change	% Change
In-house servicing portfolio:				
Beginning UPB of servicing portfolio	$ 79,916,577	$ 78,892,987	$ 1,023,590	1.3 %
New UPB origination additions[1]	4,450,644	2,701,426	1,749,218	64.8 %
Less:				
UPB originations sold service released[2]	$ 650,469	$ 330,193	$ 320,276	97.0 %
Loan payoffs	1,048,266	727,268	320,998	44.1 %
Loan principal reductions	625,669	604,586	21,083	3.5 %
Loan foreclosures	12,409	15,789	(3,380)	(21.4)%
Ending UPB of servicing portfolio[3]	$ 82,030,408	$ 79,916,577	$ 2,113,831	2.6 %
Average UPB of servicing portfolio	$ 80,973,493	$ 79,404,782	$ 1,568,711	2.0 %
Weighted average servicing fee	0.30 %	0.30 %	— %	— %
Weighted average coupon rate	3.8 %	3.7 %	0.1 %	2.7 %
Weighted average prepayment speed[4]	7.9 %	8.4 %	(0.5)%	(6.0)%
Weighted average credit score	733	733	—	— %
Weighted average loan age (in months)	30.0	28.3	1.7	6.0 %
Weighted average loan-to-value	80.7 %	80.5 %	0.2 %	0.2 %
MSR multiple (period end)[5]	4.8	4.6	0.2	4.3 %
Loans serviced (period end)	335	328	7.0	2.1 %
Loans delinquent 60-plus days (period end)	4.9	4.8	0.1	2.1 %
Loan delinquency rate 60-plus days (period end)	1.5 %	1.5 %	— %	— %
Reverse servicing portfolio	$ 34,461	$ —	$ 34,461	NM

($ and units in thousands)	Six Months Ended June 30, 2023	2022	Change	% Change
In-house servicing portfolio:				
Beginning UPB of servicing portfolio	$ 78,892,987	$ 70,938,588	$ 7,954,399	11.2 %
New UPB origination additions[1]	7,152,070	11,783,484	(4,631,414)	(39.3)%
Less:				
UPB originations sold service released[2]	$ 980,662	$ 1,455,215	$ (474,553)	(32.6)%
Loan payoffs	1,775,534	4,254,702	(2,479,168)	(58.3)%
Loan principal reductions	1,230,255	1,141,833	88,422	7.7 %
Loan foreclosures	28,198	13,758	14,440	105.0 %
Ending UPB of servicing portfolio[3]	$ 82,030,408	$ 75,856,564	$ 6,173,844	8.1 %
Average UPB of servicing portfolio	$ 80,461,698	$ 73,397,576	$ 7,064,122	9.6 %
Weighted average servicing fee	0.30 %	0.30 %	— %	— %
Weighted average coupon rate	3.8 %	3.4 %	0.4 %	11.8 %
Weighted average prepayment speed[4]	7.9 %	8.4 %	(0.5)%	(6.0)%
Weighted average credit score	733	734	(1)	(0.1)%
Weighted average loan age (in months)	30.0	22.7	7.3	32.2 %
Weighted average loan-to-value	80.7 %	80.0 %	0.7 %	0.9 %
MSR multiple (period end)[5]	4.8	4.7	0.1	2.1 %
Loans serviced (period end)	335	314	21	6.7 %
Loans delinquent 60-plus days (period end)	4.9	4.9	—	— %
Loan delinquency rate 60-plus days (period end)	1.5 %	1.6 %	(0.1)%	(6.3)%
Reverse servicing portfolio	$ 34,461	$ —	$ 34,461	NM

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(1) Includes all in-house loans originated in the period, irrespective if it is eventually sold service retained or service released.
(2) Represents loans sold for which we do not continue to act as the servicer of the loan.
(3) Excludes subserviced portfolio of $34.5 million as of June 30, 2023.
(4) Represents the percentage of UPB that will pay off ahead of time in each period, calculated as an annual rate. This estimate is calculated by our third-party valuation provider.
(5) Represents a metric used to determine the relative value of our MSRs in relation to our annualized retained servicing fee. It is calculated by dividing (a) the fair market value of our MSRs as of a specified date by (b) the weighted average annualized retained servicing fee for our servicing portfolio as of such date. We exclude purchased MSRs from this calculation because our servicing portfolio consists primarily of originated MSRs and, consequently, purchased MSRs do not have a material impact on our weighted average service fee.

Valuation Adjustment of Mortgage Servicing Rights

The table below presents our MSR valuation adjustment for the periods presented.

($ in thousands)	Three Months Ended Jun 30, 2023	Mar 31, 2023	$ Change	% Change
MSR valuation adjustment	$ 27,890	$ (54,871)	$ 82,761	150.8 %

($ in thousands)	Six Months Ended June 30, 2023	2022	$ Change	% Change
MSR valuation adjustment	$ (26,981)	$ 205,675	$ (232,656)	(113.1)%

The fair value of our MSRs generally increases as interest rates increase and prepayments decrease. Average 30-year mortgage rates increased by 10 basis points and decreased 20 basis points during the three months ended June 30, 2023 and March 31, 2023, respectively, and decreased by 10 basis points and increased 220 basis points during the six months ended June 30, 2023 and 2022, respectively. Additionally, the weighted average estimated prepayment speed of loans in our servicing portfolio was 7.9% at June 30, 2023 compared to 8.4% at March 31, 2023 and 8.4% at June 30, 2022. A lower prepayment speed indicates that prepayments will decrease in the future and a longer duration of future cash flows, which results in an increase in the value of the MSR asset.

Interest Income

	Three Months Ended			
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**$ Change**	**% Change**
Interest income, funding	$ 14,592	$ 9,751	$ 4,841	49.6 %
Interest income earnings credit	11,372	8,094	3,278	40.5 %
Wire transfer fees	620	400	220	55.0 %
Total interest income	$ 26,584	$ 18,245	$ 8,339	45.7 %

	Six Months Ended June 30,			
($ in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Interest income, funding	$ 24,343	$ 27,090	$ (2,747)	(10.1)%
Interest income earnings credit	19,466	1,215	18,251	NM
Wire transfer fees	1,020	1,781	(761)	(42.7)%
Total interest income	$ 44,829	$ 30,086	$ 14,743	49.0 %

Interest income, funding increased during the three months ended June 30, 2023 compared to the sequential quarter primarily due to the increase in origination volume of $1.8 billion. Interest income earnings credit increased for the three months ended June 30, 2023 compared to the sequential quarter due to our cash balances yielding a higher earnings credit rate, which is set by our banking partners on non-interest bearing deposits and applied against other banking fees as an offset, and an increase in our interest-bearing escrow deposits.

Interest income, funding decreased during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to the decrease in origination volume of $4.6 billion. Interest income, funding for the six months ended June 30, 2022 does not include $3.0 million of interest expense related to FHLMC loans which was recorded in payoff interest expense as described within the heading "Interest Expense" below. This expense occurs when we deliver a sold loan to FHLMC with a first due date a month after the borrower's first due date. In that scenario, we are obligated to remit to FHLMC interest in an amount determined based on the borrower's first due date. When we receive the borrower's interest payment, it is recorded as interest income, funding, which is then offset by the expense to be remitted to FHLMC. When including the $3.0 million of interest expense related to FHLMC loans for the six months ended June 30, 2022 interest income, funding was flat compared to the six months ended June 30, 2023 due to the decline in origination volume, which is offset by an increase in days close to purchase as well as average interest rates earned on loans held for sale during the six months ended June 30, 2023. Interest income earnings credit increased for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 due to our cash balances yielding a higher earnings credit rate, which is set by our banking partners on non-interest bearing deposits and applied against other banking fees as an offset.

Interest Expense

($ in thousands)	Three Months Ended Jun 30, 2023	Three Months Ended Mar 31, 2023	$ Change	% Change
Interest expense, funding facilities	$ (12,512)	$ (7,321)	$ (5,191)	70.9 %
Interest expense, other financing	(2,960)	(3,093)	133	(4.3)%
Bank servicing charges	(1,369)	(1,529)	160	(10.5)%
Payoff interest expense	(488)	(319)	(169)	53.0 %
Total interest expense	$ (17,329)	$ (12,262)	$ (5,067)	41.3 %

($ in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	$ Change	% Change
Interest expense, funding facilities	$ (19,833)	$ (11,058)	$ (8,775)	79.4 %
Interest expense, other financing	(6,053)	(3,839)	(2,214)	57.7 %
Bank servicing charges	(2,899)	(4,991)	2,092	(41.9)%
Payoff interest expense	(806)	(5,172)	4,366	(84.4)%
Miscellaneous interest expense	—	(27)	27	100.0 %
Total interest expense	$ (29,591)	$ (25,087)	$ (4,504)	18.0 %

Total interest expense for the three months ended June 30, 2023 increased as compared to the sequential quarter primarily due to an increase in interest expense, funding facilities, which was due to increased borrowings on our warehouse lines of credit facilities due to the increase in origination volume and increased interest costs due to rising interest rates.

Interest expense, funding facilities increased for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to an increase in interest costs due to rising interest rates. As explained above under the heading "Interest Income", during the six months ended June 30, 2022, interest related to FHLMC loans of $3.0 million was included in payoff interest expense. When excluding FHLMC interest expense from payoff interest expense in the six months ended June 30, 2022 our payoff interest expense decreased year over year due to a reduction in runoff of our portfolio of $2.5 million.

Summary of Expenses

($ in thousands)	Three Months Ended Jun 30, 2023	Three Months Ended Mar 31, 2023	$ Change	% Change
Salaries, incentive compensation and benefits	$ 144,903	$ 111,120	$ 33,783	30.4 %
General and administrative	20,448	20,883	(435)	(2.1)%
Occupancy, equipment and communication	18,402	17,430	972	5.6 %
Depreciation and amortization	3,661	3,738	(77)	(2.1)%
(Reversal of) provision for foreclosure losses	(1,044)	1,514	(2,558)	(169.0)%
Total expenses	$ 186,370	$ 154,685	$ 31,685	20.5 %

($ in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	$ Change	% Change
Salaries, incentive compensation and benefits	$ 256,023	$ 365,521	$ (109,498)	(30.0)%
General and administrative	41,331	741	40,590	NM
Occupancy, equipment and communication	35,832	37,285	(1,453)	(3.9)%
Depreciation and amortization	7,399	7,721	(322)	(4.2)%
Provision for foreclosure losses	470	1,475	(1,005)	(68.1)%
Total expenses	$ 341,055	$ 412,743	$ (71,688)	(17.4)%

Salaries, Incentive Compensation and Benefits

($ in thousands)	Three Months Ended Jun 30, 2023	Three Months Ended Mar 31, 2023	$ Change	% Change
Incentive compensation	$ 50,196	$ 28,736	$ 21,460	74.7 %
Salaries	73,117	63,651	9,466	14.9 %
Benefits	21,590	18,733	2,857	15.3 %
Total salaries, incentive compensation and benefits expense	$ 144,903	$ 111,120	$ 33,783	30.4 %

($ in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	$ Change	% Change
Incentive compensation	$ 78,933	$ 153,551	$ (74,618)	(48.6)%
Salaries	136,768	166,651	(29,883)	(17.9)%
Benefits	40,322	45,319	(4,997)	(11.0)%
Total salaries, incentive compensation and benefits expense	$ 256,023	$ 365,521	$ (109,498)	(30.0)%

Incentive compensation expense increased for the three months ended June 30, 2023 compared to the sequential quarter predominantly due to the increase in origination volume of 65.0%. Incentive compensation expense decreased for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 predominantly due to the decrease in origination volume of 39.2%. Incentive compensation is variable in nature as it is dependent upon achievement of certain performance measures and is directionally consistent with our change in volume.

Salaries expense for the three months ended June 30, 2023 increased compared to the sequential quarter primarily due to an increase in the number of employees as a result of the acquisitions of CCM and Legacy during 2023. Salaries expense for the six months ended June 30, 2023 decreased compared to the six months ended June 30, 2022 due to a decrease of $31.9 million

for reduced costs resulting from lower origination volume, partially offset by an increase in the number of employees as a result of the acquisitions of CCM and Legacy during 2023.

Benefits expense increased for the three months ended June 30, 2023 compared to the sequential quarter primarily due to an increase of $1.2 million in payroll taxes and an increase of $1.4 million in 401(k) matching contributions driven by increases in compensation. Benefits expense decreased for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to a decrease of $6.3 million in lower payroll taxes due to reduced incentive compensation, a $2.7 million decrease in 401(k) matching contributions and $3.1 million in lower group health insurance costs due to reduced headcount. These decreases were partially offset by an increase of $7.6 million on our deferred compensation plan driven by fluctuations in the fair market value of the underlying funds.

General and Administrative

	Three Months Ended			
($ in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**$ Change**	**% Change**
Contingent liability fair value adjustment, net	$ 1,258	$ (10)	$ 1,268	NM
Professional fees	10,671	11,361	(690)	(6.1)%
Advertising and promotions	4,221	5,841	(1,620)	(27.7)%
Office supplies, travel and entertainment	2,933	2,779	154	5.5 %
Miscellaneous	1,365	912	453	49.7 %
Total general and administrative expense	$ 20,448	$ 20,883	$ (435)	(2.1)%

	Six Months Ended June 30,			
($ in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Contingent liability fair value adjustment, net	$ 1,248	$ (45,402)	$ 46,650	102.7 %
Professional fees	22,032	25,671	(3,639)	(14.2)%
Advertising and promotions	10,062	12,192	(2,130)	(17.5)%
Office supplies, travel and entertainment	5,712	5,585	127	2.3 %
Miscellaneous	2,277	2,695	(418)	(15.5)%
Total general and administrative expense	$ 41,331	$ 741	$ 40,590	5,477.7 %

There were no material changes for total general and administrative expense during the three months ended June 30, 2023 as compared to the sequential quarter.

The increase to the contingent liability fair value adjustment, net during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to revisions made to the estimated fair value of earn-out obligations for CCM, Legacy and Inlanta based on revised forecasted amounts and the $44.9 million gain recognized during the six months ended June 30, 2022 from the write-down of the earn-out related to a prior acquisition.

Professional fees decreased for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to decreases of $4.0 million in per loan verification fees, which is tied to origination volume.

Occupancy, Equipment and Communication

($ in thousands)	Three Months Ended Jun 30, 2023	Three Months Ended Mar 31, 2023	$ Change	% Change
Occupancy	$ 10,807	$ 9,978	$ 829	8.3 %
Equipment	1,936	2,025	(89)	(4.4) %
Communication	5,659	5,427	232	4.3 %
Total occupancy, equipment and communication expense	$ 18,402	$ 17,430	$ 972	5.6 %

($ in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	$ Change	% Change
Occupancy	$ 20,785	$ 21,111	$ (326)	(1.5) %
Equipment	3,961	4,383	(422)	(9.6) %
Communication	11,086	11,791	(705)	(6.0) %
Total occupancy, equipment and communication expense	$ 35,832	$ 37,285	$ (1,453)	(3.9) %

Occupancy costs generally consist of fixed costs and remain consistent except any increases associated with new acquisitions, expansion into new territories and entry into new material building leases or any decreases associated with downsizing office space due to lower headcount and employees working from home.

The nominal changes in total occupancy, equipment and communication expense during the three and six months ended June 30, 2023 as compared to the sequential quarter and six months ended June 30, 2022, respectively, were in line with expectations as we acquired minimal new operating leases in connection with recent acquisitions and also reduced our facilities footprint during the three and six months ended June 30, 2023.

Provision for Foreclosure Losses

Our 60-plus days delinquency rate was 1.5%, 1.5% and 1.6% at June 30, 2023, March 31, 2023 and June 30, 2022, respectively. The reduction in our delinquency rate from June 30, 2022 to June 30, 2023 was a result of borrowers exiting forbearance through a loan workout or by reinstating their loan. The number of government loans in foreclosure decreased approximately 24% during the three months ended June 30, 2023 compared to the sequential quarter; therefore, we decreased our provision for foreclosure losses accordingly. We continue to monitor foreclosure reserves and potential losses regularly to assess if further changes are needed.

Segment Results for the Three Months Ended June 30, 2023 and March 31, 2023 and the Six Months Ended June 30, 2023 and 2022

We measure the performance of our segments primarily based on their net income (loss). Financial results from our acquisitions are integrated into their respective segments after the close of the transactions. Revenues and expenses from our acquisitions are allocated primarily to our origination segment. These results do not include unallocated corporate costs. See Note 18, Segments, in Part I, Item 1 for additional information about our segments.

Origination

	Three Months Ended		Six Months Ended June 30,	
($ and units in thousands)	**Jun 30, 2023**	**Mar 31, 2023**	**2023**	**2022**
Total in-house originations	$ 4,458,502	$ 2,701,426	$ 7,159,928	$ 11,783,484
Funded loans	13	9	22	37
Loan origination fees and gain on sale, net	$ 136,499	$ 92,276	$ 228,775	$ 444,966
Gain on reverse mortgage loans held for investment	2,306	—	2,306	—
Interest income	1,331	1,300	2,631	12,795
Other income, net	168	(2)	166	(25)
Net revenue	140,304	93,574	233,878	457,736
Salaries, incentive compensation and benefits	127,024	93,257	220,281	339,459
General and administrative	15,061	14,494	29,555	(10,251)
Occupancy, equipment and communication	16,187	15,174	31,361	32,602
Depreciation and amortization	3,364	3,399	6,763	6,876
Total expenses	161,636	126,324	287,960	368,686
Net (loss) income allocated to origination	$ (21,332)	$ (32,750)	$ (54,082)	$ 89,050

The increase in the origination segment's net revenue for the three months ended June 30, 2023 compared to the sequential quarter was primarily driven by increased revenue from loan origination fees and gain on sale of loans, net of $44.2 million, or 48%. The increase in gain on sale of loans was primarily driven by a $1.5 billion, or 55%, increase in loan sales. Gain on sale margins decreased 33 basis points due to increased competition among mortgage providers which has placed additional pressure on pricing.

The decrease in the origination segment's net revenue for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily driven by decreased revenue from loan origination fees and gain on sale of loans, net of $216.2 million, or 49%. The decrease in gain on sale of loans was primarily driven by a $5.9 billion, or 46%, decrease in loan sales and a decrease in gain on sale margins of 59 basis points.

Salaries, incentive compensation and benefits expense increased for the three months ended June 30, 2023 compared to the sequential quarter due to increased variable incentive compensation paid to our origination teams to support the increase in our origination volume. Salaries, incentive compensation and benefits expense decreased for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 due to decreased variable incentive compensation paid to our origination teams and reduced headcount due to declines in origination volume.

The increase in general and administrative expenses for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to a gain of $45.1 million related to the valuation adjustment on our contingent earn-out liability during the six months ended June 30, 2022 compared to an expense of $1.2 million in the six months ended June 30, 2023.

Servicing

($ and units in thousands)	Three Months Ended Jun 30, 2023	Three Months Ended Mar 31, 2023	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
UPB of servicing portfolio (period end)	$ 82,030,408	$ 79,916,577	$ 82,030,408	$ 75,856,564
Loans serviced (period end)	335	328	335	314
Loan servicing and other fees	$ 60,249	$ 60,087	$ 120,336	$ 107,772
Loan origination fees and gain on sale, net	426	375	801	5,645
Other income, net	49	52	101	75
Total revenue	60,724	60,514	121,238	113,492
Valuation adjustment of MSRs	27,890	(54,871)	(26,981)	205,675
Interest income (expense)	10,266	7,410	17,676	(4,625)
Net revenue	98,880	13,053	111,933	314,542
Salaries, incentive compensation and benefits	7,495	7,574	15,069	14,767
General and administrative	2,240	2,880	5,120	4,922
Occupancy, equipment and communication	1,223	1,258	2,481	2,397
Depreciation and amortization	218	142	360	324
(Reversal of) provision for foreclosure losses	(1,044)	1,514	470	1,475
Total expenses	10,132	13,368	23,500	23,885
Net income (loss) allocated to servicing	$ 88,748	$ (315)	$ 88,433	$ 290,657

The increase in the servicing segment's net income for the three months ended June 30, 2023 compared to the sequential quarter was primarily driven by an upward adjustment to the fair value of our MSRs of $27.9 million compared to a downward adjustment to the fair value of our MSRs of $54.9 million in the sequential quarter. See discussion above under "Valuation Adjustment of Mortgage Servicing Rights".

Loan servicing and other fees increased due to the increases in the UPB of our servicing portfolio and the number of loans serviced at June 30, 2023 compared to March 31, 2023 and June 30, 2022.

Our delinquency rate and the number of loans delinquent has remained low during 2022 and 2023. As we complete loan workouts we are reassessing our expected per-loan losses and adjusting our provision for foreclosure losses accordingly. See discussion above under "Provision for Foreclosure Losses".

Liquidity, Capital Resources and Cash Flows

Historically, our primary sources of liquidity have included:

- cash flows from our operations, including:
    - sale of whole loans into the secondary market;
    - loan origination fees;
    - servicing fee income; and
    - interest income on MLHS;
- borrowings on warehouse lines of credit to originate mortgage loans; and
- borrowings on our MSR notes payable.

Historically, our primary uses of funds have included:

- cash flows used in our operations, including but not limited to:
    - origination of MLHS;
    - payment of interest expense; and
    - payment of operating expenses, including personnel costs and IT infrastructure;
- repayments on warehouse lines of credit;
- payment of dividends;
- share repurchases; and
- acquisitions of other mortgage businesses.

We are also subject to contingencies that may have a significant effect on the use of our cash. We believe that our cash flows from operations and other available sources of liquidity will be sufficient to fund our operations and meet our material cash requirements for the next 12 months. We believe we will meet longer-term expected future cash requirements and obligations through a combination of existing cash and cash equivalent balances, cash flow from operations, and amounts available for borrowing under our loan funding facilities.

Debt Obligations

We fund substantially all of the mortgage loans we close through borrowings under our loan funding facilities. Given the uncertainty in the financial markets, our future ability to borrow money to fund our current and future loan production and other cash needs is unknown. Our mortgage origination liquidity could also be affected if our lenders curtail access to uncommitted mortgage warehouse financing capacity or impose higher costs to access such capacity. Our liquidity may be further constrained as there may be less demand by investors to acquire our mortgage loans in the secondary market. In addition, we may be required to use significant amounts of cash to fund advances for loans subject to forbearance requirements or that are delinquent.

In order to originate and aggregate loans for sale into the secondary market, we use our own working capital and borrow or obtain money on a short-term basis, primarily through committed and uncommitted loan funding facilities that we have established with large national and global banks.

Our loan funding facilities are primarily in the form of master repurchase agreements, which we refer to as “warehouse lines of credit.” Loans financed under these facilities are generally financed at approximately 97% to 98% of the principal balance of the loan (although certain types of loans are financed at lower percentages of the principal balance of the loan), which requires us to fund the balance from cash generated from our operations. Once closed, the underlying residential mortgage loan that is held for sale is pledged as collateral for the borrowing or advance that was made under these loan funding facilities. In most cases, the loans will remain in one of the loan funding facilities for only a short time, generally less than one month, until the loans are pooled and sold. During the time the loans are held for sale, we earn interest income from the borrower on the underlying mortgage loan. This income is partially offset by the interest and fees we must pay under the loan funding facilities.

When we sell a pool of loans in the secondary market, the proceeds received from the sale of the loans are used to pay back the amounts we owe on the loan funding facilities. We rely on the cash generated from the sale of loans to fund future loans and repay borrowings under our loan funding facilities. Delays or failures to sell loans in the secondary market could have an adverse effect on our liquidity position.

As discussed in Note 12, Warehouse Lines of Credit, to the condensed consolidated financial statements included in Part I, Item 1, as of June 30, 2023, we had ten different loan funding facilities in different amounts and with various maturities. As of June 30, 2023, the aggregate available amount under our loan facilities was approximately $1.9 billion, with combined outstanding balances of approximately $1.1 billion. We are continually assessing our financing arrangements to ensure they are aligned with our business needs and make adjustments as necessary.

As discussed in Note 13, Notes Payable, to the condensed consolidated financial statements included in Part I, Item 1, as of June 30, 2023, we had three different MSR notes payable in different amounts with different maturities. As of June 30, 2023, the aggregate available amount under our MSR notes payable was $475.0 million, with combined outstanding balances of $123.8 million. Subject to certain borrowing base limitations, we had $205.0 million of borrowing capacity available under our MSR notes payable. The borrowing capacity under our MSR notes payable is restricted by the valuation of our servicing portfolio.

The amount of financing advanced on each individual loan under our loan funding facilities is determined by agreed upon advance rates but may be less than the stated rate due to fluctuations in the market value of the mortgage loans securing the financings. If the lenders providing the funds under our loan funding facilities determine that the value of the loans serving as collateral for our borrowings under those facilities has decreased, they can initiate a margin call to require us to provide additional collateral or reduce the amount outstanding with respect to those loans. Our inability or unwillingness to satisfy such a request could result in the termination of the related facilities and a potential default under our other loan funding facilities. In addition, a large unanticipated margin call could have a material adverse effect on our liquidity.

The amount owed and outstanding under our loan funding facilities fluctuates significantly based on our origination volume, the amount of time it takes us to sell the loans we originate and the amount of loans we are self-funding with cash. We may from time to time post surplus cash as additional collateral to buy-down the effective interest rates of certain loan funding facilities or to self-fund a portion of our loan originations. As of June 30, 2023, we had posted $6.9 million in cash as additional collateral. We have the ability to draw back this additional collateral at any time unless a margin call has been made or a default has occurred under the relevant facilities.

We also have an early buyout facility that is included in our warehouse lines of credit. This facility allows us to purchase certain delinquent GNMA loans that we service and finance them on the facility until the loan is cured or subsequently sold. The capacity of this uncommitted facility is $75.0 million and, as of June 30, 2023, the outstanding balance on the facility was $36.4 million.

Our loan funding facilities and MSR notes payable generally require us to comply with certain operating and financial covenants and the availability of funds under these facilities are subject to, among other conditions, our continued compliance with these covenants. These financial covenants include, but are not limited to, maintaining a certain (i) minimum tangible net worth, (ii) minimum liquidity and (iii) a maximum ratio of total liabilities or total debt to tangible net worth and satisfying certain pre-tax net income requirements. A breach of these covenants could result in an event of default under our funding facilities, which would allow the related lenders to pursue certain remedies. In addition, each of these facilities includes cross default or cross acceleration provisions that could result in all of our funding facilities terminating if an event of default or acceleration of maturity occurs under any one of them. We were in compliance with each of these covenants as of June 30, 2023 and December 31, 2022.

Our debt obligations are summarized below by facility as of June 30, 2023:

Facility ($ in thousands)	Outstanding Indebtedness	Total Facility Size	Maturity Date
Warehouse lines of credit	$ 172,099	$ 345,000	January 2024
	87,082	150,000	August 2023
	201,382	300,000	June 2024
	103,055	200,000	May 2024
	96,035	200,000	September 2023
	165,315	300,000 [1]	September 2023
	5,371	100,000 [2]	July 2023
	33,178	50,000 [3]	N/A
	154,979	200,000 [4]	N/A
	36,362	75,000 [5]	March 2025
MSR notes payable	93,750	175,000 [6]	March 2024
	—	200,000 [7]	August 2027
	30,000	100,000 [1]	September 2023

(1) Amounts drawn on the MSR notes payable with this lender reduce the facility size available under the warehouse line of credit with this lender by an equal and offsetting amount.
(2) Subsequent to June 30, 2023, this facility was paid in full and terminated.
(3) This facility's maturity date is 30 days from written notice by either the financial institution or us.
(4) This facility agreement is due on demand.
(5) Each buyout transaction carries a maximum term of four years from the date of repurchase.
(6) Facility provides for committed amount of $93.8 million, which can be increased up to $175.0 million.
(7) Facility provides for committed amount of $135.0 million, which can be increased up to $200.0 million.

Secondary Market Investors

The investors to whom we sell mortgage loans we originate in the secondary market require us to abide by certain operating and financial covenants. These covenants include maintaining (i) a certain minimum net worth, (ii) a certain minimum liquidity, (iii) a certain minimum of total liquid assets, (iv) a certain maximum ratio of adjusted net worth to total assets and (v) fidelity bond and mortgage servicing errors and omissions coverage. A breach of these covenants could result in an event of default and could disallow us to continue selling mortgage loans to one or all of these investors in the secondary market, which in turn could have a significant impact on our liquidity and results of operations. We were in compliance with each of these covenants as of June 30, 2023 and December 31, 2022.

When we sell loans in the secondary market, we have the option to sell them service released or service retained. The decision whether to sell a loan that we originated service released or service retained is based on factors such as execution and price, liquidity needs and the desire to retain the related client relationship. When we sell a loan service retained, we continue to act as the servicer for the life of the loan. We rely on income from loan servicing and other fees over the life of the loan to generate cash. Certain investors have different rules for the servicer to follow should a loan go into default. As the servicer, we may be legally obligated to make cash payments to the investor who purchased the loan, should the borrower discontinue making payments on the loan. This could have a negative impact to our cash and liquidity; however, we may be able to use other borrower prepayments to cover delinquencies. Should delinquencies significantly increase, or prepayments significantly decrease, we could be forced to use our own cash or borrow on other types of financing in order to make the required monthly payments to the investors who have purchased loans from us. We may also be contractually required to repurchase or indemnify loans with origination defects.

Cash Flows

Our cash flows are summarized below:

($ in thousands)	Six Months Ended June 30, 2023	2022
Net cash (used in) provided by operating activities	$ (315,899)	$ 929,448
Net cash used in investing activities	(54,409)	(2,370)
Net cash provided by (used in) financing activities	335,385	(920,619)
(Decrease) increase in cash, cash equivalents and restricted cash	$ (34,923)	$ 6,459

Operating activities

Our cash flows from operating activities are primarily influenced by changes in the levels of inventory of loans held for sale, as shown below:

($ in thousands)	Six Months Ended June 30, 2023	2022
Loans held for sale	$ (280,217)	$ 954,407
Other operating sources	(35,682)	(24,959)
Net cash (used in) provided by operating activities	$ (315,899)	$ 929,448

For the six months ended June 30, 2023 our loan sales were less than our loan originations with loan sales at $6.9 billion compared to loan originations at $7.3 billion. For the six months ended June 30, 2022 our loan sales exceeded our loan originations with loan sales at $12.8 billion compared to loan originations at $11.9 billion. When loan sales are higher than loan originations we typically experience a net cash inflow and when loan originations are higher than loan sales we typically experience a net cash outflow. Therefore, in the six months ended June 30, 2022 we experienced a net cash inflow from our loans held for sale compared to the six months ended June 30, 2023 during which our cash used was minimal. The increase in cash used by other operating sources was primarily due to changes in valuation adjustments of mortgage servicing rights.

Investing activities

Our investing activities primarily consist of strategic acquisitions, originations and payment activity on loans held for investment and purchases of property and equipment. Cash used in investing activities increased for the six months ended June 30, 2023 compared to the same period in 2022, primarily due to $5.5 million used to fund the acquisitions of Legacy and CCM, the issuance of a note receivable for $11.3 million for the acquisition of CCM and $0.9 million used to purchase interests in joint ventures. Also, we originated $34.4 million in reverse mortgage loans held for investment as we entered the reverse mortgage originations business.

Financing activities

Our cash flows from financing activities are primarily influenced by changes in the levels of warehouse lines of credit used to fund loan originations, which were consistent with the changes in loan origination volume.

($ in thousands)	Six Months Ended June 30, 2023	2022
Warehouse lines of credit	$ 340,057	$ (779,363)
Other financing sources	(4,672)	(141,256)
Net cash provided by (used in) financing activities	$ 335,385	$ (920,619)

Borrowings under warehouse lines of credit move directionally with our mortgage loans held for sale. When our loan originations are higher than our loan sales, then borrowings on our warehouse lines of credit would typically exceed our repayments on those lines and when our loan sales exceed our loan originations, then our repayments on those lines would typically be higher than our

borrowings. As explained above, during the six months ended June 30, 2023 our loan originations exceeded our loan sales causing the net cash provided by warehouse lines of credit to be minimal as compared to the six months ended June 30, 2022 where our loan sales exceeded our loan originations which caused there to be a net cash outflow of repayments on our warehouse lines of credit. The decrease in cash used in other financing sources for the six months ended June 30, 2023 compared to the same period in 2022, was primarily driven by net repayments of $2.5 million compared to net repayments of $131.3 million during the six months ended June 30, 2022 on our MSR notes payable. During the six months ended June 30, 2023 and 2022 we used $1.1 million and $1.4 million, respectively, to repurchase shares of our Class A common stock. During the six months ended June 30, 2022, we made payments of $7.3 million on acquisition-related contingent liabilities.

Share Repurchase Program

On May 5, 2022, our Board of Directors authorized us to repurchase up to $20.0 million of our outstanding Class A common shares over the next 24 months. The share repurchase program allows us to repurchase our Class A common shares from time to time on the open market or in privately negotiated transactions. We are not obligated to purchase any shares under the share repurchase program and the timing of any repurchases will depend on a number of factors, including, but not limited to, stock price, trading volume, market conditions, and other general business considerations. The share repurchase program may be modified, suspended or terminated by our Board of Directors at any time. We intend to fund any repurchases under the share repurchase program with cash on hand. Through June 30, 2023, we repurchased and subsequently retired 645,618 shares of our Class A common stock at an average purchase price of $10.68 per share. As of June 30, 2023, $13.3 million remains available for repurchase.

Material Cash Requirements

Our material cash requirements include servicing our debt obligations as described above and the following contractual obligations.

Repurchase and indemnification obligations

In the ordinary course of business, we are exposed to liability with respect to certain representations and warranties that we make to the investors who purchase the loans that we originate. Under certain circumstances, we may be required to repurchase mortgage loans, or indemnify the purchaser of such loans for losses incurred, if there has been a breach of these representations and warranties, or in the case of early payment defaults. In addition, in the event of an early payment default, we are contractually obligated to refund certain premiums paid to us by the investors who purchased the related loan. See Note 16, Commitments and Contingencies to the condensed consolidated financial statements in Part I, Item 1.

Interest rate lock commitments, loan sale and forward commitments

We enter into IRLCs with borrowers who have applied for residential mortgage loans and who meet certain credit and underwriting criteria. These commitments expose us to market risk if interest rates change during the period of time in which the loan is not economically hedged or committed to be sold to an investor. We are also exposed to credit loss if a loan for which we entered into an IRLC is originated and is not sold to an investor and the related client does not perform. The collateral upon extension of credit typically consists of a first deed of trust in the mortgagor’s residential property. Commitments to originate loans do not necessarily reflect future cash requirements as some commitments are expected to expire without being drawn upon. Total commitments to originate loans, adjusted for pull-through, were approximately $1.1 billion and $0.8 billion as of June 30, 2023 and December 31, 2022, respectively.

Critical Accounting Estimates

The preparation of our financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Certain of these estimates significantly influence the portrayal of our financial condition and results, and they require us to make difficult, subjective or complex judgments. Although we believe that the judgments, estimates and assumptions

used in the preparation of our consolidated financial statements were appropriate given the circumstances at the time they were made, actual results could materially differ from those estimates.

Our critical accounting estimates primarily relate to the fair value estimates of our MSRs, IRLCs, goodwill and contingent liabilities due to acquisitions. See Note 1 – Business, Basis of Presentation, and Accounting Policies to the consolidated financial statements included in Part II, Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Annual Report") for information on our critical accounting policies related to these critical accounting estimates.

There have not been any material changes to the methods we used and judgments we made relating to critical accounting estimates during the six months ended June 30, 2023 from those disclosed in our 2022 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide information for this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We are required to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer (“certifying officers”), as appropriate to allow timely decisions regarding required disclosure. Our management, including our certifying officers, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud due to inherent limitations of internal controls. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Our certifying officers, with the participation of our management, have conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2023. Based upon and as of the date of the evaluation, our certifying officers concluded that our disclosure controls and procedures were effective as of June 30, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified during the quarter ended June 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our certifying officers, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, and from time to time may become, involved in legal and regulatory proceedings or subject to claims arising in the ordinary course of our business. We operate within highly regulated industries on a federal, state and local level and are routinely subject to various examinations and legal and regulatory proceedings in the normal and ordinary course of business. We are not presently a party to any legal or regulatory proceedings that in the opinion of our management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations and financial condition.

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves risks. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this Quarterly Report, including the financial statements and the related notes included in Part I, Item 1 of this Quarterly Report. Our business, financial condition, operating results, cash flow and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our Class A common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently see as immaterial may also adversely affect our business. Some statements in this Quarterly Report, including statements included in the following risk factors, constitute forward-looking statements. Please refer to "Cautionary Statement Regarding Forward-Looking Statements."

Risks Related to Our Business

A disruption in the secondary home loan market or our ability to sell the loans that we originate may continue to have a detrimental effect on our business.

Demand in the secondary market for home loans and our ability to sell the mortgages that we originate depend on many factors that are beyond our control, including general economic conditions, the willingness of lenders to provide funding for and purchase home loans and changes in regulatory requirements. Our inability to sell the mortgages that we originate in the secondary market in a timely manner and on favorable terms could be detrimental to our business. In particular, we sell the majority of the mortgages that we originate to the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie MAC" and, together with Fannie Mae, the "GSEs") and Ginnie Mae, and the gain recognized from these sales represents a significant portion of our revenues and net earnings. If it is not possible or economical for us to continue selling mortgages to the GSEs or other loan purchasers, our business, prospects, financial condition and results of operations could be materially and adversely affected.

Macroeconomic and U.S. residential real estate market conditions have and may continue to materially and adversely affect our revenue and results of operations.

Our business has been, and will continue to be, affected by a number of factors that are beyond our control, including the health of the U.S. residential real estate industry, which is seasonal, cyclical, and affected by changes in general economic conditions. Furthermore, our clients' and potential clients' income, and thus their ability and willingness to make home purchases and mortgage payments, may be negatively affected by macroeconomic factors such as rising inflation rates and the responses by central banking authorities to control such inflation, rising interest rates, unemployment, wage deflation, changes in property values and taxes, recent and potential future disruptions in access to bank deposits and lending commitments due to bank failures, and the availability and cost of credit. In addition, continuing low inventory levels of homes for sale and housing generally, together with high home prices have depressed and may continue to depress home loan purchase activity. These macroeconomic factors have and may continue to adversely affect our origination volume.

Increased delinquencies could also increase the cost of servicing existing mortgages and could be detrimental to our business. Lower servicing fees could result in decreased cash flow, and also could decrease the estimated value of our MSRs, resulting in recognition of losses when we write down those

values. In addition, an increase in delinquencies lowers the interest income we receive on cash held in collection and other accounts and increases our obligation to advance certain principal, interest, tax, and insurance obligations owed by the delinquent mortgage loan borrower.

We are highly dependent on certain U.S. government-sponsored entities and government agencies, and any organizational or pricing changes in these entities or their current roles could materially and adversely affect our business, liquidity, financial condition and results of operations.

A substantial portion of the loans we originate are loans eligible for sale to the GSEs, and government insured or guaranteed loans, such as loans backed by the FHA, the VA and the USDA, eligible for Ginnie Mae securities issuance. The future of GSEs is uncertain, including with respect to how long they will continue to be in existence, the extent of their roles in the market and what forms they will have, and whether they will be government agencies, government-sponsored agencies or private for-profit entities. If the operation of the GSEs is discontinued or reduced, if there is a significant change in their organization or capital structure, financial condition, activity levels or roles in the primary or secondary mortgage markets or in their pricing and underwriting criteria or if we lose approvals with those agencies or our relationships with those agencies is otherwise adversely affected, our business, financial condition and results of operations could be adversely affected.

Changes in prevailing interest rates or U.S. monetary policies have had and may continue to have a detrimental effect on our business. Our hedging strategies may not be successful in mitigating interest rate risk.

Our profitability is directly affected by changes in interest rates. The market value of closed loans held for sale and interest rate locks generally changes along with interest rates. Increasing interest rates currently being experienced in the U.S. have adversely impacted our origination volume because refinancing an existing loan is less attractive for homeowners and qualifying for a purchase loan is more difficult for some borrowers. Furthermore, increasing interest rates have also adversely affect our margins due to increased competition among originators. On the other hand, decreasing interest rates may cause a large number of borrowers to refinance, which could result in the loss of future net servicing revenues with an associated write-down of the related MSRs. As such, volatility in prevailing interest rates have had and may continue to have a detrimental effect on our financial performance and results of operations. Many factors beyond our control impact interest rates, including economic conditions, governmental monetary policies, inflation, recession, changes in unemployment, the money supply, and disorder and instability in domestic and foreign financial markets. Changes in monetary policies of the Federal Reserve System could influence not only consumer demand for mortgages but also the fair value of our financial assets and liabilities.

We pursue hedging strategies to mitigate our exposure to adverse changes in interest rates, including with respect to loans held for sale and interest rate locks. Hedging interest rate risk, however, is a complex process, requiring sophisticated models and constant monitoring, and is not a perfect science. Due to interest rate fluctuations, hedged assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation will generally be offset by income or loss on the derivative instruments that are linked to the hedged assets and liabilities. If we engage in derivative transactions, we will be exposed to credit and market risk. If a counterparty fails to perform, counterparty risk exists to the extent of the fair value gain in the derivative. Interest rate risk exists to the extent that interest rates change in ways that are significantly different from what we expected when we entered into the derivative transaction. In addition, we may not engage in hedging strategies with respect to all or a portion of our exposure to changes in interest rates at any given time, or may engage in hedging strategies to a degree or in a manner that is different from that of other companies in our industry. Failure to effectively manage interest rate risk could have a material adverse effect on our business.

Our servicing rights are subject to termination with or without cause.

The servicing agreements under which we service mortgage loans for GSE and non-GSE loan purchasers require that we comply with certain servicing guidelines and abide by certain financial and restrictive covenants. Under the terms of our master servicing agreements with the GSEs and non-GSEs that purchase the loans we originate, the loan purchasers generally retain the right to terminate us as servicer of the loans we service on their behalf, with or without cause. If we were to have our

MSRs terminated on a material portion of our servicing portfolio, or if our costs related to servicing mortgages were increased by the way of additional fees, fines or penalties or an increase in related compliance costs, this could materially and adversely affect our business.

Our mortgage loan origination and servicing activities rely on our loan funding facilities to fund mortgage loans and otherwise operate our business. If one or more of those facilities are terminated other than in the ordinary course, we may be unable to find replacement financing at commercially favorable terms, or at all, which could be detrimental to our business.

We fund substantially all of the mortgage loans we close through borrowings under our loan funding facilities and funds generated by our operations. Our borrowings are in turn generally repaid with the proceeds we receive from mortgage loan sales. We depend upon several lenders to provide the primary funding facilities for our loans. In the ordinary course of our business, we manage the number and size of our mortgage warehouse lines of credit in light of various factors, including origination volumes and broader macroeconomic conditions. As of June 30, 2023, we had ten warehouse lines of credit pursuant to master repurchase agreements, which provide us with an aggregate maximum borrowing capacity of approximately $1.9 billion. Our mortgage origination liquidity could also be affected if our lenders curtail access to uncommitted mortgage warehouse financing capacity or impose higher costs to access such capacity. Additionally, as of June 30, 2023, we were party to (i) a term loan credit agreement with one of our warehouse banks, which agreement is collateralized by our Fannie Mae MSRs and provides for a term loan facility of $93.8 million (which can be increased to up to $175.0 million), (ii) a loan and security agreement with one of our warehouse banks, which agreement is collateralized by our Ginnie Mae MSRs and provides for a revolving facility of up to $135.0 million (which can be increased to up to $200.0 million) and (iii) a loan and security agreement with one of our warehouse banks, which agreement is collateralized by our Freddie Mac MSRs and provides for a revolving facility of up to $100.0 million.

We believe that we maintain appropriate financing arrangements for our business needs; however, in the event that any of our loan funding facilities is terminated or is not renewed, or if the principal amount that may be drawn under our funding agreements were to decrease significantly, we may be unable to find replacement financing on commercially favorable terms, or at all, which could be detrimental to our business. Our liquidity may be further constrained as there may be less demand by investors to acquire our mortgage loans in the secondary market. Further, if we are unable to refinance or obtain additional funds for borrowing, our ability to maintain or grow our business could be limited.

Our ability to refinance existing debt and borrow additional funds to fund our current and future loan production, servicing advances and other cash needs is unknown and is affected by a variety of factors, including:

- limitations imposed under existing and future financing facilities that contain restrictive covenants and borrowing conditions that may limit our ability to raise additional debt;
- a decline in liquidity in the credit markets;
- prevailing interest rates;
- the financial strength of the lenders from whom we borrow;
- the decision of lenders from whom we borrow to reduce their exposure to mortgage loans due to a change in such lenders’ strategic plan, future lines of business or otherwise;
- the amount of eligible collateral pledged on advance facilities, which may be less than the borrowing capacity of the facility;
- the large portion of our loan funding facilities that is uncommitted;
- more stringent financial covenants in our refinanced facilities, with which we may not be able to comply; and
- accounting changes that impact calculations of covenants in our debt agreements.

If the refinancing or borrowing guidelines become more stringent and those changes result in increased costs to comply or decreased origination volume, those changes could be detrimental to our business.

Our loan funding facilities contain covenants that include certain financial requirements, including maintenance of maximum adjusted leverage ratio, minimum net worth, minimum tangible net worth, minimum current ratio, minimum liquidity, positive quarterly income, and other customary debt covenants, as well as limitations on additional indebtedness, dividends, sales of assets, and declines in the mortgage loan servicing portfolio's fair value. A breach of these covenants can result in an event of default under these facilities and as such allow the lenders to pursue certain remedies. In addition, our loan facilities include cross default or cross acceleration provisions that could result in most, if not all, of our loan facilities terminating if an event of default or acceleration of maturity occurs under one facility. If we are unable to satisfy, or obtain waivers for, the continuing covenants, we may lose the ability to borrow under all of our financing facilities, which could be detrimental to our business.

Our business depends on our ability to maintain and improve the technology infrastructure that supports our origination and servicing platform, and any significant disruption in service on our platform could harm our business, brand, operating results, financial condition and prospects.

Our ability to serve our clients depends on the reliable performance of our technology infrastructure. Interruptions, delays or failures in these systems, whether due to adverse weather conditions, natural disasters, power loss, computer viruses, cybersecurity attacks, physical break-ins, terrorism, hardware failures, errors in our software or otherwise, could be prolonged and could affect the security or availability of our platform and our ability to originate and service mortgages. Furthermore, we may incur significant expense maintaining, updating, and adapting our technology infrastructure, and our disaster recovery planning may be insufficient to prevent or mitigate these and other events or occurrences. The reliability and security of our systems, and those of certain third parties, is important not only to facilitating our origination and servicing of mortgages, but also to maintaining our reputation and ensuring the proper protection of our confidential and proprietary information and the data of mortgage borrowers and other third parties that we possess or control or to which we have access. Operational failures or prolonged disruptions or delays in the availability of our systems could harm our business, brand, reputation, operating results, financial condition, and prospects.

Acquisitions and investments have in the past, and may in the future, cause our financial results to differ from our expectations or the expectations of the investment community and we may not be able to achieve anticipated benefits from such acquisitions or investments.

We have acquired and may in the future acquire or make investments in, complementary or what we view as strategic businesses, services or products. The ultimate success of these acquisitions and investments, as applicable will depend, in part, on our ability to successfully combine and integrate the acquired companies into our business, and realize the synergies and anticipated strategic, financial and other benefits from the acquisitions, as well as on changes in macroeconomic and U.S. residential real estate market conditions. If we are unable to achieve these objectives within the anticipated time frame, or at all, the value of our Class A common stock may decline.

The integration of any acquired company may result in material challenges, including, without limitation:

- coordinating geographically separate organizations with increased operations in jurisdictions in which we previously did not operate and subject to regulations and regulatory authorities to which we previously were not subject;
- undisclosed liabilities that were not discovered during the diligence process;
- managing a larger combined business;
- retaining key management and other employees and maintaining employee morale, and retaining existing business relationships with customers, real estate professionals and other counterparties;

- the possibility of faulty assumptions underlying expectations regarding the integration process and/or our inability to integrate future acquisitions in the same manner, or with the same degree of success, as we have integrated past acquisitions;
- unanticipated issues in integrating information technology, communications and other systems;
- that the business and assets we acquire might not perform at levels we expect, and we may not be able to achieve the anticipated synergies;
- the possibility that we incur additional indebtedness to pay for such acquisition, thereby increasing our leverage and diminishing our liquidity, or issue equity, which could result in dilution to our stockholders;
- the failure of such acquired company to continue to grow under our ownership;
- the impact from revisions to forecasted amounts on the fair value of contingent liabilities related to our completed acquisitions, or disputes that may arise out of earn-outs, escrows, and other arrangements related to an acquisition of a company; and
- unforeseen expenses, costs, liabilities or delays associated with such acquisition.

Any of the foregoing could adversely affect our business, financial condition, and results of operations.

Pressure from existing and new competitors may adversely affect our business, operating results, financial condition and prospects.

We operate in a highly competitive industry that could become even more competitive due to economic, legislative, regulatory, and technological changes. We face significant competition for clients from bank and nonbank competitors, including national and regional banks, mortgage banking companies, financial technology companies, and correspondent lenders. Many of our competitors are significantly larger and have significantly more resources, greater name recognition, and more extensive and established retail footprints than we do.

Our ability to compete successfully will depend on a number of factors, including our ability to build and maintain long-term client relationships while ensuring high ethical standards and sound lending and servicing practices, the scope, relevance and pricing of products and services that we offer, our clients' satisfaction with our products and services, industry and general economic trends, and our ability to keep pace with technological advances in the industry.

Our failure to compete effectively in our markets could restrain our growth or cause us to lose market share, which could have a material adverse effect on our business, prospects, financial condition, and results of operations. Although we have expanded our presence in the Northeast, Midwest and Southwest United States with our acquisition of RMS in 2021, Inlanta in December 2022, Legacy Mortgage, LLC in February 2023 and Cherry Creek Mortgage, LLC in April 2023, respectively, we may face a competitive disadvantage as a result of our concentration primarily in the Northwest United States and will be unable, as compared to our more geographically diversified peers, to spread our operating costs across a broader market. Furthermore, a cyclical decline in the industry's overall loan origination volume, or decreased demand for loans due to a higher interest rate environment, which we believe will continue throughout the balance of 2023 as the Federal Reserve combats rising inflation, have led, and may in the future lead, to increased competition for remaining loan originations. Any increase in these competitive pressures could have an adverse effect on our business, prospects, financial condition, and results of operations.

Our failure to maintain or grow our historical referral relationships with our referral partners may materially and adversely affect our business, operating results, financial condition and prospects.

A substantial portion of our mortgage origination leads are sourced through an established network of referral partners with which we have longstanding relationships, including realtors, builders, and other partners. Our failure to maintain or grow these relationships could significantly decrease our origination volume and materially and adversely affect our business, operating results, financial condition, and prospects. In addition, changes in the real estate and home construction industries, or in the relationships between those industries and the mortgage industry, could adversely

affect our business and operating results, financial condition, and prospects. For example, in recent years, there has been an increase in products and services designed to facilitate home sales without the involvement of realtors, and if the role of realtors in the sales process declines, our business could be adversely affected if we are unable to adapt to that development in a manner that preserves our loan origination leads.

We are required to make servicing advances that can be subject to delays in recovery or may not be recoverable in certain circumstances.

During any period in which our clients are not making payments on loans we service, including during defaults, delinquencies, forbearances, and in certain circumstances where a client prepays a loan, we generally are required under our servicing agreements to advance our own funds to pay principal and interest, property taxes and insurance premiums, legal expenses, and other expenses. In addition, in the event a loan serviced by us defaults or becomes delinquent, or to the extent a mortgagee under such loan is allowed to enter into a forbearance by applicable law or regulation, the repayment to us of any advance related to such events may be delayed until the loan is repaid or refinanced or liquidation occurs. Any delay or impairment in our ability to collect an advance may materially and adversely affect our liquidity, and delays in reimbursements of us, or our inability to be reimbursed, for advances could be detrimental to our business. Market disruptions such as the COVID-19 pandemic and the response, including through the Coronavirus Air, Relief, and Economic Security Act (the "CARES Act"), enacted on March 27, 2020, have in the past and may in the future increase the number of defaults, delinquencies or forbearances related to the loans we service, increasing the advances we make for such loans, which we may not recover in a timely manner or at all. In addition, any regulatory actions that lengthen the foreclosure process could increase the amount of servicing advances that we are required to make, lengthen the time it takes for us to be reimbursed for such advances, and increase the costs incurred during the foreclosure process. While we have in the past utilized prepayments and payoffs to make advances, such sources, and other sources of liquidity available to us, may not be sufficient in the future, and our business, financial condition, and results of operations could be materially and adversely affected as a result. As of June 30, 2023, loans representing approximately 0.6% of the loans in our servicing portfolio were in forbearance.

A substantial portion of our assets are measured at fair value. From time to time our estimates of their value prove to be inaccurate and we are required to write them down.

We record the value of our MSRs, IRLCs, MLHS, the contingent liabilities related to our completed acquisitions, and our inventory of loans for which we have repurchase rights at fair value. Fair value determinations require many assumptions and complex analyses for which we cannot control many of the underlying factors. From time to time our estimates prove to be incorrect and we are required to write down the value of these assets, which could adversely affect our earnings, financial condition, and liquidity.

In particular, our estimates of the fair value of our MSRs are based on the cash flows projected to result from the servicing of the related mortgage loans and continually fluctuate due to a number of factors, including prepayment rates and other market conditions that affect the number of loans that ultimately become delinquent or are repaid or refinanced. These estimates are calculated by a third party using complex financial models that account for a high number of variables that drive cash flows associated with MSRs and anticipate changes in those variables over the life of the MSR. As such, the accuracy of our estimates of the fair value of our MSRs are highly dependent upon the reasonableness of the results of such models and the variables and assumptions that we build into them. If loan delinquencies or prepayment speeds are higher than anticipated or other factors perform worse than modeled, the recorded value of certain of our MSRs may decrease, 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 and to develop and market attractive products and services.

The mortgage industry is continually undergoing rapid technological change with frequent introductions of new products and services. We seek to differentiate ourselves by the range of mortgage programs we offer and rely on our internally-developed technology to make our platform available to our loan officers, evaluate mortgage applicants, service loans and enable greater

operational efficiency. Our future success and growth depend, in part, upon our ability to develop new products and services that satisfy changing client demand and use technology to provide a desirable client experience and to create additional efficiencies in our operations. If we fail to predict demand and develop, commercialize, and achieve acceptance of attractive products and services, our business and prospects could be adversely affected. In addition, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may also cause service interruptions, transaction processing errors and system conversion delays, may cause us to fail to comply with applicable laws, and may cause us to incur additional expenses, which may be substantial. Failure to keep pace successfully with technological change affecting the mortgage industry and avoid interruptions, errors and delays could have a material adverse effect on our business, financial condition or results of operations.

Adverse events to our clients could occur, which can result in substantial losses that could adversely affect our financial condition.

A client’s ability or willingness to repay his or her mortgage may be adversely affected by numerous factors, including a loss of or change in employment or income, weak macro-economic conditions, increases in payment obligations to other lenders and deterioration in the value of the home that serves as collateral for the loan. Increases in delinquencies or defaults related to these and other factors may adversely affect our business, financial condition, liquidity and results of operations and may also cause decreased demand in the secondary market for loans originated through Guild. In addition, higher risk loans incur greater servicing costs because they require more frequent interaction with clients and closer monitoring and oversight. We may not be able to pass along these additional servicing costs associated with higher-risk loans to our clients and they could result in substantial losses that could adversely affect our financial condition.

Our business could be materially and adversely affected by a cybersecurity breach or other vulnerability involving our computer systems or those of certain of our third-party service providers upon which we rely, resulting in consequences such as regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers; and other adverse consequences.

In the ordinary course of our business, we and the third parties upon which we rely, may collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) proprietary, confidential, and sensitive data, such as financial information.

Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities have, and continue to threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, and the third parties upon which we rely, may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to distribute our services.

Our systems and those of certain of our third-party service providers could be vulnerable to hardware and cybersecurity issues. We and the third parties upon which we rely may be subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive data and income, reputational harm, and

diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

To the extent we or our systems rely on third-party service providers through either a connection to, or an integration with, those third-parties' systems, the risk of cybersecurity attacks and loss, corruption or unauthorized publication of our information or the confidential information of our clients, employees, and others, may increase. We may rely on third-party service providers and technologies to operate critical business systems to process sensitive data in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. Other third-party risks may include data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws or security measures may be inadequate. Any damage or failure that causes an interruption in the operations of our third-party service providers could have an adverse effect on our business, operating results, financial condition and prospects. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

As a result of the COVID-19 pandemic, our workforce shifted from in-person to remote work environment. We have since transitioned to a hybrid work environment in which a portion of our workforce may work in-person. Many employees utilize network connections, and computers and devices outside our premises or network, including working at home, while in transit and in public locations. This transition to a prolonged hybrid work environment may exacerbate certain risks to our business, including increasing the stress on, and our vulnerability to disruptions of, our technology infrastructure and computer systems, increased risk of phishing, ransomware, and other cybersecurity attacks, and increased risk of unauthorized dissemination of personal or confidential information.

Future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies.

Any or all of the issues described above could adversely affect our ability to attract new clients and continue our relationship with existing clients and could subject us to governmental or third-party lawsuits, investigations, regulatory fines or other actions or liability, thereby harming our business, operating results, financial condition and prospects. These disruptions could jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, including personal or confidential information of our clients, employees and others, which may result in significant liability and damage our reputation. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive information. Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences.

While we have implemented security measures designed to protect against security incidents, it is difficult or impossible to defend against every risk being posed by changing technologies as well as criminals intent on committing cyber-crime and any measures we employ may not be successful in preventing, detecting or stopping attacks. The increasing sophistication and resources of cyber criminals and other non-state threat actors and increased actions by nation-state actors make keeping up with new threats difficult and could result in a breach of security. Controls employed by our information technology department and our third-party service providers, including cloud vendors, could prove inadequate and we may be unable in the future to detect vulnerabilities in our information technology systems because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. We may expend significant resources or modify our business activities to try to protect against security incidents.

Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

Operating and growing our business may require additional capital, and if capital is not available to us, our business, operating results, financial condition, and prospects may suffer.

Operating and growing our business is expected to require further investments in our technology and operations. We may be presented with opportunities that we want to pursue, and unforeseen challenges may present themselves, either of which could cause us to require additional capital. If our cash needs exceed our expectations or we experience rapid growth, we could experience strain in our cash flow, which could adversely affect our operations in the event we were unable to obtain other sources of liquidity. If we seek to raise funds through equity or debt financing, those funds may prove to be unavailable, may only be available on terms that are not acceptable to us or may result in significant dilution to you or higher levels of leverage. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition, and prospects could be materially and adversely affected.

We are subject to certain operational risks, including, but not limited to, employee or customer fraud, the obligation to repurchase sold loans in the event of a documentation error, and data processing system failures and errors.

Employee errors and employee and client misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include, among other things, improper use of confidential information and fraud. It is not always possible to prevent employee errors and misconduct or documentation errors, and the precautions we take to prevent and detect this activity may not be effective in all cases. In addition, we rely heavily upon information supplied by third parties, including the information contained in credit applications, property appraisals, title information and valuation, and employment and income documentation, in deciding which loans we will originate as well as the terms of those loans. If any of the information upon which we rely is misrepresented, either fraudulently or inadvertently, and the misrepresentation is not detected prior to the mortgage being funded, the value of that mortgage may be significantly lower than expected, or we may fund a mortgage that we would not have funded or on terms we would not have extended. Whether a misrepresentation is made by the mortgage applicant or another third party, we generally bear the risk of loss associated with such misrepresentation. A loan subject to a material misrepresentation is typically unsellable or subject to repurchase if it is sold prior to detection of the misrepresentation. The sources of the misrepresentations are often difficult to identify, and it is often difficult to recover any of the monetary losses we may suffer. These risks could adversely affect our business, results of operation, financial condition, and reputation.

We are periodically required to repurchase mortgage loans that we have sold, or indemnify purchasers of our mortgage loans, if these loans fail to meet certain criteria or characteristics or under other circumstances.

At the time a loan is sold to an investor, we make certain representations and warranties. If defects are subsequently discovered in these representations and warranties that cause a loan to no longer satisfy the applicable investor eligibility requirements, we may be required to repurchase that loan. We are also required to indemnify several of our investors for borrowers’ prepayments and defaults. In addition, with respect to delinquent Ginnie Mae mortgage loans that we service, we are required to repurchase such loans prior to foreclosing and liquidating the mortgaged properties securing such loans. As of June 30, 2023, Ginnie Mae accounted for 28.6% of the UPB of our servicing portfolio.

As of June 30, 2023, we have a reserve of $18.4 million for repurchase and indemnification obligations. Actual repurchase and indemnification obligations could materially exceed the reserves we have recorded in our financial statements. There can be no guarantee that future losses will not be in excess of the recorded liability.

Seasonality may cause fluctuations in our financial results.

The mortgage origination industry can be seasonal. We typically experience an increase in our mortgage origination activity during the second and third quarters and reduced activity in the first and fourth quarters as homebuyers tend to purchase their homes during the spring and summer in order to move to a new home before the start of the school year. Accordingly, our loan origination revenues vary from quarter to quarter and comparisons of sequential quarters may not be meaningful.

If we fail to protect our brand and reputation, our ability to grow our business and increase the volume of mortgages we originate and service may be adversely affected.

Maintaining strong brand recognition and a reputation for trustworthiness and for delivering a superior client experience is important to our business. If we fail to protect our brand and deliver on these expectations, or if negative public opinion relating to Guild or other mortgage industry participants resulting from actual or alleged conduct in mortgage origination, servicing or other activities, government oversight or regulation, litigation or other matters should occur, these events could harm our reputation and damage our ability to attract and retain clients or maintain our referral network, which could adversely affect our business. Our reputation may also be negatively impacted by our environmental, social and governance practices and disclosures, including climate change practices and disclosures.

We could be forced to incur greater expense marketing our brand or maintaining our reputation in the future to preserve our position in the market and, even with such greater expense, we may not be successful in doing so. Many of our competitors have more resources than we do and can spend more advertising their brands and services. If we are unable to maintain or enhance consumer awareness of our brand cost-effectively and maintain our reputation, or otherwise experience negative publicity, our business, operating results, financial condition and prospects could be materially and adversely affected.

We are subject to certain risks associated with investing in real estate and real estate related assets, including risks of loss from adverse weather conditions, man-made or natural disasters, pandemics, terrorist attacks and the effects of climate change, which may cause disruptions in our operations and could materially and adversely affect the real estate industry generally and our business, financial condition, liquidity and results of operations.

Weather conditions and man-made or natural disasters such as hurricanes, tornadoes, earthquakes, pandemics, floods, droughts, fires, and other environmental conditions can adversely impact properties that we own or that collateralize loans we own or service, as well as properties where we conduct business. Future adverse weather conditions and man-made or natural disasters could also adversely impact the demand for, and value of, our assets, as well as the cost to service or manage such assets, directly impact the value of our assets through damage, destruction or loss, and thereafter materially impact the availability or cost of insurance to protect against these events. Terrorist attacks and other acts of violence, including Russia’s invasion of Ukraine in February 2022 and the ongoing war, have caused and may continue to cause consumer confidence and spending to decrease or result in disruptions in U.S. financial markets and negatively impact the U.S. economy in general. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact our business, financial condition, and results of operations.

Potentially adverse consequences of global warming and climate change, including rising sea levels and increased intensity of extreme weather events, could similarly have an impact on our properties and the local economies of certain areas in which we operate. Although we believe the properties collateralizing our loan assets or underlying our MSR assets are appropriately covered by insurance, we cannot predict at this time if we or our borrowers will be able to obtain appropriate coverage at a reasonable cost in the future, or if we will be able to continue to pass along all of the

costs of insurance. There also is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to claims payments due to a deterioration in its financial condition or may even cancel policies due to increasing costs of providing insurance coverage in certain geographic areas.

Certain types of losses, generally of a catastrophic nature, that result from events described above such as earthquakes, floods, hurricanes, tornados, terrorism, acts of war, and pandemics, may also be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, also might make the insurance proceeds insufficient to repair or replace a property if it is damaged or destroyed. Under these circumstances, the insurance proceeds received might not be adequate to restore our economic position with respect to the affected real property. Any uninsured loss could result in the loss of cash flow from, and the asset value of, the affected property, which could have an adverse effect on our business, financial condition, liquidity, and results of operations.

Risks Related to Regulatory Environment

Our mortgage loan origination and servicing activities are subject to a highly complex legal and regulatory framework, and non-compliance with or changes in laws and regulations governing our industry could harm our business, operating results, financial condition, and prospects.

The mortgage industry is subject to a highly complex legal and regulatory framework. In addition to the licensing requirements for each of the jurisdictions in which we originate or service loans, we must comply with a number of federal, state, and local consumer protection and other laws including, among others, the Truth in Lending Act, Real Estate Settlement Procedures Act, Equal Credit Opportunity Act ("ECOA"), Fair Credit Reporting Act, Fair Housing Act, Telephone Consumer Protection Act ("TCPA"), Gramm-Leach-Bliley Act ("GLBA"), Electronic Fund Transfer Act of 1978, Servicemembers Civil Relief Act, Military Lending Act, Homeowners Protection Act, Home Mortgage Disclosure Act, Secure and Fair Enforcement for Mortgage Licensing Act, Federal Trade Commission Act ("FTCA"), Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, federal, state and local laws designed to discourage predatory lending and servicing practices, prohibit unfair, deceptive, or abusive acts or practices, protect customer privacy, and regulate debt collection and consumer credit reporting, and state foreclosure laws. These and other laws and regulations directly affect our business and require constant compliance monitoring, internal and external audits, and examinations by federal and state regulators. Changes to the laws, regulations, and guidelines relating to the origination and servicing of mortgages, including those already adopted and those that may in the future be adopted, their interpretation or the manner in which they are enforced, could render our current business practices non-compliant or make compliance more difficult or expensive.

As a non-depository lending and servicing institution, we are subject to the regulatory authority of the Consumer Financial Protection Bureau ("CFPB"), including, without limitation, its authority to conduct investigations, bring enforcement actions, impose monetary penalties, require remediation of practices, pursue administrative proceedings or litigation, and obtain cease and desist orders for violations of applicable federal consumer financial laws. The CFPB has been active in investigations and enforcement actions, and has issued civil money penalties to parties when the CFPB has determined that such parties have violated the laws and regulations it enforces. Our failure to comply with the federal consumer protection laws and regulations to which we are subject, whether that failure is actual or alleged, could expose us to enforcement actions or potential litigation liabilities. Additional regulatory uncertainty now exists as a result of a decision issued by the United States Court of Appeals for the Fifth Circuit on October 19, 2022, striking down a CFPB rulemaking as a result of its conclusion that the funding structure for the CFPB violates the Appropriations Clause of the U.S. Constitution. Because all CFPB rulemakings depend on the expenditure of CFPB funds, there is a risk that prior CFPB activities, including the promulgation of regulations impacting the mortgage market and upon which lenders, such as Guild, have relied in conducting their activities, may also be deemed unconstitutional.

It is possible that we are not, and will not in the future be, in full compliance with current and future laws and regulations, or interpretations of the foregoing. Our failure, or the failure of our loan officers, other employees, correspondent sellers or others with whom we have business relationships, to operate in compliance with any of the laws, regulations, and guidelines relating to the origination, servicing, and collection of mortgages could result in, among other things, the loss of licenses and

approvals required for us to engage in the business of originating, servicing, and collecting mortgage loans, governmental investigations and enforcement actions, damage to our brand and reputation, civil and criminal liability and administrative penalties, which could have a material and adverse effect on our business, operating results, financial condition, and prospects.

The Financial Stability Oversight Council ("FSOC") has recommended that federal and state regulators strengthen the prudential regulation of nonbank mortgage origination and servicing companies and has issued guidance describing the process FSOC would follow if it were to consider making a determination to subject a nonbank financial company to supervision by the Board of Governors of the Federal Reserve System and prudential standards. The FSOC has also been conducting a review of the secondary mortgage market focused on the regulation of the GSEs. Additionally, the Conference of State Bank Supervisors ("CSBS") has issued a proposal for enhancing regulatory prudential standards for nonbank mortgage servicers subject to licensing and supervision by state financial regulators. The CSBS prudential regulatory proposal includes standards for capital, liquidity, risk management, data standards and integrity, data protection and cyber risk, corporate governance, servicing transfer requirements, and change of control requirements. To the extent that the FSOC and other regulators move forward with new prudential reforms of nonbank mortgage originators or servicers (including designating nonbank mortgage companies for heightened prudential regulation by the Federal Reserve), the markets they serve, or the secondary mortgage market, it could materially affect the operating costs, competitiveness, business plan, and prospects of our business.

Failure to comply with fair lending laws and regulations could lead to a wide variety of sanctions that could have a material adverse effect on our business, financial condition, and results of operations.

Anti-discrimination statutes, such as the Fair Housing Act, ECOA, and other fair lending laws and regulations prohibit creditors from discriminating against loan applicants and borrowers based on certain characteristics, such as race, religion, and national origin. The Department of Justice and other federal agencies, including the CFPB, are responsible for enforcing these laws and regulations. In 2015, the U.S. Supreme Court confirmed that the "disparate impact" theory applies to cases brought under the Fair Housing Act, while emphasizing that a causal relationship must be shown between a specific policy of the defendant and a discriminatory result that is not justified by a legitimate objective of the defendant. As a result, various federal regulatory agencies and departments take the position that these laws apply not only to intentional discrimination, but also to neutral practices that have a disparate impact on a group that shares a characteristic that a creditor may not consider in making credit decisions (i.e., creditor or servicing practices that have a disproportionately negative effect on a protected class of individuals). Although it is still unclear whether the theory applies under the ECOA, regulatory agencies and private plaintiffs can be expected to continue to apply it to both the Fair Housing Act and ECOA in the context of mortgage loan lending and servicing. Compliance with anti-discrimination prohibitions, and particularly the disparate impact theory, creates a significant administrative burden and potential liability for failure to comply. In addition, regulatory agencies and consumer advocacy groups are becoming more aggressive in asserting fair lending, fair housing and other claims that the practices of lenders and loan servicers result in a disparate impact on protected classes. A successful regulatory challenge to our performance under these fair lending laws and regulations could result in a wide variety of sanctions, including damages, injunctive or equitable relief, and civil money penalties. In addition to reputational harm, such sanctions could have a material adverse effect on our business, financial condition, and results of operations. Beyond exposure to potential fair lending or servicing claims under disparate impact theory, lenders face increasing regulatory, enforcement and litigation risk under the Fair Housing Act and ECOA from claims of "redlining" and "reverse redlining." Redlining is the practice of avoiding providing services to individuals living in communities of color because of the race or national origin of the people who live in those communities. Reverse redlining is targeting an applicant in a certain neighborhood for a higher cost products or services. In late 2021, the Department of Justice launched a "combating redlining initiative" and partnership with other federal and state agencies, including the CFPB, to crack down on discriminatory lending practices, making clear they are a high priority across the financial services regulatory ecosystem. In addition, the CFPB recently announced that it intends to use its authority under the Consumer Financial Protection Act to identify, prohibit, and prosecute discrimination as an unfair, deceptive, or abusive act or practices to target discriminatory conduct, even where fair lending laws such as the ECOA may not apply. More restrictive laws and regulations may be adopted in the

future, and governmental bodies or courts may interpret existing laws or regulations in a more restrictive manner, which could make compliance more difficult or expensive. Any such changes in laws, regulations or interpretations could have a detrimental effect on our business.

We are subject to state licensing and operational requirements. Our failure to obtain and maintain the appropriate state licenses would prohibit us from originating or servicing mortgages in those states and adversely affect our operations.

Because we are not a federally chartered depository institution, we do not benefit from exemptions to state mortgage lending, loan servicing or debt collection licensing and regulatory requirements. In most states in which we operate, one or more regulatory agencies regulate and enforce laws relating to mortgage servicing companies and mortgage origination companies such as us. These rules and regulations generally require that we seek and maintain certain licenses and comply with certain business practice standards, including requirements as to the form and content of contracts and other documentation and the licensing of our employees. As a nonbank mortgage lender, we are subject to licensure, regulation, and supervision by every state and district in which we do business. States examine nonbank mortgage lenders and servicers periodically, depending on state law requirements and other factors such as the lender’s size and compliance history. These examinations may include a review of the nonbank lender’s compliance with all federal and state consumer protection laws, compliance management system, and internal controls. Complying with this regulatory framework requires a meaningful dedication of management and financial resources. Changes to existing state legislation or the adoption of new state legislation, as well as our entry into new markets in states in which we had not previously operated, could increase our compliance costs. This could render business in any one state or states cost-prohibitive and could materially affect our business and our growth strategy. Any failure to comply with these licensing and operational requirements could have a material and adverse effect on our business, operating results, financial condition, and prospects.

Changes in the guidelines of the GSEs, FHA, VA, USDA, and Ginnie Mae could adversely affect our business.

We are required to follow specific guidelines and eligibility standards that impact the way we service and originate GSE and U.S. government agency loans, including guidelines and standards with respect to credit standards for mortgage loans, our staffing levels, and other servicing practices, and the servicing and ancillary fees that we may charge. In addition, we are required to meet certain minimum financial requirements relating to our net worth, capital ratio, and liquidity in order to sell the loans that we originate to certain investors, including the GSEs. A change in these guidelines could require us to expend additional resources to originate and service mortgages or make it more difficult for us to do so profitably or at all, and a failure to meet applicable financial requirements could materially impair our ability to originate and service loans, any of which could have a material and adverse effect on our business, operating results, financial condition, and prospects. In August 2022, the Federal Housing Finance Agency ("FHFA") and Ginnie Mae announced updated minimum financial eligibility requirements for Fannie Mae and Freddie Mac Seller/Servicers, and Ginnie Mae for single family issuers. The updated minimum financial eligibility requirements modify the definitions of tangible net worth and eligible liquidity, modify their minimum standard measurement and include a new risk-based capital ratio, among other changes. In September 2022, at the direction of the FHFA, Fannie Mae and Freddie Mac announced similar revisions to minimum financial eligibility requirements. The majority of the requirements are effective on September 30, 2023 with origination liquidity and certain other capital requirements effective as of December 31, 2023. On October 21, 2022, Ginnie Mae extended the compliance date for its risk-based capital requirements to December 31, 2024. Certain of these new capital requirements may impact liquidity in Ginnie Mae markets and while the ultimate impact remains uncertain, such requirements could have the effect of devaluing certain Ginnie Mae MSRs. If we misjudge the magnitude of the costs and benefits of these updated minimum financial eligibility requirements and their impacts on our business, our financial results could be negatively impacted.

In addition, changes in the nature or extent of the guarantees provided by the GSEs, Ginnie Mae, the USDA or the VA, or the insurance provided by the FHA, or coverage provided by private mortgage insurers, could also have broad adverse market implications. Any future increases in guarantee fees or changes to their structure or increases in the premiums we are required to pay to

the FHA or private mortgage insurers for insurance, or to the VA or the USDA for guarantees, could increase mortgage origination costs and insurance premiums for our clients. These industry changes could result in reduced demand for our mortgage services, resulting in reduced origination volume and profitability for us, which could materially and adversely affect our business, operating results, financial condition, and prospects.

Material changes to the laws, regulations or practices applicable to reverse mortgage programs operated by FHA and HUD could adversely affect our reverse mortgage business.

We acquired Cherry Creek Mortgage LLC in April 2023 and as a result now originate reverse mortgage loan products. The reverse mortgage industry is largely dependent upon the FHA and HUD, and there can be no guarantee that these entities will retain Congressional authorization to continue the Home Equity Conversion Mortgage ("HECM") program or that they will not make material changes to the laws, regulations, rules or practices applicable to reverse mortgage programs. The vast majority of reverse mortgage loan products we originate are HECMs, which are FHA-insured loans that must comply with the FHA's and other regulatory requirements. Guild may also originate non-HECM reverse mortgage products, for which there is a limited secondary market. The FHA regulations governing the HECM products have changed from time to time. For example, FHA has added disbursement limits that restrict the amount of loan proceeds that a borrower can receive during the first year of the loan, implemented collateral risk assessment guidelines that require HECM lenders to obtain a second property appraisal if FHA determines that additional support for the collateral value is needed, and added credit-based underwriting criteria designed to assess borrowers' ability and willingness to meet their financial obligations. Our reverse mortgage business is also subject to state statutory and regulatory requirements including, but not limited to, licensing requirements, required disclosures and permissible fees. If we fail to comply with applicable laws and regulations relating to the origination of reverse mortgages, we could be subject to adverse regulatory actions, including potential fines, penalties or sanctions, and our business, reputation, and financial condition could be adversely affected. We continue to evaluate our reverse mortgage business and the future loan production under such business remains uncertain.

We are subject to stringent and evolving laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.

In the ordinary course of our business, we and the third parties upon which we rely, may collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data and financial information. Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

Federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, financial privacy laws (e.g., the GLBA), consumer protection laws (e.g., Section 5 of the FTCA), and other similar laws (e.g., wiretapping laws). For example, the TCPA imposes various consumer consent requirements and other restrictions on certain telemarketing activity and other communications with consumers by phone, fax or text message. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the Federal Communications Commission or fines of up to $1,500 per violation imposed through private litigation or by state authorities. As another example, the California Consumer Privacy Act of 2018 ("CCPA") requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights. The CCPA provides for civil penalties of up to $7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. The California Privacy Rights Act of 2020, which became operative on January 1, 2023, expanded the CCPA's requirements to apply to personal information of business representatives and employees and established a new regulatory agency to

implement and enforce the law. Other states, such as Virginia, Colorado, Utah and Connecticut, have also passed comprehensive privacy laws, and similar laws are being considered in several other states., as well as at the federal and local levels. These developments may further complicate compliance efforts, and may increase legal risk and compliance costs for us, the third parties upon whom we rely, and our customers.

We may be bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws, such as the CCPA, allow our customers to impose specific contractual restrictions on their service providers. We may also be contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future. We may publish privacy policies, marketing materials and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions or other adverse consequences.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources. These obligations may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims); additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our services; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

Risks Related to Our Organization and Structure

We are controlled by MCMI, and MCMI's interests may conflict with our interests and the interests of our other stockholders.

MCMI holds all of our issued and outstanding Class B common stock and controls approximately 95.1% of the combined voting power of our outstanding common stock. As a result, MCMI controls any action requiring the general approval of our stockholders, including the election of our Board of Directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger or sale of substantially all of our assets. So long as MCMI continues to directly or indirectly own a significant amount of our equity, even if such amount is less than a majority of the combined voting power of our outstanding common stock, MCMI will continue to be able to substantially influence the outcome of votes on all matters requiring approval by the stockholders. The interests of MCMI could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by MCMI could delay, defer or prevent a change of control of our Company or impede a merger, takeover or other business combination that may otherwise be attractive to us or our other stockholders.

We are a "controlled company" within the meaning of the New York Stock Exchange ("NYSE") rules and, as a result, we are permitted to rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

Because MCMI controls a majority of the combined voting power of our outstanding common stock, we are considered a controlled company under the applicable rules of the NYSE. As a controlled

company, we are permitted to elect not to comply with certain corporate governance requirements of the NYSE, including the requirements that:

- a majority of our Board of Directors consist of independent directors;
- we have a nominating and corporate governance committee that is composed entirely of independent directors; and
- we have a compensation committee that is composed entirely of independent directors.

These requirements will not apply to us as long as we remain a controlled company. Accordingly, investors in our Class A common stock may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. We have currently elected not to rely on the exemptions above, however we may choose to do so at any time.

Our directors and executive officers have significant control over our business.

Our directors and executive officers beneficially own, directly or indirectly, in the aggregate, approximately 35.2% of the outstanding shares of our Class A common stock and 100% of the outstanding shares of our Class B common stock (to the extent the Chairman of our Board of Directors may be deemed to beneficially own all of the shares of our Class B common stock beneficially owned by MCMI), representing an aggregate of approximately 96.9% of the combined voting power of our outstanding common stock. As a result, in addition to their day-to-day management roles, our executive officers and directors will be able to exercise significant influence on our business as stockholders, including influence over election of members of the Board of Directors and the authorization of other corporate actions requiring stockholder approval.

We are a holding company and depend upon distributions from GMC to meet our obligations.

We are a holding company with no material assets other than our ownership of equity interests in GMC, which is our wholly owned subsidiary. Our ability to pay dividends and to pay taxes and cover other expenses depends on the financial results and cash flows of GMC. As the sole member of GMC, we intend to cause GMC to make distributions to us in amounts sufficient to meet our obligations. Certain laws and regulations, however, may result in restrictions on GMC’s ability to make distributions to us. To the extent that we need funds and GMC is restricted from making such distributions under applicable law or regulation or under the terms of any of its financing arrangements, we may not be able to obtain funds on terms acceptable to us or at all and as a result could suffer an adverse effect on our liquidity and financial condition.

Risks Related to our Class A Common Stock

Sales of a substantial number of shares of our Class A common stock by our existing stockholders in the public market could cause the price of our Class A common stock to fall.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could significantly reduce the market price of our Class A common stock. If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock (including shares of our Class B common stock that would convert to Class A common stock in connection with such sales) in the public market, the trading price of our Class A common stock could substantially decline. Furthermore, if MCMI or our executive officers and directors were to sell a substantial portion of the shares they hold, it could cause the price of our Class A common stock to decline.

Our issuance of capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise would dilute all other stockholders.

We may issue capital stock in the future. Any such issuance would result in dilution to all other stockholders. In the future, we may issue stock, including as a grant of equity awards to employees, directors, and consultants under our equity incentive plans, to raise capital through equity financings or to acquire or make investments in companies, products or technologies for which we may issue equity securities as consideration or for financing purposes. Any such issuances of capital stock in the

future may cause stockholders to experience significant dilution of their ownership interests and the per share value of our Class A common stock to decline.

Although we have paid dividends in the past, we do not currently intend to pay dividends in the foreseeable future.

Although we have paid some special dividends in the past and our Board of Directors recently announced its intention to pay a special dividend effective September 7, 2023 to stockholders of record as of August 23, 2023, we do not currently anticipate declaring or paying regular cash dividends on our Class A common stock in the foreseeable future. Instead, we anticipate that most of our future earnings will be retained to support our operations and finance the growth and development of our business. Any future determination to declare and pay cash dividends, if any, will be made at the discretion of our Board of Directors and will depend on a variety of factors, including applicable laws, our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, general business or financial market conditions, and other factors our Board of Directors may deem relevant. Because we are a holding company, our ability to pay dividends depends on our receipt of cash dividends from GMC, which may further restrict our ability to pay dividends. Investors should not purchase our Class A common stock with the expectation of receiving cash dividends.

Certain provisions in our certificate of incorporation and bylaws and of Delaware law may prevent or delay an acquisition of Guild, which could decrease the trading price of our Class A common stock.

Our certificate of incorporation, bylaws, and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions include, among others, those establishing:

- a dual class common stock structure, which provides MCMI with the ability to control the outcome of matters requiring stockholder approval, even if it beneficially owns significantly less than a majority of the shares of our outstanding common stock;
- the division of our Board of Directors into three classes of directors, with each class serving a staggered three-year term, which could have the effect of making the replacement of incumbent directors more time-consuming and difficult;
- the inability of our stockholders to call a special meeting;
- the inability of our stockholders to act by written consent after MCMI and its affiliated private equity funds cease to beneficially own a majority of the combined voting power of our capital stock;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our Board of Directors to issue preferred stock without stockholder approval;
- the inability of stockholders to remove directors without cause after MCMI, any other investment funds affiliated with MCMI, and any company or other entity controlled by, controlling or under common control with MCMI or any such investment fund (other than any portfolio company) cease to beneficially own a majority of the combined voting power of our capital stock; and
- the ability of our directors, not our stockholders, to fill vacancies on the Board of Directors.

In addition, because we have not elected to be exempt from Section 203 of the Delaware General Corporation Law (the “DGCL”), this provision could also delay or prevent a change of control that stockholders may favor. Section 203 of the DGCL provides that, subject to limited exceptions, a person that acquires, or is affiliated with a person that acquires, more than 15% of the outstanding voting stock of a Delaware corporation (an “interested stockholder”) must not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which the person became an interested

stockholder, unless (i) prior to such time, the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) the voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan); or (iii) on or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock of such corporation not owned by the interested stockholder.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make Guild immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of Guild and its stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our Board of Directors has the ability to issue blank check preferred stock, which may discourage or impede acquisition attempts or other transactions.

Our Board of Directors has the power, subject to applicable law, to issue series of preferred stock that could, depending on the terms of the series, impede the completion of a merger, tender offer or other takeover attempt. For instance, subject to applicable law, a series of preferred stock may impede a business combination by including class voting rights, which would enable the holder or holders of such series to block a proposed transaction. Our Board of Directors will make any determination to issue shares of preferred stock based on its judgment as to our and our stockholders' best interests. Our Board of Directors, in so acting, could issue shares of preferred stock having terms which could discourage an acquisition attempt or other transaction that some, or a majority, of the stockholders may believe to be in their best interests or in which stockholders would have received a premium for their stock over the then-prevailing market price of the stock.

Our certificate of incorporation and bylaws contain exclusive forum provisions that may discourage lawsuits against us and our directors and officers.

Our certificate of incorporation provides that, unless the Board of Directors otherwise determines, the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Guild, any action asserting a claim of breach of a fiduciary duty owed by any director or officer of Guild to Guild or Guild's stockholders, any action asserting a claim against Guild or any director or officer of Guild arising pursuant to any provision of the DGCL or Guild's certificate of incorporation or bylaws, or any action asserting a claim against Guild or any director or officer of Guild governed by the internal affairs doctrine under Delaware law (collectively, the "covered actions"). This exclusive forum provision applies to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law, although stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. This exclusive forum provision does not apply to actions that do not assert any covered Delaware state law claims, such as, for example, any action asserting solely federal securities law claims, and the enforceability of similar choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings and it is possible that, in connection with claims arising under federal securities laws or otherwise, a court could find this exclusive forum provision to be inapplicable or unenforceable.

Our bylaws provide that the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. Section 22 of the Securities Act of 1933, as amended (the "Securities Act") creates concurrent jurisdiction for federal and state courts over all such Securities Act actions, and thus both state and federal courts have jurisdiction to entertain such claims. Our bylaws prevent having to litigate claims in multiple

jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations. Notwithstanding the foregoing, the exclusive forum provision shall not apply to claims seeking to enforce any liability or duty created by the Securities Exchange Act of 1934.

These exclusive forum provisions may limit the ability of Guild's stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with Guild or Guild's directors or officers, which may discourage such lawsuits against Guild and Guild's directors and officers. Alternatively, if a court were to find these exclusive forum provisions inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, Guild may incur additional costs associated with resolving such matters in other jurisdictions or forums, which could materially and adversely affect Guild's business, financial condition or results of operations.

The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.

We cannot predict the potential effects our dual class structure may have on our Class A common stock, such as a lower or more volatile market price. In 2017, S&P Dow Jones and FTSE Russell announced that they would begin excluding most newly public companies with multiple classes of shares of common stock from being added to certain indices, including the Russell 2000, the S&P 500, the S&P MidCap 400 and the S&P SmallCap 600. As a result, our dual class capital structure would make us ineligible for inclusion in any of these indices, and mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices likely will not invest in our stock. Furthermore, we cannot assure you that other stock indices will not take a similar approach to S&P Dow Jones or FTSE Russell in the future. It is unclear what effect, if any, these policies will have on the valuations of publicly traded companies excluded from these indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, however, it is possible that exclusion from such indices could make our Class A common stock less attractive to investors. As a result, the market price of our Class A common stock could be adversely affected.

Risks Related to Being a Public Company

Our quarterly and annual operating results or other operating metrics may fluctuate significantly and may not meet expectations of research analysts, which could cause the trading price of our Class A common stock to decline.

Our quarterly and annual operating results and other operating metrics have fluctuated in the past and may in the future fluctuate as a result of a number of factors, many of which are outside of our control and may be difficult to predict. Period-to-period variability or unpredictability of our results could result in our failure to meet our expectations or those of any analysts that cover us or investors with respect to revenue or other operating results for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our Class A common stock could decline significantly, and we could face litigation, including securities class action litigation.

We have in the past identified material weaknesses in our internal control over financial reporting and concluded that our disclosure controls and procedures were not effective. Any failure to maintain effective internal control over financial reporting or to maintain effective disclosure controls and procedures in the future may have a material and adverse effect on our business, operating results, financial condition and prospects.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on our system of internal control. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. As a public company, we are required to comply with the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") and other rules that govern public companies. In particular, we are required to certify our compliance with Section 404 of the Sarbanes-Oxley Act, which requires us to furnish annually a report by management on the effectiveness of our internal control over financial reporting. In addition, our independent registered public accounting firm is required to report on the effectiveness of our internal control over financial reporting. Also, as a publicly-traded company, we are required to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file with, or submit to, the SEC is recorded,

processed, summarized and reported, within the time periods specified in the SEC's rules and forms. In our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, we reported having a material weakness because we did not have a sufficient complement of personnel with requisite experience in the design and operation of controls and did not perform an effective risk assessment, including risk of fraud. This resulted in ineffective general information technology controls over user access and change management within the general ledger and loan systems. The deficiencies also contributed to ineffective monitoring of consistent operation of internal control over financial reporting and ineffective evaluation of the reliability of information used in controls.

During fiscal year 2022, we developed and executed measures designed to address the above-described material weakness and enhance our internal controls over financial reporting. These measures included the following: (1) investing in and continuing to hire additional finance, accounting and IT resources with appropriate knowledge and expertise to effectively design, operate and document financial reporting processes and internal controls, (2) enhancing risk assessment, including over source systems to identify the appropriate complement of controls to address access and other information technology specific risks, (3) designing and implementing controls to formalize roles and review responsibilities to align with our team's skills and experience, including over segregation of duties and information technology solutions, (4) implementing and monitoring our approach to remediation of control activities, (5) engaging third party specialists to conduct a comprehensive review, update and enhancement of the design and documentation of key business processes to ensure the components of internal control over financial reporting are present and functioning, and (6) reporting regularly to the audit committee on the progress and results of the remediation plan, including the identification, status, and resolution of internal control deficiencies.

Management has concluded, through testing of the design and operating effectiveness of the newly designed controls that the previously identified material weaknesses in our internal control over financial reporting were remediated as of December 31, 2022. However, we cannot assure you that in the future those controls and procedures will be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements or that our disclosure controls and procedures will remain effective. As a result, investors, counterparties and consumers may lose confidence in the accuracy and completeness of our financial and other reports filed with, or submitted to, the SEC, our access to capital markets and perceptions of our creditworthiness could be adversely affected, and the market price of our Class A common stock could decline. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources. These events could have a material and adverse effect on our business, operating results, financial condition and prospects.

General Risk Factors

Our existing and any future indebtedness could adversely affect our ability to operate our business, our financial condition or the results of our operations.

Our existing and any future indebtedness could have important consequences, including:

- requiring us to dedicate a substantial portion of our cash flow to payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures or other corporate purposes;
- increasing our vulnerability to general adverse economic, industry and market conditions;
- subjecting us to restrictive covenants that may reduce our ability to take certain corporate actions or obtain further debt or equity financing;
- limiting our ability to plan for and respond to business opportunities or changes in our business or industry; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

Failure to make payments or comply with other covenants under our existing debt instruments could result in an event of default. If an event of default occurs and the lender accelerates the amounts due, we may need to seek additional financing, which may not be available on acceptable

terms, in a timely manner or at all. In that event, we may not be able to make accelerated payments, and the lender could seek to enforce security interests in the collateral securing such indebtedness, which includes substantially all of our assets.

Our risk management strategies may not be fully effective in mitigating our risk exposures in all market environments or against all types of risk.

We have devoted significant resources to develop our risk management policies and procedures and expect to continue to devote such resources to the risk management program in the future. Nonetheless, our risk management strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including market, interest rate, credit, liquidity, operational, cybersecurity, legal, regulatory and compliance risks, as well as other risks that we may not have identified or anticipated. As our products and services change and grow and the markets in which we operate evolve, our risk management strategies may not always adapt to those changes in a timely or effective manner. Some of our methods of managing risk are based upon our use of observed historical market behavior and management's judgment. As a result, these methods may not predict future risk exposures, which could be different or significantly greater than the historical measures indicate. Although we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the timing of such outcomes. Any of these circumstances could have an adverse effect on our business, financial condition and results of operations.

If we are unable to attract, integrate and retain qualified personnel, our ability to develop and successfully grow our business could be harmed.

Our business depends on our ability to retain our key executives and management and to hire, develop and retain qualified loan officers and other employees. Our ability to expand our business depends on our being able to hire, train and retain sufficient numbers of employees to staff our in-house servicing centers, as well as other personnel. Our success in recruiting highly skilled and qualified personnel can depend on factors outside of our control, including the strength of the general economy and local employment markets and the availability of alternative forms of employment. If the services of any of our key personnel should become unavailable for any reason, we may not be able to identify and hire qualified persons on terms acceptable to us, which could have a material and adverse effect on our business, operating results, financial condition and prospects.

Furthermore, staffing reductions that occurred during 2022 could create an additional risk of claims being made on behalf of affected employees. Any alleged violation of applicable wage laws or other labor-or employment-related laws could result in complaints by current or former employees, adverse media coverage, investigations and damages or penalties which could have a materially adverse effect on our reputation, business, operating results and prospects. In addition, responding to any such proceeding may result in a significant diversion of management's attention and resources, significant defense costs and other professional fees.

We may from time to time be subject to litigation, which may be extremely costly to defend, could result in substantial judgment or settlement costs and could subject us to other remedies.

From time to time, we have been, and may continue to be, involved in various legal proceedings, including, but not limited to, actions related to our lending and servicing practices as well as alleged violations of the local, state and federal laws to which our business is subject. Claims may be expensive to defend and may divert management's time away from our operations, regardless of whether they are meritorious or ultimately lead to a judgment against us. We cannot assure you that we will be able to successfully defend or resolve any current or future litigation matters, and the resolution of such matters may result in significant financial payments by, or penalties imposed upon, us, restrictions on our business and operations, or other remedies, in which case those litigation matters could have a material and adverse effect on our business, operating results, financial condition and prospects.

Changes in tax laws may adversely affect our tax rate, cash flow and financial performance.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022, which, among other things, imposed a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy. Further proposed tax changes that may be enacted in the future could impact our current or future tax structure and effective tax rates. The Biden administration has previously proposed other legislation that would further broaden the tax base and limit tax deductions in certain situations. It is unclear at this time if any of these proposals will be enacted in the future. These provisions could have a material, adverse impact on our tax rate, cash flow and financial results. There can be no assurance that future tax law changes will not increase the rate of the corporate income tax significantly, impose new limitations on deductions, credits or other tax benefits, or make other changes that may adversely affect our business, cash flows or financial performance.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to repurchases of shares of our Class A common stock during the three months ended June 30, 2023:

Period	Total Number of Shares Purchased	Average Price Paid Per Share[(1)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[(2)]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in thousands)[(2)]
April 1, 2023 to April 30, 2023	24,773	$ 10.81	24,773	$ 13,582
May 1, 2023 to May 31, 2023	15,489	$ 10.15	15,489	$ 13,424
June 1, 2023 to June 30, 2023	11,326	$ 10.81	11,326	$ 13,301
Total	51,588	$ 10.58	51,588	

(1) Average price paid per share includes costs associated with the repurchases.

(2) On May 5, 2022, our Board of Directors approved a stock repurchase program for the repurchase of up to $20.0 million of our outstanding Class A common stock over a period of 24 months from such date. As of June 30, 2023, $13.3 million remained available for repurchase. The share repurchase program allows us to repurchase shares of our Class A common stock from time to time on the open market or in privately negotiated transactions. We are not obligated to purchase any shares under the share repurchase program and the timing of any repurchases will depend on a number of factors, including, but not limited to, stock price, trading volume, market conditions, and other general business considerations. The share repurchase program may be modified, suspended or terminated by our Board of Directors at any time.

ITEM 5. OTHER INFORMATION

Amended and Restated Bylaws

On August 2, 2023, our Board of Directors approved and adopted amendments to our Amended and Restated Bylaws (the " **Bylaws**"), which became effective immediately. Among other things, the amendments:

- update the advance notice provisions that apply when a stockholder intends to propose a director nomination or other business at a stockholder meeting, including to address Rule 14a-19 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 14a-19**"), by requiring:
  - any stockholder submitting a nomination notice to make a representation as to whether such stockholder intends to solicit proxies in support of director nominees other than the Company's nominees in accordance with Rule 14a-19 and to provide reasonable evidence that certain requirements of such rule have been satisfied;

  - the nomination of each proposed director nominee other than the Company’s nominees be disregarded (notwithstanding that the nominee is included as a nominee in the Company’s proxy statement, notice of meeting or other proxy materials for any stockholder meeting (or any supplement thereto) and notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Company (which proxies and votes shall be disregarded)) if, after a stockholder provides notice pursuant to Rule 14a-19, such stockholder subsequently fails to comply with the requirements of Rule 14a-19 or fails to timely provide reasonable evidence that certain requirements of such rule have been satisfied;
  - that the number of nominees a stockholder may nominate for election at a stockholder meeting may not exceed the number of directors to be elected at such meeting;
  - certain representations with respect to a proposed nominee regarding the absence of certain voting commitments, disclosure of compensation for service and compliance with our corporate governance and other policies, and intent to serve the entire term;
  - additional background information and disclosures regarding proposing stockholders, proposed nominees and business, and other persons related to a stockholder’s solicitation of proxies;
  - that whenever a document or information must be delivered to us under the advance notice provisions such document or information must be in writing exclusively (and not in an electronic transmission) and must be delivered exclusively by hand or by certified or registered mail, return receipt requested;
- require that any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, with the white proxy card being reserved for exclusive use by our Board of Directors;
- adopt an exclusive forum provision designating the U.S. federal courts as the exclusive forum for all claims arising under the Securities Act of 1933, as amended; and
- Make certain other technical, modernizing and clarifying changes.

The above description of the amendments to the Bylaws does not purport to be complete, and is qualified in its entirety by reference to the full text of our Bylaws, which are attached as Exhibit 3.2 to this Quarterly Report on Form 10-Q and are incorporated by reference herein.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of Guild Holdings Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39645) filed on October 26, 2020)
3.2*	Amended and Restated Bylaws of Guild Holdings Company
10.1†*	Amended and Restated Executive Compensation Agreement between Guild Mortgage Company LLC and Terry L. Schmidt, effective as of July 1, 2023
10.2†*	Amended and Restated Executive Compensation Agreement between Guild Mortgage Company LLC and David Neylan, effective as of July 1, 2023
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Guild's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income (Loss), (iii) the Condensed Consolidated Statements of Changes in Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

† Indicates management contract or compensatory plan.

This certification is not deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

GUILD HOLDINGS COMPANY

Dated: August 4, 2023	By:	/s/ Terry L. Schmidt
	Name:	Terry L. Schmidt
	Title:	Chief Executive Officer
Dated: August 4, 2023	By:	/s/ Desiree A. Kramer
	Name:	Desiree A. Kramer
	Title:	Chief Financial Officer

Exhibit 3.2

AMENDED AND RESTATED BY-LAWS

OF

GUILD HOLDINGS COMPANY (the "Corporation")

Incorporated under the Laws of the State of Delaware

As amended and restated on August 2, 2023

ARTICLE I

OFFICES AND RECORDS

SECTION 1.1. Delaware Office. The name and address of the Corporation's registered office in the State of Delaware shall be as set forth in the Corporation's Amended and Restated Certificate of Incorporation (as it may be amended from time to time, the "Certificate of Incorporation").

SECTION 1.2. Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors (as defined herein) may from time to time designate or as the business of the Corporation may from time to time require.

SECTION 1.3. Books and Records. The books and records of the Corporation may be kept inside or outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

SECTION 2.1. Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on such date and at such place (if any) and time as may be fixed by resolution of the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication.

SECTION 2.2. Special Meeting. Except as otherwise required by law or the Corporation's Certificate of Incorporation, special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer or an officer at the request of a majority of the members of the Board of Directors pursuant to a resolution approved by the Board of the Directors.

SECTION 2.3. Place of Meeting. The Board of Directors or the Chairperson of the Board, as the case may be, may designate the place of meeting for any annual or special meeting of the stockholders or may designate that the meeting be held by means of remote communication. If no designation is so made, the place of meeting shall be the principal office of the Corporation.

SECTION 2.4. Notice of Meeting. Written or printed notice, stating the place, if any, date and hour of the meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting), the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware (the "DGCL") (except to the extent prohibited by Section 232(e) of the DGCL) or by mail, to each stockholder of record entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at such stockholder's address as it appears on the records of the Corporation. If notice is given by electronic transmission, such notice shall be deemed to be given at the times provided in the DGCL. Such further notice shall be given as may be required by law. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 7.5 of these By-Laws. Any previously scheduled meeting of the stockholders may be

postponed, and (unless the Certificate of Incorporation otherwise provides) any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors for any reason upon public notice given prior to the date previously scheduled for such meeting of stockholders before or after notice of such meeting has been sent to the stockholders.

SECTION 2.5. Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the total voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairperson of the Board of Directors or the Chief Executive Officer may adjourn the meeting from time to time, whether or not there is a quorum. When a meeting is adjourned to another time or place, if any, including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication, notice need not be given of the adjourned meeting if the time and place, if any, thereof and the means of remote communication, if any, by which stockholders and proxyholders may be deemed present in person and may vote at such meeting are (i) announced at the meeting at which the adjournment is taken, (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication, or (iii) set forth in the notice of meeting given in accordance with Section 2.4. Upon being reconvened, the adjourned meeting shall be deemed to be a continuation of the initial meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.6. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the DGCL) by the stockholder, or by his or her duly authorized attorney in fact. Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use of the Board of Directors.

SECTION 2.7. Order of Business.

(A) Annual Meetings of Stockholders. At any annual meeting of the stockholders, only such nominations of individuals for election to the Board of Directors shall be made, and only such other business shall be conducted or considered, as is a proper matter for stockholder action under the DGCL, the Certificate of Incorporation, and these By-Laws and as shall have been properly brought before the meeting. For nominations to be properly made at an annual meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly made at the annual meeting, by or at the direction of the Board of Directors or an authorized committee thereof, or (c) otherwise properly requested to be brought before the annual meeting by a stockholder of the Corporation in accordance with these By-Laws. For nominations of individuals for election to the Board of Directors or proposals of other business to be properly requested by a stockholder to be made at an annual meeting, a stockholder must (i) be a stockholder of record at the time of giving of notice of such annual meeting by or at the direction of the Board of Directors and at the time of the annual meeting, (ii) be entitled to vote at such annual meeting and (iii) comply with the procedures set forth in these By-Laws as to such business or nomination. The immediately preceding sentence shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting) before an annual meeting of stockholders. The number of nominees a stockholder may nominate for election at the annual meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such annual meeting.

(B) Special Meetings of Stockholders. At any special meeting of the stockholders, only such business shall be conducted or considered, as shall have been properly brought before the meeting pursuant to the Corporation's notice of meeting. To be properly brought before a special meeting, proposals of business must be (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or (b) otherwise properly brought before the special meeting, by or at the direction of the Board of

Directors; provided, however, that nothing herein shall prohibit the Board of Directors from submitting additional matters to stockholders at any such special meeting.

Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice of such special meeting and at the time of the special meeting, (ii) is entitled to vote at the meeting and (iii) complies with the procedures set forth in these By-Laws as to such nomination. This Section 2.7(B) shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) before a special meeting of stockholders. The number of nominees a stockholder may nominate for election at the special meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the special meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting.

(C) General. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the Chairperson of any annual or special meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these By-Laws and, if any proposed nomination or other business is not in compliance with these By-Laws or if the Proponent (as defined in Section 2.8(C) below) does not act in accordance with the representations required in Section 2.8, to declare that no action shall be taken on such nomination or other proposal and such nomination or other proposal shall be disregarded (and such nominee disqualified from standing for election or re-election), notwithstanding that such proposal or nomination is set forth in the Corporation's proxy statement, notice of meeting or other proxy materials and notwithstanding that proxies or votes in respect of such nomination or such business may have been solicited or received by the Corporation.

SECTION 2.8. Advance Notice of Stockholder Business and Nominations.

(A) Annual Meeting of Stockholders. Without qualification or limitation, subject to Section 2.8(C)(4) of these By-Laws, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.7(A) of these By-Laws, the stockholder must have given timely notice thereof (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by Section 2.9 of these By-Laws) in proper form, in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors in an Expiring Class (as defined below) to be elected to the Board of Directors at the next annual meeting is increased by the Board of Directors effective after the time period for which nominations would otherwise be due under this Section 2.8(A), and there is no public announcement by the Corporation naming all of the nominees for the Expiring Class or specifying the size of the increased Expiring Class at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.8(A) shall also be considered timely, but only with respect to nominees for any new positions in such Expiring Class created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation. For purposes of this section, an "Expiring Class" shall mean a class of directors whose term shall expire at the next annual meeting of stockholders.

In addition, to be timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the determination of stockholders entitled to notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to

the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the later of the record date for the determination of stockholders entitled to notice of the meeting or the public announcement of the record date in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof, provided, that no such update or supplement shall cure or affect the accuracy (or inaccuracy) of any representations made by any Proponent, any of its affiliates or associates, or a nominee or the validity (or invalidity) of any nomination or proposal that failed to comply with Section 2.8 or is rendered invalid as a result of any inaccuracy therein.

A stockholder may not designate any substitute nominees unless the stockholder provides timely notice of such substitute nominee(s) in accordance with this Section 2.8(A), in the case of an annual meeting, or Section 2.8(B), in the case of a special meeting (and such notice contains all of the information, representations, questionnaires and certifications with respect to such substitute nominee(s) that are required by the Bylaws with respect to nominees for director).

(B) Special Meetings of Stockholders. Subject to Section 2.8(C)(4) of these By-Laws, in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, provided that the stockholder gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by Section 2.9 of these By-Laws) in proper form, in writing, to the Secretary.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to the date of such special meeting and not later than the close of business on the later of the 90th day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting of stockholders, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the determination of stockholders entitled to notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the later of the record date for the determination of stockholders entitled to notice of the meeting or the public announcement of the record date in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof, provided, that no such update or supplement shall cure or affect the accuracy (or inaccuracy) of any representations made by any Proponent, any of its affiliates or associates, or a nominee or the validity (or invalidity) of any nomination or proposal that failed to comply with Section 2.8 or is rendered invalid as a result of any inaccuracy therein.

(C) Disclosure Requirements.

(1) To be in proper form, a stockholder's notice to the Secretary must include the following:
(a) As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal, as applicable, is made and any affiliate who controls either of the foregoing stockholder or beneficial owner, directly or indirectly (each a "Proponent" and collectively, the "Proponents"), a stockholder's notice must set forth: (i) the name and address of each Proponent, including, if applicable, such name and address as they appear on the Corporation's books, (ii) (A) the class or series and number of shares of each class or series of capital stock of the Corporation which are, directly or indirectly, owned beneficially (within the meaning of Rule 13d-3 under the Exchange Act) and of record by each Proponent (provided, that for purposes of this Section 2.8(C), such Proponent shall in all events be deemed to beneficially own all shares of any class or series of capital stock of the Corporation as to which such Proponent has a right to acquire beneficial ownership at any time in the future), (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including

due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the Proponent may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such Proponent, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such Proponent or others acting in concert therewith have any right to vote, directly or indirectly, any class or series of shares of the Corporation, including, in the case of a nominee, the nominee, including, without limitation, any contract, arrangement, understanding or relationship (whether oral or in writing) relating to any compensation or payments to be paid to any such proposed nominees(s) or required to be disclosed pursuant to Item 5 or Item 6 of Exchange Act Schedule 13D, regardless of whether the requirement to file a Schedule 13D is applicable, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such Proponent or others acting in concert therewith, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Proponent with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, a "Short Interest"), (E) any rights to dividends on the shares of the Corporation owned beneficially by such Proponent that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such Proponent is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such Proponent are entitled to, based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including, without limitation, any such interests held by members of the immediate family sharing the same household of such Proponent, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such Proponent, (I) a representation that the stockholder is a holder of record of shares of the Corporation at the time of giving notice, will be entitled to vote at the meeting, and that such stockholder (or a qualified representative thereof) intends to appear at the meeting to nominate the person or persons specified in the notice with respect to nominations, or to propose the business that is specified in the notice with respect to proposals, (J) a representation whether any Proponent or any other participant (as defined in Item 4 of Schedule 14A under the Exchange Act) will engage in a solicitation with respect to such nomination or proposal and, if so, the name of each participant in such solicitation and the amount of the cost of solicitation that has been and will be borne, directly or indirectly, by each participant in such solicitation, (K) a representation as to whether the Proponents intend or are part of a group which intends (x) to deliver, or make available, a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's voting shares required to approve or adopt the proposal or elect the nominee, (y) to otherwise solicit proxies or votes from stockholders in support of such proposal or nomination and/or (z) to solicit proxies in support of any proposed nominee in accordance with Rule 14a-19 promulgated under the Exchange Act, (L) a certification that each such Proponent has complied with all applicable federal, state and other legal requirements in connection with such Proponent's acquisition of shares of capital stock or other securities of the Corporation and/or such Proponent's acts or omissions as a stockholder or beneficial owner of the Corporation and (M) any direct or indirect interest of such Proponent in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (iii) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such Proponent, and (iv) any other information relating to such Proponent, if any, that would be required to be disclosed in a proxy statement and form or proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(b) If the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also set forth: (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest (including any anticipated benefit of such business to any Proponent other than solely as a result of its ownership of the Corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business to any Proponent, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend the By-Laws of the Corporation, the text of the proposed amendment), and (iii) a description of all agreements, arrangements and understandings between any Proponent, , and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(c) As to each individual, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also set forth: (i) the name, age, business address and residence address of such nominee, (ii) the principal occupation or employment of such nominee, (iii) the class or series and number of shares of each class or series of capital stock of the Corporation that are owned of record and beneficially by such nominee and list of any pledge of or encumbrances on such shares, (iv) the date or dates on which such shares were acquired and the investment intent of such acquisition, (v) all other information relating to such individual that would be required to be disclosed or provided to the Corporation in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election (even if an election contest is not involved and whether or not proxies are being or will be solicited), or that is otherwise required to be disclosed or provided to the Corporation pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (vi) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such Proponent, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(d) With respect to each individual, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraphs (a) and (c) above, also include a completed and signed questionnaire, representation and agreement required by Section 2.9 of these By-Laws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve a director of the Corporation and to determine the independence of such proposed nominee (as such term is used in any applicable stock exchange listing requirements or applicable law) or to determine the eligibility of such proposed nominee to serve on any committee or sub-committee of the Board of Directors under any applicable stock exchange listing requirements or applicable law, or that could be material to a reasonable stockholder's understanding of the background, qualifications, experience, or independence, or lack thereof, of such nominee. Notwithstanding anything to the contrary, only persons who are nominated in accordance with the procedures set forth in these By-Laws, including, without limitation, Sections 2.7, 2.8 and 2.9 hereof, shall be eligible for election as directors.

(e) A person shall not be eligible for election or re-election at an annual meeting unless the person is nominated in accordance with Section 2.7(A) and in accordance with the procedures set forth in Section 2.8. Only such business shall be conducted at any annual meeting of stockholders of the Corporation as shall have been brought before the meeting in accordance with Section 2.7(A) and in accordance with the procedures set forth in Section 2.8. Notwithstanding anything to the contrary in the By-Laws, unless otherwise required by applicable law, if any Proponent (i) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act with respect to any proposed nominee and (ii) subsequently (x) fails to comply with the requirements of Rule 14a-19 promulgated under the Exchange Act (or fails to timely provide reasonable evidence sufficient to satisfy the corporation that such Proponent has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act in accordance with the following sentence) or (y) fails to inform the Corporation that they no longer plan to solicit proxies in accordance with the requirements of Rule 14a-19 under the Exchange Act by delivering a written notice to the Secretary at the principal executive offices of the Corporation within two (2) business days after the occurrence of such change, then the nomination of each such proposed nominee shall be disregarded (and such nominee disqualified from standing for election or re-election), notwithstanding that the nominee is included as a nominee in the Corporation's proxy statement, notice of meeting or other proxy materials for any annual meeting (or any supplement thereto) and notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Corporation (which proxies and votes shall be disregarded). If any Proponent provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such Proponent shall deliver to the Corporation, no later than five business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act. Notwithstanding anything to the contrary set forth herein, and for the avoidance of doubt, the nomination of any person whose name is included as a nominee in the Corporation's proxy statement, notice of meeting or other proxy materials for any annual meeting (or any supplement thereto) as a result of any notice provided by any Proponent pursuant to Rule 14a-19(b) promulgated under the Exchange Act with respect to such proposed nominee and whose nomination is not made by or at the direction of the Board of Directors or any authorized committee thereof shall not be deemed (for purposes of clause (a) of Section 2.7(A) of otherwise) to have been made pursuant to the corporation's notice of meeting (or any supplement thereto) and any such nominee may only be nominated by a stockholder of the Corporation pursuant to clause (c) of Section 2.7(A) and, in the case of a special meeting of stockholders pursuant to and to the extent permitted underSection 2.7(B). Notwithstanding the foregoing provisions of this Section 2.8, unless otherwise required by applicable law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation, as applicable, to present a nomination or proposed

business, such nomination shall be disregarded (and such nominee disqualified from standing for election or re-election) and such proposed business shall not be transacted, notwithstanding that such nomination or proposed business is set forth in the Corporation's proxy statement, notice of meeting or other proxy materials and notwithstanding that proxies or votes in respect of such vote may have been solicited or received by the Corporation. For purposes of this Section 2.8, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders

(2) For purposes of these By-Laws, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder, "business day" means any day other than Saturday, Sunday or a day on which banks are closed in New York City, New York, and "close of business" means 6:00 p.m. local time at the principal executive offices of the Corporation on any calendar day, whether or not the day is a business day.

(3) Notwithstanding the provisions of these By-Laws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder, and any failure to comply with such requirements shall be deemed a failure to comply with this Article II; provided, however, that any references in these By-Laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these By-Laws with respect to nominations or proposals as to any other business to be considered.

(4) Nothing in these By-Laws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock of the Corporation if and to the extent provided for under law, the Certificate of Incorporation or these By-Laws. Subject to Rule 14a-8 under the Exchange Act, nothing in these By-Laws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

SECTION 2.9. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee of any stockholder for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 2.8 of these By-Laws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such individual and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such individual (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed therein or (2) any Voting Commitment that could limit or interfere with such individual's ability to comply, if elected as a director of the Corporation, with such individual's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (C) in such individual's personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation publicly disclosed from time to time, (D) will abide by the requirements of Section 2.10(C) of these By-Laws, and (E) if elected as director of the Corporation, intends to serve the entire term until the next meeting at which such candidate would face re-election.

SECTION 2.10. Procedure for Election of Directors; Required Vote.

(A) Election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, a plurality of the votes cast at any meeting for the election of directors at which a quorum is present shall elect directors.

(B) Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, in all matters other than the election of directors, the affirmative vote of a majority of the total voting power of shares of capital stock of the Corporation present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

(C) Any individual who is nominated for election to the Board of Directors and included in the Corporation's proxy materials for an annual meeting shall tender an irrevocable resignation, effective immediately, upon a determination by the Board of Directors or any committee thereof that (1) the information provided to the Corporation by such individual or, if applicable, by the stockholder who nominated such individual, was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or (2) such individual or, if applicable, the stockholder or stockholders who nominated such individual, shall have breached any representations or obligations owed to the Corporation under these By-Laws.

SECTION 2.11. Inspectors of Elections; Opening and Closing the Polls. The Board of Directors by resolution shall appoint one or more inspectors to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the Chairperson of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The Chairperson of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

SECTION 2.12. Stockholder Action by Written Consent. The right of the stockholders to act by written consent in lieu of a meeting shall be as set forth in Article V of the Certificate of Incorporation.

SECTION 2.13. Record Date for Action by Written Consent. In order that the Corporation may determine the stockholders entitled to consent to action in writing without a meeting (at any time when the stockholders may authorize or take action by written consent in accordance with Section 2.12 of these By-Laws), the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take action by written consent (at any time when the stockholders may authorize or take action by written consent in accordance with Section 2.12 of these By-Laws) shall request the Board of Directors to fix a record date, which request shall be in proper form and delivered to the Secretary at the principal executive offices of the Corporation.

The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors (the "Board of Directors"). In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

SECTION 3.2. Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies (the "Whole Board"). No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director. The directors shall be elected at the

annual meetings of stockholders, at which a quorum is present, as specified in the Certificate of Incorporation and in these By-Laws, and each director of the Corporation shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

SECTION 3.3. Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware that has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

SECTION 3.4. Special Meetings. Special meetings of the Board of Directors shall be called at the request of the Chairperson of the Board or a majority of the Board of Directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place, if any, and time of the meetings.

SECTION 3.5. Notice. Notice of any special meeting of directors shall be given to each director at his or her place of business or residence in writing by hand delivery, first-class or overnight mail or courier service, telegram, email or facsimile transmission, or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mail so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, overnight mail or courier service, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company, or the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If by email, facsimile transmission, telephone or by hand, such notice shall be deemed adequately delivered when the notice is transmitted at least twelve (12) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 7.5 of these By-Laws.

SECTION 3.6. Action by Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors, or any committee thereof. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 3.7. Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.8. Quorum. Subject to Section 3.9 of these By-Laws, a whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 3.9. Vacancies. Vacancies on the Board of Directors and newly created directorships shall be filled as provided in the Certificate of Incorporation, except as otherwise required by applicable law.

SECTION 3.10. Committees. The Board of Directors may designate any committees as appropriate, which shall consist of one or more directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee may, to the extent permitted by law, exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such proceedings to the Board of Directors when required.

A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board of Directors shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the

manner provided for in Section 3.5 of these By-Laws. The Board of Directors shall have power at any time to fill vacancies in, to change the membership of, or to dissolve, any such committee. Nothing herein shall be deemed to prevent the Board of Directors from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board of Directors.

SECTION 3.11. Removal. The right of the stockholders to remove any director, or the entire Board of Directors, shall be as set forth in Section E of Article VI of the Certificate of Incorporation.

SECTION 3.12. Records. The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board of Directors and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

SECTION 3.13. Chairperson of the Board. The Corporation may have, at the discretion of the Board of Directors, a Chairperson of the Board who shall be elected by the Board of Directors from their own numbers and shall preside as Chairperson at all meetings of the stockholders and of the Board of Directors at which he or she is present. The Chairperson shall have such other powers and duties as provided in these By-laws and as the Board of Directors may from time to time prescribe.

ARTICLE IV

OFFICERS

SECTION 4.1. Elected Officers. The elected officers of the Corporation shall include a Chief Executive Officer, a President, a Chief Financial Officer, a Treasurer, a Secretary, one or more Vice Presidents and such other officers as the Board of Directors from time to time may deem proper. Any number of offices may be held by the same person. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV of these By-Laws. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. The Board of Directors or any committee thereof may from time to time elect, or the Chairperson of the Board or the Chief Executive Officer may appoint, such other officers (including one or more Assistant Vice Presidents, Assistant Secretaries, and Assistant Treasurers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these By-Laws or as may be prescribed by the Board of Directors or such committee or by the Chairperson of the Board or the Chief Executive Officer, as the case may be.

SECTION 4.2. Election and Term of Office. The elected officers of the Corporation shall be elected by the Board of Directors. Each officer shall hold office until such officer's successor shall have been duly elected and shall have qualified or until such officer's earlier resignation or removal.

SECTION 4.3. Chief Executive Officer. The Chief Executive Officer shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his or her office which may be required by law and all such other duties as are properly required of him or her by the Board of Directors. He or she shall make reports to the Board of Directors and the stockholders, and shall see that all orders and resolutions of the Board of Directors and of any committee thereof are carried into effect. The Chief Executive Officer shall, in the absence of or because of the inability to act of the Chairperson of the Board of Directors, perform all duties of the Chairperson of the Board of Directors and preside at all meetings of stockholders and of the Board of Directors.

SECTION 4.4. President. The President shall act in a general executive capacity and shall assist the Chief Executive Officer in the administration and operation of the Corporation's business and general supervision of its policies and affairs and shall, in general, perform all duties incident to the office of President of a corporation and such other duties as may from time to time be assigned to the President by the Board of Directors.

SECTION 4.5. Vice Presidents. Each Vice President shall have such powers and shall perform such duties as shall be assigned to such Vice President by the Board of Directors.

SECTION 4.6. Chief Financial Officer. The Chief Financial Officer shall be a Vice President and act in an executive financial capacity. The Chief Financial Officer shall assist the Chairperson of the Board of Directors, the Chief Executive Officer and the President in the general supervision of the Corporation's financial policies and affairs.

SECTION 4.7. Treasurer. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board of Directors, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board of Directors. The Treasurer shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him or her from time to time by the Board of Directors, the Chairperson of the Board of Directors or the Chief Executive Officer. In the absence of an officer appointed as the Treasurer, the Chief Financial Officer shall perform all the duties and responsibilities of the Treasurer.

SECTION 4.8. Secretary. The Secretary shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board of Directors, the committees of the Board of Directors and the stockholders; the Secretary shall see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law; the Secretary shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such
certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; the Secretary shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, the Secretary shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to such Secretary by the Board of Directors, the Chairperson of the Board or the Chief Executive Officer.

SECTION 4.9. Removal. Any officer elected, or agent appointed, by the Board of Directors may be removed from office with or without cause by the Board of Directors, or by any duly authorized committee of the Board of Directors. Any officer or agent appointed by the Chairperson of the Board or the Chief Executive Officer may be removed by him or her with or without cause. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his or her successor, his or death, his or her resignation or his or her removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

SECTION 4.10. Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation or removal may be filled by the Board of Directors. Any vacancy in an office appointed by the Chairperson of the Board of Directors or the Chief Executive Officer because of death, resignation or removal may be filled by the Chairperson of the Board or the Chief Executive Officer.

ARTICLE V

STOCK CERTIFICATES AND TRANSFERS

SECTION 5.1. Certificated and Uncertificated Stock; Transfers. The interest of each stockholder of the Corporation may be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe or be uncertificated, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of capital stock of the Corporation shall be represented by uncertificated shares.

The shares of the stock of the Corporation shall be transferred on the books of the Corporation, in the case of certificated shares of stock, by the holder thereof in person or by such holder's attorney duly authorized in writing, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require; and, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

The certificates of stock for any certificated classes or series of capital stock of the Corporation shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Notwithstanding anything to the contrary in these By-Laws, at all times that the Corporation's stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated form.

SECTION 5.2. Lost, Stolen or Destroyed Certificates. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer may in its, his or her discretion require.

SECTION 5.3. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

ARTICLE VI

INDEMNIFICATION

SECTION 6.1. Indemnification Procedures.

(A) Each person who was or is a party or is threatened to be made a party or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was, at any time during which this Section 6.1 is in effect (whether or not such person continues to serve in such capacity at the time any indemnification or advancement of expenses pursuant hereto is sought or at the time any proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was at any such time serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation (hereinafter, an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, trustee, employee or agent or in any other capacity while serving as a director, officer, trustee, employee or agent, shall be (and shall be deemed to have a contractual right to be) indemnified and held harmless by the Corporation (and any successor of the Corporation by merger or otherwise) to the fullest extent authorized by the DGCL as the same exists or may hereafter be amended or modified from time to time (but, in the case of any such amendment or modification, only to the extent that such amendment or modification permits the Corporation to provide greater indemnification rights than said law permitted the Corporation to provide prior to such amendment or modification), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes under the Employee Retirement Income Security Act of 1974, as amended, or penalties and amounts paid or to be paid in settlement) incurred or suffered by such person in connection with such proceeding if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful. Such indemnification shall continue as to a person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, that except as provided in Section 6.1(D) of these By-Laws, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors.

(B) To obtain indemnification under this Section 6.1, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (i) by a majority vote of the Disinterested Directors (as

hereinafter defined) even though less than a quorum, or (ii) by a committee consisting of Disinterested Directors designated by majority vote of such Disinterested Directors even though less than a quorum, or (iii) if there are no Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel (as hereinafter defined) selected by the Board of Directors, in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iv) by the affirmative vote of a majority of the total voting power of all the then outstanding Voting Stock, voting together as a single class. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten (10) days after such determination.

(C) To the fullest extent authorized by the DGCL as the same exists or may hereafter be amended or modified from time to time (but, in the case of any such amendment or modification, only to the extent that such amendment or modification permits the Corporation to provide greater rights to advancement of expenses than said law permitted the Corporation to provide prior to such amendment or modification), each indemnitee shall have (and shall be deemed to have a contractual right to have) the right, without the need for any action by the Board of Directors, to be paid by the Corporation (and any successor of the Corporation by merger or otherwise) the expenses incurred in connection with any proceeding in advance of its final disposition, such advances to be paid by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the DGCL requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, the "undertaking") by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal (a "final disposition") that such director or officer is not entitled to be indemnified for such expenses under this Section 6.1 or otherwise.

(D) If a (i) claim for indemnification under Section 6.1(A) of these By-Laws is not paid in full by the Corporation within thirty (30) days after a written claim pursuant to Section 6.1(B) of these By-Laws has been received by the Corporation or if (ii) a request for advancement of expenses under this Section 6.1 is not paid in full by the Corporation within twenty (20) days after a statement pursuant to Section 6.1(C) of these By-Laws, and the required undertaking, if any, have been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim for indemnification or request for advancement of expenses and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action that under the DGCL, the claimant has not met the standard of conduct which makes it permissible for the Corporation to indemnify the claimant for the amount claimed or that the claimant is not entitled to the requested advancement of expenses, but (except where the required undertaking, if any, has not been tendered to the Corporation), the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Disinterested Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(E) If a determination shall have been made pursuant to Section 6.1(B) of these By-Laws that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to Section 6.1(D) of these By-Laws.

(F) The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 6.1(D) of these By-Laws that the procedures and presumptions of this Section 6.1 are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Section 6.1.

(G) All of the rights conferred in this Section 6.1, as to indemnification, advancement of expenses and otherwise, shall be contract rights between the Corporation and each indemnitee to whom such rights are extended that vest at the commencement of such indemnitee's service to or at the request of the Corporation and

(i) any amendment or modification of this Section 6.1 that in any way diminishes or adversely affects any such rights shall be prospective only and shall not in any way diminish or adversely affect any such rights with respect to such person, and (ii) all of such rights shall continue as to any such indemnitee who has ceased to be a director or officer of the Corporation or ceased to serve at the Corporation's request as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, as described herein, and shall inure to the benefit of such indemnitee's heirs, executors and administrators.

(H) All of the rights conferred in this Section 6.1, as to indemnification, advancement of expenses and otherwise (i) shall not be exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled or hereafter acquire under any statute, provision of the Certificate of Incorporation, these By-Laws, agreement, vote of stockholders or Disinterested Directors or otherwise both as to action in such person's official

capacity and as to action in another capacity while holding such office and (ii) cannot be terminated or impaired by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a person's service prior to the date of such termination.

(I) The Corporation may maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in Section 6.1(J) of these By-Laws, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee or agent.

(J) The Corporation may, to the extent authorized from time to time by the Board of Directors or the Chief Executive Officer, grant rights to indemnification, and rights to advancement of expenses incurred in connection with any proceeding in advance of its final disposition, to any current or former employee or agent of the Corporation to the fullest extent of the provisions of this Section 6.1 with respect to the indemnification and advancement of expenses of current or former directors and officers of the Corporation.

(K) If any provision or provisions of this Section 6.1 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Section 6.1 (including, without limitation, each portion of any subsection of this Section 6.1 containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Section 6.1 (including, without limitation, each such portion of any subsection of this Section 6.1 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(L) For purposes of this Section 6.1:

(1) "Disinterested Director" means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under this Section 6.1.

(M) Any notice, request or other communication required or permitted to be given to the Corporation under this Section 6.1 shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

(N) The Corporation hereby acknowledges that a director (a 'Director Indemnitee") may have certain rights to indemnification, advancement of expenses and/or insurance provided by a third party as to which the Director Indemnitee serves as a director, officer or employee other than the Corporation (collectively, the " Secondary Indemnitors"). The Corporation hereby agrees (i) that it is the indemnitor of first resort (*i.e.*, its obligations to such Director Indemnitee are primary and any obligation of the Secondary Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Director Indemnitee is secondary), and (ii) that it shall be required to advance the full amount of expenses incurred by such Director Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of the Certificate of Incorporation or these By-Laws (or any other agreement between the Corporation and such Director Indemnitee), without regard to any rights such Director Indemnitee may have against the Secondary Indemnitors. The Corporation further agrees that no advancement or payment by the Secondary Indemnitors on behalf of such Director Indemnitee with respect to any claim for which such Director Indemnitee has sought indemnification from the Corporation shall affect the foregoing and the Secondary Indemnitors shall be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Director Indemnitee against the Corporation.

ARTICLE VII

MISCELLANEOUS PROVISIONS

SECTION 7.1. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

SECTION 7.2. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

SECTION 7.3. Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation.

SECTION 7.4. Seal. The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

SECTION 7.5. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting.

SECTION 7.6. Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be done annually.

SECTION 7.7. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairperson of the Board of Directors, the Chief Executive Officer or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairperson of the Board of Directors, the Chief Executive Officer or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

SECTION 7.8. Exclusive Federal Forum. In addition to the forum provision provided in Article X of the Certificate of Incorporation, unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of ay complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

SECTION 7.9. Consent to Exclusive Federal Forum Provision. Any person or entity holding, owning or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of Section 7.8.

ARTICLE VIII

CONTRACTS, PROXIES, ETC.

SECTION 8.1. Contracts. Except as otherwise required by law, the Certificate of Incorporation or these By-Laws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board of Directors may determine. The Chairperson of the Board of Directors, the Chief Executive Officer or any Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairperson of the Board of Directors, the Chief Executive Officer or any Vice President of the Corporation may delegate contractual powers to others under his or her jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

SECTION 8.2. Proxies. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairperson of the Board of Directors, the Chief Executive Officer or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the

stock or other securities of such other corporation, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

ARTICLE IX

AMENDMENTS

SECTION 9.1. By the Stockholders. Subject to the provisions of the Certificate of Incorporation, these By-Laws may be altered, amended or repealed, or new By-laws enacted, at any special meeting of the stockholders if duly called for that purpose (provided that in the notice of such special meeting, notice of such purpose shall be given), or at any annual meeting, by the affirmative vote of a majority of the total voting power of all the then outstanding Voting Stock, voting together as a single class.

SECTION 9.2. By the Board of Directors. Subject to the laws of the State of Delaware, the Certificate of Incorporation and these By-laws, these By-laws may also be altered, amended or repealed, or new By-laws enacted, by the Board of Directors at any meeting of the Board of Directors.

Exhibit 10.1

AMENDED AND RESTATED EXECUTIVE COMPENSATION AGREEMENT

This Amended and Restated Executive Compensation Agreement (this "Agreement") is entered into effective as of July 1, 2023 (the "Effective Date"), by and between Guild Mortgage Company LLC, a California limited liability company ("Guild"), and Terry Schmidt ("Schmidt"), as follows:

1. Term. The term of this Agreement shall commence on the Effective Date and continue until terminated as provided in Section 4 hereof (the "Term").

2. Base Salary. During the Term, Guild shall pay to Schmidt a base salary as determined annually by the Compensation Committee of the Board of Directors of Guild Holdings Company (the "Compensation Committee") and communicated to Schmidt from year to year, which shall be subject to review and adjustment at the sole discretion of the Compensation Committee (the "Base Salary"). The Base Salary for Schmidt effective July 1, 2023 shall be $675,000 per year. The Base Salary shall be paid at least monthly at such times and in such manner as is consistent with Guild's regular payroll practices and policies and applicable law. Guild shall deduct and withhold all necessary Social Security and withholding taxes and any other similar amounts required by law from any compensation paid to Schmidt.

3. Annual Incentive Compensation. In addition to the Base Salary, Schmidt will be eligible for certain annual incentive compensation ("Incentive Compensation") in accordance with Guild's 2020 Omnibus Incentive Plan and in an amount to be determined annually by the Compensation Committee based on the achievement of individual and corporate performance goals set by the Compensation Committee and communicated to Schmidt from year to year, which shall be subject to review and adjustment at the sole discretion of the Compensation Committee. Notwithstanding anything to the contrary contained herein, Schmidt must be employed as of the last day of the applicable calendar year in which the Incentive Compensation relates in order to earn and receive payment for the Incentive Compensation for such applicable calendar year. The Incentive Compensation, if earned, shall be calculated and paid by no later than the 15th day of the third month following the last day of the applicable calendar year to which the Incentive Compensation relates.

4. Payment/Withholding. Guild shall make all payments to Schmidt hereunder from its general funds. To the extent required by law in effect at the time payments are made, Guild shall withhold from payments made hereunder any taxes required to be withheld pursuant to federal, state or local law. Schmidt remains responsible for the payment of all federal, state or local taxes imposed on Schmidt based on her receipt of any Incentive Compensation hereunder.

5. Limit on Alienation. Schmidt's right to receive payments under this Agreement is not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of Schmidt or Schmidt's beneficiaries.

6. Termination. This Agreement may be terminated upon (a) the mutual written agreement of the parties to terminate this Agreement; (b) the parties entering into a subsequent executive compensation agreement; or (c) the termination of Schmidt's employment with Guild by

Guild or Schmidt at any time, for any reason, with or without cause. This Agreement will not confer on Schmidt any right with respect to continuing Schmidt's relationship as an at-will employee of Guild, nor will this Agreement interfere in any way with Schmidt's or Guild's right to terminate such relationship at any time, with or without cause, to the extent permitted by applicable law.

7. Effect of Termination. Upon termination of Schmidt's employment for any reason, Guild shall pay to Schmidt, at such time as is required by the applicable policies, plans or law: (i) Schmidt's then-current Base Salary earned up to and including the last day of Schmidt's employment, (ii) any Incentive Compensation earned by and payable to Schmidt upon termination of employment, and (iii) any other items earned by and owed to Schmidt as of the termination of employment in accordance with the policies and plans of Guild and applicable law. The termination of Schmidt's benefits shall be determined in accordance with Guild's benefit plans or policies then in effect.

   In addition to the payments described in the preceding paragraph, if Schmidt's at-will employment with Guild is terminated by Guild for any reason, with or without cause (excluding termination due to Schmidt's commission of a crime), or if ill health permanently prevents Schmidt from performing all his responsibilities as Chief Executive Officer, subject to Schmidt's execution, delivery to Guild, and non-revocation of a separation agreement and general release of all claims (in a form to be provided by Guild) (the "Release"), Guild shall continue to pay to Schmidt as severance compensation the amount that Schmidt would have been paid at Schmidt's then-current Base Salary as of the effective date of Schmidt's termination (the "Severance Compensation") for a period of one (1) year from the effective date of Schmidt's termination of employment with Guild (the "Severance Period"). The Severance Compensation shall be paid, less applicable withholdings, in installments in accordance with Guild's normal payroll practices during the Severance Period; provided that, in the event Schmidt does not receive one or more installments of the Severance Compensation following the effective date of Schmidt's termination due to the condition of the Release, the aggregate amount of any payments that otherwise would have been paid to Schmidt before Schmidt executed the Release shall be paid to Schmidt in a lump-sum on the date in which the first installment is to be received, and all remaining payments shall be paid on their original schedule. Except as expressly stated in this Section, Guild shall have no other obligation to Schmidt in the event of a termination of Schmidt's employment.

8. Nonsolicitation. Schmidt agrees that while Schmidt is employed by Guild and for a period of one (1) year following the termination of Schmidt employment with Guild for any reason whatsoever, whether voluntary or involuntary, and regardless of cause, Schmidt shall not, other than on behalf of Guild in the performance of Schmidt's duties and responsibilities as authorized by Guild, directly or indirectly, on Schmidt's own behalf or by aiding any other individual or entity, recruit or solicit for employment any individual (including any branch manager or loan officer) who is an employee of Guild or any of its affiliates and with whom Schmidt worked and had business contact during the one (1) year period immediately prior to the termination of Schmidt's employment with Guild.

9. Compliance with Code Section 409A. In good faith, the Incentive Compensation, if any, will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A. The grant of Incentive Compensation, if any, is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Compensation Committee. To the extent that any portion of the Incentive Compensation, or the settlement or deferral thereof, is subject to Code Section

409A the bonus will be granted, paid, settled or deferred in a manner that will meet the requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A. In no event shall Guild, the Compensation Committee, or any parent, subsidiary or affiliate of Guild, be liable for any additional tax, interest or penalty that may be imposed on Schmidt or others for failure to comply with Section 409A or any other section of the Code.

10. Miscellaneous. This Agreement comprises the entire agreement between Schmidt and Guild relating to the subject matter hereof, and shall supersede all other written and oral understandings or agreements relating to the subject matter hereof, including, but not limited to, all prior Executive Compensation Agreements by and between Guild and Schmidt. This Agreement and the rights, interest and obligations of Guild hereunder shall be assignable to, and shall inure to the benefit of, any assignee of Guild, any parent, subsidiary or affiliate of Guild, or any person, firm or corporation resulting from the reorganization of Guild or succeeding to the business or assets of Guild by purchase, merger, consolidated or otherwise. This Agreement is not assignable by Schmidt. Guild and Schmidt have each participated in the negotiation and drafting of this Agreement.

    Accordingly, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by Guild and Schmidt and no presumption or burden of proof shall arise favoring or disfavoring Guild or Schmidt by virtue of the authorship of any of the provisions of this Agreement. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California. Guild and Schmidt agree that any action by either party to enforce the terms of this Agreement shall be exclusively brought by the other party in an appropriate state or federal court in San Diego County, California and both parties waive all objections based upon lack of jurisdiction or improper or inconvenient venue of any such court. Guild and Schmidt intend and agree that if a court of competent jurisdiction determines that the scope of any provision of this Agreement is too broad to be enforced as written, the court should reform such provisions to such narrower scope as it determines to be enforceable. Guild and Schmidt further agree that if any provision of this Agreement is determined to be unenforceable for any reason, and such provision cannot be reformed by the court as anticipated above, such provision shall be deemed separate and severable and the unenforceability of any such provisions shall not invalidate or render unenforceable any of the remaining provisions hereof.

[Signature page to follow.]

The parties have entered into this Agreement effective as of the date first written above.

GUILD MORTGAGE COMPANY LLC
a California limited liability company

By: __/s/Patrick Duffy________________ __/s/Terry Schmidt_______________
Patrick Duffy, Chairman Terry Schmidt

Exhibit 10.2

AMENDED AND RESTATED EXECUTIVE COMPENSATION AGREEMENT

This Amended and Restated Executive Compensation Agreement (this "Agreement") is entered into effective as of July 1, 2023 (the "Effective Date"), by and between Guild Mortgage Company LLC, a California limited liability company ("Guild"), and David Neylan ("Neylan"), as follows:

1. Term. The term of this Agreement shall commence on the Effective Date and continue until terminated as provided in Section 4 hereof (the "Term").

2. Base Salary. During the Term, Guild shall pay to Neylan a base salary as determined annually by the Compensation Committee of the Board of Directors of Guild Holdings Company (the "Compensation Committee") and communicated to Neylan from year to year, which shall be subject to review and adjustment at the sole discretion of the Compensation Committee (the "Base Salary"). The Base Salary for Neylan effective July 1, 2023 shall be $550,000 per year. The Base Salary shall be paid at least monthly at such times and in such manner as is consistent with Guild's regular payroll practices and policies and applicable law. Guild shall deduct and withhold all necessary Social Security and withholding taxes and any other similar amounts required by law from any compensation paid to Neylan.

3. Annual Incentive Compensation. In addition to the Base Salary, Neylan will be eligible for certain annual incentive compensation ("Incentive Compensation") in accordance with Guild's 2020 Omnibus Incentive Plan and in an amount to be determined annually by the Compensation Committee based on the achievement of individual and corporate performance goals set by the Compensation Committee and communicated to Neylan from year to year, which shall be subject to review and adjustment at the sole discretion of the Compensation Committee. Notwithstanding anything to the contrary contained herein, Neylan must be employed as of the last day of the applicable calendar year in which the Incentive Compensation relates in order to earn and receive payment for the Incentive Compensation for such applicable calendar year. The Incentive Compensation, if earned, shall be calculated and paid by no later than the 15th day of the third month following the last day of the applicable calendar year to which the Incentive Compensation relates.

4. Payment/Withholding. Guild shall make all payments to Neylan hereunder from its general funds. To the extent required by law in effect at the time payments are made, Guild shall withhold from payments made hereunder any taxes required to be withheld pursuant to federal, state or local law. Neylan remains responsible for the payment of all federal, state or local taxes imposed on Neylan based on her receipt of any Incentive Compensation hereunder.

5. Limit on Alienation. Neylan's right to receive payments under this Agreement is not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of Neylan or Neylan's beneficiaries.

6. Termination. This Agreement may be terminated upon (a) the mutual written agreement of the parties to terminate this Agreement; (b) the parties entering into a subsequent executive compensation agreement; or (c) the termination of Neylan's employment with Guild by Guild or Neylan at any time, for any reason, with or without cause. This Agreement will not

confer on Neylan any right with respect to continuing Neylan's relationship as an at-will employee of Guild, nor will this Agreement interfere in any way with Neylan's or Guild's right to terminate such relationship at any time, with or without cause, to the extent permitted by applicable law.

7. Effect of Termination. Upon termination of Neylan's employment for any reason, Guild shall pay to Neylan, at such time as is required by the applicable policies, plans or law: (i) Neylan's then-current Base Salary earned up to and including the last day of Neylan's employment, (ii) any Incentive Compensation earned by and payable to Neylan upon termination of employment, and (iii) any other items earned by and owed to Neylan as of the termination of employment in accordance with the policies and plans of Guild and applicable law. The termination of Neylan's benefits shall be determined in accordance with Guild's benefit plans or policies then in effect.

   In addition to the payments described in the preceding paragraph, if Neylan's at-will employment with Guild is terminated by Guild for any reason, with or without cause (excluding termination due to Neylan's commission of a crime), or if ill health permanently prevents Neylan from performing all his responsibilities as President and Chief Operating Officer, subject to Neylan's execution, delivery to Guild, and non-revocation of a separation agreement and general release of all claims (in a form to be provided by Guild) (the "Release"), Guild shall continue to pay to Neylan as severance compensation the amount that Neylan would have been paid at Neylan's then-current Base Salary as of the effective date of Neylan's termination (the "Severance Compensation") for a period of one (1) year from the effective date of Neylan's termination of employment with Guild (the "Severance Period"). The Severance Compensation shall be paid, less applicable withholdings, in installments in accordance with Guild's normal payroll practices during the Severance Period; provided that, in the event Neylan does not receive one or more installments of the Severance Compensation following the effective date of Neylan's termination due to the condition of the Release, the aggregate amount of any payments that otherwise would have been paid to Neylan before Neylan executed the Release shall be paid to Neylan in a lump-sum on the date in which the first installment is to be received, and all remaining payments shall be paid on their original schedule. Except as expressly stated in this Section, Guild shall have no other obligation to Neylan in the event of a termination of Neylan's employment.

8. Nonsolicitation. Neylan agrees that while Neylan is employed by Guild and for a period of one (1) year following the termination of Neylan's employment with Guild for any reason whatsoever, whether voluntary or involuntary, and regardless of cause, Neylan shall not, other than on behalf of Guild in the performance of Neylan's duties and responsibilities as authorized by Guild, directly or indirectly, on Neylan's own behalf or by aiding any other individual or entity, recruit or solicit for employment any individual (including any branch manager or loan officer) who is an employee of Guild or any of its affiliates and with whom Neylan worked and had business contact during the one (1) year period immediately prior to the termination of Neylan's employment with Guild.

9. Compliance with Code Section 409A. In good faith, the Incentive Compensation, if any, will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A. The grant of Incentive Compensation, if any, is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Compensation Committee. To the extent that any portion of the Incentive Compensation, or the settlement or deferral thereof, is subject to Code Section 409A the bonus will be granted, paid, settled or deferred in a manner that will meet the

requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A. In no event shall Guild, the Compensation Committee, or any parent, subsidiary or affiliate of Guild, be liable for any additional tax, interest or penalty that may be imposed on Neylan or others for failure to comply with Section 409A or any other section of the Code.

10. Miscellaneous. This Agreement comprises the entire agreement between Neylan and Guild relating to the subject matter hereof, and shall supersede all other written and oral understandings or agreements relating to the subject matter hereof, including, but not limited to, all prior Executive Compensation Agreements by and between Guild and Neylan. This Agreement and the rights, interest and obligations of Guild hereunder shall be assignable to, and shall inure to the benefit of, any assignee of Guild, any parent, subsidiary or affiliate of Guild, or any person, firm or corporation resulting from the reorganization of Guild or succeeding to the business or assets of Guild by purchase, merger, consolidated or otherwise. This Agreement is not assignable by Neylan. Guild and Neylan have each participated in the negotiation and drafting of this Agreement.

Accordingly, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by Guild and Neylan and no presumption or burden of proof shall arise favoring or disfavoring Guild or Neylan by virtue of the authorship of any of the provisions of this Agreement. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California. Guild and Neylan agree that any action by either party to enforce the terms of this Agreement shall be exclusively brought by the other party in an appropriate state or federal court in San Diego County, California and both parties waive all objections based upon lack of jurisdiction or improper or inconvenient venue of any such court. Guild and Neylan intend and agree that if a court of competent jurisdiction determines that the scope of any provision of this Agreement is too broad to be enforced as written, the court should reform such provisions to such narrower scope as it determines to be enforceable. Guild and Neylan further agree that if any provision of this Agreement is determined to be unenforceable for any reason, and such provision cannot be reformed by the court as anticipated above, such provision shall be deemed separate and severable and the unenforceability of any such provisions shall not invalidate or render unenforceable any of the remaining provisions hereof.

[Signature page to follow.]

The parties have entered into this Agreement effective as of the date first written above.

GUILD MORTGAGE COMPANY LLC
a California limited liability company

By: ____/s/ Terry Schmidt__ ___________ _/s/ David Neylan_ __________________
Terry Schmidt David Neylan

Exhibit 31.1

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Terry L. Schmidt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Guild Holdings Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2023

By: /s/ Terry L. Schmidt

Terry L. Schmidt
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Desiree A. Kramer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Guild Holdings Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2023

By: /s/ Desiree A. Kramer

Desiree A. Kramer
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Guild Holdings Company (the "Company") for the period ending June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2023 By: /s/ Terry L. Schmidt
Terry L. Schmidt
Chief Executive Officer

Date: August 4, 2023 By: /s/ Desiree A. Kramer
Desiree A. Kramer
Chief Financial Officer