

REFINITIV

DELTA REPORT

10-K

PFSI - PENNYMAC FINANCIAL SERVIC
10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	12102
CHANGES	342
DELETIONS	9319
ADDITIONS	2441

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023 2024

OR

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

For the transition period from to

Commission file number: 001-38727

PennyMac Financial Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of

incorporation or organization)

3043 Townsgate Road, Westlake Village, California

(Address of principal executive offices)

83-1098934

(IRS Employer

Identification No.)

91361

(Zip Code)

(818) 224-7442

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value	PFSI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ 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 ☒ 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-

1(b). ☐

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

As of [June 30, 2023](#) [June 30, 2024](#) the aggregate market value of the registrant's Common Stock, \$0.0001 par value ("common stock"), held by non-affiliates was [\\$1,520,890,024](#) [\\$2,650,778,086](#) based on the closing price as reported on the New York Stock Exchange on that date.

As of [February 16, 2024](#) [February 14, 2025](#), the number of outstanding shares of common stock of the registrant was [50,428,189](#) [51,434,010](#).

Documents Incorporated by Reference

Document	Parts Into Which Incorporated
Definitive Proxy Statement for 2024 2025 Annual Meeting of Stockholders	Part III

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FORM 10-K
December 31, [2023](#) [2024](#)
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Report") contains certain forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," "continue," "plan" or other similar words or expressions.

Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain financial and operating projections or state other forward-looking information. Examples of forward-looking statements include the following:

- projections of our revenues, income, earnings per share, capital structure or other financial items;
- descriptions of our plans or objectives for future operations, products or services;
- forecasts of our future economic performance, interest rates, profit margins and our share of future markets;
- discussions of our expectations regarding various macroeconomic factors, including variability in the economy or the impact of current and future regulations and legislation on our business; and
- descriptions of assumptions underlying or relating to any of the foregoing expectations regarding the timing of generating any revenues.

Our ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. There are a number of factors, many of which are beyond our control that could cause actual results to differ significantly from management's expectations. Some of these factors are discussed below.

You should not place undue reliance on any forward-looking statement and should consider the following uncertainties and risks, as well as the risks and uncertainties discussed elsewhere in this Report and as set forth in Item 1A. of Part I hereof and any subsequent Quarterly Reports on Form 10-Q.

Factors that could cause actual results to differ materially from historical results or those anticipated include, but are not limited to:

- interest rate changes;
- changes in real estate values, housing prices and housing sales;
- changes in macroeconomic, consumer and U.S. real estate market conditions;
- the continually changing federal, state and local laws and regulations applicable to the highly regulated industry in which we operate;
- lawsuits or governmental actions if we do not comply that may result from any noncompliance with the laws and regulations applicable to our businesses; business;
- the mortgage lending and servicing-related regulations promulgated by the Consumer Financial Protection Bureau ("CFPB") and its enforcement of these regulations;
- the licensing and operational requirements of states and other jurisdictions applicable to our business, to which our bank competitors are not subject;

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- changes to government modification programs;
- foreclosure delays and changes in foreclosure practices;
- difficulties inherent in adjusting the size of our operations to reflect changes in business levels;
- purchase opportunities for mortgage servicing rights;
- our substantial amount of indebtedness;
- increases in loan delinquencies, defaults and forbearances;
- our dependence on U.S. government-sponsored entities and changes in their current roles or their guarantees or guidelines;
- changes in real estate values, housing prices and housing sales;
- changes to government mortgage modification programs;
- foreclosure delays and changes in foreclosure practices;

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- the licensing and operational requirements of states and other jurisdictions applicable to our businesses, to which our bank competitors are not subject;

- our ability to manage third-party service providers and third party vendors and their compliance with laws, regulations and mortgage investor requirements;
- our exposure to risks of loss resulting from adverse weather conditions, man-made counterparties that do not fulfill contractual obligations, including their obligation to indemnify us or natural disasters, the effect of climate change, and pandemics; repurchase defective mortgage loans;
- difficulties inherent in adjusting the size of our operations reliance on PennyMac Mortgage Investment Trust (NYSE: PMT) as a significant contributor to reflect changes in business levels; our mortgage banking business;
- maintaining sufficient capital and liquidity and compliance with financial covenants;
- our substantial amount of indebtedness;
- increases in the number of loan delinquencies and defaults;
- failure to modify, resell or refinance early buyout loans or defaults of early buyout loans beyond our expectations;
- our reliance on PennyMac Mortgage Investment Trust ("PMT") as a significant contributor to our mortgage banking business;
- our obligation to indemnify third-party purchasers or repurchase loans if loans that we originate, acquire, service or assist in the fulfillment of fail to meet certain criteria or characteristics or under other circumstances; criteria;
- our ability to mitigate cybersecurity risks and cyber incidents;
- our exposure to counterparties that are unwilling or unable to honor contractual obligations, including their obligation to indemnify us or repurchase defective mortgage loans;
- our ability to realize the anticipated benefit of potential future acquisitions of mortgage servicing rights;
- our obligation to indemnify PMT if our services fail to meet certain criteria or characteristics or under other circumstances;
- decreases changes in the returns on the assets that we select and manage for PMT, and our resulting investment management and incentive fees;
- the extensive amount of regulation applicable to our investment management segment;
- conflicts of interest in allocating our services and investment opportunities among ourselves us and PMT; our advised entity;
- our ability to mitigate cybersecurity risks, cyber incidents and technology disruptions;
- the effect of public opinion on our reputation;
- our exposure to risks of loss and disruptions in operations resulting from severe weather events, man-made or other natural conditions, including climate change and pandemics;
- our ability to effectively identify, manage and hedge our credit, interest rate, prepayment, liquidity and climate risks;

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- our initiation or expansion of new business activities or expansion of existing business activities; strategies;
- our ability to detect misconduct and fraud;

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- our ability to effectively deploy new information technology applications and infrastructure;
- our ability to pay dividends to our stockholders; and
- our organizational structure and certain requirements in our charter documents.

Other factors that could also cause results to differ from our expectations may not be described in this Report or any other document. Each of these factors could by itself, or together with one or more other factors, adversely affect our business, results of operations and/or financial condition.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.

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PART I

Item 1. Business

The following description of our business should be read in conjunction with the information included elsewhere in this Report. This description contains forward-looking statements that involve risks and uncertainties. Actual results could differ significantly from the projections and results discussed in the forward-looking statements due to the factors described under the caption "Risk Factors" and elsewhere in this Report. References in this Report to "we," "our," "us," and the "Company" refer to PennyMac Financial Services, Inc. ("PFSI") and its consolidated subsidiaries.

Our Company

We are a specialty financial services firm with a comprehensive mortgage platform and integrated business primarily focused on the production and servicing of U.S. residential mortgage loans (activities which we refer to as mortgage banking) and . We are also engaged in the management of investments related to the U.S. mortgage market, market and providing products and services that leverage innovative technologies to effectively and efficiently support our customers. We believe that our operating capabilities, specialized expertise, access to long-term investment capital, and our management's experience across all aspects of the mortgage business will allow us to profitably grow these activities over time and capitalize on other related opportunities as they arise.

We operate and control all of the business and affairs and consolidate the financial results of Private National Mortgage Acceptance Company, LLC ("PNMAC") and its subsidiaries described below:

- Our principal mortgage banking subsidiary, PennyMac Loan Services, LLC ("PLS"), is a non-bank producer and servicer of mortgage loans. PLS is a seller/servicer for the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), each of which is a government-sponsored entity ("GSE"). PLS is also an approved issuer of securities guaranteed by the Government National Mortgage Association ("Ginnie Mae"), a lender of the Federal Housing Administration ("FHA"), and a lender/servicer of the U.S. Department of Veterans Affairs ("VA") and the United States Department of Agriculture ("USDA"). We refer to each of Fannie Mae, Freddie Mac, Ginnie Mae, FHA, VA and USDA as an "Agency" and collectively as the "Agencies." PLS is able to service loans in all 50 states, the District of Columbia, Puerto Rico, Guam and the United States Virgin Islands, and originate loans in all 50 states and the District of Columbia, either because it is properly licensed in a particular jurisdiction or exempt or otherwise not required to be licensed in that jurisdiction.
- Our investment management subsidiary is PNMAC Capital Management, LLC ("PCM"), a Delaware limited liability company registered with the Securities and Exchange Commission ("SEC") as an investment adviser under the Investment Advisers Act of 1940, as amended. PCM manages PennyMac Mortgage Investment Trust ("PMT"), a mortgage real estate investment trust listed on the New York Stock Exchange under the ticker symbol PMT.

We conduct our business in three two reportable operating segments: production servicing (together, production and servicing comprise our mortgage banking activities) and investment management servicing.

- The production segment performs loan origination, acquisition and sale activities for our account as well as for PMT.
- The servicing segment performs loan servicing for both newly originated loans we are holding for sale and loans we service for others, including for PMT.
- The investment management segment performs investment management activities for PMT, which include the activities associated with investment asset acquisitions and dispositions such as sourcing, due diligence, negotiation and settlement.

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Following is a summary of our segments' results: results (1):

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)	(in thousands)
Net revenues:		

Production	\$ 643,033	\$ 865,177	\$ 2,306,764	\$ 941,702	\$ 644,674	\$ 864,320
Servicing	721,394	1,080,500	817,295	595,364	714,503	1,077,785
Investment management	37,229	40,078	43,302			
Corporate and other				56,665	42,479	43,650
	<u>\$ 1,401,656</u>	<u>\$ 1,985,755</u>	<u>\$ 3,167,361</u>	<u>\$ 1,593,731</u>	<u>\$ 1,401,656</u>	<u>\$ 1,985,755</u>
Income before income taxes:						
Income (loss) before income taxes:						
Production	\$ 69,325	\$ 48,480	\$ 1,044,411	\$ 311,231	\$ 116,078	\$ 130,799
Servicing	109,669	613,626	306,678	205,002	368,392	731,213
Investment management	4,637	3,141	8,094			
Corporate and other				(115,207)	(300,839)	(196,765)
	<u>\$ 183,631</u>	<u>\$ 665,247</u>	<u>\$ 1,359,183</u>	<u>\$ 401,026</u>	<u>\$ 183,631</u>	<u>\$ 665,247</u>
Total assets at year end:						
Production	\$ 4,863,341	\$ 3,866,934	\$ 8,934,032	\$ 8,431,612	\$ 4,560,323	\$ 3,617,627
Servicing	13,954,836	12,929,233	9,821,436	17,588,018	14,036,203	13,056,461
Investment management	26,386	26,417	21,144			
Corporate and other				67,257	248,037	148,496
	<u>\$ 18,844,563</u>	<u>\$ 16,822,584</u>	<u>\$ 18,776,612</u>	<u>\$ 26,086,887</u>	<u>\$ 18,844,563</u>	<u>\$ 16,822,584</u>
Unpaid principal balance ("UPB") of loans purchased and originated for our account and for PMT						
	\$ 99,435,041	\$ 109,115,829	\$ 234,597,882	\$115,819,663	\$ 99,435,041	\$109,115,829
UPB of loans serviced for PMT and non-affiliates at year end						
	\$ 607,216,769	\$ 551,674,682	\$ 509,708,281			
PMT assets under management at year end						
	\$ 1,957,090	\$ 1,962,815	\$ 2,367,518			
UPB of loans serviced for PMT and non-affiliates at end of year						
				\$665,763,827	\$607,216,769	\$551,674,682

(1) During the year ended December 31, 2024, management reassessed and changed its segment definitions. Prior year amounts have been recast to conform those years' presentation to current year presentation.

Mortgage Banking

Loan Production Segment

Our loan production segment sources new prime credit quality residential conventional and government-insured or guaranteed mortgage loans through three channels: correspondent production, consumer broker direct lending and broker consumer direct lending as described below.

Correspondent Production

In correspondent production we manage, for our own account and on behalf of PMT, and for our own account, the purchase from non-affiliates of mortgage loans that have been underwritten to investor guidelines. Our correspondent loans historically have been directed to each entity based on the guarantor of the mortgage-backed securities ("MBS") created from the loans: our production focus has historically been on loans insured or guaranteed by the FHA, VA or USDA for sale into MBS guaranteed by Ginnie Mae, whereas PMT's production focus has been on loans that can be sold into MBS guaranteed by Fannie Mae or Freddie Mac. In 2022, we began to acquire certain loans for our own account that can be sold into MBS guaranteed by Fannie Mae and Freddie Mac.

The mortgage loan production arrangement between us and PMT exists, in part, because PMT is not approved as an issuer of Ginnie Mae guaranteed MBS. As a result, PMT sells the government-insured or guaranteed loans that it purchases from correspondent sellers to us and we pay PMT a sourcing fee ranging from one to two basis points, based on the average number of calendar days that PMT holds the loans before our purchase. We generally pool the government-insured or guaranteed loans into Ginnie Mae guaranteed MBS and then sell such MBS to institutional investors. We also purchase certain conventional loans from PMT under the same agreement.

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Table. Beginning July 1, 2025, we will become the initial purchaser of all loans from correspondent sellers and begin transferring agreed upon volumes of conventional loans to PMT. PMT will retain the right to purchase 100% of non-government correspondent loans from us. This revised arrangement is discussed in Note 4 – Transactions with Related Parties to the consolidated financial statements included in this Annual Report.

In our correspondent production activities, for loans we source for our own account, we earn loan origination fees from the correspondent sellers, interest income on the loans during the time we hold such loans, gains or losses from the date we make a commitment to purchase the loans through the sale of these loans, and, in connection with such sales, we generally retain and recognize the fair value of the contractual rights to service the loans on behalf of the purchaser of the loans. These servicing contracts are referred to as mortgage servicing rights (“MSRs”).

In our loan fulfillment activities in support of PMT’s correspondent production activities and only for loans purchased for PMT’s account, we earn fulfillment fees and tax service fees. We may also serve as a correspondent seller of newly originated loans from our consumer direct and broker direct lending channels or purchased through our correspondent channel for our own account to PMT under a mortgage loan purchase agreement. When we sell loans to PMT, PMT obtains the MSRs relating to such loans. As such, our gains on sales of loans to PMT are primarily cash gains.

Broker Direct Lending

In broker direct lending, we obtain loan application packages from non-affiliated mortgage loan brokers, underwrite and fund the resulting loans for sale. In our broker direct lending activities, we earn origination fees and interest income, gains or losses from the date we make a commitment to fund the loan through the sale of these loans, and, in sales to entities other than PMT, we generally retain and recognize the fair value of the associated MSRs.

Consumer Direct Lending

Through our consumer direct lending channel, we originate mortgage loans on a national basis. Our consumer direct model relies on the Internet and call center-based staff to acquire and interact with customers across the country. We do not have a “brick and mortar” branch network.

In our consumer direct lending activities, we earn loan origination fees from the borrower, interest income during the time we hold the loan before sale, gains or losses from the date we make a commitment to fund the loan through the sale of these loans, and, in sales to entities other than to PMT, we retain and recognize the fair value of the associated MSRs. To the extent we refinance loans that we subservice for PMT where PMT owns the related MSRs, we are generally required to pay PMT a recapture fee.

Our recapture fee arrangement is detailed in Note 4 – *Broker Direct Lending Transactions with Related Parties*

In broker direct lending, we obtain loan application packages from nonaffiliated mortgage loan brokers, underwrite and fund to the resulting loans for sale. In our broker direct lending activities, we earn origination fees and interest income, gains or losses from the date we make a commitment to fund the loan through the sale of these loans, and, consolidated financial statements included in sales to entities other than PMT, we retain and recognize the fair value of the associated MSRs. this Annual Report.

Our loan production activities are summarized below:

	Year ended December 31,		
	2023	2022	2021
	(in thousands)		
UPB of loans purchased and originated for sale through our:			
Correspondent lending channel, from PennyMac Mortgage Investment Trust	\$ 71,618,697	\$ 49,680,267	\$ 64,774,728
Consumer direct channel	4,795,548	15,405,697	43,060,266
Broker direct channel	8,122,495	6,939,834	16,759,314
	84,536,740	72,025,798	124,594,308
UPB of conventional loans fulfilled for PennyMac Mortgage Investment Trust			
	14,898,301	37,090,031	110,003,574
Total loan production	\$ 99,435,041	\$ 109,115,829	\$ 234,597,882

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Our loan production activities are summarized below:

	Year ended December 31,		
	2024	2023	2022
	(in thousands)		
UPB of loans purchased and originated for sale through our:			
Correspondent lending channel, from PennyMac Mortgage Investment Trust	\$ 80,694,536	\$ 71,618,697	\$ 49,680,267
Broker direct channel	12,969,248	8,122,495	6,939,834
Consumer direct channel	8,709,395	4,795,548	15,405,697
	102,373,179	84,536,740	72,025,798
UPB of conventional loans fulfilled for PennyMac Mortgage Investment Trust	13,446,484	14,898,301	37,090,031
Total loan production	\$ 115,819,663	\$ 99,435,041	\$ 109,115,829

The effect of our loan production transactions with PMT on our financial statements are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)				(in thousands)
Net losses on loans held for sale at fair value:					
Net losses on loans held for sale to PMT	\$	—	\$	(2,820)	\$ —

Net gains (losses) on loans held for sale at fair value:						
Net gains (losses) on loans held for sale to PMT				\$ 6,260	\$ —	\$ (2,820)
Mortgage servicing rights and excess servicing spread recapture incurred	(1,784)	(13,744)	(51,473)	(2,193)	(1,784)	(13,744)
	(1,784)	(16,564)	(51,473)	4,067	(1,784)	(16,564)
Fulfillment fee revenue	27,826	67,991	178,927	26,291	27,826	67,991
Tax service fees earned from PMT included in <i>Loan origination fees</i>	3,216	8,418	26,126	2,503	3,216	8,418
	\$ 29,258	\$ 59,845	\$ 153,580	\$32,861	\$29,258	\$ 59,845
Sourcing fees paid to PMT included in cost of loans purchased	\$ 7,162	\$ 4,968	\$ 6,472	\$ 8,069	\$ 7,162	\$ 4,968

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Loan Servicing Segment

Our loan servicing segment performs loan administration, collection, and default management activities, including the collection and remittance of loan payments; responding to customer inquiries; providing accounting for principal and interest; holding custodial (impounded) funds for the payment of property taxes and insurance premiums; counseling delinquent borrowers; administering loss mitigation activities, including modification and forbearance programs; and supervising foreclosures and property dispositions.

We service loans both as the owner of MSRs and mortgage servicing liabilities ("MSLs") and as the subservicer on behalf of PMT.

The UPB of our loan servicing portfolio is summarized below:

	December 31,		December 31,	
	2023	2022	2024	2023
	(in thousands)		(in thousands)	
Mortgage servicing rights and mortgage servicing liabilities:				
Originated	\$ 352,790,614	\$ 295,032,674	\$410,393,342	\$352,790,614
Purchased	17,478,397	19,568,122		
Purchased and assumed			15,681,406	17,478,397
	370,269,011	314,600,796	426,074,748	370,269,011
Loans held for sale	4,294,689	3,498,214	8,128,914	4,294,689
Total owned servicing	374,563,700	318,099,010	434,203,662	374,563,700
Subserviced for PennyMac Mortgage Investment Trust	232,653,069	233,575,672		
Subserviced for:				
PennyMac Mortgage Investment Trust			230,753,581	232,653,069
U.S. Department of Veterans Affairs			806,584	—
Total subservicing			231,560,165	232,653,069
	\$ 607,216,769	\$ 551,674,682	\$665,763,827	\$607,216,769

Our responsibilities and risks relating to loans we service in arrangements where we own the MSRs or MSLs differ from those where we act as subservicer for the owner of the servicing rights. As the owner of the servicing rights:

- We recognize our investment in the servicing rights received in loan sale transactions where we retain the contractual obligation to service the loans as well the investment we make when we buy MSRs or the liability we incur when we assume MSLs. We carry these assets and liabilities at fair value and as such they are subject to subsequent changes in fair value owing to the anticipated realization of the cash flows from the asset or liability or to changes in the market for such MSRs and MSLs;
- Because our investment in MSRs can be significant and the fair value of this asset is sensitive to changes in prepayment activity and expectations, marketplace return requirements and the cost to service the loans, and marketplace return requirements, we incur costs to hedge this investment – primarily the risk of changes in fair value arising from changes in prepayment speeds activity and expectations in response to changes in interest rates;

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- We are responsible for advancing our corporate funds to protect the loan owners' interest in the collateral securing such loans for such items as hazard insurance, property taxes and foreclosure-related costs, subject to future reimbursement, as well as advancing delinquent principal and interest payments to MBS holders; and

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- As the owner of Ginnie Mae MSRs, we have the option to purchase loans that are at least three months delinquent out of the underlying Ginnie Mae securities as an alternative to continuing to advance principal and interest payments to the holders of the Ginnie Mae securities, or we may be required to purchase loans out of Ginnie Mae securities if there has been a modification of the loans' terms. Our objective is to work with the borrowers to cure the loan delinquency through either borrower reperformance or modification of the loans' terms. When curing the delinquency is not feasible, we work to settle the loan and collect our claims from the applicable insurer or guarantor. When we are able to cure the delinquency and after a minimum required period of reperformance, we are able to re-deliver the cured loan into another Ginnie Mae guaranteed security.

As the subservicer for the owner of servicing rights, we do not carry the related MSRs or MSLs on our balance sheet and therefore do not recognize or hedge changes in the fair value of MSRs or MSLs and are generally not responsible for financing the advance of corporate funds to protect the loan owners' interest in the collateral securing such loans. As a result, the fees we earn from such arrangements are generally less on a per-loan basis than those we earn from holding MSRs and MSLs.

Following is a summary of our net loan servicing fees:

	Year ended December 31,		
	2023	2022	2021
	(in thousands)		
Net loan servicing fees:			
From non-affiliates:			

Loan servicing fees:			
Contractually specified	\$ 1,268,650	\$ 1,054,828	\$ 875,570
Other	134,949	91,894	118,884
	<u>1,403,599</u>	<u>1,146,722</u>	<u>994,454</u>
Effect of MSR and MSLs:			
Realization of cash flows	(662,375)	(523,495)	(347,576)
Other changes in fair value of MSR and MSLs	56,807	877,671	(68,330)
Hedging results	(236,778)	(631,484)	(475,215)
	<u>(842,346)</u>	<u>(277,308)</u>	<u>(891,121)</u>
Net loan servicing fees from non-affiliates	561,253	869,414	103,333
From affiliates:			
Loan servicing fees from PennyMac Mortgage Investment Trust	81,347	81,915	80,658
Change in fair value of excess servicing spread financing payable to PennyMac Mortgage Investment Trust	—	—	(1,037)
Net loan servicing fees from affiliates	<u>81,347</u>	<u>81,915</u>	<u>79,621</u>
Net loan servicing fees	<u>\$ 642,600</u>	<u>\$ 951,329</u>	<u>\$ 182,954</u>
Average UPB of loan serviced for:			
Non-affiliates	\$ 338,373,762	\$ 297,207,950	\$ 258,759,523
Subserviced for PMT	\$ 234,303,254	\$ 226,817,005	\$ 202,047,495

Investment Management

We are an investment manager through our subsidiary, PCM, which provides investment management services to PMT. We earn management fees as a percentage of PMT's net assets and may earn incentive compensation based on PMT's investment performance.

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Following is a summary of our management fee revenue:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Base management	\$ 28,762	\$ 31,065	\$ 34,794			
Performance incentive	—	—	3,007			
Net loan servicing fees:						
From non-affiliates:						
Loan servicing fees:						
Contractually specified				\$ 1,529,452	\$ 1,268,650	\$ 1,054,828
Other				186,776	134,949	91,894

	\$ 28,762	\$ 31,065	\$ 37,801	1,716,228	1,403,599	1,146,722
Average of net assets of PMT during the year	\$1,917,642	\$2,079,851	\$2,348,395			
Effect of MSRs and MSLs:						
Realization of cash flows				(840,730)	(662,375)	(523,495)
Other changes in fair value of MSRs and MSLs				407,388	56,807	877,671
Hedging results				(832,483)	(236,778)	(631,484)
				(1,265,825)	(842,346)	(277,308)
Net loan servicing fees from non-affiliates				450,403	561,253	869,414
Loan servicing fees from PennyMac Mortgage Investment Trust				83,252	81,347	81,915
Net loan servicing fees				\$ 533,655	\$ 642,600	\$ 951,329
Average UPB of loans serviced:						
Mortgage servicing rights and mortgage servicing liabilities				\$396,588,047	\$338,373,762	\$297,207,950
Subservicing				\$231,303,048	\$234,303,254	\$226,817,005

Our Business Strategies

Our business strategies include:

Correspondent Lending

We expect to grow our correspondent production business as we continue to expand the loan products and services we offer. We believe that we are well positioned to continue generating significant business in this channel based on our management expertise in the correspondent production business, our relationships with correspondent sellers, and our supporting systems and processes. In 2024, 2023 and 2022, we purchased \$80.7 billion, \$71.6 billion and \$49.7 billion of mortgage loans, respectively, through our correspondent lending channel. In 2024, 2023, and 2022, we also fulfilled \$13.4 billion, \$14.9 billion and \$37.1 billion of mortgage loans subject to fulfillment fees, respectively, for PMT.

Consumer Direct Lending

We expect to grow our consumer direct lending business over time by leveraging our growing servicing portfolio through the recapture of existing customers for refinance and purchase-money loans as well as increasing our non-portfolio originations by acquiring new customers. As our servicing portfolio grows, we will have a greater number of leads to pursue, which we believe will lead to greater origination activity through our consumer direct business. As of December 31, 2023 December 31, 2024, we serviced 2.4 2.6 million loans. In 2024, 2023 2022 and 2021, 2022, we funded \$4.8 billion \$8.7 billion, \$15.4 billion \$4.8 billion and \$43.1 billion \$15.4 billion of mortgage loans, respectively,

through our consumer direct lending channel as market interest rates increased and market refinance volumes decreased. We believe that our national call center model and our technology will enable us to drive origination process efficiencies and best-in-class customer service.

Broker Direct Lending

According to Inside Mortgage Finance, the broker lending channel represented approximately 16% 18.6% of U.S. residential mortgage originations in 2023, 2024. In 2024, 2023 2022 and 2021, 2022, we funded \$8.1 billion \$13.0 billion, \$6.9 billion \$8.1 billion and \$16.8 \$6.9 billion of mortgage loans, respectively, through our wholesale-broker broker direct channel, which is comprised of loans from both the broker segment direct lending operations as well as loans purchased through our non-delegated correspondent segment. lending operations. We plan on growing our mortgage loan volume in this channel through the addition of new broker and non-delegated partner relationships, as well as expansion of existing relationships enabled by our leading broker technology platform.

Correspondent Lending

We expect to support our correspondent production market share by expanding the number and types of sellers from which we purchase loans. We also expect to increase the proportion of our sellers' production volumes that we purchase as we continue to expand to the loan products and services we offer. We believe that we are well positioned to continue generating significant business in this channel based on our management expertise in the correspondent production business, our relationships with correspondent sellers, and our supporting systems and processes. In 2023, 2022 and 2021, we purchased \$71.6 billion, \$49.7 billion and \$64.8 billion of mortgage loans, respectively, through our correspondent lending channel. In 2023, 2022, and 2021, we also fulfilled \$14.9 billion, \$37.1 billion and \$110.0 billion of mortgage loans subject to fulfillment fees, respectively, for PMT.

Mortgage Loan Servicing

We expect to grow our servicing portfolio through loan production activities, as our correspondent production for our own account and consumer and broker direct lending add new servicing for owned MSRs, and correspondent conventional production for PMT's account adds new subservicing. We also expect to add subservicing for new non-affiliate clients. We or PMT may also grow our servicing portfolio through acquisitions. In 2023, 2024, our loan production totaled \$99.4 billion \$115.8 billion in UPB. Our As of December 31, 2024, our MSRs were backed by loans with UPBs totaling \$370.2 billion as of December 31, 2023 \$426.1 billion.

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Expansion into New Markets and Products

We regularly evaluate opportunities to grow our business, including expansion into new markets and providing additional services to our customers directly or through external partnerships. We continue to develop new products to satisfy demand from customers in each of our production and servicing channels and respond to changing circumstances in the market, by, for mortgage-related financing. For example, expanding our recently introduced closed-end second lien mortgage loan is offered to certain borrowers and is secured by a second lien on the mortgaged property subordinate to the rights of the first lien mortgage holder as well as other potential senior liens. non-affiliate subservicing.

U.S. Mortgage Market

The U.S. residential mortgage market is one of the largest financial markets in the world, with approximately \$16.0 trillion \$16.5 trillion of outstanding debt as of September 30, 2023 September 30, 2024. According to Inside Mortgage Finance, mortgage industry economists, first lien mortgage loan origination volume was approximately \$1.4 trillion \$1.7 trillion in 2023, 2024 and is expected to increase to \$2.0 trillion in 2025. Many

of the largest financial institutions, primarily banks which had historically held the majority of the market share in mortgage origination and servicing, have reduced their participation in the mortgage market, creating opportunities for non-bank participants.

Competition

The residential mortgage industry is characterized by high barriers to entry, including the necessity for approvals required to sell loans to and service loans for the Agencies, state licensing requirements for non-federally chartered banks, sophisticated infrastructure, technology, risk management, and processes required for successful operations, and financial capital requirements.

Given the diverse and specialized nature of our businesses, we do not believe we have a direct competitor for the totality of our business. We compete with a number of nationally-focused companies in each of our businesses.

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In our loan production and servicing segments, we compete with large global banks and financial institutions, including the cash windows of the GSEs, and as well as with other independent residential non-bank mortgage loan producers and servicers, such as Rocket Mortgage, Mr. Cooper, Rithm Capital, Freedom Mortgage and United Wholesale Mortgage.

In our loan production segment, we compete primarily on the basis of customer service, marketing penetration, customer network, product offerings, technical knowledge, manufacturing quality, speed of execution, and rates and fees.

In our servicing segment, we compete primarily on the basis of experience in the residential loan servicing business, quality and efficiency of execution and servicing performance.

In our investment management segment, we also compete for capital with both traditional and alternative investment managers. We compete primarily on the basis of historical track record of risk-adjusted returns, experience of investment management team, the return profile of prospective investment opportunities and on the level of fees and expenses.

Many of our competitors are significantly larger than we are and have stronger financial positions and greater access to capital and other resources than we have and may have other advantages over us. Such advantages include the ability to obtain lower-cost financing, such as deposits, and operational efficiencies arising from their larger size.

Seasonality/Cyclical and Seasonality

The demand for loan originations is affected by consumer demand for home loans. Demand for home loans generally comes from the demand for loans made to finance the purchase of homes and the demand for loans made to refinance existing loans.

The demand for loans made to finance the purchase of homes is most significantly influenced by the overall strength of the economy, housing prices and availability and societal factors such as household formation and government support for homeownership.

The demand for loans made to refinance existing loans is most significantly influenced by movements in interest rates and, to a lesser extent, to changes in property values and employment.

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Human Capital Resources

Our long-term growth and success **is are** highly dependent upon our employees and our ability to maintain a **diverse, equitable and inclusive** workplace representing a broad spectrum of backgrounds, ideas and perspectives. As part of these efforts, we strive to offer competitive compensation and benefits, foster a community where everyone feels a greater sense of belonging and purpose, and provide employees with the opportunity to give back and make an impact in the communities where we live and serve.

We had approximately **3,900 4,100** domestic employees as of the end of fiscal year **2023 2024**. As of the end of fiscal year **2023 2024**, our workforce was **51.8% 51.3%** female and **48.2% 48.7%** male, and the ethnicity of our workforce was **44.3% 43.8%** White, 23.4% Hispanic or Latino, **14.0% 13.9%** Black or African American, **14.2% 14.5%** Asian and **4.1% 4.4%** other (which includes American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and **"Two Two or More Races" Races, or Not Specified** as defined in our EEO-1 Report filed with the Department **of** Labor).

Employee Retention and Development

We believe in attracting, developing and **engaging the best retaining highly skilled** talent, while providing a supportive work environment that prioritizes the **health safety and safety wellness** of our employees. Talent development is a critical component of the employee experience and ensures that all employees have career growth opportunities, including establishing development networks and relationships and fostering continued growth and learning. Employees receive regular business and compliance training to help further enhance their career development objectives. We also actively manage enterprise-wide and divisional mentoring programs and have partnered with an external vendor to establish a comprehensive, fully integrated wellness program designed to enhance **the productivity employee productivity**.

Compensation and Succession Planning

Our compensation programs are designed to motivate and reward employees who possess the necessary skills to support our business strategy and create long-term value for our stockholders. Employee compensation may include base salary, annual cash incentives, and long-term equity incentives, as well as life insurance and 401(k) plan matching contributions. We also offer a comprehensive selection of health and welfare benefits to our employees including emotional well-being support and paid parental leave programs. Succession planning is also critical to our operations and we have established ongoing evaluations of our leadership depth and succession capabilities.

Diversity, Equity and Inclusion Workplace Engagement

We believe that building a **diverse, equitable high-performing, talented and inclusive, high-performing engaged** workforce where our employees bring varied perspectives and experiences to work every day creates a positive influence in our workplace, **community business operations and the communities we serve**. We prioritize several initiatives that strengthen our workplace culture, including our leadership standards, mentorship programs, business **operations**, resource groups, and on-site and division-based culture and engagement teams. We actively monitor trends in our workforce and prioritize programs to ensure that our employees have an opportunity to learn, grow, and thrive. Our Board of Directors and board committees oversee our **Nominating and Corporate Governance Committee, Compensation Committee, and**

Risk Committee provide regular oversight of our corporate sustainability program, including our diversity, equity and inclusion human capital resource programs and initiatives.

We have also taken proactive measures to strategically and sustainably advance equity in the workplace through our Business Resource Groups ("BRG"), diversity initiatives, mentorship programs, and external partnerships with organizations such as the Mortgage Bankers Association and the National Association of Minority Mortgage Bankers of America. We also established leadership goals and created customized initiatives that focus on our continued effort to increase the number of women and underrepresented minorities in management positions throughout our company and its business divisions.

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As it relates to our inclusive culture, we established the following BRGs to emphasize career growth, networking, and learning opportunities for employees and allies with shared backgrounds and experiences: the BOLD BRG (for Black and African American employees and allies), the HOLA BRG (for Hispanic, Latino and Latinx employees and allies), the InspirASIAN BRG (for our Asian American and Pacific Islander employees and allies), the Pennymac PRIDE BRG (for our LGBTQIA employees and allies), the SERVE BRG (for our veteran and military family employees and allies), and the WEMRG BRG (for our women employees and allies). We also foster a more inclusive culture through a variety of initiatives, including corporate training, special events, community outreach and corporate philanthropy.

Community Involvement

We have a Our corporate philanthropy program that is governed by a philosophy of giving that prioritizes the support of causes and issues that are important of importance in our local communities, and drives a culture of employee engagement and collaboration throughout our organization. We are committed to empowering our employees to be a positive influence in the communities where community, which we live believe cultivates a sense of purpose and serve, connection that boosts employee productivity and believe that this commitment supports our efforts to attract engagement, increases job satisfaction, and engage employees and improve ultimately improves employee retention.

Our philanthropy program consists of three a number of key components: an employee matching gift gifts program, a volunteer grants program, a charitable grants program and a corporate sponsorship program. Our five philanthropic focus areas are: community development and equitable affordable housing, financial literacy and economic inclusion, human and social services, health and medical research, and environmental sustainability.

We have established a separate donor advised fund to facilitate donations to various local and national charitable organizations and have provided funding to several charitable organizations located near our office sites and national organizations that support missions such as sustainable homeownership, mortgage and rental assistance, food insecurity, disaster recovery, relief, family and child advocacy, and community empowerment. We also manage our environmental impact by focusing on improving our waste reduction, energy efficiency and water conservation.

Legal and Regulatory Compliance

Our business is subject to extensive federal, state and local regulation. The CFPB is responsible for ensuring consumers are provided with timely and understandable information to make responsible decisions about financial transactions, federal consumer financial laws are enforced and consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination. Although the CFPB's actions may

improve consumer protection, such actions have also have resulted in a meaningful increase in costs to consumers and financial services companies including mortgage originators and servicers.

Our loan production and loan servicing operations are subject to federal requirements and are regulated at the state level by state licensing authorities and administrative agencies. We, along with certain PNMAC and our employees who engage in regulated activities, must apply for licensing as a mortgage banker or lender, loan servicer and debt collector pursuant to applicable state law. These state licensing requirements typically require an application process, the payment of fees, background checks and administrative review.

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Our servicing operations are licensed (or exempt or otherwise not required to be licensed) to service mortgage loans in all 50 states, the District of Columbia, Puerto Rico, Guam and the United States Virgin Islands. Our consumer direct lending business is licensed to originate loans in all 50 states and the District of Columbia.

From time to time, we receive requests from states and Agencies and various investors for records, documents and information regarding our policies, procedures and practices regarding our loan production and loan servicing business activities, and undergo periodic examinations by federal and state regulatory agencies. We incur significant ongoing costs to comply with these licensing and examination requirements.

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The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the "SAFE Act") requires all states to enact laws that require all individuals acting in the United States as mortgage loan originators to be individually licensed or registered if they intend to offer mortgage loan products. These licensing requirements include enrollment in the Nationwide Mortgage Licensing System, application to state regulators for individual licenses and the completion of pre-licensing education, annual education and the successful completion of both national and state exams.

We must comply with a number of federal consumer protection laws, including, among others:

- the Real Estate Settlement Procedures Act, and Regulation X thereunder, which require certain disclosures to mortgagors regarding the costs of mortgage loans, the administration of tax and insurance escrows, the transferring of servicing of mortgage loans, the management of mortgage loans in default, loss mitigation and foreclosure events, the response to consumer complaints, and payments between lenders and vendors of certain settlement services;
- the Truth in Lending Act, and Regulation Z thereunder, which require certain disclosures to mortgagors regarding the terms of their mortgage loans, notices of sale, assignments or transfers of ownership of mortgage loans, new servicing rules involving payment processing, and adjustable rate mortgage change notices and periodic statements;

- the Equal Credit Opportunity Act and Regulation B thereunder, which prohibit discrimination on the basis of age, race and certain other characteristics, in the extension of credit;
- the Fair Housing Act, which prohibits discrimination in housing on the basis of race, sex, national origin, and certain other characteristics;
- the Home Mortgage Disclosure Act and Regulation C thereunder, which require financial institutions to report certain public loan data;
- the Homeowners Protection Act, which requires the cancellation of private mortgage insurance once certain equity levels are reached, sets disclosure and notification requirements, and requires the return of unearned premiums;
- the Servicemembers Civil Relief Act, which provides, among other things, interest and foreclosure protections for service members on active duty;
- the Gramm-Leach-Bliley Act and Regulation P thereunder, which require us to maintain privacy with respect to certain consumer data in our possession and to periodically communicate with consumers on privacy matters;
- the Fair Debt Collection Practices Act, which regulates the timing and content of debt collection communications;
- the Fair Credit Reporting Act and Regulation V thereunder, which regulate the use and reporting of information related to the credit history of consumers; and

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- the National Flood Insurance Reform Act of 1994, which provides for lenders to require from borrowers or to purchase flood insurance on behalf of borrower/owners of properties in special flood hazard areas.

Many of these laws are further impacted by the SAFE Act and implementation of new rules by the CFPB.

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Our senior management team has established a comprehensive compliance management system ("CMS" ("CMS")) that is designed to ensure compliance with applicable mortgage origination and servicing laws and regulations. The components of our CMS include: (a) oversight by senior management and our Board of Directors to ensure that our compliance culture, guidance, and resources are appropriate; (b) a compliance program to ensure that our policies, training and monitoring activities are complete and comprehensive; (c) a complaint management program to ensure that consumer complaints are appropriately addressed and that any

required actions are implemented on a timely basis; and (d) independent oversight to ensure that our CMS is functioning as designed.

An important component of the CMS is management's Mortgage Regulatory Compliance oversight structure, including our Management Risk Committee ("MRCC" MRC). This committee oversees the CMS and supports our cultural initiatives that reinforce the importance of regulatory compliance. The MRCC also MRC monitors changes in the internal and external environment, approves mortgage compliance and risk management policies, monitors compliance with those policies and ensures any required remediation is implemented on a timely basis. The MRCC MRC has identified individuals throughout the organization to oversee specific areas of compliance. MRCC risk. MRC membership includes senior management from all areas of the Company impacted by mortgage compliance laws and regulations. The MRCC MRC meets on a regular basis throughout the year.

Intellectual Property

We rely on a combination of trademarks, copyrights, and trade secrets, as well as confidentiality and contractual provisions to protect our intellectual property and proprietary technologies. We hold or have otherwise applied for various registered trademarks, including trademarks with respect to the name Pennymac and various additional designs and word marks relating to the Pennymac name. Depending upon the jurisdiction, trademarks generally are valid as long as they are in use and/or their registrations are properly maintained. We generally intend to renew our trademarks as they come up for renewal. Our other intellectual property includes proprietary know-how and technological innovations, such as our proprietary workflow-driven cloud-based servicing system, as well as proprietary pricing engines, loan-level analytics systems and other trade secrets that we have developed to maintain our competitive position.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, including exhibits, proxy statements and amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available free of charge through the investor relations section of our website at www.pennymacfinancial.com as soon as reasonably practicable after electronically filing such material with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding our filings at www.sec.gov. The above references to our website and the SEC's website do not constitute incorporation by reference of the information contained on those websites and should not be considered part of this document.

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Item 1A. Risk Factors

Summary Risk Factors

We are subject to a number of risks that, if realized, could have a material adverse effect on our business, financial condition, liquidity, results of operations and our ability to make distributions to our stockholders. Some of our more significant challenges and risks include, but are not limited to, the following, which are described in greater detail below:

- Our business is significantly impacted by changes in interest rates. Changes in prevailing interest rates, rising inflation rates, U.S. monetary policies or other macroeconomic conditions that affect interest rates may have a detrimental effect on our business and earnings.

- Our revenues are highly dependent on macroeconomic factors and real estate, market, mortgage market and financial market conditions, conditions that could materially and adversely affect our business, financial condition, liquidity and results of operations.
- We may not be able to effectively manage significant increases or decreases in our loan production volume, which could negatively affect our business, financial condition, liquidity and results of operations.
- Increases in delinquencies and defaults may adversely affect our business, financial condition, liquidity and results of operations.
- We are required to make servicing advances that can be subject to delays in recovery or may not be recoverable due to delinquencies, defaults and foreclosures that could adversely affect our business, financial condition, liquidity and results of operations.
- We have a substantial amount of indebtedness, which may limit our financial and operating activities, expose us to substantial increases in costs due to interest rate fluctuations, expose us to the risk of default under our debt obligations and may adversely affect our ability to incur additional debt to fund future needs.
- We rely on external financial arrangements to fund mortgage loans and operate our business and our inability to refinance or enter new financial arrangements could be detrimental to our business.
- We finance our loans, MSRs and other assets under secured financing agreements and utilize various other sources of borrowings, which exposes us to significant risk and may materially and adversely affect our business, financial condition, liquidity and results of operations.
- Our acquisition financing agreements contain financial and restrictive covenants that could adversely affect our business, financial condition, liquidity and results of operations.
- Hedging against interest rate exposure may materially and adversely affect our business, financial condition, liquidity, results of operations and cash flows.
- We use estimates in determining the fair value of our investments and for credit decisions. If our estimates prove to be inaccurate, we may be required to write down the fair values of our investments or suffer a loss that could adversely affect our business, financial condition, liquidity and results of operations.
- Our ownership of mortgage servicing rights exposes us to significant prepayment, delinquency, interest rate and regulatory risks.

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- A disruption in the MBS market could materially and adversely affect our business, financial condition, liquidity and results of operations.
- We may be required to indemnify the purchasers of loans that we originate, acquire or assist in the fulfillment of, or repurchase those loans, if those loans fail to meet certain criteria or characteristics or under other circumstances and we may be unable to seek indemnity or require our counterparties to repurchase loans if they breach representations and warranties they make to us.
- We depend on counterparties and vendors to provide services that are critical to our business, which subjects us to a variety of risks.
- Our failure to appropriately address various issues that may give rise to reputational risk could cause harm to our business and adversely affect our earnings.
- Cybersecurity risks, cyber incidents and technology failures may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information or the personal information of our customers, and/or damage to our business relationships, all of which could negatively impact our financial results.
- Technology disruptions or failures, including a failure in our information systems or those of third parties with whom we do business, could disrupt our business, cause legal or reputational harm and adversely impact our results of operations and financial condition.
- The development, implementation, maintenance and protection of our proprietary technologies require significant capital and legal expenditures for us to remain competitive.
- Climate change, adverse weather conditions, man-made or natural disasters, pandemics, wars and armed conflicts, terrorist attacks, and other long term physical and environmental changes and conditions could adversely impact properties that we own or that collateralize loans we own or service, as well as geographic areas where we conduct business, service.
- We operate in a highly regulated industry and the continually changing federal, state and local laws and regulations could materially and adversely affect our business, financial condition, liquidity and results of operations.

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- New CFPB Enforcement of existing or state rules and regulations or more stringent enforcement of existing new rules and regulations by these the CFPB and state regulators could result in enforcement actions, fines, penalties and the inherent reputational risk that results from such actions. harm.
- We are highly dependent on U.S. government-sponsored entities and government agencies, and any organizational or pricing changes at such entities or their regulators could materially and adversely affect our business, liquidity, financial condition and results of operations.
- We are required to have various Agency approvals and state licenses in order to conduct our business and there is no assurance we will be able failure to obtain or maintain those Agency approvals or state licenses. our licenses could materially and adversely impact our business, financial condition, liquidity, and results of operations.
- We rely on PennyMac Mortgage Investment Trust ("PMT") as is a significant source of financing for, and revenue related to, our mortgage banking business, and the termination of, or material adverse change in, the terms of this relationship, or a material adverse change to PMT or its operations, could adversely affect our business, financial condition, liquidity and results of operations.
- A significant portion of our loan servicing operations are conducted pursuant to subservicing contracts with PMT, and any termination by PMT of these contracts, or a material change in the terms thereof that is adverse to us, would adversely affect our business, financial condition, liquidity and results of operations.
- Our failure to comply with the extensive amount of regulation applicable to our investment management segment could materially and adversely affect our business, financial condition, liquidity and results of operations.
- We may encounter conflicts of interest in trying to appropriately allocate our time and services between activities for our own account and for PMT, or in trying to appropriately allocate investment opportunities among ourselves and for PMT.
- Our risk management efforts may not be effective. effective in identifying our significant risks and designing and implementing adequate internal controls to mitigate those risks.
- Initiating new business activities, developing Developing new products, updating our operational processes and initiating or significantly expanding existing our business activities may expose us to new risks, regulatory compliance requirements and increase our cost of doing business, costs.
- We operate in a highly competitive market and decreased margins resulting from increased competition or our inability to compete successfully could adversely affect our business, financial condition, liquidity and results of operations.

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Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the following factors, which could materially adversely affect our business, financial condition, liquidity and results of operations in future periods. The risks described below are not the only risks that we face. Additional risks not presently known to us or that we currently deem immaterial may also materially adversely affect our business, financial condition, liquidity and results of operations in future periods.

Risks Related to Mortgage Production and Servicing

Market and Financial Risks

Our business is significantly impacted by changes in interest rates. Changes in prevailing interest rates, rising inflation rates, U.S. monetary policies or other macroeconomic conditions that affect interest rates may have a detrimental effect on our business and earnings.

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Our operations, financial performance and earnings are affected by factors including prevailing interest rates, United States monetary policies or other macroeconomic conditions such as inflation fluctuations, recessions, consumer confidence and demand. For example, the U.S. Federal Reserve's elevated federal fund rate increases funds rates and inflationary pressures over the period have constrained mortgage origination and refinancing activity resulting in 2022 and 2023 to address rising inflation negatively impacted our business and, as a result, our net revenues decreased decreasing from \$3.2 billion in fiscal year 2021 to \$1.4 billion \$1.6 billion in fiscal year 2023, 2024. In addition, the pricing and liquidity of the MBS market may be impacted by future sales and reallocations of the Federal Reserve's MBS portfolio. The future reduction Future reductions of the Federal Reserve's balance sheet or its MBS portfolio may result in higher interest rate volatility and wider mortgage-backed security spreads that could negatively impact our investments.

Our financial performance and profitability are directly affected by changes in prevailing interest rates. An increase in prevailing interest rates could:

- adversely affect our loan production volume, as refinancing an existing loan would be less attractive and qualifying for a loan may be more difficult;
- adversely affect our Ginnie Mae early buyout ("EBO") loans because modifications would become less economically feasible; and
- increase the cost of servicing our outstanding debt, including debt related to servicing assets and loan production.

A decrease in prevailing interest rates could:

- cause an increase in the expected volume of loan refinancings, refinancing, which would require us to record decreases in fair value on our MSRs; and
- reduce our earnings from our custodial deposit accounts.

Furthermore, borrowings under our warehouse lines of credit, and MSR and servicing advance facilities are [generally] generally at variable rates of interest, which exposes us to interest rate risk. If interest rates increase, our debt service obligations on certain of our variable-rate indebtedness will increase even though the amount borrowed remains the same, and our earnings and cash flows may correspondingly decrease. An event of default, a negative ratings agency action, the perception of financial weakness, an adverse action by a regulatory authority, a lengthening of foreclosure timelines or a general deterioration in the economy that constricts the availability of credit may increase our cost of funds and make it difficult for us to refinance existing debt and borrow additional funds. In addition, we may not be able to adjust our operational capacity and staffing in a timely manner, or at all, in response to increases or decreases in loan production volume resulting from changes in prevailing interest rates.

Any of the increases or decreases discussed above could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our revenues are highly dependent on macroeconomic factors and real estate, market, mortgage market and financial market conditions. conditions that could materially and adversely affect our business, financial condition, liquidity and results of operations.

The success of our business strategies and our results of operations are materially affected by current or future conditions in the real estate market, mortgage markets, financial markets and the economy generally. Factors such as inflation, deflation, unemployment, personal and business income taxes, healthcare, energy costs, government shutdowns, pandemics, wars and armed conflicts, climate change and the availability and cost of credit may contribute to increased volatility and unclear expectations for the economy in general and the real estate, mortgage market and financial markets in particular going forward. A significant deterioration in macroeconomic conditions could reduce the amount of disposable income consumers have and negatively impact consumers' ability to take out new loans and repay existing loans. A destabilization of the real estate market, mortgage market and financial markets or deterioration in these markets also could reduce our loan production volume, reduce the profitability of servicing mortgages or adversely affect our ability to sell mortgage loans that we originate or acquire, either at a profit or at all. Inflation and future expectations of inflation could also increase our operating expenses and may affect our profitability if the additional operating costs are not recoverable through increased revenues or profit margins. Any of the foregoing could materially and adversely affect our business, financial condition, liquidity and results of operations.

We may not be able to effectively manage significant increases or decreases in our loan production volume, which could negatively affect our business, financial condition, liquidity and results of operations.

If we do not effectively manage loan production volumes and are unable to consistently maintain quality of execution, our reputation and existing relationships with mortgage lenders and brokers could be damaged, we may not be able to maintain PMT's existing relationships or develop new relationships with mortgage lenders and brokers, our new mortgage products may not gain widespread acceptance and the quality of our correspondent production, consumer direct lending and wholesale broker lending operations could suffer, all of which could negatively affect our brand and operating results.

Our loan production segment business is also subject to overall market factors that could adversely impact our loan production volumes. For example, increased competition from new and existing market participants, reductions in the overall level of refinancing activity or a decrease in home purchase activity can decrease our loan production volumes. We may be forced to accept lower margins in our respective businesses to continue to compete and keep our loan production volumes consistent with past or projected levels or be forced to reduce our levels of production activity. In addition, we may not be able to adjust our operational capacity and staffing in a timely manner, or at all, in response to increases or decreases in loan production volume resulting from changes in prevailing interest rates.

Increases in delinquencies and defaults may adversely affect our business, financial condition, liquidity and results of operations.

Delinquencies can result from many factors including unemployment, weak economic conditions or real estate values, or catastrophic events such as man-made or natural disasters, pandemics, war or wars and armed conflicts, and terrorist attacks. A decrease in home prices may result in higher loan-to-value ratios ("LTVs"), lower recoveries in foreclosure and an increase in loss severities above those that would have been realized had

property values not decreased. Some borrowers do not have sufficient equity in their homes to permit them to refinance their existing loans, which may reduce the volume of our loan production business. This may also provide borrowers with an incentive to default on their mortgage loans even if they have the ability to make principal and interest payments.

Increased mortgage delinquencies, defaults and foreclosures may result in lower revenue for loans that we service for the Agencies because we only collect servicing fees from the Agencies for performing loans, and our failure to service delinquent and defaulted loans in accordance with the applicable servicing guidelines could result in our failure to benefit from available monetary incentives and/or expose us to monetary penalties and curtailments. Additionally, while increased delinquencies generate higher ancillary fees, including late fees, these fees may not be recoverable if the related loan is liquidated or due to other regulatory or investor requirements. In addition, an increase in delinquencies lowers the interest income that we receive on cash held in collection and other accounts because there is

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less cash in those accounts. Also, increased mortgage defaults may ultimately reduce the number of mortgages that we service.

Increased mortgage delinquencies, defaults and foreclosures will also result in a higher cost to service those loans due to the increased time and effort required to collect payments from delinquent borrowers and to acquire and liquidate the properties securing the loans or otherwise resolve loan defaults if payment collection is unsuccessful, and only a portion of these increased costs are recoverable under our servicing agreements. Increased mortgage delinquencies, defaults and foreclosures may also result in an increase in servicing advances we are obligated to make to fulfill our obligations to MBS holders and to protect our investors' interests in the properties securing the delinquent mortgage loans. An increase in required advances also may cause an increase in our interest expense and affect our liquidity as a result of increased borrowings under our financing agreements to fund any such increase in the advances.

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

During any period in which a borrower is not making payments, we may be required under our servicing agreements in respect of our MSRs to advance our own funds to pay property taxes and insurance premiums, legal expenses and other protective advances, and may be required to advance scheduled principal and interest payments to security holders of the MBS into which the loans are sold. We also advance funds under these agreements to maintain, repair and market real estate properties on behalf of investors. As home values change, we may have to reconsider certain of the assumptions underlying our decisions to make advances and, in certain situations, our contractual obligations may require us to make advances for which we may not be reimbursed. In addition, if a loan serviced by us is in default or becomes delinquent, the repayment to us of the advance may be delayed until the loan is repaid or refinanced or a liquidation occurs. Federal, state or local regulatory actions may

also result in an increase in 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 while the loan is delinquent. In addition, the average share of borrowers' mortgage payments allocated to property taxes and insurance premiums has been steadily rising in recent years due to inflation and other factors, which could impact housing affordability, mortgage delinquencies, defaults, and foreclosures. A delay in our ability to collect advances may adversely affect our liquidity, and our inability to be reimbursed for advances could have a material adverse effect on our business, financial condition, liquidity, results of operations and ability to make distributions to our stockholders.

In addition, increased mortgage delinquencies, defaults and foreclosures will also result in a higher cost to service those loans due to the increased time and effort required to collect payments from delinquent borrowers, to foreclose on the loan and to liquidate properties or otherwise resolve loan defaults if payment collection is unsuccessful.

Any significant increases in delinquencies, defaults and foreclosures on loans that we service in respect of FHA, VA, and USDA related MSRs could result in an increase in servicing expenses as well as losses since the loans may not be fully insured or guaranteed under each of the VA, the FHA and the USDA government loan programs.

- *FHA Insurance* - FHA loans are insured for the entire unpaid principal balance of the loan. However, if the FHA loan defaults or goes into foreclosure, the servicer is only compensated for two-thirds of its incurred foreclosure costs. In addition, the servicer is only reimbursed for any interest accrued and unpaid from a date 60 days after the borrower's first uncorrected failure to perform, and the interest is reimbursed at the HUD debenture interest rate that may be lower than the actual loan rate.

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- *VA and USDA Guarantees* - VA and USDA loans are only partially guaranteed by the government and if such loan defaults or goes into foreclosure, the VA or USDA guarantees may not fully cover all principal, interest and other fees and advances we may have incurred on the outstanding VA or USDA loan, and we may suffer a loss.

We may also be subject to additional curtailments to servicing and advance reimbursements if we have not satisfied VA, USDA or FHA timing, service and other regulatory or investor requirements during the foreclosure and conveyance process. Any significant increase in delinquencies, defaults and foreclosures on loans that increase our servicing advances, reduce property value or otherwise delay our ability to dispose of the properties underlying the loan could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We have a substantial amount of indebtedness, which may limit our financial and operating activities, expose us to substantial increases in costs due to interest rate fluctuations, expose us to the risk of default under our debt obligations and may adversely affect our ability to incur additional debt to fund future needs.

As of ~~December 31, 2023~~ December 31, 2024, we had ~~\$8.6 billion~~ \$14.4 billion of total indebtedness outstanding (approximately ~~\$6.1 billion~~ \$11.2 billion of which was secured) and up to ~~\$6.8~~ \$3.6 billion of additional capacity under our secured borrowings and other secured debt financing arrangements. This substantial indebtedness and any future indebtedness we incur could have adverse consequences and, for example, could:

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- require us to dedicate a substantial portion of cash flow from operations to the payment of principal and interest on indebtedness, including indebtedness we may incur in the future, thereby reducing the funds available for operations, capital expenditures and other general corporate purposes;
- make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including any restrictive covenants, could result in an event of default under the indentures governing the unsecured senior notes or under the agreements governing our other indebtedness which, if not cured or waived, could result in the acceleration of our indebtedness under our other debt instruments or the unsecured senior notes;
- subject us to increased sensitivity to interest rate increases;
- make us more vulnerable to economic downturns, adverse industry conditions or catastrophic events;
- reduce our flexibility in planning for or responding to changing business, industry and economic conditions; and/or
- place us at a competitive disadvantage to competitors that have relatively less debt than we have.

In addition, our substantial level of indebtedness could limit our ability to obtain additional financing on acceptable terms, or at all, for working capital and general corporate purposes. Our liquidity needs vary significantly from time to time and may be affected by general economic conditions, industry trends, performance and many other factors outside our control.

We are a holding company and our principal assets are our equity interests in our subsidiaries and, accordingly, we are dependent upon the cash distributions from our subsidiaries for our expenses and indebtedness.

We are a holding company and our principal asset is our equity interest in our wholly-owned subsidiaries. As a result, we have no independent means of generating revenue and, accordingly, we are dependent upon the cash distributions from our wholly-owned subsidiaries to pay for our expenses and indebtedness. For example, the repayment of our indebtedness, including the \$3.2 billion of unsecured senior notes, will depend in part on our subsidiaries' generation of cash flows and ability to make such cash available to us, by dividend, debt repayment or otherwise. Subsidiaries that are not guarantors will not have any obligation to pay amounts due on the unsecured senior notes or to make funds available

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for that purpose. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from them. In the event that we are unable to receive cash from our subsidiaries, we may be unable to pay dividends or make payments on our indebtedness.

We rely on external financial arrangements to fund mortgage loans and operate our business and our inability to refinance or enter new financial arrangements could be detrimental to our business.

Our ability to finance our business operations and repay maturing obligations rests in large part on our ability to borrow money. Unlike some of our competitors who fund mortgage loans through bank deposits, we generally fund our mortgage loans through borrowings under

warehouse facilities and other financing arrangements from banking institutions and private equity firms and with funds from our operations. Our borrowings are generally repaid with the proceeds we receive from mortgage loan sales. We require new and continued financing to fund mortgage loans and operate our business. We are generally required to renew many of our financing arrangements on a regular basis, which exposes us to refinancing and interest rate risks. Our ability to refinance our existing financial obligations and borrow additional funds is affected by a variety of factors beyond our control including:

- limitations imposed on us under our financing agreements that contain restrictive covenants and borrowing conditions, which may limit our ability to raise additional debt;
- restrictions imposed upon us by regulatory agencies that mandate certain minimum capital and liquidity requirements;
- liquidity in the credit markets;
- prevailing interest rates;
- the strength of the lenders from which we borrow, and the regulatory environment in which they operate, including changing capital requirements;
- limitations on borrowings from financing arrangements imposed by the amount of eligible collateral pledged, which may be less than the borrowing capacity of the credit facility; and
- accounting changes that may impact calculations of covenants in our financing arrangements.

We are also dependent on a limited number of banking institutions and private equity firms to extend us credit on terms that we have determined to be commercially reasonable. These banking institutions and private equity firms are subject to their own risk management frameworks, profitability and risk thresholds and tolerances, any of which may change materially and negatively impact their business strategies, including their extension of credit to us specifically or mortgage lenders and servicers generally. Certain financial firms have already exited the mortgage lending market, and others financial firms may decide to exit the mortgage lending business in the future. Such actions may increase our cost of capital and limit or otherwise eliminate our access to capital, in which case our business, financial condition, liquidity and results of operations would be materially and adversely affected.

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In the event that any of our financial arrangements is terminated or is not renewed, or if the principal amount that may be drawn under our funding agreements that provide for immediate funding at closing were to significantly decrease, we may be unable to find replacement financing on commercially favorable terms, or at all, which could be detrimental to our business.

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We finance our loans, MSRs and other assets under secured financing agreements and utilize various other sources of borrowings, which exposes us to significant risk and may materially and adversely affect our business, financial condition, liquidity and results of operations.

We finance and, to the extent available, we intend to continue to leverage the loans produced through our loan production businesses with borrowings under repurchase agreements. When we enter into repurchase agreements, we sell mortgage loans to lenders, which are the repurchase agreement counterparties, and receive cash from the lenders. The lenders are obligated to resell the same assets back to us at the end of the term of the transaction. Because the cash that we receive from a lender when we initially sell the assets to that lender is less than the fair value of those assets (this difference is referred to as the haircut or margin), if the lender defaults on its obligation to resell the same assets back to us we could incur a loss on the transaction equal to the amount of the haircut or margin reduced by interest accrued on the repurchase agreement (assuming that there was no change in the fair value of the assets). Repurchase agreements generally allow the counterparties, to varying degrees, to determine a new fair value of the collateral to reflect current market conditions. If a counterparty lender determines that the fair value of the collateral has decreased, it may initiate a margin call and require us to either post additional collateral to cover such decrease or repay a portion of the outstanding borrowing. Should this occur, in order to obtain cash to satisfy a margin call, we may be required to liquidate assets at a disadvantageous time, which could cause us to incur further losses. If we are unable to satisfy a margin call, our counterparty may sell the collateral, which may result in significant losses to us.

In addition, we invest in certain assets, including MSRs and EBOs, for which financing has historically been difficult to obtain. We currently leverage certain of our MSRs and EBOs under secured financing arrangements. Freddie **Mae Mac** MSRs are pledged through a special purpose entity to secure borrowings under a master repurchase agreement. Fannie Mae and Ginnie Mae MSRs are pledged to special purpose entities, each of which issues variable funding notes, term loans and term notes that are secured by such Fannie Mae or Ginnie Mae assets, as applicable, and repaid through the servicing cash flows. Some of our EBOs are contributed to a special purpose entity, which issues participation certificates pledged to secure borrowings under a master repurchase agreement. In each case, similar to our repurchase agreements, the cash that we receive under these secured financing arrangements is less than the fair value of the assets and a decrease in the fair value of the pledged collateral can result in a margin call. Should a margin call occur, we may be required to liquidate assets at a disadvantageous time, which could cause us to incur further losses. If we are unable to satisfy a margin call, the secured parties may sell the collateral, which may result in significant losses to us.

Our secured financing arrangements are subject to the terms of an acknowledgement agreement with Fannie Mae, Freddie Mac or Ginnie Mae, as applicable, pursuant to which our and the secured parties' rights are subordinate in all respects to the rights of the applicable Agency. Accordingly, the exercise by any of Fannie Mae, Freddie Mac or Ginnie Mae of its rights under the applicable acknowledgment agreement could result in the extinguishment of our and the secured parties' rights in the related collateral and result in significant losses to us.

We may in the future utilize other sources of borrowings, including bank credit facilities and structured financing arrangements, among others. The amount of leverage we employ varies depending on the asset class being financed, our available capital, our ability to obtain and access financing arrangements with lenders and the lenders' and rating agencies' estimate of, among other things, the stability of our cash flows. We can provide no assurance that we will have access to any debt or equity capital on favorable terms or at the desired times, or at all. Our inability to raise such capital or obtain financing on favorable terms could materially and adversely impact our business, financial condition, liquidity and results of operations.

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Our financing agreements contain financial and restrictive covenants that could adversely affect our business, financial condition, liquidity and results of operations.

Our various financing agreements require us and/or our subsidiaries to comply with various restrictive covenants **and conditions precedent to funding**, including those relating to tangible net worth, profitability and our ratio of total liabilities to tangible net worth. Incurring substantial debt subjects us to the risk that our cash flows from operations may be insufficient to repurchase the assets that we have sold

under our repurchase agreements or otherwise service the debt incurred under our other financing agreements. Our lenders also require us to maintain minimum amounts of cash or cash equivalents sufficient to maintain a specified liquidity position. In addition, the repayment of the unsecured senior notes will depend in part on our restricted subsidiaries' generation of cash flow and our restricted subsidiaries' ability to make such cash available to us, by dividend, debt repayment or other means. The unsecured senior note indentures contain additional restrictive covenants that may limit our and our restricted subsidiaries' ability to engage in specified types of transactions, including our ability and/or the ability of our restricted subsidiaries to:

- pay dividends or distributions, redeem or repurchase equity, prepay subordinated debt and make certain loans or investments;
- merge or consolidate with another company or sell all or substantially all of our assets;
- transfer, sell or otherwise dispose of certain assets including capital stock of subsidiaries;
- enter into transactions with affiliates; and
- allow to exist certain restrictions on the ability of non-guarantor restricted subsidiaries to pay dividends or make other payments to us.

If we fail to comply with the restrictive covenants and are unable to obtain a waiver or amendment, an event of default would result under the terms of our financing arrangement or could limit our ability to obtain additional financing on acceptable terms, or at all, for working capital and general corporate purposes. If an event of default occurs, our financing arrangements could be immediately due and payable, requiring us to apply all available cash to repay our financing arrangements, and if we were unable to repay or refinance our financial arrangements then any collateral securing the financial borrowing may be sold by our lenders.

Hedging against interest rate exposure may materially and adversely affect our business, financial condition, liquidity, and results of operations. operations and cash flows.

We pursue hedging strategies primarily in an effort to mitigate the effect of changes in interest rates on the fair value of our assets. To manage this price risk, we use derivative financial instruments **acquired with the intention of moderating and principal only securities to moderate** the risk that changes in market interest rates will result in unfavorable changes in the fair value of our assets, **primarily such as** prepayment exposure on our MSR investments, **as well as** interest rate lock commitments ("IRLCs") and our inventory of loans held for sale. For example, with respect to our IRLCs and inventory of loans held for sale, we may use MBS forward sale contracts to lock in the price at which we will sell the mortgage loans or resulting MBS, and MBS put options to mitigate the risk of our IRLCs not closing at the rate we expect. In addition, with respect to our MSRs, we may use MBS forward purchase and sale contracts to address exposures to smaller interest rate shifts with Treasury and interest rate swap futures, **options, swaptions** and **use options and swaptions principal only securities** to achieve target coverage levels for larger interest rate shocks.

Our hedging activity will vary in scope based on the risks being mitigated, the level of interest rates, the type of investments held, and other changing market conditions. Hedging instruments involve risk because they often are not traded on regulated exchanges, guaranteed by an exchange or its clearing house, or regulated by any U.S. or foreign governmental authorities, and our interest rate hedging may fail to protect or could adversely affect us because, among other things:

- interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates;

- available interest rate hedging instruments may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability or asset;

- the credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and

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- the hedging counterparty owing the money in the hedging transaction may default on its obligation to pay; pay; and
- we may fail to recalculate, re-adjust and execute hedges in an efficient manner.

In addition, we may fail to recalculate, re-adjust and execute hedges in an efficient manner. Any hedging activity, which is intended to limit losses, may materially and adversely affect our financial position, operations and cash flows. Therefore, while we may enter into such transactions seeking to reduce interest rate risk, unanticipated changes in interest rates may result in worse overall investment performance than if we had not engaged in any such hedging transactions. A Further, a liquid secondary market may not exist for a hedging instrument purchased or sold, and we may be required to maintain a position until exercise or expiration, which could result in significant losses. The cost of utilizing derivatives may reduce our income that would otherwise be available for distribution to stockholders or for other purposes, and the derivative instruments that we utilize may fail to effectively hedge our positions. We are also subject to credit risk with regard to the counterparties involved in the derivative transactions.

The degree of correlation between price movements of the instruments used in hedging strategies and price movements in the portfolio positions or liabilities being hedged may vary materially. Moreover, we may not establish an effective correlation between such hedging instruments and the portfolio positions or liabilities being hedged. Any such ineffective correlation may prevent us from achieving the intended hedge and expose us to risk of loss. Numerous regulations currently apply to hedging and any new regulations or changes in existing regulations may significantly increase our administrative or compliance costs. Our derivative agreements generally provide for the daily mark to market of our hedge exposures. If a hedge counterparty determines that its exposure to us exceeds its exposure threshold, it may initiate a margin call and require us to post collateral. If we are unable to satisfy a margin call, we would be in default of our agreement, which could have a material adverse effect on our business, financial condition, liquidity, and results of operations. operations and cash flows.

We use estimates in determining the fair value of our investments and for credit decisions. If our estimates prove to be inaccurate, we may be required to write down the fair values of our investments or suffer a loss that could adversely affect our business, financial condition, liquidity and results of operations.

Our estimates of Fair value determinations require many assumptions and complex analyses, especially to the extent there are no active markets for identical assets. For example, the fair value estimate of our MSR investment is based on the cash flows projected to result from the servicing of the related mortgage loans and continually fluctuates due to a number of factors. These factors include prepayment speeds, interest rate changes, costs to service the loans and other market conditions. We use internal financial models that utilize our understanding of inputs used by market participants to value our MSRs to determine the price that we pay for portfolios of MSRs and to acquire loans for which we will retain MSRs. These models are complex and use asset-specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of MSRs are complex because of the high number of variables that drive cash flows associated with MSRs. We may also encounter analytical results that may be inaccurate or inconsistent inaccurate with other market observations as we update our valuation model.

Even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our inputs and the results of the models. If loan delinquencies or prepayment speeds are

different than anticipated or other factors perform differently than modeled, the recorded fair value of certain of our MSR's may change. Significant differences in performance could increase the chance that we do not adequately estimate the effect of these factors on our valuations which could result in misstatements of our financial results, restatements of our financial

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statements, or otherwise materially and adversely affect our business, financial condition, liquidity and results of operations.

Our credit **decision** models are based on **numerous** estimates and algorithms that evaluate a **number multitude** of factors, including behavioral data, transactional data and employment information, which may not effectively predict **future whether a mortgage loan losses**. **These defaults or realizes a profit or loss**. Our credit **decision** models are continuously updated based on new data and changing macroeconomic conditions. If our credit **decisioning** models contain programming or other errors, are ineffective or the data provided by borrowers or third parties is incorrect or stale, or if we are unable to obtain accurate data from borrowers or third parties, our loan process could be negatively affected, resulting in mispriced or misclassified loans or incorrect approvals or denials of loans, resulting in loan losses.

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The geographic concentration of our servicing portfolio may be affected by weaker economic conditions or adverse events specific to certain regions which could decrease the fair value of our MSR's and adversely affect our business, financial condition, liquidity and results of operations.

A decline in the economy or other negative macroeconomic events in certain real estate markets may cause a decline in the fair value of residential properties. To the extent that **certain** states in which we have greater concentrations of business in the future, **such as California, Florida and Texas**, experience weaker economic conditions or greater rates of decline in real estate values than the United States generally, such concentration may disproportionately decrease the fair value of our MSR's and adversely affect our loan production businesses. The impact of property value declines may increase in magnitude and it may continue for a long period of time. Additionally, if states in which we have greater concentrations of business were to change their licensing or other regulatory requirements to make our business cost-prohibitive, we may be required to stop doing business in those states or may be subject to a higher cost of doing business in those states, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our **acquisition and ownership of mortgage servicing rights** exposes us to **significant prepayment, delinquency, interest rate and regulatory risks**.

MSR's arise from contractual agreements between us and the investors (or their agents) in loans and MBS that we service on their behalf. We generally acquire MSR's in connection with our sale of loans to the Agencies where we assume the obligation to service such loans on their behalf. Any MSR's we acquire are initially recorded at fair value on our balance sheet. The determination of the fair value of MSR's requires our management to make numerous estimates and assumptions. Such estimates and assumptions include, without

limitation, estimates of future cash flows associated with MSRs based upon assumptions involving interest rates as well as the prepayment rates, delinquencies and foreclosure rates of the underlying serviced loans. The ultimate realization of the MSRs may be materially different than the values of such MSRs as may be reflected in our consolidated balance sheet as of any particular date. Different persons in possession of the same facts may reasonably arrive at different conclusions as to the inputs and assumptions used to determine MSR fair value. The use of different estimates or assumptions in connection with the valuation of these assets could produce materially different fair values for such assets, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Prepayment speeds significantly affect MSRs. Prepayment speed is the measurement of how quickly borrowers pay down the unpaid principal balance of their loans or how quickly loans are otherwise brought current, modified, liquidated or charged off. We base the price we pay for MSRs on, among other things, our projection of the cash flows from the related pool of loans. Our expectation of prepayment speeds is a significant input to our cash flow projections. If prepayment speed expectations increase significantly, the fair value of the MSRs could decline and we may be required to record a non-cash charge that would have a negative impact on our financial results.

Furthermore, a significant increase in prepayment speeds could materially reduce the cash flows we receive from MSRs, and we could ultimately receive substantially less than what we paid for such assets. Delinquency rates have a significant impact on the valuation of MSRs. An increase in delinquencies generally results in lower revenue because typically we only collect servicing fees from Agencies or mortgage owners when we collect payments from the borrower. Our expectation of delinquencies is also a significant input underlying our cash flow projections. If

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delinquencies are significantly greater than we expect, the estimated fair value of the MSRs could be diminished. When the estimated fair value of MSRs is reduced, we could suffer a loss, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and ability to make distributions to our stockholders.

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Changes in interest rates are a key driver of the performance of MSRs. Historically, the fair value of MSRs has increased when interest rates increase and decrease when interest rates decrease due to the effect those changes in interest rates have on prepayment estimates. We may pursue various hedging strategies to seek to reduce our exposure to adverse changes in fair value resulting from changes in interest rates. Our hedging activity will vary in scope based on the level and volatility of interest rates and other changing market conditions. Interest rate hedging may fail to protect or could adversely affect us. To the extent we do not utilize derivative financial instruments to hedge against changes in fair value of MSRs or the derivatives we use in our hedging activities do not perform as expected, our business, financial condition, liquidity, results of operations and ability to make distributions to our stockholders would be more susceptible to volatility due to changes in the fair value of, or cash flows from, MSRs as interest rates change. volatility.

MSRs and the related servicing activities are subject to numerous federal, state and local laws and regulations and may be subject to various judicial and administrative decisions imposing various requirements and restrictions on our business. Our failure to comply, or the failure of the servicer to comply, with the laws, rules or regulations to which we or they are subject by virtue of ownership of MSRs, whether actual or alleged, could expose us to fines, penalties or potential litigation liabilities, including costs, settlements and judgments, any of which could have a material adverse effect on our business, financial condition, liquidity, results of operations and ability to make distributions to our stockholders.

Our counterparties may terminate our MSRs, which could adversely affect our business, financial condition, liquidity and results of operations.

As is standard in the industry, under the terms of our master servicing agreements with the Agencies in respect of Agency MSRs that we retain in connection with our loan production, the Agencies have the right to terminate us as servicer of the loans we service on their behalf at any time (and, in certain instances, without the payment of any termination fee) and also have the right to cause us to sell the MSRs to a third party. In addition, our failure to comply with applicable servicing guidelines could result in our termination under such master servicing agreements by the Agencies with little or no notice and without any compensation. The owners of other non-Agency loans that we service may also terminate certain of our MSRs if we fail to comply with applicable servicing guidelines. If the MSRs are terminated on a material portion of our servicing portfolio, our business, financial condition, liquidity and results of operations could be adversely affected.

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

Our ability to realize the anticipated benefits of potential future acquisitions of servicing portfolios will depend, in part, on our ability to appropriately service any such assets. The process of acquiring these assets may disrupt our business and may not result in the full benefits expected. The risks associated with these acquisitions include, among others, unanticipated issues in integrating information regarding the new loans to be serviced into our information technology systems, and the diversion of management's attention from other ongoing business concerns. Moreover, if we inappropriately value the assets that we acquire or the fair value of the assets that we acquire declines after we acquire them, the resulting charges may negatively affect both the carrying value of the assets on our balance sheet and our earnings. Furthermore, if we incur additional indebtedness to finance an acquisition, the acquired servicing portfolio may not be able to generate sufficient cash flows to service that additional indebtedness. Unsuitable or unsuccessful acquisitions could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We may not be able to expand our subservicing business with third parties or enter into additional subservicing agreements on favorable terms.

Our subservicing business with third parties is a growing part of our overall servicing portfolio, however, we may not be able to develop and maintain sufficient subservicing relationships to justify the business expenditures require

to offer this service. Under such contracts, the primary servicers for which we conduct subservicing activities may have the right to terminate our subservicing contracts with or without cause, with limited notice and with no termination fee upon a change of control. In addition, we may not have control over whether a subservicing client sells off its portfolio or the volume and timing of such sales. If we are unable to grow our

subservicing business or if subservicing contracts are terminated with limited notice, then the growth of our subservicing business could be impacted and we could incur significant expenses.

A disruption in the MBS market could materially and adversely affect our business, financial condition, liquidity and results of operations.

Most of the loans that we produce are pooled into MBS issued by Fannie Mae or Freddie Mac or guaranteed by Ginnie Mae. In addition, the liquidity of the MBS market may be impacted by future sales and reallocations of the Federal Reserve's MBS portfolio resulting in wider mortgage-backed security spreads. Any significant disruption or period of illiquidity in the general MBS market would directly affect our own liquidity because no existing alternative secondary market would likely be willing and able to accommodate on a timely basis the volume of loans that we typically sell in any given period. Furthermore, we would remain contractually obligated to fund loans under our

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outstanding IRLCs without being able to sell our existing inventory of mortgage loans. Accordingly, if the MBS market experiences a period of illiquidity, we might be prevented from selling the loans that we produce into the secondary market in a timely manner or at favorable prices and we would be required to hold a larger inventory of loans than we have committed facilities to fund or we may be required to repay a portion of the debt secured by these assets, which could materially and adversely affect our business, financial condition and results of operations.

We may be required to indemnify the purchasers of loans that we originate, acquire or assist in the fulfillment of, or repurchase those loans, if those loans fail to meet certain criteria or characteristics or under other circumstances and we may be unable to seek indemnity or require our counterparties to repurchase loans if they breach representations and warranties they make to us.

Our loan sale agreements with purchasers, including the Agencies, contain provisions that generally require us to indemnify or repurchase these loans if our representations and warranties concerning loan quality and loan characteristics are inaccurate; or the loans fail to comply with the respective Agency's underwriting or regulatory requirements. When we purchase mortgage loans, our counterparty typically makes customary representations and warranties to us about such loans and we may be entitled to seek indemnity or demand repurchase or substitution of the loans in the event our counterparty breaches a representation or warranty given to us. However, there can be no assurance that our loan purchase agreements will contain appropriate representations and warranties, that we will be able to enforce our contractual right to demand repurchase or substitution, or that our counterparty will remain solvent or otherwise be willing and able to honor its obligations under our loan purchase agreements. Depending on the volume of repurchase and indemnification requests, some of these mortgage lenders may not be able to financially fulfill their obligation to indemnify us or repurchase the affected loans. If a material amount of recovery cannot be obtained from these mortgage lenders, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

Repurchased loans typically can only be financed at a steep discount to their repurchase price, if at all. Although our indemnification and repurchase exposure cannot be quantified with certainty, to recognize these potential indemnification and repurchase losses, we have recorded a liability of \$30.8 million \$29.1 million relating to \$354.4 billion \$413.4 billion in UPB of loans subject to representations and warranties as of December 31, 2023 December 31, 2024. Should home values decrease and negatively impact the related loan values, our realized loan losses from indemnifications and repurchases may increase as well. As such, our indemnification and repurchase costs may increase well beyond our current expectations. In addition, our mortgage banking services agreement with PMT requires us to indemnify it with respect to loans for which we provide fulfillment services in certain instances. If we are required to indemnify PMT or other purchasers against losses, or

repurchase loans from PMT or other purchasers, that result in losses that exceed the recorded liability, this could have a material adverse effect on our business, financial condition, liquidity and results of operations.

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

In deciding whether to approve loans or to enter into other transactions across our businesses with counterparties, including borrowers, brokers and correspondent lenders, we may rely on information furnished to us by or on behalf of borrowers and such counterparties, including financial statements and other financial information. We also may rely on representations of borrowers and such counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors.

If any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to loan funding, the fair value of the loan may be significantly lower than expected. Whether a misrepresentation is made by the loan applicant, another party or one of our employees, we generally bear the risk of loss associated with the misrepresentation. Our controls and processes may not have detected or may not detect all misrepresented information in our loan originations or acquisitions. Any such misrepresented information could have a material adverse effect on our business, financial condition, liquidity and results of operations.

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Failure to successfully modify, resell or refinance EBO loans or defaults of the EBO loans beyond expected levels may adversely affect our business, financial condition, liquidity and results of operations.

As a mortgage servicer, we have an early buyout repurchase option for loans that are at least three months delinquent in our Ginnie Mae MSR portfolio. Purchasing delinquent Ginnie Mae loans provides us with an alternative to our mortgage servicing obligation of advancing principal and interest at the coupon rate of the related Ginnie Mae security. While our EBO program reduces the cost of servicing the Ginnie Mae loans, it may also accelerate loss recognition when the loans are repurchased because we are required to write off accumulated non-reimbursable interest advances and other costs at the time of repurchase. After purchasing delinquent Ginnie Mae loans, we expect to repool many of the delinquent loans into another Ginnie Mae guaranteed security upon the delinquent loans becoming current either through the borrower's reperformance or through the completion of a loan modification; however, there is no guarantee that any delinquent loan will reperform or be modified or resold. Failure to successfully modify, resell or refinance our repurchased Ginnie Mae loans or a significant portion of the repurchased Ginnie Mae loans defaulting beyond expectations may adversely affect our business, financial condition, liquidity and results of operations.

We are subject to significant financial and reputational risks from potential liability arising from lawsuits, and regulatory and government action.

We face significant legal risks in our business, and the volume of claims and amount of damages, penalties and fines claimed in litigation, and regulatory and government proceedings against us and other financial institutions remains high. For example, Black Knight Servicing Technologies, LLC ("Black Knight") filed a legal claim against us for alleged breach of contract and misappropriation of trade secrets resulting in a final arbitration award against us and a pretax accrual of \$158.4 million in our financial results for the fourth quarter of fiscal year 2023. Although we believe the breadth 2023 and finality payment of the arbitration process and award preclude any further litigation against us, there can be no assurance that Intercontinental Exchange, Inc. (as Black Knight's successor-in-interest) will not continue to pursue further litigation, even if frivolous, against us or other companies with which we do business, or that our cost to defend and/or indemnify third parties against any such claims may not be material and adversely impact our business and operations. \$160.0 million in fiscal year 2024.

Greater than expected investigation costs and litigation, including class action lawsuits associated with compliance related issues, substantial legal liability or significant regulatory or government action against us could also have adverse effects on our financial condition and results of operations or cause significant reputational harm to us, which in turn could adversely impact our business results and prospects. Consumers, clients and other counterparties could also become increasingly litigious, and we may experience a significant volume of litigation and other disputes, including claims for contractual indemnification, with counterparties regarding relative rights and responsibilities.

We Our investment management subsidiary manages PMT and could also be exposed expose us to potential liability, from PCM, our investment management subsidiary who manages PMT, or litigation arising from investor dissatisfaction with PMT's financial performance or allegations we exercised improper control or influence over PMT. In addition, we are exposed to risks of litigation or investigation relating to transactions with perceived or actual conflicts of interest, and we could be obligated to bear legal, settlement and other costs associated with the defense of such claims (which may be in excess of available insurance coverage). Although we are generally indemnified by PMT, our rights to indemnification may be challenged, and if we are required to incur all or a portion of

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the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

We depend on counterparties and vendors to provide services that are critical to our business, which subjects us to a variety of risks.

We have a number of counterparties and vendors who provide us with financial, technology and other services that are critical to support our businesses. If our current counterparties and vendors were to stop providing services to us on acceptable terms or if we had a disruption in service, we may be unable to procure alternative services from other counterparties or vendors in a timely and efficient manner and on similarly acceptable terms, or at all. Some of these counterparties and vendors have significant operations outside of the United States. If we or our vendors had to curtail or

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cease operations in these countries due to political unrest or natural disasters and then transfer some or all of these operations to another geographic area, we could experience disruptions in service and incur significant transition costs as well as higher future overhead costs. We may also outsource certain services to vendors located in foreign countries such as India and the Philippines with emerging technology, political and regulatory infrastructures that could result in future business disruptions or reputational damages. With respect to vendors engaged to perform certain servicing activities, we are required to assess their compliance with various regulations and establish procedures to provide reasonable assurance that the vendor's activities comply in all material respects with such regulations. In the event that a vendor's activities are not in compliance, it could negatively impact our relationships with our regulators, as well as our business and operations. Further, we may incur significant costs to resolve any such disruptions in service which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our failure to appropriately address various issues that may give rise to reputational risk could cause harm to our business and adversely affect our earnings.

Our business is subject to significant reputational risks. If we fail, or appear to fail, to address various issues that may give rise to reputational risk, we could significantly harm our business prospects and earnings. Such issues include, but are not limited to, actual or perceived conflicts of interest, violations of legal or regulatory requirements, and any of the other risks discussed in this Item 1A. Similarly, market rumors and actual or perceived association with counterparties whose own reputations are under question could harm our business.

Certain of our officers also serve as officers of PMT, a real estate investment trust we manage that invests in residential mortgage-related assets and is separately listed on the New York Stock Exchange. As we expand the scope of our businesses, we increasingly confront potential conflicts of interest relating to investment activities that we manage for PMT. Reputational risk incurred in connection with conflicts of interest could negatively affect our business, strain our working relationships with regulators and government agencies, expose us to litigation and regulatory action, impact our ability to attract and retain clients, customers, trading counterparties, investors and employees and adversely affect our results of operations.

Reputational damage can result from our actual or alleged conduct in any number of activities, including lending and debt collection practices, corporate governance, and actions taken by government regulators and community organizations in response to those activities. Negative public opinion can also result from social media and media coverage, whether accurate or not. Our reputation may also be negatively impacted by our environmental, social, governance and other corporate sustainability practices ("Corporate Sustainability"). In addition, as various private third party organizations and investors have developed ratings processes for evaluating companies on their approach to Corporate Sustainability corporate sustainability matters. These third Third party Corporate Sustainability corporate sustainability ratings and reports may be used by some investors to assist with their advocate for certain investment and voting decisions. In addition, opponents of corporate sustainability programs could oppose our corporate initiatives and advocate for other investment and voting decisions. Any unfavorable Corporate Sustainability ratings corporate sustainability rating or decision may lead to reputational damage and negative sentiment among our investors and other stakeholders.

These factors could impair our working relationships with government agencies and investors, expose us to litigation and regulatory action, negatively affect our ability to attract and retain customers, trading counterparties and employees, significantly harm our stock price and ability to raise capital, and adversely affect our results of operations.

Accounting rules for certain of our transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could impact our financial statements.

Accounting rules for mortgage loan sales and securitizations, valuations of financial instruments and MSRs, investment consolidations, income taxes and other aspects of our operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in preparation of financial information and the delivery of this information to our stockholders and also increase the risk of errors and restatements, as well as the cost of compliance. Our inability to timely prepare our financial statements in the future would likely be considered a breach of our financial covenants and adversely affect our share price significantly. Changes in accounting interpretations or assumptions as well as accounting rule misinterpretations could result in differences in our financial results or otherwise have a material adverse effect on our business, financial condition, liquidity and results of operations.

Cybersecurity risks, cyber incidents and technology failures may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information or the personal information of our customers, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of theft of certain personally identifiable information of consumers, misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our investor relationships.

As our reliance on rapidly changing technology has increased, so have the risks posed to our information systems, both proprietary and those provided to us by third party service providers including cloud-based computing service providers. System disruptions and failures caused by unauthorized intrusion, malware, computer viruses, natural disasters and other similar events may interrupt have interrupted or delay delayed our ability to provide services to our customers. The risk of a security breach or disruption, particularly through cyber attack cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased, which, in turn, may lead to increased costs to protect our network and systems.

Despite our efforts to ensure the integrity of our systems and our investment in significant physical and technological security measures, employee training, contractual precautions, policies and procedures, board oversight and business continuity plans, there can be no assurance that any such cyber intrusions will not occur or, if they do occur, that they will be adequately addressed. We also may not be able to anticipate or implement effective preventive measures against all security breaches, especially because the methods of attack change frequently, or have become increasingly sophisticated, including through the use of artificial intelligence, and may not be recognized until after such attack has been launched, and because security attacks can originate from a wide variety of sources, including third parties such as persons involved with organized crime or associated with

external service providers. Additionally, third party security events at our vendors or service providers could also impact our data and operations via unauthorized access to information or disruption of services. Our data security management program includes identity, trust, vulnerability and threat management business processes as well as the adoption of standard data protection policies. We are also held accountable for the actions and inactions of our third party vendors and service providers regarding cybersecurity and other consumer-related matters.

Any of the foregoing events could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, additional regulatory scrutiny, significant litigation exposure and harm to our reputation, any of which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

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Technology disruptions or failures, including a failure in our information systems or those of third parties with whom we do business, could disrupt our business, cause legal or reputational harm and adversely impact our results of operations and financial condition.

Many of our services are dependent on the secure, efficient, and uninterrupted operation of our technology infrastructure, including our computer systems, related software applications and cloud-based systems, as well as those of certain third parties and affiliates. Our information systems must accommodate a high volume of traffic and deliver frequently updated, accurate and timely information. We have experienced, and may in the future experience, service disruptions and failures caused by system or software failure, human error or misconduct, external attacks (e.g., computer hackers, hacktivists, nation state-backed hackers), denial of service or information, malicious or destructive code (e.g., ransomware, computer viruses and disabling devices), as well as natural disasters, health pandemics, strikes, and other similar events, and our contingency planning may not be sufficient for all situations. The implementation of technology changes and upgrades to maintain current and integrate new technology systems may also cause service interruptions. Any such disruptions could materially interrupt or delay our ability to provide services to our customers, and could also impair the ability of third parties to provide critical services to us. If our operations are disrupted or otherwise negatively affected

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by a technology disruption or failure, this could result in material adverse impacts on our business.

Our products rely on software and services from third party vendors and if any of these services became unavailable or unreliable, it could adversely affect the quality and timeliness of services.

We license third party software and depend on services from various third parties for use in our products. For example, we rely on third-party vendors for cloud-based systems and for certain mortgage production and servicing applications. Third party software applications, products, and services are constantly evolving, and we may not be able to maintain or modify our mortgage loan production and servicing offerings to ensure its compatibility with third party offerings following development changes. In addition, some of our competitors, partners, or other service providers may take actions that disrupt the interoperability of our business with their

own products or services, or exert strong business influence on our ability to, and the terms on which we operate our business. Loss of the right to use any third party software or services could result in decreased functionality of our [products products and services] services until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could adversely affect our reputation and our future financial condition and results of operations.

Furthermore, we remain responsible for ensuring that our mortgage loan production and servicing businesses are in compliance with applicable laws and regulations. Despite our efforts to monitor such compliance, any errors or failures of such third party vendors or their software to perform in the manner intended could result in loan defects potentially requiring repurchase. Many of our third party vendors attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our clients, borrowers or other third parties that could harm our reputation and increase our operating costs. Any failure to do so could adversely affect our ability to deliver effective products to our clients, borrowers and loan applicants and adversely affect our business.

The success and growth of our business depends upon our ability to adapt to and implement technological changes and to successfully develop, implement and protect proprietary technology.

Our success in the mortgage industry is highly dependent upon our ability to adapt to constant technological changes, successfully enhance our current information technology solutions through the use of third party and our proprietary technologies, and introduce new solutions and services that more efficiently address the needs of our customers. We utilize a workflow-driven, cloud-based platform reliant on a third party cloud infrastructure provider and there can be no assurance that our cloud-based platform will prove to be effective or meet the expectations of our customers. Our mortgage loan production businesses are dependent upon our ability to effectively interface with our borrowers, mortgage lenders and other third parties and to efficiently process loan applications and closings. The direct lending processes are becoming more dependent upon technological advances, such as our continued ability to process applications over the Internet, accept electronic signatures, provide process status updates instantly and other borrower or counterparty-expected conveniences.

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We rely on a combination of trademarks, copyrights, and trade secrets, as well as confidentiality and contractual provisions to protect our intellectual property and proprietary technologies. In addition, we also license and utilize third party proprietary technologies and loss of rights to significant third party proprietary technologies may result in decreased product functionality. The development, implementation and protection of our intellectual property and proprietary technologies requires significant human resources and capital expenditures. As these technologies advance and investor and compliance requirements increase in the future, we will need to further develop these technological capabilities to remain competitive, and we will need to implement, execute and maintain them in an operating and regulatory environment that exposes us to significant risk.

There is no assurance that we will be able to successfully adopt new technologies as critical systems and applications become obsolete and better ones become available. Any failure by us to develop, implement, integrate, execute or maintain our technological capabilities and any litigation costs associated with protection of our technologies could have a material adverse effect on our business, financial condition and results of operations.

The development, implementation, maintenance and protection of our proprietary technologies require significant capital and legal expenditures for us to remain competitive.

The development, implementation, maintenance and protection of our proprietary technologies requires significant capital and legal expenditures and we must continuously invest in additional technological capabilities to remain competitive. In addition, protecting our

proprietary technologies may be time consuming and expensive. For example, our recent litigation with Black Knight resulted in a final arbitration award against us in which we recognized a pretax accrual of \$158.4 million in fiscal year 2023 and payment of \$160.0 million in fiscal year 2024. Any failure to develop, implement or maintain our proprietary technological capabilities and any legal costs associated with the protection of our proprietary technologies could have a material adverse effect on our business, financial condition and results of operation.

The development, proliferation and use of artificial intelligence could give rise to legal and/or regulatory action, damage our reputation or otherwise materially harm our business.

We believe the development and proliferation of artificial intelligence will have a significant impact in our industry; however, the incipient nature of artificial intelligence presents risks, challenges, and unintended consequences, including potential defects in the design and development of the technologies used to automate processes, misapplication of technologies, the reliance on data, rules or assumptions that may prove inadequate, information security vulnerabilities and failure to meet customer expectations, among others. For example, the use of artificial intelligence algorithms may raise ethical concerns and legal issues due to perceived or actual unintentional bias in the processing and servicing of mortgage loans. While we aim to develop and use artificial intelligence responsibly, we may be unsuccessful in identifying or resolving issues before they arise. Artificial intelligence-related issues, including potential government regulation of artificial intelligence, deficiencies or failures could give rise to legal and regulatory actions, damage our reputation or otherwise materially impact our business, financial condition, and liquidity.

Laws and regulations related to artificial intelligence are evolving, and there is uncertainty as to potential adoption of new laws and regulations that may restrict or impose burdensome and costly requirements on our ability to use artificial intelligence. We may receive claims from third parties, including our competitors, alleging that the use of artificial intelligence technology infringes on or violates such third party's intellectual property rights. Adverse consequences of these risks related to artificial intelligence could undermine the decisions, predictions or analyses such technologies produce and subject us to competitive harm, legal liability, heightened regulatory scrutiny and brand or reputational harm.

We may face significant competition in the market and may be unable to develop and implement artificial intelligence at the same rate to keep pace with our competitors.

The loss of access to credit, employment, financial and other data from external sources could harm our ability to provide our products and services.

We rely on a wide variety of data sources to provide our services and products, including data collected from applicants and borrowers, credit bureaus, payroll providers, data aggregators, and unaffiliated third parties. If we are unable

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to access and use data collected from or on behalf of applicants and borrowers, or other third party data, or our access to such data is limited, our ability to provide our services and enable our customers to verify applicant data would be compromised. Any of the foregoing could negatively impact the customer experience of our platform, and the volume and degree of automation in our mortgage loan production and servicing businesses.

The collection, processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulations and conflicting legal requirements.

We receive, transmit and store a large volume of personally identifiable information and other user data. Moreover, there are various federal and state laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information that could give rise to liabilities. Federal privacy requirements such as those under the Gramm-Leach-Bliley Act and Fair Credit Reporting Act are within the regulatory and enforcement authority of the CFPB and Federal Trade Commission. We are also subject to a variety of state laws and regulations that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information, such as the

California Consumer Privacy Act and the California Privacy Rights Act that provide data privacy rights for California consumers including a private rights of action against businesses that fail to implement reasonable security procedures and practices to prevent data breaches. Failure to comply with any of these privacy laws could result in enforcement action against us, including fines and public censure that could result in serious harm to our reputation, business and have a material adverse effect on our business, financial condition and results of operations.

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The success and growth of our business depends upon our ability to adapt to and implement technological changes and to successfully develop, implement and protect proprietary technology.

Our success in the mortgage industry is highly dependent upon our ability to adapt to constant technological changes, successfully enhance our current information technology solutions through the use of third party and our proprietary technologies, and introduce new solutions and services that more efficiently address the needs of our customers.

Our mortgage loan production businesses are dependent upon our ability to effectively interface with our borrowers, mortgage lenders and other third parties and to efficiently process loan applications and closings. The direct lending processes are becoming more dependent upon technological advancement, such as our continued ability to process applications over the Internet, accept electronic signatures, provide process status updates instantly and other borrower- or counterparty-expected conveniences. In our correspondent production activities, our and PMT's correspondent sellers also expect and require certain conveniences and service levels that are dependent on technological advancement.

We have developed a workflow-driven, cloud-based loan acquisition platform and while we anticipate that the cloud-based platform will increase scalability and produce other efficiencies, there can be no assurance that the cloud-based platform will prove to be effective or that such correspondent sellers will easily adapt to the cloud-based platform. Any failure to effectively or timely transition to our new system and meet our expectations and the expectations of our correspondent sellers could have a material adverse effect on our business, financial condition and results of operations.

Similarly, our servicing business is dependent on our ability to effectively interface with our customers and investors, as well as service mortgage loans in compliance with applicable laws and regulations and the contractual requirements of such investors. For example, our proprietary workflow-driven, cloud-based servicing system provides for real-time processing and advanced workflow management thereby reducing servicing costs, increasing scalability and creating sustainable efficiencies.

The development, implementation and protection of these technologies and becoming more proficient with them may also require significant capital and operating expenditures. As these technological advancements increase in the future, we will need to further develop and invest in these technological capabilities to remain competitive. Moreover, litigation has become required to protect our technologies and such litigation is time consuming and costly.

We rely on a combination of trademarks, copyrights, and trade secrets, as well as confidentiality and contractual provisions to protect our intellectual property and proprietary technologies. In addition, we also license and utilize third party proprietary technologies and loss of rights to significant third party proprietary technologies may result in decreased product functionality. The development, implementation and protection of our intellectual property and proprietary technologies requires significant human resources and capital expenditures. As these technological advancements and investor and compliance requirements increase in the future, we will need to further develop these technological capabilities to remain competitive, and we will need to implement, execute and maintain them in an operating and regulatory environment that exposes us to significant risk.

There is no assurance that we will be able to successfully adopt new technologies as critical systems and applications become obsolete and better ones become available. Any failure by us to develop, implement, integrate, execute or maintain our technological capabilities and any litigation costs associated with protection of our technologies could have a material adverse effect on our business, financial condition and results of operations.

Climate change, adverse weather conditions, man-made or natural disasters, pandemics, wars and armed conflicts, terrorist attacks, and other long term physical and environmental changes and conditions could adversely impact properties that we own or that collateralize loans we own or service, as well as geographic areas where we conduct business. service.

Climate change, adverse weather conditions, man-made or natural disasters, pandemics, wars and armed conflicts, terrorist attacks and other long term physical and environmental changes and conditions could adversely impact properties that we own or that collateralize loans we own or service, as well as geographic areas where we conduct business. service. In addition, such adverse conditions and long term physical and environmental changes could impact the demand for, and value of, our assets, as well as the cost to service or manage such assets, or 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.

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Upon the occurrence of a catastrophic event, we may be unable to continue our operations and may endure significant business interruptions, reputational harm, delays in servicing our customers and working with our partners, interruptions in the availability of our technology and systems, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. Catastrophic events may also be uninsurable or not economically insurable and might make the insurance proceeds insufficient to repair or replace a property if it is damaged or destroyed.

There is an increasing global concern over the risks of climate change and related environmental sustainability matters. The physical risks of climate change may include rising average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters, including floods, wildfires, hurricanes, earthquakes and tornados, and these events could impact our owned real estate and the properties collateralizing our loan assets or underlying our MSR assets and the local economies of certain areas in which we operate. Although we believe our owned real estate and 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 payment claims 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. Numerous treaties, laws and regulations have been enacted or proposed in an effort to regulate climate change, including regulations aimed at limiting greenhouse gas emissions and the implementation of "green" building codes. These laws and regulations may impact the rates at which we obtain property insurance and result in increased operating costs, or impose substantial costs on our borrowers or affect their ability to obtain appropriate coverage at reasonable costs. We may also incur costs associated with increased regulations or investor requirements for increased environmental and social disclosures and reporting. Additionally, climate change concerns could result in transition risk. Changes in consumer preferences and additional legislation and

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regulatory requirements, including those associated with a transition to a low-carbon economy, could increase expenses or otherwise adversely impact our operations and business.

Failures at financial institutions at which we deposit funds or maintain investments could adversely affect us.

We deposit substantial funds in financial institutions and may, from time to time, maintain cash balances at such financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insured amounts. We also hold investments and settled funds in accounts at financial institutions acting as brokers or custodians. In addition, we deposit certain funds owned by third parties, such as escrow deposits, in financial institutions. There was significant volatility and instability among banks and financial institutions in 2023 that led to the failures of certain multiple banks. For example, for a period of time, customers of the Silicon Valley Bank did not have access to their funds and there was uncertainty as to when, if at all, customers would have access to funds in excess of federally insured amounts. Should one or more of the financial institutions at which our deposits are maintained fail, there is no guarantee as to the extent that we would recover the funds deposited, whether through FDIC coverage or otherwise, or the timing of any recovery. In the event of any such failure, we also could be held liable for the funds owned by third parties. Should one or more of the financial institutions acting as brokers or custodians for our investments and settled funds fail, there may be a delay or some uncertainty in our ability to take possession of, or fully recover, all of our investments or settled funds.

Regulatory Risks

We operate in a highly regulated industry and the continually changing federal, state and local laws and regulations could materially and adversely affect our business, financial condition, liquidity and results of operations.

We are required to comply with a wide array of federal, state and local laws and regulations that regulate, among other things, the manner in which we conduct our businesses. These regulations directly impact our business and require constant compliance, monitoring and internal and external audits and examinations by federal and state regulators. Our failure to operate effectively and in compliance with any of these laws, regulations and rules could subject us to lawsuits or governmental actions and damage our reputation, which could materially and adversely affect our business, financial condition, liquidity and results of operations. In addition, our failure to comply with these laws, regulations and rules may result in increased costs of doing business, reduced payments by borrowers, modification of

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the original terms of mortgage loans, permanent forgiveness of debt, delays in the foreclosure process, increased servicing advances, litigation, reputational damage, enforcement actions, and repurchase and indemnification obligations. Further, we may be required to pay substantial penalties imposed by our regulators due to compliance errors, or we may lose our licenses to originate and/or service loans, loans or pay penalties associated with class action lawsuits or other judgments.

We must also comply with a number of federal, state and local consumer protection and state foreclosure laws. These statutes apply to loan origination, servicing, debt collection, marketing, use of credit reports, safeguarding of non-public, personally identifiable information about our clients, foreclosure and claims handling,

investment of and interest payments on escrow balances and escrow payment features, and mandate certain disclosures and notices to customers.

Because we are not a federally chartered depository institution, we generally do not benefit from federal pre-emption of state mortgage loan banking, loan servicing or debt collection licensing and regulatory requirements and must comply with state licensing and compliance requirements in all 50 states, the District of Columbia and other U.S. territories. These state rules and regulations generally provide for, but are not limited to: originator, servicer and debt collector licensing requirements, requirements as to the form and content of **contracts** **loan agreements** and other documentation, employee licensing and background check requirements, fee requirements, interest rate limits, and disclosure and record-keeping requirements.

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. Antidiscrimination statutes, such as the Fair Housing Act and the Equal Credit Opportunity Act, prohibit creditors from discriminating against loan applicants and borrowers based on certain characteristics, such as race, religion and national origin. 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

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disproportionately negative **affect** **effect** on a protected class of individuals).

The failure of our correspondent sellers to comply with any applicable laws, regulations and rules may also result in these adverse consequences. We have in place a due diligence program designed to assess areas of risk with respect to loans we acquire from such correspondent sellers. However, we may not detect every violation of law and, to the extent any correspondent sellers, third party originators, servicers or brokers with which we do business fail to comply with applicable laws or regulations and any of their mortgage loans or MSR become part of our assets, it could subject us, as an assignee or purchaser of the related mortgage loans or MSRs, to monetary penalties or other losses. While we may have contractual rights to seek indemnity or repurchase from certain of these lenders, third party originators, servicers or brokers, if any of them are unable to fulfill their indemnity or repurchase obligations to us to a material extent, our business, liquidity, financial condition and results of operations could be materially and adversely affected. Our service providers and other vendors are also required to operate in compliance with applicable laws, regulations and rules. Our failure to adequately manage service providers and other vendors to mitigate risks of noncompliance with applicable laws may also have these negative results.

Federal and state administrations could enact significant policy changes increasing regulatory scrutiny and enforcement actions in our industry. **In particular, the new presidential administration may enact significant policy and regulatory changes that may impact our industry. For example, on January 20, 2025, an executive order established the "Department of Government Efficiency" to reform federal government processes and reduce expenditures that could result in significant changes to federal housing and consumer financial regulatory agencies. Significant changes to federal agency structures, regulatory policies, or housing funding priorities could reduce funding for federal housing programs and increase regulatory uncertainty. Additionally, reforming federal agencies and regulations could fragment federal regulatory oversight among local, state, and federal regulators resulting in additional compliance costs and heightened regulatory uncertainty for our industry.**

While it is not possible to predict when and whether significant policy or regulatory changes **would** **will** occur, any such changes on the federal, state or local level could significantly impact, among other things, our operating expenses, the availability of mortgage financing, interest rates, consumer spending, the economy and the geopolitical landscape. To the extent that the **current** **new** government administration

takes action by proposing and/or passing regulatory policies that could have a negative impact on our industry, such actions may have a material adverse effect on our business, financial condition, and results of operations.

The outcome of the 2024 U.S. Presidential operations and Congressional elections could result in significant policy changes or regulatory uncertainty in our industry. While it is not possible ability to predict when and whether significant policy or regulatory changes would occur, any such changes on the federal, state or local level could significantly impact, among other things, make distributions to our operating expenses, the availability of mortgage financing, interest rates, consumer spending, the economy and the geopolitical landscape, stockholders. To the extent any such state regulator imposes minimum net worth, capital ratio, liquidity standards or other requirements that any government administration takes action by proposing

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and/or passing regulatory policies that could have a negative impact on our industry, are overly burdensome, such actions may have a material adverse effect on our business, financial condition, liquidity and results of operations.

The Financial Stability Oversight Council ("FSOC") and Conference of State Bank Supervisors have been reviewing whether state chartered nonbank mortgage servicers should be subject to "safety and soundness" standards similar to those imposed by federal law on insured depository institutions, even though nonbank mortgage servicers do not have any federally insured deposit accounts. In addition, on November 3, 2023, FSOC revised its guidance governing the potential designation of nonbank financial companies for supervision by the Federal Reserve Board and application of prudential standards and an "analytic framework" for identifying, assessing and responding to financial stability risks that could facilitate new nonbank financial company designations. In addition, on August 17, 2022, the FHFA and Ginnie Mae announced enacted enhanced minimum net capital and liquidity eligibility requirements for sellers, servicers and issuers. Most of the requirements became effective on or before December 31, 2023. The risk-based capital requirements issued by Ginnie Mae will be effective on December 31, 2024. To the extent any new minimum net worth, capital ratio and liquidity standards and requirements are overly burdensome, complying with such standards and requirements may have a material adverse effect on our business, financial condition and results of operations.

New CFPB Enforcement of existing or state rules and regulations or more stringent enforcement of existing new rules and regulations by these the CFPB and state regulators could result in enforcement actions, fines, penalties and the inherent reputational risk that results from such actions. harm.

The CFPB and state regulators have authority over certain aspects of our business as a result of our residential mortgage banking activities, including, without limitation, the 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.

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The current publication and adoption of new and amended laws, regulations and informal guidance by the CFPB administration could have a substantial impact on our business operations. For instance, the CFPB proposed regulations in 2024 that would greatly impact the manner in which mortgage servicers respond to borrower requests for loss mitigation assistance and advance the foreclosure process during the loss mitigation review cycle, as well as how they communicate with limited English proficiency consumers.

The CFPB has stated its intention to aggressively supervise, investigate historically supervised, investigated and, where it deems deemed appropriate, bring brought aggressive enforcement actions against lenders and servicers the CFPB believes are were engaged in activities that violate violated federal laws and regulations. In addition, examinations by state regulators and enforcement actions in the residential mortgage origination and servicing sectors by state attorneys general have increased and may continue to increase. Failure to comply with the CFPB and state laws, rules or regulations to which we are subject, whether actual or alleged, could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Our failure to comply with the laws, rules or regulations to which we are subject, whether actual or alleged, would expose us to fines, penalties or potential litigation liabilities, including costs, settlements and judgments, any of which could have a material adverse effect on our business, liquidity, financial condition and results of operations and our ability to make distributions to our stockholders.

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

Our ability to generate revenues through mortgage loan sales depends on programs administered by GSEs, such as Fannie Mae and Freddie Mac, government agencies, including Ginnie Mae, and others that facilitate the issuance of MBS in the secondary market. We originate acquire mortgage loans directly with from borrowers, brokers and brokers mortgage lenders and assist PMT in acquiring loans from mortgage lenders through our correspondent production activities that qualify under existing standards for inclusion in MBS issued by Fannie Mae or Freddie Mac or guaranteed by Ginnie Mae. We, or PMT, also derive other material financial benefits from our Agency relationships, including the assumption of credit risk on certain loans. Significant changes in our Agency relationships could impact our ability to finance and sell mortgage loans and materially impact our revenues and margin.

Any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and their regulators or the U.S. federal government, and any changes in leadership at these entities, could adversely affect our business and prospects. Any discontinuation of, or significant reduction in, the operation of Fannie Mae or Freddie Mac or any significant adverse change in their capital structure, financial condition, activity levels in the primary or

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secondary mortgage markets or in underwriting criteria could materially and adversely affect our business, financial condition, liquidity and results of operations and our ability to make distributions to our stockholders.

Our ability to generate revenue from newly originated loans that we acquire or assist PMT in acquiring is highly dependent on the fact that the Agencies have not historically acquired such loans directly from mortgage lenders, but have instead relied on banks and non-bank aggregators such as us to acquire, aggregate and securitize or otherwise sell such loans to investors in the secondary market. Certain of the Agencies have approved new and smaller lenders that traditionally may not have qualified for such approvals. To the extent that these mortgage lenders choose to sell directly to the Agencies rather than through loan aggregators like us, the number of loans available for purchase by aggregators is reduced, which could materially and adversely affect our business and results of operations. In addition, under certain Agency capital rules, loans sourced from loan aggregators such as ourselves or PMT that we assist have higher capital requirements and may incur higher Agency fees for third party originated loans that PMT aggregates aggregated and delivers delivered to the

Agencies as compared to individual loans delivered by third party mortgage lenders directly to the Agencies' cash windows without the assistance of a loan aggregator. To the extent the Agencies increase the number of purchases and sales directly for their own accounts, our business and results of operations could be materially and adversely affected.

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We are required to have various Agency approvals and state licenses in order to conduct our business and there is no assurance we will be able failure to obtain or maintain those Agency approvals or state licenses. our licenses could materially and adversely impact our business, financial condition, liquidity, and results of 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. We are licensed in all state jurisdictions, and for those activities, where we are required to be licensed and believe it is cost effective and appropriate to become licensed. Our failure to maintain any necessary licenses, comply with applicable licensing laws or satisfy the various requirements to maintain them over time could restrict our direct business activities, result in litigation or civil and other monetary penalties, or cause us to default under certain of our lending arrangements, any of which could materially and adversely impact our business, financial condition, liquidity, results of operations and ability to make distributions to our stockholders.

We are also required to hold the Agency approvals in order to sell loans to the Agencies and service such loans on their behalf. Our failure to satisfy the various requirements necessary to maintain such Agency approvals over time would also restrict our business activities and could adversely impact our business. We are subject to periodic examinations by federal, state and Agency auditors and regulators, which can result in increases in our administrative costs, and we may be required to pay substantial penalties imposed by these regulators due to compliance errors, or we may lose our licenses. Negative publicity or fines and penalties incurred in one jurisdiction or more jurisdictions may cause investigations or other actions by regulators in other jurisdictions and could adversely impact our business.

Our inability to meet certain net worth and liquidity requirements imposed by the Agencies could have a material adverse effect on our business, financial condition, liquidity and results of operation.

We are subject to minimum financial eligibility requirements established by the Agencies. For example, on August 2022, the FHFA and Ginnie Mae announced enacted enhanced minimum net capital and liquidity eligibility requirements for sellers, servicers and issuers. Most of the requirements became effective on or before December 31, 2023. The risk-based capital requirements issued by Ginnie Mae will be effective on December 31, 2024. These eligibility requirements align the minimum financial requirements for mortgage sellers/servicers and MBS issuers to do business with the Agencies. These minimum financial requirements include net worth, capital ratio and/or liquidity criteria in order to set a minimum level of capital needed to adequately absorb potential losses and a minimum amount of liquidity needed to service Agency loans and MBS and cover the associated financial obligations and risks. To the extent any new minimum net worth, capital ratio and liquidity standards and requirements are overly burdensome, complying with such standards and requirements may have a material adverse effect on our business, financial condition and results of operations.

In order to meet these minimum financial requirements, we are required to maintain rather than spend or invest, cash and cash equivalents in amounts that may adversely affect our business, financial condition, liquidity, results of operations and ability to make distributions to our stockholders, and this could significantly impede us, as a non-bank mortgage lender, from growing our respective businesses and place us at a competitive disadvantage in relation to federally chartered banks and certain other financial institutions. To the extent that such minimum financial requirements are not met, the Agencies may suspend or terminate Agency approval or certain agreements with us, which could cause

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us to cross default under financing arrangements and/or have a material adverse effect on our business, financial condition, liquidity, results of operations and ability to make distributions to our stockholders.

The failure of PennyMac Loan Services, LLC to avail itself of an appropriate exemption from registration as an investment company under the Investment Company Act of 1940 could have a material and adverse effect on our business.

We intend to operate so that we, and each of our subsidiaries, are not required to register as investment companies under the Investment Company Act of 1940, as amended ("Investment Company Act"). We believe that our subsidiary, PLS, qualifies for one or more exemptions provided in the Investment Company Act because of the historical and current composition of its assets and income; however, there can be no assurances that the composition of PLS' assets and income will remain the same over time such that one or more exemptions will continue to be applicable.

If PLS is required to register as an investment company, we would be required to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things: limitations on capital

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structure; restrictions on specified investments; prohibitions on transactions with affiliates; compliance with reporting, record keeping, voting and proxy disclosure; and, other rules and regulations that would significantly increase our operating expenses. Further, if PLS was or is required to register as an investment company, PLS would be in breach of various representations and warranties contained in its credit and other agreements resulting in a default as to certain of our contracts and obligations. This could also subject us to civil or criminal actions or regulatory proceedings, or result in a court appointed receiver to take control of us and liquidate our business, any or all of which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Related Party Risks

We rely on PMT as is a significant source of financing for, and revenue related to, our mortgage banking business, and the termination of, or material adverse change in, the terms of this relationship, or a material adverse change to PMT or its operations, could adversely affect our business, financial condition, liquidity and results of operations.

PMT is the counterparty that currently acquires newly originated conventional mortgage loans in connection with our correspondent production activities. A business for which we earn fulfillment fees. Effective July 1, 2025, we will be the initial purchaser of mortgage loans from our correspondent sellers and PMT will retain the right to purchase up to one hundred percent of all conventional mortgage loans we acquire. As a result of PMT retaining or purchasing a portion of our income is derived from a fulfillment fee earned in connection with PMT's acquisition of conventional loans. We correspondent production, we are able to conduct our correspondent production activities business without having to incur the significant additional debt financing that would be required for us to purchase those all of the loans in the channel from the originating lender, lenders for our own account. We also currently purchase all government-insured government insured and some conventional loans from PMT at PMT's cost plus a sourcing fee and fulfill these loans for our own account. We earn interest income and gains or losses during the holding period and upon the sale of these securities, and we retain the MSRs with respect to the loans. If this relationship with PMT is terminated by PMT or PMT reduces the volume of these loans that it acquires purchases for any reason, we would have to acquire or retain these loans from the correspondent sellers for our own account something that or incur losses in revenues associated with the fulfillment fees we may be would have otherwise received from PMT if we were unable to do, or enter into another similar counterparty

arrangement with a third party, which we may not be able to enter into on terms that are as favorable to us, or at all, purchase the loans for our own account.

The management agreement, the mortgage banking services agreement and certain of the other agreements that we have entered into with PMT contain cross-termination provisions that allow PMT to terminate one or more of those agreements under certain circumstances where another one of such agreements is terminated. Accordingly, the termination of this relationship with PMT, or a material change in the terms thereof that is adverse to us, would likely have a material adverse effect on our business, financial condition, liquidity and results of operations. The terms of these agreements extend until June 30, 2025 December 31, 2029, subject to automatic renewal for additional 18-month periods, but any of the agreements may be terminated earlier under certain circumstances or otherwise non-renewed. If any agreement is terminated or non-renewed and not replaced by a new agreement, it would materially and adversely affect our ability to continue to execute our business plan.

We expect that PMT will continue to qualify as a REIT for U.S. federal income tax purposes. However, it is possible that PMT may not meet the requirements for qualification as a REIT. If PMT were to lose its REIT status, corporate-level income taxes, would apply to all of PMT's PMT's taxable income at federal and state tax rates. Either of these

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scenarios would potentially impair PMT's financial position and its ability to raise capital, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

A significant portion of our loan servicing operations are conducted pursuant to subservicing contracts with PMT, and any termination by PMT of these contracts, or a material change in the terms thereof that is adverse to us, would adversely affect our business, financial condition, liquidity and results of operations.

PMT, as the owner of a substantial number of MSRs or mortgage loans that we subservice, may, under certain circumstances, terminate our subservicing contract with or without cause, in some instances with little notice and little to no compensation. Upon any such termination, it would be difficult to replace such a large volume of subservicing in a short period of time, or perhaps at all. Accordingly, we may not generate as much revenue from subservicing for other third parties. If we were to have our subservicing terminated by PMT, or if there was a change in the terms under which we perform subservicing for PMT that was material and adverse to us, this would have a material adverse effect on our business, financial condition, liquidity and results of operations.

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PMT has an exclusive right to acquire conventional conforming loans that are produced through our correspondent production activities, which may limit the revenues that we could otherwise earn in respect of those loans.

Our mortgage banking services agreement with PMT requires PLS to provide fulfillment services for correspondent production activities exclusively to PMT as long as PMT has the legal and financial capacity to purchase correspondent loans. As a result, the revenue that we earn with respect to these loans will be limited to the fulfillment fees that we earn in connection with the production of these loans, which may be less than the revenues that we might otherwise be able to realize by acquiring these loans ourselves and selling them in the secondary loan market.

Risks Related to Our Investment Management Segment Manager

We currently manage assets for a single client, the loss of which would significantly reduce our management and incentive fees and have a material adverse effect on our results of operations.

Our management and incentive fees result from our management of PMT. The term of the management agreement that we have entered into with PMT, as amended, expires on **June 30, 2025** **December 31, 2029**, subject to automatic renewal for additional 18-month periods, unless terminated earlier in accordance with the terms of the agreement. In the event of a termination of one or more related party agreements by PMT in certain circumstances, we may be entitled to a termination fee under our management agreement. However, the termination of such management agreement and the loss of PMT as a client would significantly affect our investment **management segment manager** and negatively impact our management fees and incentive fees.

The historical returns on the assets that we select and manage for PMT, and our resulting management and incentive fees, may not be indicative of future results.

The historical returns of the assets that we manage should not be considered indicative of the future returns on those assets or future returns on other assets that we may select for investment by PMT. The investment performance that is achieved for the assets that we manage varies over time, and the nature and mix of assets we manage has changed significantly over the past several years. As a result, the change and variance in investment performance can be significant. For example, in fiscal years 2022, **2023** and **2023, 2024**, we did not earn any performance incentive fees **due to losses incurred by PMT during the associated performance measurement periods**. Accordingly, the management and incentive fees that we have earned in the past **based on those returns** should not be considered indicative of the management or incentive fees that we may earn in the future from managing those same assets or from managing other assets for PMT.

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Changes in regulations applicable to our investment **management segment manager** could materially and adversely affect our business, financial condition, liquidity and results of operations.

The legislative and regulatory environment in which we operate is constantly evolving. New laws or regulations, or changes in the enforcement of existing laws or regulations, applicable to us and PMT, may adversely affect our business. Our ability to succeed in this environment will depend on our ability to monitor and comply with regulatory changes. Regulatory changes that will affect other market participants are likely to change the way in which we conduct business with our counterparties. **The uncertainty regarding the continued implementation of laws and regulations and their impact on the investment management industry and us cannot be predicted with certainty and will continue to be a risk for our business.**

We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other **U.S. or non-U.S.** governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and **rules regulations by these** governmental authorities, **and self-regulatory organizations as well as by U.S. and non-U.S.** courts. It is impossible to determine the extent of the impact of any new laws, regulations or

initiatives that may be imposed on us or the markets in which we trade, or whether any of the proposals will become law. Compliance with any new laws or regulations could add to our compliance burden and costs and adversely affect the manner in which we conduct business, as well as our financial condition, liquidity and results of operations.

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Our The failure of our investment manager to comply with the extensive amount of regulation applicable to our investment management segment financial regulations could materially and adversely affect our business, financial condition, liquidity and results of operations.

Our investment management segment manager is subject required to extensive regulation in the United States. These comply with financial regulations are designed primarily to ensure the integrity of the financial markets and to protect investors in any entity that we advise and are not designed to protect our stockholders. Consequently, these regulations may limit our activities. These requirements relate to, among other things, fiduciary duties to clients, marketing agreements, conflicts of interest, recordkeeping and reporting requirements, disclosure requirements, compliance procedures and general anti-fraud prohibitions. advise. We are required to maintain an effective compliance program, and are subject to inspection and examinations by the SEC and state regulators.

The failure by us or our service providers to comply with applicable laws or regulations, or our failure to design and successfully implement and administer our compliance program, could result in fines, suspensions of individual employees, termination of our registered investment advisor, limitations on engaging in other businesses and other sanctions, any of which could have a material adverse effect on our business, financial condition, liquidity and results of operations. Even if an investigation or proceeding did not result in a fine or sanction or the fine or sanction imposed against us or our employees by a regulator were small in monetary amount, the adverse publicity relating to an investigation, proceeding or imposition of these fines or sanctions could harm our reputation.

We may encounter conflicts of interest in trying to appropriately allocate our time and services between activities for our own account and for PMT, or in trying to appropriately allocate investment opportunities among ourselves and for PMT.

Pursuant to our management agreement with PMT, we are obligated to provide PMT with the services of our senior management team, and the members of that team are required to devote such time as is necessary and appropriate, commensurate with the level of activity of PMT. The members of our senior management team may have conflicts in allocating their time and services between our operations and the activities of PMT and any other entities or accounts that we may manage in the future.

In addition, we and the other entities or accounts that we may manage may participate in some of PMT's investment strategies now or in the future and may involve or later result in potential conflicts between our interests and those of PMT or such other entities. Any such perceived or actual conflicts of interest could damage our reputation and materially and adversely affect our business, financial condition, liquidity and results of operations.

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Risks Related to Our Organizational Structure

HC Partners may be able to significantly influence the outcome of votes of our common stock, or exercise certain other rights pursuant to a stockholder agreement we have entered into with it, and its interests may differ from those of our other public stockholders.

HC Partners, our largest stockholder, has the right under a stockholder agreement to nominate up to two individuals for election to our board of directors depending on the percentage of the voting power of our outstanding shares common stock that it holds, and we are obligated to use our best efforts to cause the election of those director nominees. In addition, the HC Partners' stockholder agreement requires that we obtain their consent with respect to amendments to our certificate of incorporation or bylaws. As a result, HC Partners may be able to significantly influence our management and affairs. In addition, as a result of the size of its individual equity holding it may be able to significantly influence the outcome of all matters requiring stockholder approval, including mergers and other material transactions, and may be able to cause or prevent a change in the composition of our board of directors or a change in control of our Company that could deprive our other public stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

We have not established a minimum dividend payment level and no assurance can be given that we will be able to make dividends to our stockholders in the future at current levels or at all.

We have not established a minimum dividend payment level, and our ability to pay dividends to our stockholders may be materially and adversely affected by the risk factors discussed in our SEC periodic reports. Although we paid, and anticipate continuing to pay, quarterly dividends to our stockholders, our board of directors has the sole discretion to determine the timing, form and amount of any future dividends to our stockholders, and such

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determination will depend upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, capital requirements and other expense obligations, debt covenants, contractual legal, tax, regulatory and other restrictions and such other factors as our board of directors may deem relevant from time to time. As a result, no assurance can be given that we will be able to continue to pay dividends to our stockholders in the future or that the level of any future dividends will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect the market price of our common stock.

Anti-takeover provisions in our charter documents and Delaware law might discourage or delay acquisition attempts for us that other stockholders might consider favorable.

Our certificate of incorporation and bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors. Among other things, these provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval;
- prohibit stockholder action by written consent unless the matter as to which action is being taken has been approved by our board of directors;
- provide that our board of directors is expressly authorized to make, alter, or repeal our bylaws (provided that, if that action adversely affects HC Partners when that entity, together with its affiliates, holds at least 5% of the voting power of our outstanding shares of capital stock, our stockholder agreements provide that such action must be approved by that entity);

- establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings; and
- prevent a sale of substantially all of our assets or completion of a merger or other business combination that constitutes a change of control without the approval of a majority of our independent directors.

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These and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of and take other corporate actions.

Our bylaws include an exclusive forum provision that could limit our stockholders' ability to obtain a judicial forum viewed by the stockholders as more favorable for disputes with us or our directors, officers or other employees.

Our bylaws provide that the state or federal court located within the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a claim of breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other associates, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the exclusive forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition, liquidity and results of operations.

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Ownership of Our Common Stock

The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our stockholders.

The market price and trading volume of our common stock has fluctuated significantly in the past and may be highly volatile in the future and could be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. Further, if the market price of our common stock declines significantly, you may be unable to resell your shares at or above your purchase price, if at all. Some of the factors that could negatively affect the market price or trading volume of our common stock include:

- variations in our actual and anticipated financial and operating results and those expected by investors and analysts;
- changes in the manner that investors and securities analysts who provide research to the marketplace on us analyze the value of our common stock and similar companies;
- changes in recommendations or in estimated financial results published by securities analysts who provide research to the marketplace on us, our competitors or our industry;
- litigation and governmental investigations;
- increases in market interest rates that may lead purchasers of our shares to demand a higher yield;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic relationships, joint ventures or capital commitments; and
- general market, political and economic conditions, including any such conditions and local conditions in the markets in which our customers are located.

These broad market and industry factors may decrease the market price and trading volume of our common stock, regardless of our actual operating performance.

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The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock into the public trading market.

We were founded in 2008 by members of our executive leadership team and strategic investors, including HC Partners, our largest stockholder. Sales of substantial numbers of shares of our common stock into the public trading market by HC Partners, or the perception that such sales could occur, could adversely affect the market price of our common stock and impede our ability to raise capital through the issuance of additional common stock or other equity securities.

The future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise will dilute all other stockholdings.

As of **December 31, 2023** **December 31, 2024**, we have an aggregate of **4.9 million** **5.3 million** shares of common stock authorized and remaining available for future issuance under our 2022 Equity Incentive Plan. We may issue all of these shares of common stock without any action or approval by our stockholders, subject to certain exceptions. Any common stock issued in connection with our equity incentive plans or future acquisitions would dilute the percentage ownership held by investors who purchase our common stock.

Future offerings of debt or equity securities by us may adversely affect the market price of our common stock.

In the future, we may attempt to obtain financing or further increase our capital resources by issuing additional shares of our common stock or offering debt or other equity securities, including commercial paper, medium-term notes, senior or subordinated notes, convertible debt securities or shares of preferred stock. The issuance of additional shares of our common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our common stock or both. Upon liquidation, holders of such debt securities and preferred stock, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of

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equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Any issuance of securities in future offerings may reduce the market price of our common stock and dilute existing stockholders' interests in us.

General Risks

Our risk management efforts may not be effective. effective in identifying our significant risks and designing and implementing adequate internal controls to mitigate those risks.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, climate risk and other market-related risks, as well as operational and legal risks related to our business, assets, and liabilities. We also are subject to various laws, regulations and rules that are not industry specific, including employment laws related to employee hiring and termination practices, health and safety laws, environmental laws and other federal, state and local laws, regulations and rules in the jurisdictions in which we operate. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks to which we are exposed, mitigate the risks we have identified, or identify additional risks to which we may become subject in the future. Our risk management framework is designed to identify, monitor and mitigate risks that could have a negative impact on our financial condition or reputation. This framework includes divisions or groups dedicated to enterprise risk management, credit risk, climate risk, corporate sustainability, information security, disaster recovery and other information technology-related risks, business continuity, legal and compliance, compensation structures and other human resources matters, vendor management and internal audit, among others. Expansion of our business activities may also result in our being exposed to risks to which we have not previously been exposed or may increase our exposure to certain types of risks, and we may not effectively identify, manage, monitor, and mitigate these risks as our business activities change or increase.

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Initiating new business activities, developing Developing new products, updating our operational processes and initiating or significantly expanding existing our business activities may expose us to new risks, regulatory compliance requirements and increase our cost of doing business. costs.

Initiating new business activities, developing Developing new products, updating our operational processes and initiating or significantly expanding existing our business activities' such as our closed-end second lien mortgage loan product, may expose us to new risks, and regulatory compliance requirements. requirements and costs. For example, our closed-end second lien mortgage loans may result in a higher risk of loss than other loans since our second lien is subordinated to more senior secured loan claims. A closed-end second lien mortgage loan is offered to certain borrowers secured by a second lien on the mortgaged property subordinated to the rights of the first lien mortgage holder as well as other potential senior liens (such as mechanics liens, tax liens, HOA liens, municipal liens and other similar liens and assessments). Due to the priority of the more senior secured claims, the second lien holder may not be able to control the timing, method or procedure of any foreclosure action relating to the closed-end second mortgage loan. In addition, information about the other secured borrowers on the closed-end second mortgage loan may be inaccurate, unavailable or incomplete. Furthermore, any foreclosure or similar proceeds will only be available to satisfy the outstanding balance of a

second lien mortgage loan to the extent that the claim of the holders of the first lien and other senior liens have been satisfied in full, including any foreclosure costs. **Changes in our operational processes could create issues with our contractual arrangements with PMT,**

our brokers, our correspondent sellers, and our customers. We cannot be certain that we will be able to manage these risks and compliance requirements effectively. Furthermore, our efforts may not succeed, and any revenues we earn from any new or expanded business initiative may not be sufficient to offset the initial and ongoing costs of that initiative, which would result in a loss with respect to that initiative.

We could be harmed by misconduct or fraud that is difficult to detect.

We are exposed to risks relating to misconduct by our employees, contractors we use, or other third parties with whom we have relationships. For example, our employees could execute unauthorized transactions, use our assets improperly or without authorization, perform improper activities, use confidential information for improper purposes, or misrecord or otherwise try to hide improper activities from us. This type of misconduct could also relate to assets we

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manage for others through our investment advisory subsidiary, and can be difficult to detect. If not prevented or detected, misconduct by employees, contractors, or others could result in losses, claims or enforcement actions against us, or could seriously harm our reputation. Our controls may not be effective in detecting this type of activity.

If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which could harm our business and the market value of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We may in the future discover areas of our internal controls that need improvement. Section 404 of the Sarbanes-Oxley Act of 2002 (the **"Sarbanes-Oxley "Sarbanes-Oxley Act"**) requires that we evaluate and report on our internal control over financial reporting. We cannot be certain that we will be successful in maintaining adequate control over our financial reporting and financial processes. Section 404(b) of the Sarbanes-Oxley Act requires our auditors to formally attest to and report on the effectiveness of our internal control over financial reporting.

If we cannot maintain effective internal control over financial reporting, or our independent registered public accounting firm cannot provide an unqualified attestation report on the effectiveness of our internal control over financial reporting, investor confidence and, in turn, the market price of our common stock could decrease. If we or our independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could result in an event of default under one or more of our lending arrangements and/or reduce the market value of shares of our common stock. Additionally, the existence of any material weakness or significant deficiency could require management to devote significant time and incur significant expense to remediate any such material weakness or significant deficiency, and management may not be able to remediate any such material weakness or significant deficiency in a timely manner, or at all. Accordingly, our failure to maintain effective internal control over financial reporting could result in misstatements of our financial results or restatements of our financial statements or otherwise have a material adverse effect on our business, financial condition, liquidity and results of operations.

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We operate in a highly competitive market and decreased margins resulting from increased competition or our inability to compete successfully could adversely affect our business, financial condition, liquidity and results of operations.

We operate in a highly competitive industry that could become even more competitive as a result of economic, legislative, regulatory and technological changes. With respect to mortgage loan production, we face competition in such areas as mortgage loan offerings, rates, fees and customer service. With respect to servicing, we face competition in areas such as fees, cost to service and service levels, including our performance in reducing delinquencies and entering into successful modifications.

Financial institutions and non-bank mortgage lenders and servicers are increasingly competitive in the origination or acquisition of newly originated mortgage loans and the servicing of mortgage loans. Many of these institutions have significantly greater resources and access to capital and financing arrangements than we do, which may give them the benefit of a lower cost of funds. Additionally, our existing and potential competitors may decide to modify their business models to compete more directly with our loan production and servicing models.

As new and established competitors compete for market share, our mortgage banking businesses may generate lower volumes and/or profit margins. If our loan production volumes and profit margins significantly decrease, then our business, financial condition, liquidity and results of operations could be materially and adversely affected.

Our future success depends on our ability to continue to hire, integrate, develop and retain highly qualified personnel. Any talent acquisition and retention challenges could reduce our operating efficiency, increase our costs of operations and harm our overall financial condition. We could face these additional challenges if competition for qualified personnel intensifies or the pool of qualified candidates becomes more limited. Additionally, we invest heavily in training our personnel, which increases their value to competitors who may seek to recruit them. If we are unable to attract and retain qualified personnel, we may not be able to take advantage of future business opportunities and this could materially affect our business, financial condition and results of operations.

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The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services, including cloud computing and artificial intelligence. We may not be able to effectively implement new technology-driven products and services as quickly as competitors or be successful in marketing these products and services to our clients. In addition, technological advances and heightened e-commerce activities have increased consumers' access to products and services. This has intensified competition among banks and non-banks in offering and servicing mortgage loans. To the extent we are unable to keep pace with technological advances, we may be unable to compete successfully in our mortgage banking businesses and this could materially and adversely affect our business, financial condition, liquidity and results of operations.

Changes in tax laws may adversely affect us, and the Internal Revenue Service (the "IRS") or a court may disagree with our tax positions, which may result in adverse effects on our financial condition or the value of our common stock.

Proposed tax changes that may be enacted in the future could impact our current or future tax structure and effective tax rates. The federal government could propose legislation that would further broaden the tax base and limit tax deductions in certain situations. Proposed and future provisions could have a material adverse effect on our tax rate, cash flows, 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. In the absence of additional clarification and guidance from the IRS on certain tax matters, the Company will take positions with respect to a number of unsettled issues. There is no assurance that the IRS or a court will agree with the positions taken by us, in which case tax penalties and interest may be imposed that could adversely affect our business, cash flows or financial performance. In the future, additional guidance may be issued by the IRS, the Department of the Treasury, or other governing body that may significantly differ from our interpretation of the law, which may result in a material adverse effect on our business or financial condition.

Item 1B. Unresolved Staff Comments

None.

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Item 1C. Cybersecurity

Cybersecurity Program

Our cybersecurity and related controls, policies and procedures (“Cybersecurity Program”) are critical business functions protecting our enterprise information systems, data and business operations from external and internal threats. The Cybersecurity Program prioritizes detection, analysis, response and prevention to known, anticipated or unexpected cybersecurity threats, with regular internal and third-party assessments and enterprise risk management governance reviews. The Cybersecurity Program is informed by the National Institute of Standards and Technology’s (“NIST”) cybersecurity framework standard and is integrated into our overall enterprise risk management framework, along with our compliance requirements under federal and state cybersecurity and related regulations.

We have are not identified aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected, or are reasonably likely to materially affect, us, including our business strategy, results of operations or financial condition. condition as of the end of fiscal year 2024. Our Risk Factors include further detail about our material cybersecurity risks.

Our Chief Information Officer (“CIO”) and Chief Information Security Officer (“CISO”) each have over 24 25 years of information system experience and are primarily responsible for implementing the Cybersecurity Program and managing our information security personnel and consultants. The CIO has served in a variety of information technology leadership positions in the finance industry and holds a B.S. Bachelor of Science in Electrical Engineering. The CISO served in a variety of cybersecurity operations, cybersecurity architecture, and critical infrastructure cybersecurity enhancement programs in the finance industry, the utility industry and in government and holds a B.S.in Bachelor of Science in Management Information Systems and Decision Sciences.

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The Cybersecurity Program, which is integrated into our enterprise risk management framework, assesses, identifies and protects our enterprise information systems, data and business operations from various security threats and contains the following elements:

- Information Security Risk Assessment - Conducting internal and external risk and control assessment, quality control and assurance testing.
- Identity and Access Management - Managing enterprise identity and access control systems.
- Security Architecture - Managing security architecture, including secure code deployment standards, architecture security reviews, and cybersecurity advisory support.
- Security Engineering - Designing, implementing and operating security technologies, including but not limited to malware protections, security event and incident management, data loss prevention, and phishing defenses.
- Security Operations - Ensuring continuous operational coverage of security events and alerts, maintaining and executing processes for triage, containment, investigation and escalation/communication and threat intelligence.
- Attack Surface Management - Managing vulnerability and patch management, network penetration testing, application security testing and exercises, including **cybersecurity training**, cyber-attack simulations and tabletop exercises with senior management to detect control gaps.
- Third-Party Assessments - Coordinating, reviewing and analyzing third-party providers' assessments of the Cybersecurity Program. Internal Audit may also perform a periodic cybersecurity program audit that may be supported by external consulting firms.

- Third-Party Service Provider Reviews – Identifying and reviewing material risks from cybersecurity threats associated with certain third-party service providers.

Cybersecurity Monitoring and Incident Reporting

We continuously monitor our enterprise information systems and user activity to detect anomalous activity and identify potential security related incidents. Our cybersecurity monitoring and incident reporting program is informed by NIST guidelines and is internally and externally monitored. When a potential cybersecurity incident is detected, we gather the necessary information to classify the incident by type and severity and activate containment plans and response teams depending on the nature of the incident. Cybersecurity incidents that may impact enterprise business operations, compromise critical systems or result in unauthorized access to critical data will be escalated to the CISO and an internal incident response team comprised of senior IT, business operations and compliance personnel to coordinate any internal and external responses. The CISO and the internal incident team will also elevate any material cybersecurity incidents or unauthorized occurrences that jeopardize the confidentiality, integrity or availability of enterprise information to senior management and the board of directors.

Enterprise Risk Management Framework and Governance

The Cybersecurity Program is integrated with our enterprise risk management framework and is primarily managed by the CIO, the CISO, and other information security personnel and consultants, and is overseen by risk management, internal audit, senior management and the board of directors to ensure the confidentiality, integrity and the availability of the Company's enterprise information systems, data and business operations. The Cybersecurity Program utilizes specialized third-party cybersecurity service providers to periodically perform penetration testing across certain internet-facing and business critical applications as well as external and internal network penetration tests.

Our Enterprise Risk Management unit separately provides independent oversight and monitoring of the

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Cybersecurity Program through periodic quality control testing and regulatory compliance verification of the Cybersecurity Program's controls. Our Internal Audit unit is an independent corporate function reporting to the board of directors' Audit Committee that also reviews the effectiveness of the Cybersecurity Program and whether it is effectively integrated into our overall enterprise risk management framework. Additionally, our Enterprise Risk Management and Internal Audit units may from time to time separately engage consulting services to perform independent cybersecurity controls audits and provide expert guidance.

Board of Directors Oversight

The board of directors oversees our cybersecurity risks by periodically evaluating cybersecurity reports from senior management, including the CIO and CISO, as well as reports from the board committees and third-party consultants, consultants. The Risk Committee oversees our enterprise risk management framework including risks associated with data security, cybersecurity, IT infrastructure, and data privacy. The Audit Committee oversees the internal and external auditors' review of our cybersecurity risks.

Management Oversight

Senior management's Technology Committee, includes the Our CIO, the CISO and other senior executives who oversee the Company's enterprise IT infrastructure and ensures periodically meet in management committees to ensure that our enterprise information systems are protected from internal and external cybersecurity threats by monitoring cybersecurity controls, risk assessments and information system reports. The Technology Committee, the CIO, CISO and the CISO our management committees periodically provide cybersecurity reports about our Cybersecurity Program to senior management's Executive Committee and management, the board of directors and its Risk Committee, our board committees.

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Item 2. Properties

As of December 31, 2023 December 31, 2024, we have approximately 15 leased facilities in various locations throughout the United States. Our principal executive offices are located at 3043 & 3059 Townsgate Road, Westlake Village, California 91361 and total approximately 66,000 of leased square feet. Our business segment operations and support offices are primarily in the following locations in the United States:

- Our servicing segment is primarily located in California, Texas and Nevada.
- Our production segment is primarily located in California, Texas, Florida, Arizona, Missouri and North Carolina. We maintain loan production centers in California, Tennessee, Minnesota and Hawaii.
- Our investment management servicing segment is primarily located in California, Texas and Nevada.
- Our corporate operations are primarily located in California, California and Texas.

We believe that our current facilities are sufficient for the operation of our business. We periodically review our space requirements and we look to expand into new facilities if necessary or consolidate and exit facilities we no longer need, as and when appropriate.

The financial commitments of our leases are disclosed in Note 12—13— Leases to our consolidated financial statements included in Item 8 of this Report.

Item 3. Legal Proceedings

From time to time, we may be involved in various legal and regulatory proceedings, lawsuits and other claims arising in the ordinary course of business. The amount, if any, of ultimate liability with respect to such matters cannot be determined, but despite the inherent uncertainties of litigation, we currently believe that the ultimate disposition of any such pending proceedings and exposure will not have, individually or taken together, a material adverse effect on our financial condition, results of operations, or cash flows. See Note 18 19 — Commitments and Contingencies, to the financial statements contained in this Report for a discussion of legal proceedings that are incorporated by reference into this Item 3.

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Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our shares of common stock are listed on the New York Stock Exchange (Symbol: PFSI). As of February 16, 2024 February 14, 2025, our shares of common stock were held by 23 28 holders of record.

Our dividend level is reviewed each quarter and determined based on a number of factors, including, among other things, our earnings, our financial condition, growth outlook, the capital required to support ongoing growth opportunities and compliance with other internal and external requirements. Payments of dividends are subject to approval by our board of directors. Our ability to pay dividends may be adversely affected for the reasons described in Item 1A of this Report in the section entitled *Risk Factors*.

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Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the year ended **December 31, 2023** **December 31, 2024**.

Stock Repurchase Program

	Total number of shares purchased as part of publicly announced plans or programs (1)				Total number of shares purchased as part of publicly announced plans or programs (1)			
	Total number of shares purchased	Average price paid per share	Approximate dollar value of shares that may yet be purchased under the plans or programs (1)		Total number of shares purchased	Average price paid per share	Approximate dollar value of shares that may yet be purchased under the plans or programs (1)	
October 1, 2023 – October 31, 2023	—	\$ —	— \$212,338,815					
November 1, 2023 – November 30, 2023	—	\$ —	— \$212,338,815					
December 1, 2023 – December 31, 2023	—	\$ —	— \$212,338,815					
October 1, 2024 – October 31, 2024				—	\$ —	— \$212,338,815		
November 1, 2024 – November 30, 2024				—	\$ —	— \$212,338,815		
December 1, 2024 – December 31, 2024				—	\$ —	— \$212,338,815		
Total	—	\$ —	— \$212,338,815		—	\$ —	— \$212,338,815	

(1) In August 2021, our board of directors approved an increase to our common stock repurchase program from \$1 billion to \$2 billion. The stock repurchase program does not require us to purchase a specific number of shares, and the timing and amount of any shares repurchased are based on market conditions and other factors, including price, regulatory requirements and capital availability. Stock repurchases may be effected through negotiated transactions or open market purchases, including pursuant to a trading plan implemented pursuant to Rule 10b5-1 of the Exchange Act. The stock repurchase program does not have an expiration date but may be suspended, modified or discontinued at any time without prior notice. We did not repurchase our common stock during the quarter ended **December 31, 2023** **December 31, 2024**.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes appearing elsewhere in this Report. The following discussion and analysis **contains contain** forward-looking statements that involve risks and uncertainties. When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that could impact our business. In particular, we encourage you to review the risks and uncertainties described in the section titled "Risk Factors" included elsewhere in this Report. These risks and uncertainties could cause actual results to differ materially from those projected in forward-looking statements contained in this report or implied by past results and trends.

Critical Accounting Policies

Preparation of financial statements in compliance with accounting principles generally accepted in the United States (“GAAP”) requires us to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and 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. Our critical accounting policies primarily relate to our fair value estimates.

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Fair Value

We group assets measured at or based on fair value in three levels based on the markets in which the assets are traded and the observability of the inputs used to determine fair value. These levels are:

		December 31, 2023			December 31, 2024			
				Percentage of			Percentage of total	
				Total				
		Carrying value of	stockholders'		Carrying value of	Stockholders'		
Level/Description	Level/Description	assets	Total assets	equity	assets	Assets	equity	
		(in thousands)			(in thousands)			
	1: Prices				Prices			
	determined				determined			
	using quoted				using quoted			
	prices in active				prices in active			
	markets for				markets for			
	identical				identical			
	assets or				assets or			
	liabilities.	\$ 88,608	0%	3%	liabilities.	\$ 437,339	2%	11%

	2:	Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing an asset or liability and are developed based on market data obtained from sources independent of us.				Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing an asset or liability and are developed based on market data obtained from sources independent of us.			
		3,953,674	21%	112%		8,649,568	33%	226%	
	3:	Prices determined using significant unobservable inputs. Unobservable inputs reflect our judgements about the factors that market participants use in pricing an asset or liability, and are based on the best information available in the circumstances.				Prices determined using significant unobservable inputs. Unobservable inputs reflect our judgements about the factors that market participants use in pricing an asset or liability, and are based on the best information available in the circumstances.			
		7,683,207	41%	217%		9,250,503	35%	242%	
Total assets measured at or based on fair value (1)	Total assets measured at or based on fair value (1)	\$ 11,725,489	62%	331%		\$ 18,337,410	70%	479%	
Total assets	Total assets	\$ 18,844,563				\$ 26,086,887			
Total stockholders' equity	Total stockholders' equity	\$ 3,538,603				\$ 3,829,651			

(1) Includes assets measured on both a recurring and nonrecurring basis based on the accounting principles applicable to the specific asset and whether we have elected to carry the asset at its fair value.

At December 31, 2023 December 31, 2024, \$11.7 billion \$18.3 billion or 62% 70% of our total assets were carried at fair value on a recurring basis and \$15.0 million (real estate acquired in settlement of loans (“REO”)), were carried based on fair value on a non-recurring basis when fair value indicates evidence of impairment of individual properties.

Changes in fair value of our holdings of assets carried at fair value have significant effects on our financial position and results of operations, income. As summarized above, changes in fair values of “Level 1” and “Level 2” fair value assets are determinable with reference to direct quotes in active markets on the measurement date in the case of “Level 1” fair value assets, or reference to publicly available pricing inputs (such as reference interest rates and credit spreads and prices of similar assets) in the case of “Level 2” fair value assets.

\$7.7 9.3 billion or 41% 35% of our total assets are measured using “Level 3” fair value inputs – significant inputs where there is difficulty observing the inputs used by market participants to establish fair value. Different approaches to valuing those assets or changes in inputs to measurement of these assets can have a significant effect on the amounts reported for these items including their reported balances and their effects on our income.

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During the three years ended December 31, 2023 December 31, 2024, we recognized significant changes in the fair value of our holdings of “Level 3” fair value assets and liabilities as shown below:

Year ended	Interest	Loans held	Mortgage	Excess	Mortgage	Pre-tax	Interest	Mortgage	Mortgage	Pre-tax
	rate lock	for sale at	servicing	servicing	servicing		rate lock	Loans held	servicing	
December 31,	commitments	fair value	rights (1)	spread	financing	Total	commitments	for sale	rights (1)	Total
					liabilities (1)	Income			liabilities (1)	Income

(positive (negative) effects on net revenues in thousands)

(positive (negative) effects on net revenues in thousands)

2024											\$	38,645	105,508	407,423	(35)\$551,541	\$401,026
2023	\$	130,424	68,773	56,757	—	50	\$ 256,004	\$	183,631	\$	130,424	68,773	56,757	50	\$256,004	\$183,631
2022	\$	(624,905)	(66,639)	877,324	—	347	\$ 186,127	\$	665,247	\$	(624,905)	(66,639)	877,324	347	\$186,127	\$665,247
2021	\$	489,547	285,501	(136,350)	(1,037)	68,020	\$ 705,681	\$	1,359,183							

(1) Excludes changes in fair value attributable to realization of cash flows.

The changes above primarily reflect changes attributable to our observations of changes in the markets for those assets and liabilities as opposed to changes in accounting policies or approaches to the valuation of those instruments.

As a result of the difficulty in observing certain significant valuation inputs affecting our “Level 3” fair value assets and liabilities, we are required to make judgments regarding these items’ fair values. Different persons in possession of the same facts may reasonably arrive at different conclusions as to the inputs to be applied in valuing these assets and liabilities and their fair values. Such differences may result in significantly different fair value measurements. Likewise, due to the general illiquidity of some of these assets, subsequent transactions may be at values significantly different from those reported.

Because the fair value of “Level 3” fair value assets and liabilities are difficult to estimate, our valuation process includes performance of these items’ fair value estimation by specialized staff with significant senior management oversight. We have assigned the responsibility for estimating the fair values of non-interest rate lock commitment (“IRLC”) “Level 3” fair value assets and liabilities to our capital markets valuation staff, which is responsible for valuing and monitoring these items and maintenance of our valuation policies and procedures for non- IRLC assets and liabilities. The capital markets valuation staff submits the results of its valuations to our senior management valuation committee, subcommittee, which oversees the valuations. Our senior management valuation committee subcommittee includes the Company’s chief financial, risk, credit, and capital markets officers as well as other senior members of the Company’s finance, capital markets and risk management staff, staffs.

The fair value of our IRLCs is developed by our capital markets risk management staff and is reviewed by our capital markets operations group.

Following is a discussion of our approach to measuring the balance sheet items that are most affected by “Level 3” fair value estimates.

Interest Rate Lock Commitments

Our net gains on loans held for sale include our estimates of the gains or losses we expect to realize upon the sale of loans we have contractually committed to fund or purchase but have not yet funded, purchased or sold. We recognize a substantial portion of our net gains on loans held for sale at fair value before we fund or purchase the loans as the result of these commitments. We call these commitments interest rate lock commitments or IRLCs. We recognize the fair value of IRLCs at the time we make the commitment to the correspondent seller, broker or loan applicant and adjust the fair value of such IRLCs as the loan approaches the point of funding or purchase or the prospective transaction is canceled.

We carry IRLCs as either *Derivative assets* or *Derivative liabilities* on our consolidated balance sheet. The fair value of an IRLC is transferred to *Loans held for sale at fair value* when the loan is funded or purchased.

An active, observable market for IRLCs does not exist. Therefore, we measure the fair value of IRLCs using methods we believe that market participants use in pricing IRLCs. We estimate the fair value of IRLCs based on observable Agency MBS prices, our estimates of the fair value of the MSRs we expect to receive in the sale of the loans and the probability that we will fund or purchase the loans (the “pull-through rate”).

Pull-through rates and MSR fair values are based on our estimates as these inputs are difficult to observe in the marketplace. Market interest rates and our estimate of the probability that a loan will be funded are updated as the loans move through the funding or purchase process and as market interest rates change and these updates may result in significant changes in our estimates of the fair value of the IRLCs. Such changes are reflected in the change in fair value of IRLCs which is a component of our *Net gains on loans held for sale at fair value* in the period of the change. The financial effects of changes in these inputs are generally inversely correlated. Increasing interest rates have a positive effect on the fair value of the MSR component of IRLC fair value but increase the pull-through rate for the loan principal and interest payment cash flow component, which decreases in fair value.

A shift in our assessment of an input to the valuation of IRLCs can have a significant effect on the amount of *Net gains on loans held for sale at fair value* for the period. We believe that the most significant "Level 3" fair value input to the measurement of IRLCs is the pull-through rate. At **December 31, 2023** **December 31, 2024**, we held **\$89.6 million** **\$33.6 million** of net IRLC assets at fair value. Following is a quantitative summary of the effect of changes in the pull-through rate input on the fair value of IRLCs at **December 31, 2023** **December 31, 2024**:

Change in input (1)	Change in input (1)	Effect on fair value of IRLC of a change in pull-through rate (2)	Change in input (1)	Effect on fair value of IRLC of a change in pull-through rate (2)
		(in thousands)		(in thousands)
(20)%	\$	(21,086)	%	\$ (8,522)
(10)%	\$	(10,540)	%	\$ (4,255)
(5)%	\$	(5,266)	%	\$ (2,122)
5 %	\$	3,822	%	\$ 2,473
10 %	\$	7,162	%	\$ 4,784
20 %	\$	13,541	%	\$ 9,133

(1) The upward shift in input amount on a per-loan basis is limited to the amount of shift required to reach a 100% pull-through rate.

(2) This analysis holds constant all of the other inputs to show an estimate of the effect on fair value of a change in the pull-through rate. We expect that in a market shock event, multiple inputs would be affected and the effects of these changes may compound or counteract each other. Therefore, this analysis is not a projection of the effects of a shock event or a change in our estimate of an input and should not be relied upon as an earnings projection.

Loans Held for Sale

We carry loans at their fair values. We recognize changes in the fair value of loans in current period income as a component of *Net gains on loans held for sale at fair value*. How we estimate the fair value of loans is based on whether the loans are saleable into active markets with observable fair value inputs.

- We categorize loans that are saleable into active markets as "Level 2" fair value assets. We estimate the fair value of such loans using their quoted market price or market price equivalent. At **December 31, 2023** **December 31, 2024**, we held **\$3.9 billion** **\$7.8 billion** of such loans.

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- We categorize loans that are not saleable into active markets as "Level 3" fair value assets. "Level 3" fair value loans **arise primarily from the following sources:** **are comprised of:**
 - Closed-end second lien mortgage loans. We produce closed-end second lien mortgage loans that do not have an active market with observable inputs that are significant to the estimation of their fair value. At December 31, 2024, we held \$272.3 million at fair value of such loans.**

- **Ginnie Mae early buyout ("EBO") loans.** We may purchase certain delinquent government guaranteed or insured loans from Ginnie Mae guaranteed securitizations included in our loan servicing portfolio.

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Our right to purchase such loans arises as the result of the loan being at least three months delinquent when we buy the loan. Our ability to purchase delinquent loans provides us with an alternative to our obligation to continue advancing principal and interest at the coupon rate of the related Ginnie Mae security. Such repurchased loans are referred to as **early buyout ("EBO") EBO** loans and may be resold to investors and thereafter may be repurchased to the extent eligible for resale into a new Ginnie Mae guaranteed security. Such eligibility occurs when a repurchased loan either becomes current through completion of a modification of its terms or otherwise after three months of timely payments and when the issuance date of the new security into which the loan is placed is at least 120 days after the date the loan was last delinquent. At **December 31, 2023** **December 31, 2024**, we held **\$146.6** **\$145.0** million at fair value of such loans.

- **Loans with defects.** Certain of our loans may become non-saleable into active markets due to our identification of one or more defects or we may repurchase defective loans subject to representations and warranties. At December 31, **2023**, **2024**, we held **\$10.0 million** at fair value of such loans.

- **The closed-end second lien mortgage loans we produce do not have an active market with observable inputs that are significant to the estimation of their fair value.** At December 31, 2023, we held **\$322.0 million** **\$16.7 million** at fair value of such loans.

We use a discounted cash flow model to estimate the fair value of "Level 3" fair value loans. The significant unobservable inputs used in the fair value measurement of our "Level 3" fair value loans held for sale are discount rates, home price projections and prepayment speeds. Significant changes in any of those inputs in isolation could result in a significant change to the loans' fair value measurements.

Mortgage Servicing Rights and Mortgage Servicing Liabilities

MSRs and MSLs represent the fair value assigned to contracts that obligate us to service the mortgage loans on behalf of the owners of the mortgage loans in exchange for servicing fees and the right to collect certain ancillary **income from the borrower**, **income**. We recognize MSRs and MSLs at our estimate of the fair value of the contract to service the loans.

We include changes in fair value of MSRs and MSLs in current period income as a component of *Net loan servicing fees—Change in fair value of mortgage servicing rights and mortgage servicing liabilities*. Both our estimate of the change in fair value attributable to realization of cash flows and of other changes in fair value are affected by changes in fair value inputs. In the year ended **December 31, 2023** **December 31, 2024**, we recognized a **\$605.6 million** **\$433.3 million** net decrease in fair value of MSRs and MSLs: **\$662.4** **\$840.7** million of decrease due to realization of cash flows underlying the fair value of MSRs **and MSLs**, partially offset by **\$56.8** **\$407.4** million of increase due to changes in fair value inputs.

We estimate fair value of MSRs and MSLs using a discounted cash flow approach. We believe the most significant "Level 3" fair value inputs to the valuation of MSRs and MSLs are the **prepayment speed**, pricing spread (**discount rates**), **prepayment speed** (**a component of discount rate**) and annual per-loan cost of servicing.

A shift in the market for MSRs and MSLs or a change in our assessment of an input to the valuation of MSRs and MSLs can have a significant effect on their fair value and in our income for the period. The net fair value of MSRs and MSLs that we held at **December 31, 2023** **December 31, 2024** was **\$7.1 billion** **\$8.7 billion**.

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Following is a summary of the effect on fair value of MSRs of various changes to these key inputs at **December 31, 2023** **December 31, 2024**:

Change in input	Effect on fair value of MSRs and MSLS of a change in input value (1)			Change in input	Effect on fair value of MSRs and MSLS of a change in input value (1)		
	Change in input	Pricing spread	Prepayment speed		Prepayment speed	Pricing spread	Servicing cost

	(in thousands)					(in thousands)							
(20)%	\$	404,028	\$	474,636	\$	178,289	%	\$	550,512	\$	484,627	\$	195,321
(10)%	\$	196,450	\$	228,063	\$	89,145	%	\$	265,635	\$	235,896	\$	97,661
(5)%	\$	96,886	\$	111,857	\$	44,572	%	\$	130,541	\$	116,402	\$	48,830
5 %	\$	(94,307)	\$	(107,757)	\$	(44,572)	%	\$	(126,224)	\$	(113,419)	\$	(48,830)
10 %	\$	(186,129)	\$	(211,643)	\$	(89,145)	%	\$	(248,349)	\$	(223,960)	\$	(97,661)
20 %	\$	(362,671)	\$	(408,638)	\$	(178,289)	%	\$	(481,100)	\$	(436,805)	\$	(195,321)

(1) This analysis holds constant all of the inputs other than the input that is being changed in order to show an estimate of the effect on fair value of a change in a specific input. We expect that in a market shock event, multiple inputs would be affected and the effects of these changes may compound or counteract each other. Therefore, these analyses are not projections of the effects of a shock event or a change in our estimate of an input and should not be relied upon as earnings projections.

Accounting Developments

Refer to Note 3 – *Significant Accounting Policies – Recently Issued Accounting Pronouncements* to our consolidated financial statements for a discussion of recent accounting developments and the expected effect on the Company.

Business Trends

Due to significant inflationary pressures, the U.S. Federal Reserve raised has reduced the federal funds rates during the first three quarters of 2023, rate somewhat from its highest level since 2007 as well as reduced its overall holdings of Treasury securities inflationary pressures have abated, and MBS. Higher longer-term interest rates are expected to contribute to reducing remain near their most elevated levels in recent years. Elevated interest rates have constrained growth in the size of the mortgage origination market, which grew slightly from approximately \$2.3 trillion \$1.5 trillion in 2022 2023 to an estimated \$1.4 trillion \$1.7 trillion in 2023. The mortgage market 2024, and is expected to grow modestly to approximately \$2.0 trillion in 2024 2025 according to mortgage industry economists, with an expectation that interest rates and mortgage rates will decline during the year. economists.

Lower mortgage transaction volumes and higher Fluctuating interest rates decreased and an increasing number of mortgage loans outstanding with interest rates near current levels have led to an increasing opportunity for refinancing, which has driven increased mortgage production activity in the most recent year and also led to increasing prepayment speeds on our mortgage production activities, reduced gains servicing portfolio from the redelivery of loans bought out from Ginnie Mae securities, increased competition and lowered profit margins historically slow prepayment speeds experienced in our production business in 2023 as compared to the prior year. However, increased regulatory scrutiny and higher potential capital requirements on the banking sector have caused certain banks to reduce their

footprint in mortgage products and business lines, leading to reduced competition in some channels. 2023. Higher interest rates also rate levels have increased the costs of floating rate borrowings increased as well as interest income from placement fees we receive relating to custodial funds that we manage on deposits and loans held for sale and reduced prepayment speeds in our mortgage servicing portfolio in 2023 as compared to the prior year. Due However, these items will be impacted in future periods by the reductions to the significant contraction in federal funds rate that the mortgage market during Federal Reserve has recently put into place. We continued our acquisition of conventional loans from PMT and expect to purchase more such loans from PMT through the year, we maintained a lower level second quarter of operating expenses than we had in prior years when then mortgage market was larger. If interest rates decrease and mortgage volumes increase in 2024 as industry economists project, certain of the trends observed in our business in 2023 may begin to soften or reverse. 2025.

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Results of Operations

Our results of operations are summarized below:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(dollars in thousands except per share amounts)			(dollars in thousands except per share amounts)		
Revenues:						
Loan production revenues (1)	\$ 719,887	\$ 1,029,483	\$ 3,027,482	\$ 1,029,359	\$ 719,887	\$ 1,029,483
Net loan servicing fees	642,600	951,329	182,954	533,655	642,600	951,329
Management fees from PennyMac Mortgage Investment Trust				28,623	28,762	31,065
Net interest expense	(4,853)	(41,365)	(90,530)	(25,782)	(4,853)	(41,365)
Management fees from PennyMac Mortgage Investment Trust	28,762	31,065	37,801			
Other	15,260	15,243	9,654	27,876	15,260	15,243
Total net revenues	1,401,656	1,985,755	3,167,361	1,593,731	1,401,656	1,985,755
Expenses:						
Compensation	576,964	735,231	999,802	632,738	576,964	735,231
Loan origination				164,092	114,500	173,622
Technology				149,547	143,152	139,950
Servicing				105,997	69,433	59,628
Professional services				37,992	60,521	73,270
Legal settlements	162,770	4,649	(4)	1,591	162,770	4,649
Technology	143,152	139,950	141,426			
Loan origination	114,500	173,622	330,788			
Servicing	69,433	59,628	109,835			

Other	151,206	207,428	226,331	100,748	90,685	134,158
Total expenses	1,218,025	1,320,508	1,808,178	1,192,705	1,218,025	1,320,508
Income before provision for income taxes	183,631	665,247	1,359,183	401,026	183,631	665,247
Provision for income taxes	38,975	189,740	355,693	89,603	38,975	189,740
Net income	\$ 144,656	\$ 475,507	\$ 1,003,490	\$ 311,423	\$ 144,656	\$ 475,507
Earnings per share						
Basic	\$ 2.89	\$ 8.96	\$ 15.73	\$ 6.11	\$ 2.89	\$ 8.96
Diluted	\$ 2.74	\$ 8.50	\$ 14.87	\$ 5.84	\$ 2.74	\$ 8.50
Return on average stockholders' equity	4.1%	13.8%	28.9%	8.5%	4.1%	13.8%
Dividends declared per share	\$ 0.80	\$ 0.80	\$ 0.80	\$ 1.00	\$ 0.80	\$ 0.80
Income before provision for income taxes by segment:						
Mortgage banking:						
Income before provision for income taxes by segment and corporate and other:						
Production	\$ 69,325	\$ 48,480	\$ 1,044,411	\$ 311,231	\$ 116,078	\$ 130,799
Servicing	109,669	613,626	306,678	205,002	368,392	731,213
Total mortgage banking	178,994	662,106	1,351,089			
Investment management	4,637	3,141	8,094			
Corporate and other				(115,207)	(300,839)	(196,765)
	\$ 183,631	\$ 665,247	\$ 1,359,183	\$ 401,026	\$ 183,631	\$ 665,247
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization						
("Adjusted EBITDA") (1)	\$ 701,162	\$ 591,055	\$ 2,040,581			
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization						
("Adjusted EBITDA") (2)				\$ 1,076,393	\$ 701,162	\$ 591,055
During the year:						
Interest rate lock commitments issued	\$ 92,766,499	\$ 80,143,406	\$ 141,433,359	\$ 114,813,116	\$ 92,766,499	\$ 80,143,406
Unpaid principal balance of loans produced or fulfilled for PMT				\$ 115,819,663	\$ 99,435,041	\$ 109,115,829
Common stock closing per share prices:						
High	\$ 92.93	\$ 70.10	\$ 70.57	\$ 116.58	\$ 92.93	\$ 70.10
Low	\$ 55.82	\$ 39.73	\$ 56.53	\$ 83.31	\$ 55.82	\$ 39.73
At end of year	\$ 88.37	\$ 56.66	\$ 70.57	\$ 101.38	\$ 88.37	\$ 56.66
At end of year:						
Interest rate lock commitments outstanding	\$ 6,349,628	\$ 7,009,119	\$ 14,111,795	\$ 7,801,677	\$ 6,349,628	\$ 7,009,119
Unpaid principal balance of loan servicing portfolio:						
Owned:						
Mortgage servicing rights and liabilities	\$ 370,269,011	\$ 314,600,796	\$ 278,385,373	\$ 426,074,748	\$ 370,269,011	\$ 314,600,796
Loans held for sale	4,294,689	3,498,214	9,430,766	8,128,914	4,294,689	3,498,214
	374,563,700	318,099,010	287,816,139	434,203,662	374,563,700	318,099,010
Subserviced for PMT	232,653,069	233,575,672	221,892,142			
Subserviced for:						
PMT				230,753,581	232,653,069	233,575,672
U.S. Department of Veterans Affairs				806,584	—	—
				231,560,165	232,653,069	233,575,672
	\$ 607,216,769	\$ 551,674,682	\$ 509,708,281	\$ 665,763,827	\$ 607,216,769	\$ 551,674,682
Net assets of PennyMac Mortgage Investment Trust						
	\$ 1,957,090	\$ 1,962,815	\$ 2,367,518	\$ 1,938,500	\$ 1,957,090	\$ 1,962,815
Book value per share	\$ 70.52	\$ 69.44	\$ 60.11	\$ 74.54	\$ 70.52	\$ 69.44

(1) Includes Net gains on loans held for sale at fair value, Loan origination fees and Fulfillment fees from PennyMac Mortgage Investment Trust.

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- (2) To provide investors with information in addition to our results as determined by GAAP, we disclose Adjusted EBITDA as a non-GAAP measure. Adjusted EBITDA is a measure that is frequently used in our industry to measure performance and we believe that this measure provides supplemental information that is useful to investors. Adjusted EBITDA is not a financial measure calculated in accordance with GAAP and should not be considered as a substitute for net income, or any other performance measure calculated in accordance with GAAP.

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We define "Adjusted EBITDA" as net income plus provision for income taxes, depreciation and amortization, excluding decrease (increase) in fair value of MSRs net of MSLs, due to changes in the valuation inputs we use in our valuation models, increase (decrease) in fair value of excess servicing spread ("ESS") payable to PMT, hedging losses (gains) associated with MSRs, stock-based compensation and interest expense on corporate debt or corporate revolving credit facilities and capital lease and non-recurring items such as significant awards of damages against us due to litigation.

We believe that the presentation of Adjusted EBITDA provides useful information to investors regarding our results of operations because each measure assists both investors and management in analyzing and benchmarking the performance and value of our business. However, other companies may define Adjusted EBITDA differently, and as a result, our measures of Adjusted EBITDA may not be directly comparable to those of other companies.

Adjusted EBITDA measures have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they do not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payment on our debt; and
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated statements of cash flows.

Because of these limitations, Adjusted EBITDA measures are not intended as alternatives to net income as an indicator of our operating performance and should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

The following table presents a reconciliation of Adjusted EBITDA to our net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for each of the years indicated:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Net income	\$ 144,656	\$ 475,507	\$ 1,003,490	\$ 311,423	\$ 144,656	\$ 475,507
Provision for income taxes	38,975	189,740	355,693	89,603	38,975	189,740
Income before provision for income taxes	183,631	665,247	1,359,183	401,026	183,631	665,247
Depreciation and amortization	53,214	34,409	28,645	55,984	53,214	34,409
Decrease (increase) in fair value of MSRs net of MSLs due to changes in valuation inputs used in valuation models	(56,807)	(877,671)	68,330			
Increase in fair value of ESS payable to PennyMac Mortgage Investment Trust	—	—	1,037			
Increase in fair value of MSRs net of MSLs due to changes in valuation inputs used in valuation models				(407,388)	(56,807)	(877,671)
Hedging losses associated with MSRs	236,778	631,484	475,215	832,483	236,778	631,484
Stock-based compensation	27,582	42,552	37,794	20,868	27,582	42,552
Effect of fourth quarter arbitration accrual	158,368	—	—			
Interest expense on corporate debt or corporate revolving credit facilities and capital lease	98,396	95,034	70,377	184,304	98,396	95,034
Effect of non-recurring gain from joint venture and arbitration accrual				(10,884)	158,368	—
Adjusted EBITDA	\$ 701,162	\$ 591,055	\$ 2,040,581	\$ 1,076,393	\$ 701,162	\$ 591,055

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Comparison of the years ended December 31, 2023, December 31, 2024, 2022, 2023 and 2021, 2022

Income Before Provisions for Income Taxes

In the year ended December 31, 2024, we recorded income before provision for income taxes of \$401.0 million, an increase of \$217.4 million, or 118% from 2023. The increase was due to a \$309.5 million increase in production revenues (net gains on sales of loans, loan origination fees and fulfillment fees) primarily due to higher production volumes and gain on sale margins and a \$25.3 million decrease in total expenses, partially offset by a \$108.9 million decrease in *Net loan servicing fees* reflecting decreased valuation of our MSRs, net of hedging results primarily due to higher hedging costs. The decrease in the total expense was primarily due to decreases in legal settlements and professional services relating to a claim against us by Black Knight Servicing Technologies, LLC, partially offset by increases in compensation, loan origination and servicing expenses.

In the year ended December 31, 2023, we recorded income before provision for income taxes of \$183.6 million, a decrease of \$481.6 million or 72% from 2022. The decrease was due to a \$309.6 million decrease in production revenues (net gains on sales of loans, loan origination fees and fulfillment fees) primarily due to lower production volume and a shift in the mix of production to lower margin channels and a \$308.7 million decrease in *Net loan servicing fees* reflecting decreased valuation of our MSRs, net of hedging results, partially offset by a \$102.5 million decrease in total expenses. The decrease in the total expense was primarily due to a \$246.5 million reduction in compensation, loan origination and marketing and advertising expenses, partially offset by a \$158.1 million increase in legal settlements. The increase in legal settlements expense reflects an arbitrator's finding in a claim made against us by Black Knight Servicing Technologies, LLC. This claim, which is discussed in detail in Note 18–19–Commitments and Contingencies to the consolidated financial statements included in this Report, resulted in a charge to our results of operations of \$115.8 million net of income taxes or a reduction to earnings per diluted share of common stock of \$2.20.

In the year ended December 31, 2022, we recorded income before provision for income taxes of \$665.2 million, a decrease of \$693.9 million or 51% from 2021. The decrease was primarily due to a \$2.0 billion decrease in production revenues primarily due to lower production volume and gain on sale margins across all channels, partially offset by a \$768.4 million increase in *Net loan servicing fees* reflecting improved valuation results in our MSRs, net of hedging results, and a \$487.7 million decrease in total expenses, primarily due to reductions in compensation, loan origination and servicing expenses.

Net gains on loans held for sale at fair value

In our production segment, revenues reflect the effects of increasing interest rates on both demand for mortgage loans and gain on sale margins during the years ended December 31, 2023 and 2022, compared to the strong demand due to the historically low interest rate environment that prevailed during 2021.

In the year ended December 31, 2023 December 31, 2024, we recognized *Net gains on loans held for sale at fair value* totaling \$545.9 \$817.4 million, as compared to \$545.9 million and \$791.6 million in 2023 and \$2.5 billion in 2022, and 2021, respectively. The decrease increase in *Net gains on loans held for sale at fair value* for the year ended December 31, 2024 compared to 2023 was primarily due to lower increased volumes and gain on sale margins across all production channels. The decrease in *Net gains from production on loans held for sale at fair value* for the year ended December 31, 2023 compared to 2022 was primarily due to decreased production volumes and gain on sale margins and lower EBO loan redelivery gains due to reduced reperformance and modifications and diminished redelivery margins in the year ended December 31, 2023 compared to 2022 and 2021. margins.

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Our net gains on loans held for sale are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
From non-affiliates:						
Cash (losses) gains:						
Cash losses:						
Loans	\$ (1,337,613)	\$ (2,128,195)	\$ 600,840	\$ (1,731,125)	\$ (1,337,613)	\$ (2,128,195)
Hedging activities	(99,515)	1,347,843	443,341	495,429	(99,515)	1,347,843
Total cash (losses) gains	(1,437,128)	(780,352)	1,044,181			
Non-cash gains (losses):						
Total cash losses				(1,235,696)	(1,437,128)	(780,352)
Non-cash gains:						
Changes in fair values of loans and derivative financial instruments outstanding at end of year:						
Interest rate lock commitments	63,749	(296,349)	(354,833)	(56,028)	63,749	(296,349)
Loans	(71,425)	188,849	210,961	71,226	(71,425)	188,849
Hedging derivatives	146,456	(20,879)	(124,200)	(244,124)	146,456	(20,879)
	138,780	(128,379)	(268,072)	(228,926)	138,780	(128,379)
Mortgage servicing rights and mortgage servicing liabilities resulting from loan sales	1,849,957	1,718,094	1,755,318			
Mortgage servicing rights resulting from loan sales				2,280,830	1,849,957	1,718,094
Provisions for losses relating to representations and warranties:						
Pursuant to loan sales	(12,997)	(9,617)	(31,590)	(16,486)	(12,997)	(9,617)
Reductions in liability due to changes in estimate	9,115	8,451	16,037	13,579	9,115	8,451
Total non-cash gains	1,984,855	1,588,549	1,471,693	2,048,997	1,984,855	1,588,549
Total gains on sale from non-affiliates	547,727	808,197	2,515,874	813,301	547,727	808,197
From PennyMac Mortgage Investment Trust (primarily cash)	(1,784)	(16,564)	(51,473)			
From PennyMac Mortgage Investment Trust				4,067	(1,784)	(16,564)
	\$ 545,943	\$ 791,633	\$ 2,464,401	\$ 817,368	\$ 545,943	\$ 791,633
During the year:						
Interest rate lock commitments issued:						
By loan type:						
Government-insured or guaranteed loans	\$ 50,202,197	\$ 57,882,469	\$ 95,070,027	\$ 58,134,977	\$50,202,197	\$57,882,469
Conventional conforming loans	41,388,408	22,060,564	46,363,332	52,781,188	41,388,408	22,060,564
Jumbo loans	154,899	98,158	—	2,190,238	154,899	98,158
Closed-end second lien mortgage loans	1,020,995	102,215	—	1,706,713	1,020,995	102,215
	\$ 92,766,499	\$ 80,143,406	\$ 141,433,359	\$114,813,116	\$92,766,499	\$80,143,406
By production channel:						
Correspondent				\$ 83,669,855	\$73,949,658	\$51,592,641
Broker direct				17,424,790	11,149,351	9,625,043
Consumer direct	\$ 7,667,490	\$ 18,925,722	\$ 58,018,371	13,718,471	7,667,490	18,925,722
Broker direct	11,149,351	9,625,043	18,920,730			

Correspondent	73,949,658	51,592,641	64,494,258			
	\$ 92,766,499	\$ 80,143,406	\$ 141,433,359	\$ 114,813,116	\$ 92,766,499	\$ 80,143,406
At end of year:						
Loans held for sale at fair value	\$ 4,420,691	\$ 3,509,300	\$ 9,742,483	\$ 8,217,468	\$ 4,420,691	\$ 3,509,300
Commitments to fund and purchase loans	\$ 6,349,628	\$ 7,009,119	\$ 14,111,795	\$ 7,801,677	\$ 6,349,628	\$ 7,009,119

Non-Cash Elements of Gain on Sale of Loans Held for Sale

Our gains on loans held for sale include both cash and non-cash elements. We recognize a significant portion of our gains on loans held for sale when we make commitments to purchase or fund mortgage loans. We recognize this gain in the form of IRLCs. We adjust our initial gain estimate as the loan purchase or origination process progresses until the loan is either funded or cancelled. We also receive non-cash proceeds on sale that include our estimate of the fair value of MSRs and we incur liabilities for MSLs (which represent the fair value of the costs we expect to incur in excess of the fees we receive to service the EBO loans we have resold) and for the fair value of our estimate of the losses we expect to incur relating to the representations and warranties we provide in our loan sale transactions.

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The MSRs, MSLs, and liability for representations and warranties we recognize represent our estimate of the fair value of future benefits and costs we will realize for years in the future. These estimates represented approximately 338% 279% of our gain on sale of loans at fair value for the year ended December 31, 2023 December 31, 2024, as compared to 338% and 217% in 2023 and 71% in 2022, and 2021, respectively. These estimates change as circumstances change and changes in these estimates are recognized in income in subsequent periods.

Interest Rate Lock Commitments, Mortgage Servicing Rights and Mortgage Servicing Liabilities

The methods and key inputs we use to measure and update our measurements of IRLCs, MSRs and MSLs is detailed in Note 6 – *Fair value – Valuation Techniques and Inputs* to the consolidated financial statements included in this Annual Report.

Representations and Warranties – Loan Repurchases

Our agreements with the purchasers and insurers include representations and warranties related to the loans we sell. The representations and warranties require adherence to purchaser and insurer origination and underwriting guidelines, including but not limited to the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state and local law.

In the event of a breach of our representations and warranties, we may be required to either repurchase the loans with the identified defects or indemnify the purchaser or insurer. In such cases, we bear any subsequent credit loss on the loans. Our credit loss may be reduced by any recourse we have to correspondent originators that sold such loans to us and breached similar or other representations and warranties. In such event, we have the right to seek a recovery of related repurchase losses from that correspondent seller.

Our representations and warranties are generally not subject to stated limits of exposure. However, we believe that the current UPB of loans sold by us and subject to representation and warranty liability to date represents the maximum exposure to repurchases related to representations and warranties.

The level of the liability for losses under representations and warranties is difficult to estimate and requires considerable judgment. The level of loan repurchase losses is dependent on economic factors, purchaser or insurer loss mitigation strategies, and other external conditions that may change over the lives of the underlying loans. Our estimate of the liability for representations and warranties is developed by our credit risk administration staff and approved by presented each quarter to our senior management credit committee which Management Risk

Committee that includes our senior executives and senior management in our loan production, loan servicing, and credit risk management areas.

The method used to estimate our losses on representations and warranties is a function of our estimate of future defaults, loan repurchase rates, the severity of loss in the event of default, if applicable, and the probability of reimbursement by the correspondent loan seller. We establish a liability at the time loans are sold and periodically assess the adequacy of our recorded liability.

In the years ended December 31, 2023, December 31, 2024, 2022, 2023, and 2021, 2022 we recorded provisions for losses under representations and warranties relating to current loan sales as a component of *Net gains on loans held for sale at fair value* totaling \$13.0 million, \$16.5 million, \$9.6 million, \$13.0 million, and \$31.6 million, respectively. The increase in provision relating to current loan sales from the year ended December 31, 2024 compared to the year ended December 31, 2023 reflects the increase in our loan production in 2024. The increase in the provision relating to current loan sales in the year ended December 31, 2023 compared to 2022 was primarily attributable to an increase in loans sold and a change in the mix between government guaranteed or insured loans and conventional loans during 2023. The decrease in provision relating to current loan sales from the year ended December 31, 2021 compared to the year ended December 31, 2022 reflects the decrease in our loan production in 2022.

We also recorded reductions in the liability relating to previously sold loans of \$9.1 million, \$13.6 million, \$8.5 million, \$9.1 million, and \$16.0 million, for the years ended December 31, 2023, December 31, 2024, 2022, 2023 and 2021, 2022, respectively. The reductions in the liability relating to previously sold loans resulted from those loans meeting performance criteria established by the Agencies which significantly limits the likelihood of certain repurchase or indemnification claims.

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Following is a summary of mortgage loan repurchase activity and the unpaid balance of mortgage loans subject to representations and warranties:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
During the year:						
Indemnification activity:						
Loans indemnified at beginning of year	\$ 35,961	\$ 15,079	\$ 13,788	\$ 75,724	\$ 35,961	\$ 15,079
New indemnifications	43,469	24,016	9,544	32,559	43,469	24,016
Less indemnified loans sold, repaid or refinanced	3,706	3,134	8,253	6,416	3,706	3,134
Loans indemnified at end of year	\$ 75,724	\$ 35,961	\$ 15,079	\$ 101,867	\$ 75,724	\$ 35,961
Repurchase activity:						
Total loans repurchased	\$ 50,327	\$ 93,011	\$ 99,496	\$ 89,749	\$ 50,327	\$ 93,011

Less:							
Loans repurchased by correspondent lenders	23,327	32,660	37,280	58,855	23,327	32,660	
Loans repaid by borrowers or resold	72,511	54,044	25,223	24,335	72,511	54,044	
Net loans (resolved) repurchased with losses chargeable to liability for representations and warranties	\$ (45,511)	\$ 6,307	\$ 36,993				
Net loans repurchased (resolved) with losses chargeable to liability for representations and warranties				\$ 6,559	\$ (45,511)	\$ 6,307	
Losses charged to liability for representations and warranties	\$ 5,515	\$ 12,266	\$ 4,720	\$ 4,566	\$ 5,515	\$ 12,266	
At end of year:							
Unpaid principal balance of loans subject to representations and warranties	\$ 354,423,684	\$ 296,774,121	\$ 257,369,777	\$413,382,503	\$354,423,684	\$296,774,121	
Liability for representations and warranties	\$ 30,788	\$ 32,421	\$ 43,521	\$ 29,129	\$ 30,788	\$ 32,421	

In the year ended **December 31, 2023** **December 31, 2024**, we repurchased loans with unpaid principal balances totaling **\$50.3** **\$89.7** million and charged **\$5.5 million** **\$4.6 million** in net incurred losses relating to repurchases against our liability for representations and warranties. Our losses arising from representations and warranties have historically been reduced by our ability to either recover most of the losses from our correspondent sellers or from our ability to profitably refinance and resell repurchased loans.

If the outstanding balance of loans we purchase and sell subject to representations and warranties increases, the loans sold continue to season, economic conditions change, correspondent lenders become unwilling or unable to repurchase defective loans, or investor and insurer loss mitigation strategies are adjusted, the level of repurchase and loss activity may increase. Furthermore, as **expected** economic conditions, such as interest rates, home values and borrower default rates change, our realized loss rates may increase. Such increases may require us to adjust our estimate of future losses relating to loans previously sold. Such increased loss estimates **if recognized**, would be **reflected** **recognized** in *Net gains on loans held for sale at fair value* in the period we recognize the change.

The increases in market interest rates in recent years have affected certain of our correspondent sellers' ability to honor their obligations to repurchase defective loans. **Furthermore, these market factors and a potential future economic slowdown** **Though the U.S. Federal Reserve has cut the federal funds rate in recent months, interest rates remain elevated.** Increasing interest rates may also increase the level of borrower defaults, increasing the level of repurchases we are required to make, and may make it more difficult to minimize losses on repurchased loans due to **reduced opportunities to refinance loans and** decreasing fair values for resales of **loans and reduced opportunities to refinance** loans. We expect **these developments that this development** will increase the losses we incur in relation to our representations and warranties compared to our historical experience. However, we believe our recorded liability is presently adequate to absorb **such losses**, **the losses we currently expect to incur**.

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Loan origination fees

Following is a summary of our loan origination fees:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Loan origination fee revenue	\$ 146,118	\$ 169,859	\$ 384,154	\$ 185,700	\$ 146,118	\$ 169,859
Unpaid principal balance of loans purchased and originated for sale to non-affiliates	\$ 84,536,740	\$ 72,025,798	\$ 124,594,308	\$102,373,179	\$84,536,740	\$72,025,798

Loan origination fees increased \$39.6 million in the year ended December 31, 2024 compared to 2023, primarily due to increases in volume across all production channels. Loan origination fees decreased \$23.7 million in the year ended December 31, 2023 compared to 2022, primarily due to a decrease in the volume of consumer direct loans we produced. Loan origination fees decreased \$214.3 million in the year ended December 31, 2022 compared to 2021, primarily due to a decrease in loan production volumes.

Fulfillment fees from PennyMac Mortgage Investment Trust

Following is a summary of our fulfillment fees:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Fulfillment fee revenue	\$ 27,826	\$ 67,991	\$ 178,927	\$ 26,291	\$ 27,826	\$ 67,991
Unpaid principal balance of loans fulfilled subject to fulfillment fees	\$ 14,898,301	\$ 37,090,031	\$ 110,003,574	\$13,446,484	\$14,898,301	\$37,090,031
Average fulfillment fee rate (in basis points)	19	18	16	20	19	18

Fulfillment fees from PMT represent fees we collect for services we perform on behalf of PMT in connection with the acquisition, packaging and sale of loans. We charge fulfillment fees based on the number of loans we lock and fulfill for PMT.

Fulfillment fees decreased \$40.2 million \$1.5 million and \$110.9 million \$40.2 million in the years ended December 31, 2023 December 31, 2024 and 2022, 2023, respectively, compared to 2022 2023 and 2021, 2022, respectively, primarily due to decreases in correspondent loan production volumes for PMT's account which reflects that reflect our increased purchases of conventional correspondent loans from PMT.

Net loan servicing fees

Our net loan servicing fee income has two primary components: fees earned for servicing the loans and the effects of MSR and MSL valuation changes, net of hedging results as summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Loan servicing fees	\$ 1,484,946	\$ 1,228,637	\$ 1,075,112	\$ 1,799,480	\$ 1,484,946	\$ 1,228,637
Effects of MSRs and MSLs net of hedging results	(842,346)	(277,308)	(892,158)	(1,265,825)	(842,346)	(277,308)
Net loan servicing fees	\$ 642,600	\$ 951,329	\$ 182,954	\$ 533,655	\$ 642,600	\$ 951,329

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Loan Servicing Fees

Following is a summary of our loan servicing fees:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
From non-affiliates	\$ 1,268,650	\$ 1,054,828	\$ 875,570	\$ 1,529,452	\$ 1,268,650	\$ 1,054,828
From PennyMac Mortgage Investment Trust	81,347	81,915	80,658	83,252	81,347	81,915
Other:						
Late charges	65,781	48,166	34,957	85,390	65,781	48,166
Other	69,168	43,728	83,927	101,386	69,168	43,728
	134,949	91,894	118,884	186,776	134,949	91,894
	\$ 1,484,946	\$ 1,228,637	\$ 1,075,112	\$ 1,799,480	\$ 1,484,946	\$ 1,228,637
Average loan servicing portfolio:						
Average UPB of loans serviced:						
MSRs and MSLs	\$ 338,373,762	\$ 297,207,950	\$ 258,759,523	\$ 396,588,047	\$ 338,373,762	\$ 297,207,950

Subserviced for PMT	\$ 234,303,254	\$ 226,817,005	\$202,047,495			
Subservicing				\$231,303,048	\$234,303,254	\$226,817,005

Loan servicing fees from non-affiliates generally relate to our MSRs which are primarily related to servicing we provide for loans included in Agency securitizations. These fees are contractually established at an annualized percentage of the unpaid principal balance of the loan serviced and we collect these fees from borrower payments. Loan servicing fees from PMT are primarily related to PMT's MSRs and are established at monthly per-loan amounts based on whether the loan is a fixed-rate or adjustable-rate loan and the loan's delinquency or foreclosure status as detailed in Note 4 – *Transactions with Related Parties* to the consolidated financial statements included in this Annual Report. Other loan servicing fees are comprised primarily of borrower-contracted fees such as late charges and reconveyance fees and fees charged to correspondent lenders relating to loans that are repaid shortly after we purchase them.

The increases in loan servicing fees from non-affiliates for the year ended **December 31, 2023** **December 31, 2024**, compared to **2022** **2023** and **2021**, **2022**, were primarily due to growth of our loan servicing portfolio. The increase in other loan servicing fees for the year ended **December 31, 2023** **December 31, 2024** compared to **2023** and **2022** **is** **were** primarily due to growth **in late charges and** in incentive fees we receive for effecting modifications of **non-performing loans, partially offset by reduced property reconveyance fees, reflecting reduced loan prepayment activity.** The decrease in other loan servicing fees for the year ended December 31, 2022 compared to 2021 was primarily due to a decrease in fees charged to correspondent lenders related to borrower early loan payoffs and decreased recording and release fees charged to borrowers due to the lower prepayment activity we experienced in the then rising interest rate environment compared to **2021. delinquent loans.**

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Effects of Mortgage Servicing Rights and Mortgage Servicing Liabilities Net of Hedging Results

We have elected to carry our servicing assets and liabilities at fair value. Changes in fair value have two components: changes due to realization of the contractual servicing fees and changes due to changes in market inputs used to estimate the fair value of MSRs and MSLs. **We endeavor to moderate the effects of changes in fair value by entering into derivatives transactions and, until March of 2021, by financing certain of our purchases of MSRs with the sale of a portion of the MSR assets' cash flows to PMT in the form of ESS.**

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Change in fair value of MSR, MSL and ESS and the related hedging results are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
MSR and MSL valuation changes and hedging results:						
Changes in fair value attributable to changes in fair value inputs	\$ 56,807	\$ 877,671	\$ (68,330)	\$ 407,388	\$ 56,807	\$ 877,671
Hedging results	(236,778)	(631,484)	(475,215)	(832,483)	(236,778)	(631,484)
Change in fair value of excess servicing spread	—	—	(1,037)			
	(179,971)	246,187	(544,582)	(425,095)	(179,971)	246,187
Changes in fair value attributable to realization of cash flows	(662,375)	(523,495)	(347,576)	(840,730)	(662,375)	(523,495)
Total change in fair value of mortgage servicing rights and mortgage servicing liabilities net of hedging results	\$ (842,346)	\$ (277,308)	\$ (892,158)	\$ (1,265,825)	\$ (842,346)	\$ (277,308)
Average balances:						
Mortgage servicing rights	\$6,552,321	\$5,117,835	\$3,347,980	\$ 7,828,518	\$6,552,321	\$5,117,835
Mortgage servicing liabilities	\$ 1,938	\$ 2,397	\$ 55,623	\$ 1,724	\$ 1,938	\$ 2,397
Excess servicing spread financing	\$ —	\$ —	\$ 21,563			
At end of year:						
Mortgage servicing rights	\$7,099,348	\$5,953,621	\$3,878,078	\$ 8,744,528	\$7,099,348	\$5,953,621
Mortgage servicing liabilities	\$ 1,805	\$ 2,096	\$ 2,816	\$ 1,683	\$ 1,805	\$ 2,096

Changes in fair value of MSRs and MSLs attributable to changes in fair value inputs increased in the year ended December 31, 2024 compared to 2023 primarily due to the effect on fair value of a significant increase in interest rates during 2024 as compared to 2023. Changes in fair value of MSRs and MSLs attributable to changes in fair value inputs decreased in the year ended December 31, 2023 compared to 2022 primarily due to the smaller increase in interest rates in 2023 as compared to 2022. Changes in fair value of MSRs attributable to changes in fair value inputs increased in the year ended December 31, 2022 compared to 2021 primarily due to significant increases in interest rates and resulting decreases in expected future prepayment speeds in 2022. Increasing interest rates reduce the rate of prepayments of the underlying loans associated with the servicing rights, which increases the cash flows expected from the servicing rights, while decreasing interest rates have the opposite effect.

Hedging results reflect valuation losses attributable to the effects of interest rate increases on the fair value of the hedging instruments, as well as the embedded costs of maintaining the hedge positions in the years ended December 31, 2023, December 31, 2024, 2023 and 2022 compared to lesser or opposite circumstances and effects in 2021, 2022.

Changes in realization of cash flows are influenced by changes in the level of servicing assets and liabilities and changes in estimates of the remaining cash flows to be realized. Realization of cash flows increased in the year ended December 31, 2023, December 31, 2024 compared to 2022, 2023 and 2021, 2022 primarily due to the growth in our investment in MSRs.

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Following is a summary of our loan servicing portfolio:

	December 31,		December 31,	
	2023	2022	2024	2023
	(in thousands)		(in thousands)	
Loans serviced				
Prime servicing:				
Owned:				
Mortgage servicing rights and liabilities				
Originated	\$ 352,790,614	\$ 295,032,674	\$ 410,393,342	\$ 352,790,614
Purchased	17,478,397	19,568,122		
Purchased and assumed			15,681,406	17,478,397
	370,269,011	314,600,796	426,074,748	370,269,011
Loans held for sale	4,294,689	3,498,214	8,128,914	4,294,689
	374,563,700	318,099,010	434,203,662	374,563,700
Subserviced for PMT	232,643,144	233,554,875		
Subserviced for:				
PMT			230,745,995	232,643,144
U.S. Department of Veterans Affairs (1)			806,584	—
			231,552,579	232,643,144
Total prime servicing	607,206,844	551,653,885	665,756,241	607,206,844
Special servicing subserviced for PMT	9,925	20,797	7,586	9,925
Total loans serviced	\$ 607,216,769	\$ 551,674,682	\$ 665,763,827	\$ 607,216,769
Delinquencies:				
Owned servicing:				
30-89 days	\$ 14,414,423	\$ 11,759,005	\$ 17,933,800	\$ 14,414,423
90 days or more	7,635,817	7,758,033	9,023,217	7,635,817
	\$ 22,050,240	\$ 19,517,038	\$ 26,957,017	\$ 22,050,240
Subserviced for PMT:				
Subservicing:				
30-89 days	\$ 2,208,302	\$ 1,913,495	\$ 2,673,329	\$ 2,208,302
90 days or more	1,128,212	971,048	1,319,190	1,128,212
	\$ 3,336,514	\$ 2,884,543	\$ 3,992,519	\$ 3,336,514

(1) Represents previously delinquent loans that have been purchased by the VA pursuant to the Veterans Affairs Servicing Purchase program where servicing is expected to be transferred to the VA's selected servicer for this program.

Following is a summary of characteristics of our MSR and MSL servicing portfolio as of **December 31, 2023** and **December 31, 2024**:

Average	Average

Loan type	FICO										FIC					
	Unpaid	Loan	Note	Age	Remaining	Loan	score at	Original	Current	Delinquency	Unpaid	Loan	Note	Age	Remaining	Loan
	principal balance	count	rate	(months)	maturity (months)	size	origination	LTV (1)	LTV (1)	(by UPB)	principal balance	count	rate	(months)	maturity (months)	size origin

	(Dollars and loan count in thousands)										(Dollars and loan count in thousands)					
Government (2):																
Government insured or guaranteed (2):																
FHA	\$132,565,861	659	4.2%	44	319	\$201	676	93%	67%	5.1%	\$149,364,086	713	4.5%	46	317	\$209
VA	122,926,603	449	3.6%	32	326	\$274	727	90%	71%	2.1%	125,243,750	457	3.8%	39	319	\$274
USDA	20,979,474	142	3.8%	51	312	\$148	698	98%	66%	5.2%	20,791,639	140	4.0%	59	305	\$148
Government-sponsored entities:																
Fannie Mae	42,635,369	141	4.5%	24	316	\$302	761	73%	61%	0.5%	53,615,110	170	5.0%	27	318	\$316
Freddie Mac	48,288,176	157	4.7%	19	323	\$307	756	74%	64%	0.5%	68,644,789	210	5.3%	21	325	\$327
Closed-end second lien mortgage loans	350,155	5	10.1%	6	255	\$ 75	746	17%	17%	0.1%	1,369,048	17	9.8%	10	249	\$ 80
Other (3)	2,523,373	7	6.3%	10	348	\$345	767	72%	68%	0.1%	7,046,326	19	6.7%	11	348	\$377
	\$370,269,011	1,560	4.1%	35	321	\$237	715	87%	67%	2.9%	\$426,074,748	1,726	4.5%	38	319	\$247

- (1) Loan-to-Value
- (2) MSRs and MSLS on government insured and guaranteed loans include loans securitized in Ginnie Mae pools as well as loans sold to private investors.
- (3) Represents MSRs on conventional loans sold to private investors.

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Net Interest Expense

Net interest expense is summarized below:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(in thousands)			(in thousands)		
Interest income:						
Cash and short-term investments	\$ 68,457	\$ 19,839	\$ 3,280			
Cash and short-term investment				\$ 56,252	\$ 68,457	\$ 19,839
Principal-only stripped mortgage-backed securities				26,035	—	—
Loans held for sale at fair value	279,506	172,124	275,176	326,697	279,506	172,124
Placement fees relating to custodial funds	284,877	102,099	21,326	383,798	284,877	102,099
From Townsgate Closing Services, LLC	84	—	—			
From PennyMac Mortgage Investment Trust	—	—	387			
Other				784	84	—
	632,924	294,062	300,169	793,566	632,924	294,062
Interest expense:						
Short-term debt	295,418	112,773	168,285	410,381	295,418	112,773
Long-term debt	309,481	174,847	110,159	348,465	309,481	174,847
Interest shortfall on repayments of mortgage loans serviced for Agency securitizations	21,538	40,741	105,430	46,385	21,538	40,741
Interest on mortgage loan impound deposits	9,795	7,066	5,545	11,298	9,795	7,066
Other	1,545	—	—	2,819	1,545	—
To PennyMac Mortgage Investment Trust—Excess servicing spread financing at fair value	—	—	1,280			
	637,777	335,427	390,699	819,348	637,777	335,427
	\$ (4,853)	\$ (41,365)	\$ (90,530)	\$ (25,782)	\$ (4,853)	\$ (41,365)

Net interest expense increased \$20.9 million in the year ended December 31, 2024 compared to 2023. The increase was primarily due to:

- an increase of \$153.9 million in interest expense on borrowings due to the growth in our balance sheet and an increase in the leverage of our balance sheet;
- an increase of \$24.8 million in interest shortfall on repayments of loans serviced for Agency securitizations, reflecting increased loan payoffs as a result of increased borrower refinancing activity due to decreased interest rates during part of 2024 (when a borrower repays a loan, we are frequently responsible for paying the full month's interest to the holders of the Agency securities that are backed by the loan regardless of the date the borrower repays the loan); and
- a decrease of \$ 12.2 million in interest income from cash balances reflecting lower average balances; partially offset by
- an increase of \$98.9 million in placement fees we receive relating to custodial funds that we manage due to increased average outstanding balances and higher average placement fee rates;
- an increase of \$47.2 million in interest income from loans held for sale reflecting higher average levels of inventory; and

- an increase of \$26.0 million in interest income from principal-only stripped mortgage-backed securities purchased in 2024.

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Net interest expense decreased \$36.5 million in the year ended December 31, 2023 compared to 2022. The decrease was primarily due to:

- an increase of \$182.8 million in placement fees we receive relating to custodial funds that we manage due to increased **earning rates; placement fees;**
- an increase of \$107.4 million in interest income from loans held for sale reflecting higher average levels of inventory and interest rates;
- an increase of \$48.6 million in interest income from cash **and short-term investment** balances reflecting increasing interest rates; and
- a decrease of \$19.2 million in interest shortfall on repayments of loans serviced for Agency securitizations, reflecting decreased loan payoffs as a result of decreased borrower refinancing activity due to the higher interest **rates. When a borrower repays a loan, we are responsible in many cases for paying the full month's interest to the holders of the Agency securities that are backed by the loan regardless of when in the month the borrower repays the loan; rates;** partially offset by
- an increase of \$317.3 million in interest expense on borrowings due to the higher interest rate environment, growth in our balance sheet and an increase in the leverage of our balance sheet.

Net interest expense decreased \$49.2 million in the year ended December 31, 2022 compared to 2021. The decrease was primarily due to:

- **an increase of \$80.8 million in placement fees we receive relating to custodial funds that we manage due to increased earning rates;**
- **a decrease of \$64.7 million in interest shortfall on repayments of loans serviced for Agency securitizations, reflecting decreased loan payoffs as a result of decreased borrower refinancing activity due to the higher interest rates. The decrease in refinancing activity in our MSR portfolio caused the decrease in the interest shortfall;**
- **an increase of \$16.6 million in interest income from cash balances reflecting increasing interest rates; partially offset by**
- **a decrease of \$103.1 million in interest income from loans held for sale reflecting lower average levels of inventory; and**
- **an increase of \$9.2 million in interest expense on borrowings due to the higher interest rate environment.**

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Management fees

Management fees are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Base management	\$ 28,762	\$ 31,065	\$ 34,794	\$ 28,623	\$ 28,762	\$ 31,065
Performance incentive	—	—	3,007			
	<u>\$ 28,762</u>	<u>\$ 31,065</u>	<u>\$ 37,801</u>			
Average of net assets of PMT during the year	\$1,917,642	\$2,079,851	\$2,348,395			
Average net assets of PMT during the year				\$1,908,287	\$1,917,642	\$2,079,851

Management fees decreased \$139,000 and \$2.3 million in the year ended December 31, 2023 compared to 2023 and 2022, respectively, reflecting the decrease in PMT's average shareholders' equity upon which its base management fees are based. Management fees decreased \$6.7 million in the year ended December 31, 2022 compared to 2021, reflecting the decrease in PMT's average shareholders' equity upon which its base management fees are based and a decrease in performance incentive fees.

Change in Fair Value of Investment in and Dividends Received from PMT

The results of our holdings of common shares of PMT, which is included in *Changes in fair value of investment in, and dividends received from PMT* are summarized below:

	Year ended December 31,		
	2023	2022	2021
	(in thousands)		
Dividends from PennyMac Mortgage Investment Trust	\$ 120	\$ 136	\$ 141
Change in fair value of investment in PennyMac Mortgage Investment Trust	192	(371)	195
Dividends received and change in fair value	<u>\$ 312</u>	<u>\$ (235)</u>	<u>\$ 336</u>
Fair value of PennyMac Mortgage Investment Trust shares at end of year	\$ 1,121	\$ 929	\$ 1,300

Change in fair value of investment in and dividends received from PMT increased \$547,000 in the year ended December 31, 2023 compared to 2022 and decreased \$571,000 in the year ended December 31, 2022 compared to 2021, primarily due to changes in the fair value of our investment in PMT. We held 75,000 common shares of PMT during each of the three years ended December 31, 2023.

Expenses

Compensation

Our compensation expense is summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(dollars in thousands)			(dollars in thousands)		
Salaries and wages	\$369,945	\$445,779	\$594,188	\$386,782	\$369,945	\$445,779
Severance	7,637	18,797	156	890	7,637	18,797
Incentive compensation	95,790	135,461	248,551	143,317	95,790	135,461
Taxes and benefits	76,010	92,642	119,113	80,881	76,010	92,642
Stock and unit-based compensation	27,582	42,552	37,794	20,868	27,582	42,552
	<u>\$576,964</u>	<u>\$735,231</u>	<u>\$999,802</u>	<u>\$632,738</u>	<u>\$576,964</u>	<u>\$735,231</u>
Head count:						
Average	4,115	5,508	7,118	4,107	4,115	5,508
Year end	3,914	4,135	7,208	4,455	3,914	4,135

Compensation expense increased \$55.8 million in the year ended December 31, 2024, compared to 2023. The increase was primarily due to an increase in performance-based incentives in our mortgage banking business resulting from higher loan origination volumes and higher achievement of profitability targets as well as increases in cost of salaries.

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Compensation expense decreased \$158.3 million and \$264.6 million in the year ended December 31, 2023, and 2022, respectively, compared to 2022 and 2021, respectively, primarily due to work force reductions necessitated by reductions in loan production and decreased incentive compensation accruals due to reduced staffing levels and lower achievement of profitability targets.

Legal settlements

Legal settlement expenses increased \$158.1 million for the year ended December 31, 2023 compared to 2022. The increase in legal settlements expense is attributable to the arbitration ruling in a claim made against us by Black Knight Servicing Technologies, LLC and is discussed in detail in Note 18—Commitments and Contingencies to the consolidated financial statements included in this Report.

Loan origination

Loan origination expense decreased \$59.1 million and \$157.2 million increased \$49.6 million in the year ended December 31, 2023 and 2022, respectively, December 31, 2024 compared to 2022, 2023 due to increased lending activities and 2021, respectively, decreased \$59.1 million in the year ended December 31, 2023, compared to 2022 due to decreased lending activities.

Servicing

Servicing expense increased \$36.6 million in the year ended December 31, 2024 compared to 2023 primarily due to an increase in provision for losses on servicing advances resulting from higher delinquent loan balances during the year ended December 31, 2024 compared to 2023. Servicing expense increased \$9.8 million in the year ended December 31, 2023 compared to 2022 primarily due to the non-recurrence in 2023 of the reversal of the provision for estimated servicing advance losses that was recognized during 2022 as COVID-19 related delinquencies decreased significantly. Servicing expense decreased \$50.2 million in the year ended December 31, 2022 compared to 2021, primarily due to a larger reversal of the provision for estimated servicing advance losses recorded in prior years. The reduction also reflects the improvements in the performance of our servicing portfolio due to the resolution of delinquent loans relating to the COVID-19 pandemic.

Provision for income taxes

For the years ended **December 31, 2023**, **December 31, 2024**, **2022** **2023** and **2021**, **2022**, our effective income tax rates were **21.2%** **22.3%**, **28.5%** **21.2%**, and **26.2%** **28.5%**, respectively. The effective income tax rate for 2024 is lower than our booking tax rate primarily due to the effect of the repricing of the net deferred tax liability resulting from a decrease in the booking tax rate. The lower effective income tax rate for 2023 is primarily due to the permanent differences impact of an increase in deductible compensation along with the reduction in the future tax rate for some states. The decrease in the 2023 effective income tax rate is further emphasized by the decrease in income before income taxes. The higher effective income tax rate for 2022 as compared to 2021 is primarily due to the effect of the repricing of the net deferred tax liability resulting from the higher booking tax rate partially offset by the effect of the reduction in the future tax rates for some states as well as the effect of an increase in non-deductible compensation.

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Balance Sheet Analysis

Following is a summary of key balance sheet items as of the dates presented:

	December 31,		December 31,	
	2023	2022	2024	2023

Total liabilities	15,305,960	13,351,535	22,257,236	15,305,960
Stockholders' equity	3,538,603	3,471,049	3,829,651	3,538,603
Total liabilities and stockholders' equity	<u>\$ 18,844,563</u>	<u>\$ 16,822,584</u>	<u>\$26,086,887</u>	<u>\$18,844,563</u>
Leverage ratios:				
Total debt / Stockholders' equity	2.4	2.0	3.8	2.4
Total debt / Tangible stockholders' equity (1)	2.5	2.1	3.9	2.5

(1) Tangible stockholders' equity represents total stockholders' equity reduced by intangible assets, comprised of capitalized software, for the dates presented.

Total assets increased **\$2.0 billion** **\$7.2 billion** from **\$16.8 billion** at December 31, 2022 to **\$18.8 billion** at December 31, 2023 to **\$26.1 billion** at December 31, 2024. The increase was primarily due to a **\$1.1 billion increase in MSRs** and a **\$911.4 million** **\$3.8 billion** increase in loans held for sale at fair value, value, a **\$1.6 billion increase in MSRs**, a **\$1.3 billion increase in loans eligible for repurchase** and a **\$825.9 million increase in principal-only stripped MBS at fair value**, partially offset by a **\$289.6 million decrease in cash and short-term investments**.

Total liabilities increased by **\$1.9 billion** **\$7.0 billion** from **\$13.4 billion** **\$15.3 billion** as of **December 31, 2022** **December 31, 2023** to **\$15.3 billion** **\$22.3 billion** at **December 31, 2023** **December 31, 2024**. The increase was primarily due to a **\$1.6 billion** **\$5.8 billion** increase in borrowings to fund our inventory of loans held for sale and MSRs and a **\$187.8 million** **\$1.3 billion** increase in liability for loans eligible for repurchase.

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Cash Flows

Our cash flows for the three years ended **December 31, 2023** **December 31, 2024** are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Operating	\$ (1,582,219)	\$ 6,033,235	\$ 2,563,061	\$ (4,533,270)	\$ (1,582,219)	\$ 6,033,235
Investing	(273,288)	(721,582)	(304,369)	(1,887,955)	(273,288)	(721,582)
Financing	1,465,339	(4,323,207)	(2,451,380)	5,721,336	1,465,339	(4,323,207)
Net (decrease) increase in cash and restricted cash	<u>\$ (390,168)</u>	<u>\$ 988,446</u>	<u>\$ (192,688)</u>	<u>\$ (699,889)</u>	<u>\$ (390,168)</u>	<u>\$ 988,446</u>
Net (decrease) increase in cash				<u>\$ (699,889)</u>	<u>\$ (390,168)</u>	<u>\$ 988,446</u>

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Operating activities

Net cash (used in) provided by operating activities totaled \$(4.5) billion, \$(1.6) billion, \$6.0 billion, and \$2.6 billion \$6.0 billion in the years ended December 31, 2023 December 31, 2024, 2022, 2023, and 2021, 2022, respectively. Our cash flows from operating activities are primarily influenced by changes in the levels of our inventory of loans held for sale as shown below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Cash flows from:						
Loans held for sale	\$ (2,190,009)	\$ 5,676,655	\$ 3,102,134	\$(5,273,630)	\$(2,190,009)	\$5,676,655
Other operating sources	607,790	356,580	(539,073)	740,360	607,790	356,580
	<u>\$ (1,582,219)</u>	<u>\$ 6,033,235</u>	<u>\$ 2,563,061</u>	<u>\$(4,533,270)</u>	<u>\$(1,582,219)</u>	<u>\$6,033,235</u>

Investing activities

Net cash used in investing activities was \$1.9 billion in the year ended December 31, 2024, primarily comprised of \$935.4 million in purchases of principal-only stripped mortgage-backed securities, \$702.6 million in net settlement of derivative financial instruments used to hedge our investment in MSRs, a \$410.3 million increase in short-term investment and a \$116.3 million increase in margin deposits, partially offset by \$298.7 million received from the sale and repayment of mortgage-backed securities.

Net cash used in investing activities was \$273.3 million in the year ended December 31, 2023, primarily comprised of \$242.0 million in net settlement of derivative financial instruments used to hedge our investment in MSRs, a \$96.5 million increase in margin deposits and \$31.2 million used in acquisition of capitalized software, partially offset by \$98.1 million received from the sale of interest-only stripped securities.

Net cash used in investing activities was \$721.6 million in the year ended December 31, 2022, primarily comprised of \$871.9 million in net settlement of derivative financial instruments used to hedge our investment in MSRs and \$71.9 million used in acquisition of capitalized software, partially offset by a \$238.7 million decrease in margin deposits.

Financing activities

Net cash used in investing provided by financing activities was \$304.4 million \$5.7 billion in the year ended December 31, 2021 December 31, 2024, primarily comprised due to a \$5.0 billion increase in short-term

borrowings and an \$825.0 million increase in long-term borrowings. The increase in borrowings reflects the increase in inventory of \$434.4 million in net settlement of derivative financial instruments used to hedge loans held for sale and our investment in MSRs, partially offset by a \$97.7 million decrease in margin deposits.

Financing activitiesMSRs.

Net cash provided by financing activities was \$1.5 billion in the year ended December 31, 2023, primarily due to a \$923.3 million increase in short-term borrowings and a \$680 million increase in long-term borrowings. The increase in borrowings reflects the increase in inventory of loans held for sale and our investment in MSRs.

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Net cash used in financing activities was \$4.3 billion in the year ended December 31, 2022, primarily due to a \$4.5 billion decrease in short-term borrowings, which reflects decreased borrowing requirements relating to our reduced inventory of loans held for sale, and \$406.1 million in repurchases of common stock, partially offset by issuance of a \$650 million note payable secured by mortgage servicing rights.

Net cash used in financing activities was \$2.5 billion in the year ended December 31, 2021, primarily due to a \$2.4 billion decrease in short-term borrowings, which reflects decreased borrowing requirements relating to our inventory of loans held for sale, and a \$958.2 million repurchase of common stock, partially offset by issuance of \$1.2 billion of unsecured senior notes.

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Liquidity and Capital Resources

Our liquidity reflects our ability to meet our current obligations (including our operating expenses and, when applicable, the retirement of, and margin calls relating to, our debt, and margin calls relating to hedges on our commitments to purchase or originate mortgage loans and on our MSR investments), fund new originations and purchases, and make investments as we identify them. We expect our primary sources of liquidity to be through cash flows from business activities, proceeds from bank borrowings, proceeds from and issuance of equity or debt offerings. We believe that our liquidity is sufficient to meet our current liquidity needs.

Our current borrowing strategy is to finance our assets where we believe such borrowing is prudent, appropriate and available. Our borrowing activities are in the form of sales of assets under agreements to repurchase, sales of mortgage loan participation purchase and sale certificates, notes payable, a capital lease and unsecured senior notes. A significant amount of our borrowings have short-term maturities and provide for advances with terms ranging from 30 days to 364 days. Because a significant portion of our current debt facilities consist of short-term borrowings, we expect to renew these facilities in advance of maturity in order to ensure our ongoing liquidity and access to capital or otherwise allow ourselves sufficient time to replace any necessary financing.

Secured debt facilities for MSRs and servicing advances take various forms. Fannie Mae MSRs and Ginnie Mae MSRs and servicing advances are pledged to special purpose entities, each of which issues variable funding notes ("VFNs") and may issue term notes and term loans that are secured by such Ginnie Mae or Fannie Mae assets. Term notes are issued to qualified institutional buyers under Rule 144A of the Securities Act and term loans are syndicated to banking entities, while the VFNs are sold to bank partners under agreements to repurchase. Freddie Mac MSRs are pledged to a single lender under a bi-lateral loan and security agreement.

On February 7, 2023 February 29, 2024, the Company through its indirect subsidiary, PNM MAC GMSR ISSUER TRUST (the "Issuer Trust"), PLS and PNM MAC entered into two VFN repurchase agreements as part issued an aggregate principal amount of \$425 million in secured term notes (the "2024-GT1 Notes") to qualified institutional buyers under Rule 144A of the structured finance transaction that PLS uses Securities Act. The 2024-GT1 Notes will mature on March 26, 2029 or, if extended, either March 25, 2030 or March, 25, 2031. The 2024-GT1 Notes rank pari passu with other secured term notes issued by the Issuer Trust and are secured by certain participation certificates relating to finance Ginnie Mae mortgage servicing rights and related excess servicing spread and servicing advance receivables: a Series 2023-MSRVF1 Master Repurchase Agreement by and among PLS, as seller, Goldman Sachs Bank USA, as administrative agent and as a buyer, and PNM MAC, as a guarantor, related relating to the excess servicing spread, and a Series 2020-SPIADVF1 Master Repurchase Agreement by and among PLS, as seller, and Goldman Sachs Bank USA, as administrative agent and buyer, related to the servicing advance receivables. The maximum purchase under each repurchase agreement is \$300 million and each agreement is set to expire on February 7, 2025. On December 20, 2023, the repurchase agreement was amended and restructured to make PNM MAC GMSR VFN Funding, LLC ("GMSR SPV"), the seller with PLS contributing the Ginnie Mae Mortgage such mortgage servicing rights to GMSR SPV under a contribution, sale and security agreement. that are financed by PLS.

On February 28, 2023 May 23, 2024, the Company, the Issuer Trust and PLS entered into together with its subsidiaries, issued \$650 million in 7.125% unsecured senior notes due in 2030 in a syndicated series of term loans (the "Series 2023-GTL1 Loan") as part private placement to "qualified institutional buyers" under Rule 144A of the structured finance transaction that PLS uses to finance Ginnie Mae mortgage servicing rights and related excess servicing spread and servicing advance receivables. The initial 5-year term of the Series 2023-GTL1 Loan is set to expire on February 28, 2028, unless the Company exercises a one-year optional extension. The initial loan balance of the Series 2023-GTL1 Loan was \$680 million. Securities Act.

On August 4, 2023 July 25, 2024, the Company, the Issuer Trust and PLS entered into two VFN repurchase agreements, as part of the structured finance transaction that PLS uses to finance Ginnie Mae mortgage servicing rights and related excess servicing spread and servicing advance receivables. The Series 2023-MSRVF2 2024-MSRVF1 Master Repurchase Agreement by and between PLS, as seller, and Nomura Corporate Funding Americas, LLC Mizuho Bank, Ltd. ("Nomura" Mizuho), as administrative agent and as a buyer, is related to the excess servicing spread. The Series 2020-SPIADVF1 Master Repurchase Agreement by and between PLS, as seller, and Nomura, Mizuho, as administrative agent and buyer, is related to the servicing advance receivables. The maximum amount outstanding under both repurchase agreements is \$350 million and each agreement is set to expire on August 5, 2024 July 25, 2026.

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On October 25, 2023, October 28 2024, the Company, PNM MAC, the Issuer Trust PFSI ISSUER TRUST - FMSR and PLS, entered into a syndicated series of term loans (the "Series 2023-GTL2 Loan"), new VFN repurchase agreement, as part of the structured finance transaction that PLS uses to finance Ginnie Mae mortgage servicing rights and related excess servicing spread and servicing advance receivables. receivables with Goldman Sachs Bank, USA, as administrative agent and as buyer. The maximum purchase price available from

Goldman Sachs Bank, USA under the repurchase agreement is \$225 million and the initial 5-year term of the Series 2023-GTL2 Loan is set to expire on October 25, 2028. The initial note balance of October 28, 2026 with the Series 2023-GTL2 Loan is \$125 million.

On December 11, 2023, outstanding purchase price amortized over the Company, together with its subsidiaries, issued \$750 million in 7.875% unsecured senior notes due 2029 in a private placement to "qualified institutional buyers" following 12 months.

Our repurchase agreements represent the sales of assets together with agreements for us to buy back the assets at a later date. The table below presents the average outstanding, maximum and ending balances:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Average balance	\$ 3,701,448	\$ 2,580,513	\$ 6,911,843	\$5,474,998	\$3,701,448	\$2,580,513
Maximum daily balance	\$ 6,358,007	\$ 7,289,147	\$ 10,969,029	\$8,591,735	\$6,358,007	\$7,289,147
Balance at year end	\$ 3,769,449	\$ 3,004,690	\$ 7,297,360	\$8,692,756	\$3,769,449	\$3,004,690

The differences between the average and maximum daily balances on our repurchase agreements reflect the fluctuations throughout the years of our inventory as we fund and pool mortgage loans for sale in guaranteed mortgage securitizations.

Our debt repurchase agreements also contain margin call provisions that, upon notice from the applicable lender at its option, require us to transfer cash or, in some instances, additional assets in an amount sufficient to eliminate any margin deficit. A margin deficit will generally result from a decrease in the market value (as determined by the applicable lender) of the assets subject to the related financing agreement. Upon notice from the applicable lender, we will generally be required to satisfy the margin call on the day of such notice or within one business day thereafter, depending on the timing of the notice.

Our secured financing agreements at PLS require us to comply with various financial covenants. The most significant financial covenants currently include the following:

- a minimum in unrestricted cash and cash equivalents of \$100 million;
- a minimum tangible net worth of \$1.25 billion;
- a maximum ratio of total liabilities to tangible net worth of 10:1; and
- at least one other warehouse or repurchase facility that finances amounts and assets that are similar to those being financed under certain of our existing secured financing agreements.

With respect to servicing performed for PMT, PLS is also subject to certain covenants under PMT's debt agreements. Covenants in PMT's debt agreements are equally, or sometimes less, restrictive than the covenants described above.

PFSI has issued unsecured senior notes (the "Unsecured Notes") to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended. The Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company's existing and future wholly-owned domestic subsidiaries (other than certain excluded subsidiaries defined in the indentures under which the Unsecured Notes were issued).

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Our Unsecured Notes contain covenants that limit our and our restricted subsidiaries' ability to engage in specified types of transactions, including, but not limited to, the following:

- pay dividends or distributions, redeem or repurchase equity, prepay subordinated debt and make certain loans or investments;
- incur, assume or guarantee additional debt or issue preferred stock;
- incur liens on assets;
- merge or consolidate with another person or sell all or substantially all of our assets to another person;
- transfer, sell or otherwise dispose of certain assets including capital stock of subsidiaries;
- enter into transactions with affiliates; and
- allow to exist certain restrictions on the ability of our non-guarantor restricted subsidiaries to pay dividends or make other payments to us.

Although these financial covenants limit the amount of indebtedness that we may incur and affect our liquidity through minimum cash reserve requirements, we believe that these covenants currently provide us with sufficient flexibility to successfully operate our business and obtain the financing necessary to achieve that purpose.

We are also subject to liquidity and net worth requirements established by FHFA for Agency seller/servicers and Ginnie Mae for single-family issuers. FHFA and Ginnie Mae have established minimum liquidity requirements and revised their net worth requirements for their approved non-depository single-family sellers/servicers or issuers,

In August 2022, the Agencies issued revised capital and liquidity requirements. Most of the requirements became effective on or before December 31, 2023, for issuers of securities guaranteed by Ginnie Mae and seller/servicers of mortgage loans to Fannie Mae and Freddie Mac. has also issued risk-based capital requirements. We believe that we are in compliance with Agencies' revised requirements. The risk-based capital requirements issued by the FHFA and Ginnie Mae will be effective on December 31, 2024. We believe that we are in compliance with those pending requirements as of December 31, 2023 December 31, 2024.

On August 4, 2021, our Board of Directors increased our common stock repurchase program from \$1 billion to \$2 billion. Share repurchases may be effected through open market purchases or privately negotiated transactions in accordance with applicable rules and regulations. The stock repurchase program does not have an expiration date and the authorization does not obligate us to acquire any particular amount of common stock. From inception through December 31, 2023 December 31, 2024, we have repurchased approximately \$1.8 billion of common shares under our stock repurchase program.

We continue to explore a variety of means of financing our business, including debt financing through bank warehouse lines of credit, bank loans, repurchase agreements, securitization transactions and corporate debt. However, there can be no assurance as to how much additional financing capacity such efforts will produce, what form the financing will take or whether such efforts will be successful.

Debt Obligations

As described further above in "Liquidity and Capital Resources," we currently finance certain of our assets through short-term borrowings with major financial institutions in the form of sales of assets under agreements to repurchase and mortgage loan participation purchase and sale agreements. We access the capital market for long-term debt through the issuance of secured notes payable and Unsecured Notes. The issuer under our secured term note facilities is PLS or a wholly-owned issuer trust guaranteed by PNMAC. In addition, we have PFSI has issued Unsecured Notes guaranteed by certain of our its restricted wholly-owned subsidiaries.

Under the terms of these financing agreements, PLS is required to comply with certain financial covenants, as described further above in "Liquidity and Capital Resources," and various non-financial covenants customary for transactions of this nature. As of December 31, 2023 December 31, 2024, we believe we were in compliance in all material respects with these covenants.

Many of our debt financing agreements contain a condition precedent to obtaining additional funding that requires PLS to maintain positive net income for at least one of the previous two consecutive quarters, or other similar measures. PLS is compliant with all such conditions.

The financing agreements also contain margin call provisions that, upon notice from the applicable lender, require us to transfer cash or, in some instances, additional assets in an amount sufficient to eliminate any margin deficit. Upon notice from the applicable lender, we will generally be required to satisfy the margin call on the day of such notice or within one business day thereafter, depending on the timing of the notice.

In addition, the financing agreements contain events of default (subject to certain materiality thresholds and grace periods), including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, guarantor defaults, servicer termination events and defaults, material adverse changes, bankruptcy or insolvency proceedings and other events of default customary for these types of transactions. The remedies for such events of default are also customary for these types of transactions and include the acceleration of the principal amount outstanding under the agreements and the liquidation by our lenders of the mortgage loans or other collateral then subject to the agreements.

Our borrowings have maturities as follows:

Lender	Outstanding	Total	Committed	Facility	Outstanding	Total	Committed	Facility
	indebtedness (1)	facility size (2)	facility (2)	Maturity date (2)	indebtedness (1)	facility size (2)	facility (2)	Maturity date (2)

	(dollar amounts in thousands)				(dollar amounts in thousands)			
Assets sold under agreements to repurchase Atlas Securitized Products, L.P. (warehouse facility)	\$	1,135,473	\$	2,625,000	\$	1,125,000		
Loans sold under agreements to repurchase Atlas Securitized Products, L.P.								June 26, 2026
Bank of America, N.A.	\$	872,148	\$	1,425,000	\$	500,000	\$ 1,763,756 \$ 1,763,756 \$ 300,000	June 10, 2026
JP Morgan Chase Bank, N.A.							\$ 874,664 \$ 1,000,000 \$ 50,000	June 28, 2026
Royal Bank of Canada	\$	457,743	\$	1,000,000	\$	325,000	\$ 785,597 \$ 1,000,000 \$ 325,000	November 10, 2025
BNP Paribas	\$	185,425	\$	600,000	\$	250,000	\$ 568,790 \$ 600,000 \$ 250,000	September 30, 2026
JP Morgan Chase Bank, N.A. (warehouse facility)	\$	183,444	\$	1,000,000	\$	50,000		
Wells Fargo Bank, N.A.							\$ 519,104 \$ 600,000 \$ 300,000	October 15, 2025
Morgan Stanley Bank, N.A.	\$	164,149	\$	250,000	\$	100,000	\$ 472,659 \$ 600,000 \$ 250,000	May 22, 2026
Goldman Sachs Bank USA (warehouse facility)	\$	128,751	\$	200,000	\$	100,000		
Citibank, N.A.							\$ 455,426 \$ 800,000 \$ 450,000	June 11, 2026
Barclays Bank PLC	\$	118,667	\$	350,000	\$	200,000	\$ 254,750 \$ 300,000 \$ 250,000	March 6, 2026
Goldman Sachs Bank USA							\$ 171,624 \$ 200,000 \$ 100,000	December 8, 2025
JP Morgan Chase Bank, N.A. (EBO facility)							\$ 24,672 \$ 500,000 \$ —	June 9, 2025

Servicing assets sold under agreements to repurchase						
Atlas Securitized Products, L.P.						
Nomura Corporate Funding Americas	\$	175,000	\$ 1,236,244	\$ 200,000		June 29, 2026
Goldman Sachs Bank USA	\$	175,000	\$ 450,000	\$ 450,000		August 4, 2025
Mizuho Bank, Ltd.	\$	165,000	\$ 550,000	\$ 200,000		October 25, 2026
	\$	125,000	\$ 350,000	\$ 350,000		July 25, 2026
Mortgage-backed securities sold under agreements to repurchase						
JP Morgan Chase Bank, N.A.	\$	315,223				
Santander US Capital Markets LLC	\$	282,077				
Wells Fargo Bank, N.A.	\$	114,647	\$ 600,000	\$ 300,000	May 3, 2025	\$ 270,201
Citibank, N.A. (warehouse facility)	\$	99,221	\$ 620,000	\$ 270,000	June 27, 2025	
Citibank, N.A. (Ginnie Mae servicing asset facility)	\$	75,000	\$ 380,000	\$ 280,000	June 27, 2025	
Atlas Securitized Products, L.P. (Ginnie Mae servicing asset facility)	\$	75,000	\$ 375,000	\$ 75,000	June 27, 2025	
JP Morgan Chase Bank, N.A. (EBO facility)	\$	59,781	\$ 500,000	\$ —	June 9, 2025	
Goldman Sachs Bank USA (Ginnie Mae servicing asset facility)	\$	50,000	\$ 325,000	\$ 325,000	February 7, 2025	

The amount at risk (the fair value of the assets pledged plus the related margin deposit, less the amount advanced by the counterparty and accrued interest) relating to our assets sold under agreements to repurchase is summarized by counterparty below as of **December 31, 2023** December 31, 2024:

Counterparty	Amount at risk (in thousands)	Weighted average maturity of advances under repurchase agreement	Facility maturity
Atlas Securitized Products, L.P., Citibank, N.A. & Goldman Sachs Bank USA & Nomura Corporate Funding Americas (1)	\$ 4,002,911	March 25, 2025	June 27, 2025
Atlas Securitized Products, L.P.	\$ 103,737	May 4, 2024	June 27, 2025
Bank of America, N.A.	\$ 79,328	January 29, 2024	June 12, 2025
BNP Paribas	\$ 31,964	March 24, 2024	September 30, 2025
Barclays Bank PLC	\$ 28,314	May 22, 2024	November 13, 2024
Royal Bank of Canada	\$ 25,993	January 21, 2024	November 8, 2024
JP Morgan Chase Bank, N.A.	\$ 15,375	February 19, 2024	June 16, 2025
Goldman Sachs Bank USA	\$ 12,954	April 27, 2024	December 8, 2025
JP Morgan Chase Bank, N.A. (EBO facility)	\$ 12,612	October 17, 2024	June 9, 2025
Morgan Stanley Bank, N.A.	\$ 8,788	March 16, 2024	January 27, 2025
Citibank, N.A.	\$ 7,374	February 27, 2024	June 27, 2025
Wells Fargo Bank, N.A.	\$ 6,652	March 11, 2024	May 3, 2025

Loans held for sale and MSRs

Counterparty	Amount at risk (in thousands)	Weighted average maturity of advances	Facility maturity
Atlas Securitized Products, L.P., Goldman Sachs Bank USA, Nomura Corporate Funding Americas and Mizuho Bank, Ltd. (1)	\$ 5,770,912	May 6, 2026	May 6, 2026
Atlas Securitized Products, L.P.	\$ 138,531	May 21, 2025	June 26, 2026
Bank of America, N.A.	\$ 76,289	February 2, 2025	June 10, 2026
JP Morgan Chase Bank, N.A.	\$ 55,833	March 5, 2025	June 28, 2026
Royal Bank of Canada	\$ 41,459	January 28, 2025	November 10, 2025
Barclays Bank PLC	\$ 37,068	April 26, 2025	March 6, 2026
Citibank, N.A.	\$ 26,417	March 8, 2025	June 11, 2026
Morgan Stanley Bank, N.A.	\$ 25,893	March 18, 2025	May 22, 2026
BNP Paribas	\$ 24,468	March 22, 2025	September 30, 2026
Wells Fargo Bank, N.A.	\$ 14,954	March 16, 2025	October 15, 2025
Goldman Sachs Bank USA	\$ 7,475	March 17, 2025	December 8, 2025

- (1) The borrowing facility with Atlas Securitized Products, L.P., Citibank, N.A., Goldman Sachs Bank USA and Nomura Corporate Funding Americas is facilities are in the form of a sale of a variable funding note under an agreement to repurchase. The facility maturity date represents a weighted average with maturity dates ranging from August 4, 2025 through October 28, 2026.

On March 16, 2023, the Company, PNMAC, the Issuer Trust, and PLS, consented to assignments of all of the credit facilities provided to the Company by Credit Suisse First Boston Mortgage Capital LLC, as administrative agent, and Credit Suisse AG, Cayman Islands Branch, as a buyer or purchaser, and Alpine Securitization LTD, as a buyer or purchaser. All of the credit facilities were assigned to Atlas Securitized Products, L.P. ("Atlas SP"), Atlas Securitized Products Investments 3, L.P., Atlas Securitized Products Funding 2, L.P., and Nexera Holding LLC. Principal-only stripped MBS

Counterparty	Amount at risk	Maturity

	(in thousands)	
Bank of America, N.A.	\$	1,788
JP Morgan Chase Bank, N.A.	\$	21,739
Wells Fargo Bank, N.A.	\$	18,238
Santander US Capital Markets LLC	\$	13,226

All debt financing arrangements that matured between **December 31, 2023** **December 31, 2024** and the date of this Annual Report have been renewed or extended and are described in Note **14** **15**—**Short-Term Borrowings Debt** to the accompanying consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices, real estate values and other market-based risks. The primary market risks that we are exposed to are fair value risk, interest rate and prepayment risk.

Fair Value Risk

Our IRLCs, **principal-only stripped MBS**, mortgage loans held for sale, MSRs **MSLs** and **ESS financing MSLs** are reported at their fair values. The fair value of these assets fluctuates primarily due to changes in interest rates. The fair value risk we face is primarily attributable to interest rate risk and prepayment risk.

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Interest Rate Risk

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. Changes in interest rates affect both the fair value of, and interest income we earn from, our mortgage-related investments and our derivative financial instruments. This effect is most pronounced with fixed-rate mortgage assets.

In general, rising interest rates negatively affect the fair value of our IRLCs, **and** inventory of mortgage loans held for sale, **and** **principal-only stripped MBS** and positively affect the fair value of our MSRs. Changes in interest rates significantly influence the prepayment speeds of the loans underlying our investments in MSRs, which can have a significant effect on their fair values. Changes in interest rate are most prominently reflected in the prepayment speeds of the loans underlying our investments in MSRs and the discount rate used in their valuation.

Our operating results will depend, in part, on differences between the income from our investments and our financing costs. Presently most of our secured debt financing is based on a floating rate of interest calculated on a fixed spread over the relevant index, as determined by the particular financing arrangement.

Prepayment Risk

To the extent that the actual prepayment rate on the mortgage loans underlying our MSRs differs from what we projected when we initially recognized these assets and liabilities when we measure fair value as of the end of each reporting period, the carrying value of these assets and liabilities will be affected. In general, a decrease in the principal balances of the mortgage loans underlying our MSRs or an increase in prepayment expectations will decrease our estimates of the fair value of the MSRs, thereby reducing net servicing income, partially offset by the beneficial effect on net servicing income of a corresponding reduction in the fair value of our **MSLs**. **MSLs and an increase in the fair value of our principal-only stripped MBS.**

Risk Management Activities

We engage in risk management activities primarily in an effort to mitigate the effect of changes in interest rates on the fair value of our assets. To manage this price risk, we use derivative financial instruments acquired with the intention of moderating the risk that changes in market interest rates will result in unfavorable changes in the fair value of our assets, primarily prepayment exposure on our MSR investments as well as IRLCs and our inventory of loans held for sale. Our objective is to minimize our hedging expense and maximize our loss coverage based on a given hedge expense target. We do not use derivative financial instruments other than IRLCs for purposes other than in support of our risk management activities.

Our strategies are reviewed daily within a disciplined risk management framework. We use a variety of interest rate and spread shifts and scenarios and define target limits for market value and liquidity loss in those scenarios. With respect to our IRLCs and inventory of loans held for sale, we use MBS forward sale contracts to lock in the price at which we will sell the mortgage loans or resulting MBS, and further use MBS put options to mitigate the risk of our IRLCs not closing at the rate we expect. With respect to our MSRs, we seek to mitigate mortgage-based loss exposure utilizing MBS forward purchase and sale contracts and principal-only stripped MBS, address exposures to smaller interest rate shifts with Treasury and interest rate swap futures, and use options and swaptions to achieve target coverage levels for larger interest rate shocks.

Fair Value Sensitivities

The following sensitivity analyses are limited in that they were performed at a particular point in time; only contemplate the movements in the indicated variables; do not incorporate changes to other variables; are subject to the accuracy of various models and inputs used; and do not incorporate other factors that would affect our overall financial performance in such scenarios, including operational adjustments made by management to account for changing circumstances. For these reasons, the following estimates should not be viewed as earnings forecasts.

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Mortgage Servicing Rights

The following tables summarize the estimated change in fair value of MSRs as of December 31, 2023 December 31, 2024, given several shifts in pricing spreads, prepayment speed and annual per loan cost of servicing:

Change in fair value attributable to shift in:	-20%	-10%	-5%	+5%	+10%	+20%	-20%	-10%	-5%	+5%	+10%	+20%

	(in thousands)						(in thousands)					
Prepayment speed	\$474,636	\$228,063	\$111,857	\$(107,757)	\$(211,643)	\$(408,638)	\$550,512	\$265,635	\$130,541	\$(126,224)	\$(248,349)	\$(481,100)
Pricing spread	\$404,028	\$196,450	\$ 96,886	\$ (94,307)	\$(186,129)	\$(362,671)	\$484,627	\$235,896	\$116,402	\$(113,419)	\$(223,960)	\$(436,800)
Annual per-loan cost of servicing	\$178,289	\$ 89,145	\$ 44,572	\$ (44,572)	\$ (89,145)	\$(178,289)	\$195,321	\$ 97,661	\$ 48,830	\$(48,830)	\$(97,661)	\$(195,321)

Item 8. Financial Statements and Supplementary Data

The information called for by this Item 8 is hereby incorporated by reference from our Financial Statements and Auditors' Report in Part IV of this Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act 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 Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. However, no matter how well a control system is designed and operated, it can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports.

Our management has conducted an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report as required by paragraph (b) of Rule 13a-15 under the Exchange Act. Based on our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Report, to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of its internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013)*. Based on those criteria, management concluded that our internal control over financial reporting was effective as of **December 31, 2023** **December 31, 2024**.

The effectiveness of our internal control over financial reporting as of **December 31, 2023** **December 31, 2024** has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears herein.

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Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the quarter ended **December 31, 2023** **December 31, 2024**, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
PennyMac Financial Services, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of PennyMac Financial Services, Inc. and subsidiaries ("the Company") as of **December 31, 2023** **December 31, 2024**, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended **December 31, 2023** **December 31, 2024**, of the Company and our report dated **February 21, 2024** **February 19, 2025**, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's 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 generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/Deloitte & Touche LLP
Los Angeles, California
February 21, 2024

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Item 9B. Other Information

(c) Trading Plans

As During the quarter ended December 31, 2024, none of December 31, 2023, the following our directors or Section 16 officers adopted, modified or terminated any contract, instruction, or written plan for the following purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1 trading arrangements 10b5-1(c) under the Exchange Act or any non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S- K): arrangements.

- On December 8, 2023, David A. Spector, Chairman and Chief Executive Officer, adopted a trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) to sell 100,000 shares of PennyMac Financial Services, Inc. common stock and to sell additional shares of PennyMac Financial Services, Inc. common stock upon the vesting of 24,042 time-based restricted stock unit awards and 30,798 performance-based restricted stock unit awards assuming vesting at target that are subject to a maximum performance multiplier of 187.5%, over a period ending on December 31, 2024.
- On December 21, 2023, Derek W. Stark, Senior Managing Director, Chief Legal Officer and Secretary, adopted a trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) to sell PennyMac Financial Services, Inc. common stock upon the vesting of 3,879 time-based restricted stock unit awards and 3,823 performance-based restricted stock unit awards assuming vesting at target that are subject to a maximum performance multiplier of 187.5%, over a period ending on December 31, 2024.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10 is hereby incorporated by reference from our definitive proxy statement, or will be contained in an amendment to this Report, in either case to be filed within 120 days after the end of fiscal year 2023. 2024. We have adopted insider trading policies and procedures governing the purchase, sale and other dispositions of our securities applicable to our directors, officers, and employees, and have implemented processes for the Company that we believe are reasonably designed to promote compliance with insider trading laws, rules, and regulations, as well as applicable listing standards. A copy of our insider trading policy is filed as Exhibit 19.1 to this report.

Item 11. Executive Compensation

The information required by this Item 11 is hereby incorporated by reference from our definitive proxy statement, or will be contained in an amendment to this Report, in either case to be filed within 120 days after the end of fiscal year 2023, 2024.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

Our 2022 Equity Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted stock and stock unit awards, performance units, and stock grants which we collectively refer to as “awards.” Directors, officers and other employees of our Company and our subsidiaries, as well as others performing consulting or advisory services for us, are eligible for grants under the 2022 Equity Incentive Plan. The plan administrator of the equity incentive plan is the compensation committee of the board of directors. The board of directors itself may also exercise any of the powers and responsibilities under the 2022 Equity Incentive Plan. Subject to the terms of the 2022 Equity Incentive Plan, the plan administrator will select the recipients of awards and determine, among other things, the number of shares of common stock covered by the awards and the dates upon which such awards become exercisable or any restrictions lapse, as applicable; the type of award and the exercise or purchase price and method of payment for each such award; the performance measures, if applicable, required to be satisfied prior to vesting; the vesting period for

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awards, risks of forfeiture and any potential acceleration of vesting or lapses in risks of forfeiture; and the duration of awards.

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The following table provides information about our former and current equity compensation plans as of December 31, 2023 December 31, 2024, which consist of the 2013 Equity Incentive Plan and the 2022 Equity Incentive Plan (collectively the “Equity Incentive Plans”):

	(a)	(b)	(c)	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (1)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (2)	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (1)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (2)
Plan category						

Equity compensation plans approved by security holders (3)	5,141,585	\$	35.08	4,867,662	4,314,894	\$	39.87	5,345,422
Equity compensation plans not approved by security holders (4)	—		—	—	—		—	—
Total	5,141,585	\$	35.08	4,867,662	4,314,894	\$	39.87	5,345,422

(1) The weighted average exercise price set forth in this column relates only to 3,856,620 3,209,916 shares of stock options outstanding under our Equity Incentive Plans. The remaining securities included in column (a) of this table are performance and time-based restricted stock units, for which no exercise price applies.

(2) This number includes a general pool of 4,600,000 shares of common stock authorized for future awards, initially authorized under the 2022 Equity Incentive Plan, plus, on or after January 1, 2023, and each January 1st thereafter through January 1, 2032, by an amount equal to the lesser of (i) 1.75% of our outstanding common stock on a fully diluted basis as of the end of our immediately preceding fiscal year, (ii) 1,322,024 shares, and (iii) any lower amount determined by our board of directors.

(3) Represents our Equity Incentive Plans.

(4) We do not have any equity plans that have not been approved by our stockholders.

The other information required by this Item 12 is hereby incorporated by reference from our definitive proxy statement, or will be contained in an amendment to this Report, in either case to be filed within 120 days after the end of fiscal year 2023, 2024.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item 13 is hereby incorporated by reference from our definitive proxy statement, or will be contained in an amendment to this Report, in either case to be filed within 120 days after the end of fiscal year 2023, 2024.

Item 14. *Principal Accountant Fees and Services*

Our independent public accounting firm is Deloitte & Touche LLP, Los Angeles, CA, PCAOB Auditor ID 34.

The information required by this Item 14 is hereby incorporated by reference from our definitive proxy statement, or will be contained in an amendment to this Report, in either case to be filed within 120 days after the end of fiscal year 2023, 2024.

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PART IV

Item 15. *Exhibits and Financial Statement Schedules*

		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number ~~15-68669~~ 001-35916 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
2.1	Contribution Agreement and Plan of Merger, dated as of August 2, 2018, by and among PennyMac Financial Services, Inc., New PennyMac Financial Services, Inc., New PennyMac Merger Sub, LLC, Private National Mortgage Acceptance Company, LLC, and the Contributors.	8-K12B	November 1, 2018
3.1	Amended and Restated Certificate of Incorporation of New PennyMac Financial Services, Inc.	8-K12B	November 1, 2018
3.1.1	Certificate of Amendment to Amended and Restated Certificate of Incorporation of New PennyMac Financial Services, Inc.	8-K12B	November 1, 2018
3.2	Amended and Restated Bylaws of New PennyMac Financial Services, Inc.	8-K12B	November 1, 2018
3.2.1	Amendment to Amended and Restated Bylaws of PennyMac Financial Services, Inc. (formerly known as New PennyMac Financial Services, Inc.).	10-Q	November 4, 2019
3.2.2	Amendment to Amended and Restated Bylaws of PennyMac Financial Services, Inc.	8-K	September 6, 2024
3.2.3	Third Amendment to the Amended and Restated Bylaws of PennyMac Financial Services, Inc.	8-K	January 3, 2025
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	February 25, 2021
4.2	Indenture, dated as of September 29, 2020, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 5.375% Senior Notes due 2025.	8-K	September 29, 2020
4.3	Form of Global Note for 5.375% Senior Notes due 2025 (Included in Exhibit 4.2).	8-K	September 29, 2020
4.4	First Supplemental Indenture, dated as of October 19, 2020, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 5.375% Senior Notes due 2025.	10-Q	November 6, 2020

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
4.5	Second Supplemental Indenture, dated as of October 7, 2021, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 5.375% Senior Notes due 2025.	8-K	October 8, 2021

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
4.6	Indenture, dated as of February 11, 2021, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 4.25% Senior Notes due 2029.	8-K	February 11, 2021
4.7	Form of Global Note for 4.25% Senior Notes due 2029 (Included in Exhibit 4.6).	8-K	February 11, 2021
4.8	First Supplemental Indenture, dated as of October 7, 2021, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 4.250% Senior Notes due 2029.	8-K	October 8, 2021
4.9	Indenture, dated as of September 16, 2021, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 5.750% Senior Notes due 2031.	8-K	September 16, 2021
4.10	Form of Global Note for 5.750% Senior Notes due 2031 (included in Exhibit 4.9).	8-K	September 16, 2021
4.11	Indenture, dated as of December 11, 2023, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee, relating to the 7.875% Senior Notes due 2029.	8-K	December 11, 2023
4.12	Form of Global Note for 7.875% Senior Notes due 2029 (included in Exhibit 4.11).	8-K	December 11, 2023
4.13	Indenture, dated as of May 23, 2024, among PennyMac Financial Services, Inc., the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee, relating to the 7.125% Senior Notes due 2030.	8-K	May 23, 2024

4.14	Form of Global Note for 7.125% Senior Notes due 2030 (included in Exhibit 4.13).	8-K	May 23, 2024
10.1	Fifth Amended and Restated Limited Liability Company Agreement of Private National Mortgage Acceptance Company, LLC, dated as of November 1, 2018.	8-K12B	November 1, 2018

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
		Form	Filing Date
10.2	Tax Receivable Agreement, dated as of May 8, 2013, between PennyMac Financial Services, Inc., Private National Mortgage Acceptance Company, LLC and each of the Members.	8-K	May 14, 2013
10.3	Amended and Restated Registration Rights Agreement, dated as of November 1, 2018, among PennyMac Financial Services, Inc., New PennyMac Financial Services, Inc. and the Holders.	8-K12B	November 1, 2018
10.4	Second ~~Fourth~~ Amended and Restated Stockholder Agreement, dated as of ~~March 1, 2023~~ December 31, 2024, between PennyMac Financial Services, Inc. and HC Partners LLC.	8-K	~~March~~ January 3, 2023 2025

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
		Form	Filing Date
10.5†	Employment Agreement, dated December 13, 2022, among David A. Spector, Private National Mortgage Acceptance Company, LLC and PennyMac Financial Services, Inc.	8-K	December 16, 2022

10.6†	Employment Agreement, dated December 13, 2022 among Doug Jones, Private National Mortgage Acceptance Company, LLC and PennyMac Financial Services, Inc.	8-K	December 16, 2022
10.7†	Form of PennyMac Financial Services, Inc. Indemnification Agreement.	10-K	February 25, 2021
10.8†	PennyMac Financial Services, Inc. Change of Control Severance Plan.	8-K	September 28, 2021
10.9†	PennyMac Financial Services, Inc. Executive Deferred Compensation Plan.	S-8	June 5, 2024
10.10†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan.	8-K	May 14, 2013
10.10† 10.11†	First Amendment to the PennyMac Financial Services, Inc. 2013 Equity Incentive Plan.	10-K	March 9, 2018
10.11† 10.12†	Second Amendment to the PennyMac Financial Services, Inc. 2013 Equity Incentive Plan.	DEF14A	April 17, 2018
10.12† 10.13†	Third Amendment to the PennyMac Financial Services, Inc. 2013 Equity Incentive Plan.	10-K	February 25, 2021
10.13† 10.14†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Stock Option Award Agreement, Agreement (2013).	8-K	June 17, 2013
10.14† 10.15†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Stock Option Award Agreement (2018).	10-Q	August 2, 2018

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
		Form	Filing Date
10.15† 10.16†	Omnibus Amendment to PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Stock Option Award Agreement (2019), Agreement.	10-K	March 5, 2019
10.16† 10.17†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Stock Option Award Agreement (2020).	10-Q	May 7, 2020
10.17† 10.18†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Stock Option Award Agreement (Special Option 2020).	10-K	February 25, 2021

10.18†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Restricted Stock Unit Subject to Continued Service Award Agreement for Non-Employee Directors (2021).	10-K	February 25, 2021

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
		Form	Filing Date
10.19†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Stock Option Award Agreement (2021).	10-Q	May 6, 2021
10.20†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Stock Option Award Agreement (2021).	10-Q	August 5, 2021
10.21†	PennyMac Financial Services, Inc. 2013 Equity Incentive Plan Form of Omnibus Amendment to Stock Option Award Agreements (2021). Agreements.	10-Q	August 5, 2021
10.22†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan.	10-K	February 22, 2023
10.23†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Stock Option Award Agreement (2023).	10-Q	May 3, 2023
10.24†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Restricted Stock Unit Subject to Continued Service Award Agreement (Net Share Withholding).(2023).	10-Q	May 3, 2023
10.25†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Restricted Stock Unit Subject to Continued Service Award Agreement (Sale to Cover).(2023).	10-Q	May 3, 2023
10.26†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Restricted Stock Unit Subject to Performance Components Award Agreement (Sale to Cover).(2023).	10-Q	May 3, 2023
10.27†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Restricted Stock Unit Subject to Performance Components Award Agreement (Net Share Withholding).(2023).	10-Q	May 3, 2023
10.28†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Restricted Stock Unit Subject to Continued Service Award Agreement for Non-Employee Directors (2023).	10-Q	May 3, 2023

10.29†	Separation Agreement and General Release date as of March 21, 2023.	8-K/A	March 24, 2023
10.30	Third Amended and Restated Management Agreement, dated as of June 30, 2020, by and among PennyMac Mortgage Investment Trust, PennyMac Operating Partnership, L.P. and PNMAC Capital Management, LLC.	8-K	July 2, 2020

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number ~~15-68669~~ 001-35916 or 001-38727)	
		Form	Filing Date
10.31 10.29	Fourth Amended and Restated Flow Servicing Management Agreement, dated as of June 30, 2020, between by and among PennyMac Mortgage Investment Trust, PennyMac Operating Partnership, L.P. and PennyMac Loan Services, LLC, PNMAC Capital Management, LLC, dated as of December 16, 2024.	8-K	July 2, 2020 December 19, 2024
10.30	Fifth Amended and Restated Flow Servicing Agreement, between PennyMac Operating Partnership, L.P. and PennyMac Loan Services, LLC, dated as of December 16, 2024.	8-K	December 19, 2024
10.31	Third Amended and Restated Mortgage Banking Services Agreement, between PennyMac Loan Services, LLC and PennyMac Corp., dated as of December 16, 2024.	8-K	December 19, 2024
10.32	Amendment No. 1 to the Fourth Third Amended and Restated Flow Servicing MSR Recapture Agreement, dated as of March 9, 2021, by and between PennyMac Loan Services, LLC and PennyMac Operating Partnership, L.P. Corp., dated as of December 16, 2024.	10-Q 8-K	May 6, 2021 December 19, 2024
10.33	Amendment No. 2 to the Fourth Amended and Restated Flow Servicing Agreement, dated as of June 4, 2021, by between PennyMac Corp. and between PennyMac Loan Services, LLC, and PennyMac Operating Partnership, L.P. dated as of December 16, 2024.	10-Q 8-K	August 5, 2021
10.34	Amendment No. 3 to Fourth Amended and Restated Flow Servicing Agreement, dated as of September 29, 2021, by and between PennyMac Loan Services, LLC and PennyMac Operating Partnership, L.P.	10-Q	November 4, 2021 December 19, 2024
10.35	Flow Servicing Agreement, dated as of June 1, 2022, by and between PennyMac Loan Services, LLC and PennyMac Corp.	10-Q	August 5, 2022

10.36	Second Amended and Restated Mortgage Banking Services Agreement, dated as of June 30, 2020, between PennyMac Loan Services, LLC and PennyMac Corp.	8-K	July 2, 2020
10.37	Amendment No. 1 to Second Amended and Restated Mortgage Banking Services Agreement, dated as of December 8, 2020, by and between PennyMac Loan Services, LLC and PennyMac Corp.	10-K	February 25, 2021
10.38	Amendment No. 2 to Second Amended and Restated Mortgage Banking Services Agreement, dated as of September 28, 2022, by and between PennyMac Loan Services, LLC and PennyMac Corp., and effective as of October 1, 2022.	10-Q	November 2, 2022
10.39	Amendment No. 3 to Second Amended and Restated Mortgage Banking Services Agreement, dated as of December 6, 2022, by and between PennyMac Loan Services, LLC and PennyMac Corp., and effective as of November 1, 2022.	10-K	February 22, 2023
10.40	Second Amended and Restated MSR Recapture Agreement, dated as of June 30, 2020, between PennyMac Loan Services, LLC and PennyMac Corp.	8-K	July 2, 2020

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
		Form	Filing Date
10.41	Amendment No. 1 to Second Amended and Restated MSR Recapture Agreement, dated as of December 8, 2020, by and between PennyMac Loan Services, LLC and PennyMac Corp.	10-K	February 25, 2021
10.42	Mortgage Loan Purchase Agreement, dated as of September 25, 2012, by and between PennyMac Loan Services, LLC and PennyMac Corp.	10-K	March 10, 2016
10.43 10.34	Flow Sale Agreement, dated as of June 16, 2015, by and between PennyMac Corp. and PennyMac Loan Services, LLC.	10-Q	August 7, 2015
10.44 10.35	HELOC Flow Purchase and Servicing Agreement, dated as of February 25, 2019, by and between PennyMac Loan Services, LLC and PennyMac Corp.	10-Q	May 6, 2019
10.45 10.36	Third Amended and Restated Base Indenture, dated as of April 1, 2020, by and among PNM MAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC and Pentalpha Surveillance LLC.	8-K	April 7, 2020

10.46 10.37	Amendment No. 1 to Third Amended and Restated Base Indenture, dated as of June 8, 2022, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC, and Pentalpha Surveillance LLC.	8-K	June 14, 2022
10.47 10.38	Amendment No. 2 to Third Amended and Restated Base Indenture, dated as of June 9, 2022, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC and Pentalpha Surveillance LLC.	10-Q	August 5, 2022

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
		Form	Filing Date
10.48 10.39	Amendment No. 3, dated February 7, 2023, to the Third Amended and Restated Base Indenture, dated as of April 1, 2020, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., as Indenture Trustee, PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC, and consented and agreed to by Goldman Sachs Bank USA.	8-K	February 13, 2023
10.49 10.40	Amended and Restated Series 2016-MSRVF1 Indenture Supplement to Indenture, dated as of February 28, 2018, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC and Credit Suisse First Boston Mortgage Capital LLC.	8-K	March 6, 2018

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
		Form	Filing Date

10.50 10.41	Amendment No. 1 to Amended and Restated Series 2016-MSRVF1 Indenture Supplement, dated as of August 10, 2018, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC and Credit Suisse First Boston Mortgage Capital LLC.	10-Q	November 2, 2018
10.51 10.42 [^]	Amendment No. 2 to the Amended and Restated Series 2016-MSRVF1 Indenture Supplement, dated as of April 24, 2020, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, and Credit Suisse First Boston Mortgage Capital LLC.	10-Q	May 7, 2020
10.52 10.43 [^]	Amendment No. 3 to the Amended and Restated Series 2016-MSRVF1 Indenture Supplement, dated as of August 25, 2020, among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, and Credit Suisse First Boston Mortgage Capital LLC.	10-Q	November 6, 2020
10.53 10.44	Amendment No. 4 to the Amended and Restated Series 2016-MSRVF1 Indenture Supplement, dated as of April 1, 2021, among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC and Credit Suisse First Boston Mortgage Capital LLC.	10-Q	May 6, 2021
10.54 10.45 [^]	Amendment No. 5 to the Series 2016-MSRVF1 Indenture Supplement, dated as of July 30, 2021, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC and Credit Suisse First Boston Mortgage Capital LLC.	8-K	August 5, 2021

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
		Form	Filing Date
10.55 10.46	Omnibus SOFR Amendment No. 6 to Series 2016-MSRVF1 Indenture Supplement, Amendment No. 4 to Series 2020-SPIADVF1 Indenture Supplement, Omnibus Amendment No. 1 to Series 2016-MBSADV1 Indenture Supplement and Series 2021-MBSADV1 Indenture Supplement, dated as of February 10, 2022, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC, and Credit Suisse AG, Cayman Islands Branch.	10-Q	May 5, 2022
10.56 10.47	Joint Amendment No. 7 to Series 2016-MSRVF1 Indenture Supplement and Amendment No. 5 to Series 2020-SPIADVF1 Indenture Supplement, dated as of June 8, 2022, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC, and Credit Suisse AG, Cayman Islands Branch.	10-Q	August 5, 2022

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
		Form	Filing Date
10.57 10.48 [^]	Amendment No. 8 to Series 2016-MSRVF1 Indenture Supplement, dated as of June 27, 2023, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, and Atlas Securitized Products, L.P.	10-Q	August 3, 2023
10.58 10.49 [^]	Amendment No. 9 to Series 2016-MSRVF1 Indenture Supplement, dated as of June 28, 2024, by and among PNMAC GMSR ISSUER TRUST, PennyMac Loan Services, LLC, and Atlas Securitized Products, L.P.	10-Q	July 31, 2024
10.50	Series 2018-GT1 Indenture Supplement, dated as of February 28, 2018, to Second Amended and Restated Base Indenture, dated as of August 10, 2017, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC and Credit Suisse First Boston Mortgage Capital LLC.	8-K	March 6, 2018
10.59 10.51	Series 2018-GT2 Indenture Supplement, dated as of August 10, 2018, to Second Amended and Restated Base Indenture, dated as of August 10, 2017, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC and Credit Suisse First Boston Mortgage Capital LLC.	8-K	August 15, 2018
10.60 10.52	Series 2022-GT1 Indenture Supplement to Third Amended and Restated Base Indenture, dated as of June 8, 2022, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, and Credit Suisse First Boston Mortgage Capital LLC.	8-K	June 14, 2022

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Incorporated by Reference
from the Below-Listed Form
(Each Filed under SEC File
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Exhibit No.	Exhibit Description	Form	Filing Date
10.61 10.53	Series 2023-GTL1 Indenture Supplement and Loan Agreement, dated as of February 28, 2023, by and among PNMAC GMSR ISSUER TRUST, as issuer, PennyMac Loan Services, LLC, as administrator and servicer, Credit Suisse First Boston Mortgage Capital LLC, as administrative agent, and the syndicated lenders party thereto, LLC.	8-K	March 3, 2023
10.62 10.54^	Series 2023-GTL2 Indenture Supplement and Loan Agreement, dated as of October 25, 2023, by and among PNMAC GMSR ISSUER TRUST, as issuer, PennyMac Loan Services, LLC, as administrator and servicer, Atlas Securitized Products, L.P., as administrative agent, and the syndicated lenders party thereto.	8-K	October 26, 2023
10.63 10.55	Series 2024-GT1 Indenture Supplement to Third Amended and Restated Base Indenture, dated as of February 29, 2024, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, and Atlas Securitized Products, L.P.	8-K	March 7, 2024
10.56	Guaranty, dated as of December 19, 2016, made by Private National Mortgage Acceptance Company, LLC, in favor of PNMAC GMSR ISSUER TRUST.	8-K	December 21, 2016
10.64 10.57	Amendment No. 1 to Guaranty, dated as of February 16, 2017, by and between PNMAC GMSR ISSUER TRUST and Private National Mortgage Acceptance Company, LLC.	8-K	February 23, 2017

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
10.65 10.58	Amended and Restated Master Repurchase Agreement, dated as of April 1, 2020, by and among PNMAC GMSR ISSUER TRUST, PennyMac Loan Services, LLC and Private National Mortgage Acceptance Company, LLC.	8-K	April 7, 2020
10.66 10.59	Amendment No. 1 to Amended and Restated Master Repurchase Agreement, dated as of June 9, 2022, by and among PNMAC GMSR ISSUER TRUST, PennyMac Loan Services, LLC and Private National Mortgage Acceptance Company, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N. A., and Credit Suisse First Boston Mortgage Capital, LLC.	10-Q	August 5, 2022

10.67 10.60	Side Letter Agreement to Series 2016-MSRVF1 Amended and Restated Master Repurchase Agreement, dated as of July 30, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., and Credit Suisse First Boston Mortgage Capital, LLC.	10-K	February 23, 2022

10.68 10.61^	Amended and Restated Master Repurchase Agreement, dated as of July 30, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., and Credit Suisse First Boston Mortgage Capital, LLC, MSR Collateralized Notes, SERIES 2016-MSRVF1.	8-K	August 5, 2021

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
10.69 10.62	Omnibus Amendment No. 1 to Amended and Restated Master Repurchase Agreements, dated as of June 8, 2022, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., and Credit Suisse First Boston Mortgage Capital, LLC, MSR Collateralized Notes, SERIES 2016-MSRVF1 and SERIES 2020-SPIADVF1.	10-Q	August 5, 2022
10.70 10.63	Omnibus Amendment No. 2 to the 2016-MSRVF1 Amended and Restated Repurchase Agreement and Amendment No. 3 to the Series 2020-SPIADVF1 Repurchase Agreement, dated as of February 7, 2023, by and among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., and PennyMac Loan Services, LLC and acknowledged by Private National Mortgage Acceptance Company, LLC, as guarantor.	8-K	February 13, 2023

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date

10.71	Omnibus Assignment, Assumption and Amendment, dated March 16, 2023, among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, Alpine Securitization LTD, Atlas Securitized Products, L.P., Atlas Securitized Products Investments 3, L.P., Atlas Securitized Products Funding 2, L.P., and Nexera Holding LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	8-K	March 17, 2023
10.72 10.64	Joint Omnibus Assignment, Assumption and Amendment No. 3 to the Series 2016-MSRVF1 Repurchase Agreement, Amendment No. 4 to the Series 2020-SPIADVF1 Repurchase Agreement, Amendment No. 3 to the Pricing Side Letters, Amendment No. 2 to the Side Letter Agreements and Amendment No. 1 to the VFN Repo Guaranty, dated March 16, 2023, among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., PennyMac Loan Services, LLC, Atlas Securitized Products, L.P., Nexera Holding LLC, and Private National Mortgage Acceptance Company, LLC.	8-K	March 17, 2023
10.73 10.65	Joint Omnibus Assignment, Assumption and Amendment No. 6 to the Series 2016-MSRVF1 Repurchase Agreement, Amendment No. 7 to the Series 2020-SPIADVF1 Repurchase Agreement, Amendment No. 1 to the Pricing Side Letters, Amendment No. 5 to the Side Letter Agreements and Amendment No. 2 to the VFN Repo Guaranty, dated as of June 28, 2024, by and among Atlas Securitized Products, L.P., Nexera Holding LLC, PennyMac Loan Services, LLC, and Atlas Securitized Products Funding 2, L.P., and Private National Mortgage Acceptance Company, LLC.	10-Q	July 31, 2024
10.66 ^A	Joint Omnibus Amendment No. 4 to the Series 2016-MSRVF1 Repurchase Agreement, Amendment No. 5 to the Series 2020-SPIADVF1 Repurchase Agreement, and Amendment No. 4 to the Series 2016-MSRVF1 and Series 2020-SPIADVF1 Pricing Side Letters, dated as of June 27, 2023, by and among Atlas Securitized Products, L.P., Nexera Holding LLC, Citibank, N.A., PennyMac Loan Services, LLC and Private National Mortgage Acceptance Company, LLC.	10-Q	August 3, 2023

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date

10.67A	Omnibus Amendment No. 5 to Series 2016-MSRVF1 Repurchase Agreement and Amendment No. 6 to Series 2020-SPIADVF1 Repurchase Agreement, dated as of June 28, 2024, among Atlas Securitized Products, L.P., Nexera Holding LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-Q	July 31, 2024
10.68	Omnibus Amendment No. 3 to the Series 2016-MSRVF1 and Series 2020-SPIADVF1 Side Letter Agreements, dated as of June 27, 2023, by and among Atlas Securitized Products, L.P., Nexera Holding LLC, PennyMac Loan Services, LLC and Private National Mortgage Acceptance Company, LLC.	10-Q	August 3, 2023
10.69	Omnibus Amendment No. 4 to the Side Letter Agreements, dated as of June 28, 2024, among Atlas Securitized Products, L.P., Nexera Holding LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-Q	July 31, 2024
10.70	Second Amended and Restated Guaranty, dated as of July 30, 2021, by Private National Mortgage Acceptance Company, LLC in favor of Credit Suisse First Boston Mortgage Capital LLC on behalf of Credit Suisse AG, Cayman Island Branch and Citibank, N.A.,	8-K	August 5, 2021
10.71A	Amended and Restated Master Repurchase Agreement, dated as of July 30, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N. A., and Credit Suisse First Boston Mortgage Capital, LLC, MSR Collateralized Notes, SERIES 2020-SPIADVF1.	8-K	August 5, 2021
10.72	Amendment No. 2 to SERIES 2020-SPIADVF1 Amended and Restated Master Repurchase Agreement, dated as of June 9, 2022, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N. A., and Credit Suisse First Boston Mortgage Capital, LLC.	10-Q	August 5, 2022
10.73	Amended and Restated Series 2020-SPIADVF1 Indenture Supplement, dated as of February 7, 2023, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC and Goldman Sachs Bank USA.	10-Q	August 3, 2023
10.74A	Amendment No. 1 to Series 2020-SPIADVF1 Indenture Supplement, dated as of June 27, 2023, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Atlas Securitized Products, L.P., and Goldman Sachs Bank USA.	10-Q	August 3, 2023

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Incorporated by Reference
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Exhibit No.	Exhibit Description	Form	Filing Date
10.75	Joinder and Amendment No. 2 to the A&R Series 2020-SPIADVF1 Indenture Supplement, dated as of August 4, 2023, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Atlas Securitized Products, L.P., Goldman Sachs Bank USA, Nomura Corporate Funding Americas, LLC and Nexera Holding LLC.	10-K	February 21, 2024
10.76	Amendment No. 3 to Series 2020-SPIADVF1 Indenture Supplement, dated as of June 28, 2024, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Atlas Securitized Products, L.P., Goldman Sachs Bank USA, and Nomura Corporate Funding Americas, LLC.	10-Q	July 31, 2024
10.77	Side Letter Agreement to Series 2020-SPIADVF1 Amended and Restated Master Repurchase Agreement, dated as of July 30, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., and Credit Suisse First Boston Mortgage Capital, LLC.	10-K	February 23, 2022
10.78	Omnibus Amendment No. 1 to the Side Letter Agreements, dated December 7, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., and Credit Suisse First Boston Mortgage Capital, LLC.	10-K	February 23, 2022
10.79	Series 2023-MSRVF2 Master Repurchase Agreement, dated as of August 4, 2023, by and among PennyMac Loan Services, LLC and Nomura Corporate Funding Americas, LLC.	8-K	August 10, 2023
10.80	Series 2020-SPIADVF1 Master Repurchase Agreement, dated as of August 4, 2023, by and among PennyMac Loan Services, LLC and Nomura Corporate Funding Americas, LLC.	8-K	August 10, 2023
10.81	Guaranty, by Private National Mortgage Acceptance Company, LLC, as guarantor, in favor of Nomura Corporate Funding Americas, LLC, dated as of August 4, 2023.	8-K	August 10, 2023
10.82	Amended and Restated SERIES 2020-SPIADVF1 Guaranty, dated as of December 20, 2023, by and among Private National Mortgage Acceptance Company, LLC, PennyMac Loan Services, LLC, PNMAC GMSR VFN Funding, LLC and Goldman Sachs Bank USA.	10-K	February 21, 2024
10.83	Amended and Restated SERIES 2023-MSRVF1 Guaranty, dated as of December 20, 2023, by and among Private National Mortgage Acceptance Company, LLC, PennyMac Loan Services, LLC, PNMAC SPIA VFN Funding, LLC and Goldman Sachs Bank USA.	10-K	February 21, 2024

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
10.84	SERIES 2020-SPIADVF1 Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023, by and among Goldman Sachs Bank USA, PNMAC SPIA VFN Funding, LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-K	February 21, 2024
10.85	SERIES 2023-MSRVF1 Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023, by and among Goldman Sachs Bank USA, PNMAC GMSR VFN Funding, LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-K	February 21, 2024
10.86 ^A	Series 2024-MSRVF1 Master Repurchase Agreement, dated as of October 28, 2024, by and among PennyMac Loan Services, LLC and Goldman Sachs Bank USA.	8-K	November 1, 2024
10.87 ^A	Series 2024-MSRVF1 Indenture Supplement, dated October 28, 2024, by and among PFSI ISSUER TRUST - FMSR, PennyMac Loan Services, LLC, Citibank, N.A., and Goldman Sachs Bank USA.	8-K	November 1, 2024
10.88	Series 2024-VF1 Guaranty (PLS FMSR), dated as of October 28, 2024 by Private National Mortgage Acceptance Company, LLC and PennyMac Loan Services, LLC in favor of Goldman Sachs Bank USA.	8-K	November 1, 2024
10.89 ^A	Series 2024-MSRVF1 Master Repurchase Agreement, dated as of July 25, 2024, by and among PennyMac Loan Services, LLC and Mizuho Corporate Funding Americas, LLC.	8-K	July 31, 2024
10.90 ^A	Series 2020-SPIADVF1 Master Repurchase Agreement, dated as of July 25, 2024, by and among PennyMac Loan Services, LLC and Mizuho Corporate Funding Americas, LLC.	8-K	July 31, 2024
10.91 ^A	Series 2024-MSRVF1 Indenture Supplement, dated July 25, 2024, by and among PNMAC GMSR ISSUER TRUST, PennyMac Loan Services, LLC, Citibank, N.A., and Mizuho Bank Ltd.	8-K	July 31, 2024
10.92	Joinder and Amendment No. 4 dated July 25, 2024 to the A&R Series 2020-SPIADVF1 Indenture Supplement by and among PNMAC GMSR ISSUER TRUST, PennyMac Loan Services, LLC, Citibank, N.A., Atlas Securitized Products, L.P., Goldman Sachs Bank USA, Nomura Corporate Funding Americas, LLC, Mizuho Bank Ltd., and Atlas Securitized Funding 2, L.P.	8-K	July 31, 2024

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-35916 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
10.93	Guaranty, by Private National Mortgage Acceptance Company, LLC, as guarantor, in favor of Mizuho Bank, Ltd. dated as of July 25, 2024.	8-K	July 31, 2024
10.94	Base Indenture, dated as of April 28, 2021, by and among PFSI ISSUER TRUST - FMSR, as Issuer, Citibank, N.A., as Indenture Trustee, Calculation Agent, Paying Agent and Securities Intermediary, PennyMac Loan Services, LLC, as Servicer and Administrator, and Credit Suisse First Boston Mortgage Capital LLC, as Administrative Agent.	8-K	May 3, 2021
10.95	Master Repurchase Agreement, dated as of April 28, 2021, by and among PFSI ISSUER TRUST - FMSR, as Buyer, PennyMac Loan Services, LLC, as Seller, and Private National Mortgage Acceptance Company, LLC, as Guarantor.	8-K	May 3, 2021
10.96	Guaranty, dated as of April 28, 2021, made by Private National Mortgage Acceptance Company, LLC, in favor of PFSI ISSUER TRUST – FMSR.	8-K	May 3, 2021
10.97	Master Repurchase Agreement, dated as of April 28, 2021, by and among Credit Suisse First Boston Mortgage Capital LLC, as administrative agent, Credit Suisse AG, Cayman Islands Branch, as Buyer, and PennyMac Loan Services, LLC, as Seller.	8-K	May 3, 2021
10.98	Amendment No. 1 to the Series 2021-MSRVF1 Repurchase Agreement, dated as of September 8, 2021, by and among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-K	February 23, 2022
10.99	Amendment No. 2 to the Series 2021-MSRVF1 Repurchase Agreement, dated as of December 29, 2021 and effective as of January 1, 2022, by and among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-K	February 23, 2022
10.100	Joint Assignment, Assumption and Amendment No. 3 to the Series 2021-MSRVF1 Repurchase Agreement, Amendment No. 2 to the Series 2021-MSRVF1 Pricing Side Letter and Amendment No. 2 to the Series 2021-MSRVF1 Side Letter Agreement, dated March 16, 2023, among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, PennyMac Loan Services, LLC, Atlas Securitized Products, L.P., Nexera Holding LLC, and Private National Mortgage Acceptance Company, LLC.	8-K	March 17, 2023
10.75	Omnibus Amendment No. 3 to the Series 2016-MSRVF1 and Series 2020-SPIADV1 Side Letter Agreements, dated as of June 27, 2023, by and among Atlas Securitized Products, L.P., Nexera Holding LLC, PennyMac Loan Services, LLC and Private National Mortgage Acceptance Company, LLC.	10-Q	August 3, 2023

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 001-35916 or 001-38727)	
		Form	Filing Date
10.76	Second Amended and Restated Guaranty, dated as of July 30, 2021, by Private National Mortgage Acceptance Company, LLC in favor of Credit Suisse First Boston Mortgage Capital LLC on behalf of Credit Suisse AG, Cayman Island Branch and Citibank, N.A.,	8-K	August 5, 2021
10.77 ^A	Amended and Restated Master Repurchase Agreement, dated as of July 30, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N. A., and Credit Suisse First Boston Mortgage Capital, LLC, MSR Collateralized Notes, SERIES 2020-SPIADVF1	8-K	August 5, 2021
10.78	Amendment No. 2 to SERIES 2020-SPIADVF1 Amended and Restated Master Repurchase Agreement, dated as of June 9, 2022, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N. A., and Credit Suisse First Boston Mortgage Capital, LLC,	10-Q	August 5, 2022
10.79	Amended and Restated Series 2020-SPIADVF1 Indenture Supplement, dated as of February 7, 2023, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Credit Suisse First Boston Mortgage Capital LLC and Goldman Sachs Bank USA,	10-Q	August 3, 2023
10.80 ^A	Amendment No. 1 to Series 2020-SPIADVF1 Indenture Supplement, dated as of June 27, 2023, by and among PNMAC GMSR ISSUER TRUST, Citibank, N.A., PennyMac Loan Services, LLC, Atlas Securitized Products, L.P., and Goldman Sachs Bank USA,	10-Q	August 3, 2023
10.81 ^A	Joinder and Amendment No. 2 to the A&R Series 2020-SPIADVF1 Indenture Supplement, dated as of August 4, 2023, by an among PNMAC GMSR ISSUER TRUST, Citibank, N.A., Pennymac Loan Services, LLC, Atlas Securitized Products, L.P., Goldman Sachs Bank USA, Nomura Corporate Funding Americas, LLC and Nexera Holding LLC,	*	
10.82	Side Letter Agreement to Series 2020-SPIADVF1 Amended and Restated Master Repurchase Agreement, dated as of July 30, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N. A., and Credit Suisse First Boston Mortgage Capital, LLC,	10-K	February 23, 2022

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		Incorporated by Reference from the Below- Listed Form (Each Filed under SEC File Number 15-68669 or 001- 38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
10.83	Omnibus Amendment No. 1 to the Side Letter Agreements, dated December 7, 2021, by and among PennyMac Loan Services, LLC, Credit Suisse AG, Cayman Islands Branch, Citibank, N.A., and Credit Suisse First Boston Mortgage Capital, LLC.	10-K	February 23, 2022
10.84	Base Indenture, dated as of April 28, 2021, by and among PFSI ISSUER TRUST - FMSR, as Issuer, Citibank, N.A., as Indenture Trustee, Calculation Agent, Paying Agent and Securities Intermediary, PennyMac Loan Services, LLC, as Servicer and Administrator, and Credit Suisse First Boston Mortgage Capital LLC, as Administrative Agent.	8-K	May 3, 2021
10.85	Master Repurchase Agreement, dated as of April 28, 2021, by and among PFSI ISSUER TRUST - FMSR, as Buyer, PennyMac Loan Services, LLC, as Seller, and Private National Mortgage Acceptance Company, LLC, as Guarantor.	8-K	May 3, 2021
10.86	Guaranty, dated as of April 28, 2021, made by Private National Mortgage Acceptance Company, LLC, in favor of PFSI ISSUER TRUST – FMSR.	8-K	May 3, 2021
10.87	Master Repurchase Agreement, dated as of April 28, 2021, by and among Credit Suisse First Boston Mortgage Capital LLC, as administrative agent, Credit Suisse AG, Cayman Islands Branch, as Buyer, and PennyMac Loan Services, LLC, as Seller.	8-K	May 3, 2021
10.88	Amendment No. 1 to the Series 2021-MSRVF1 Repurchase Agreement, dated as of September 8, 2021, by and among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-K	February 23, 2022
10.89	Amendment No. 2 to the Series 2021-MSRVF1 Repurchase Agreement, dated as of December 29, 2021 and effective as of January 1, 2022, by and among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-K	February 23, 2022

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
10.90 10.101	Joint Amendment No. 4 to the Series 2021-MSRVF1 Repurchase Agreement and Amendment No. 3 to the Series 2021-MSRVF1 Pricing Side Letter, dated as of June 27, 2023, by and among Atlas Securitized Products, L.P., Nexera Holding LLC, PennyMac Loan Services, LLC and Private National Mortgage Acceptance Company, LLC.	10-Q	August 3, 2023
10.91 10.102	Joint Amendment No. 5 to the Series 2021-MSRVF1 Repurchase Agreement and Amendment No. 4 to the Series 2021-MSRVF1 Pricing Side Letter, dated as of June 28, 2024, among Atlas Securitized Products, L.P., Nexera Holding LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	10-Q	July 31, 2024
10.103 ^A	Joint Assignment, Assumption and Amendment No. 6 to the Series 2021-MSRVF1 Repurchase Agreement, Amendment No. 5 to the Series 2021-MSRVF1 Pricing Side Letter and Amendment No. 5 to the Series 2021-MSRVF1 Side Letter Agreement, dated as of June 28, 2024, among Nexera Holding LLC, PennyMac Loan Services, LLC, Atlas Securitized Products, L.P., Atlas Securitized Products Funding 2, L.P., and Private National Mortgage Acceptance Company, LLC.	10-Q	July 31, 2024
10.104	Guaranty, dated as of April 28, 2021, by Private National Mortgage Acceptance Company, LLC, in favor of PennyMac Loan Services, LLC.	8-K	May 3, 2021
10.92 10.105	Series 2023-MSRVF2 Master Repurchase Agreement, Omnibus Assignment, Assumption and Amendment, dated as of August 4, 2023 March 16, 2023, by among Credit Suisse First Boston Mortgage Capital LLC, Credit Suisse AG, Cayman Islands Branch, Alpine Securitization LTD, Atlas Securitized Products, L.P., Atlas Securitized Products Investments 3, L.P., Atlas Securitized Products Funding 2, L.P., and among Nexera Holding LLC, PennyMac Loan Services, LLC, and Nomura Corporate Funding Americas, Private National Mortgage Acceptance Company, LLC.	8-K	August 10, March 17, 2023
10.93 19.1	Series 2020-SPIADVF1 Master Repurchase Agreement, dated as of August 4, 2023, by and among PennyMac Loan Financial Services, LLC and Nomura Corporate Funding Americas, LLC.	8-K	August 10, 2023
10.94	Guaranty, by Private National Mortgage Acceptance Company, LLC, as guarantor, in favor of Nomura Corporate Funding Americas, LLC, dated as of August 4, 2023.	8-K	August 10, 2023

10.95	Amended and Restated SERIES 2020-SPIADVF1 Guaranty, dated as of December 20, 2023, by and among Private National Mortgage Acceptance Company, LLC, PennyMac Loan Services, LLC, PNMAC GMSR VFN Funding, LLC and Goldman Sachs Bank USA.	*
10.96	Amended and Restated SERIES 2023-MSRVF1 Guaranty, dated as of December 20, 2023, by and among Private National Mortgage Acceptance Company, LLC, PennyMac Loan Services, LLC, PNMAC SPIA VFN Funding, LLC and Goldman Sachs Bank USA.	*
10.97	SERIES 2020-SPIADVF1 Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023, by and among Goldman Sachs Bank USA, PNMAC SPIA VFN Funding, LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC.	*
10.98	SERIES 2023-MSRVF1 Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023, by and among Goldman Sachs Bank USA, PNMAC GMSR VFN Funding, LLC, PennyMac Loan Services, LLC, and Private National Mortgage Acceptance Company, LLC. Inc. Policy Against Insider Trading	*
21.1	Subsidiaries of PennyMac Financial Services, Inc.	*

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Exhibit No.	Exhibit Description	Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
		Form	Filing Date
23.1	Consent of Deloitte & Touche LLP.	*	
31.1	Certification of David A. Spector pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*	

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Incorporated by Reference
from the Below-Listed Form
(Each Filed under SEC File
Number 001-35916 or 001-38727)

Exhibit No.	Exhibit Description	Form	Filing Date
31.2	Certification of Daniel S. Perotti pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*	
32.1	Certification of David A. Spector pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**	
32.2	Certification of Daniel S. Perotti pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**	
97	Recoupment of Incentive Compensation Policy For Executive Officers, Officers.	 10-K	February 21, 2024
101	Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline XBRL: (i) the Consolidated Balance Sheets as of December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023 (ii) the Consolidated Statements of Income for the years ended December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023 , (iii) the Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023 , (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023 and (v) the Notes to the Consolidated Financial Statements.	*	
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	*	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	*	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	*	

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		Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 15-68669 or 001-38727)	
Exhibit No.	Exhibit Description	Form	Filing Date
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).		

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^ Portions of the exhibit have been redacted.

* Filed herewith

** The certifications attached hereto as Exhibits 32.1 and 32.2 are furnished to the SEC pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

† Indicates management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

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PENNYMAC FINANCIAL SERVICES, INC. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023 2024

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Financial Statements:	
Consolidated Balance Sheets	F-4
Consolidated Statements of Income	F-5
Consolidated Statements of Changes in Stockholders' Equity	F-6

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
PennyMac Financial Services, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PennyMac Financial Services, Inc. and subsidiaries (the “Company”) as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, the related consolidated statements of income, changes in stockholders’ equity, and cash flows, for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated **February 21, 2024** **February 19, 2025**, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters

does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Mortgage Servicing Rights ("MSRs") – Refer to Notes 3, 6 and 9 10 to the Financial Statements

Critical Audit Matter Description

The Company accounts for MSRs at fair value and categorizes its MSRs as "Level 3" fair value assets. The Company uses a discounted cash flow approach to estimate the fair value of MSRs. The key inputs used in the estimation of the fair value of MSRs include the applicable prepayment rate ("prepayment speed"), pricing spread (a component of the discount rate), and annual per-loan cost to service the underlying loans, all of which are unobservable. Significant changes to any of those inputs in isolation could result in a significant change in the MSRs' fair value measurement.

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We identified the fair value of MSRs, including the pricing spread and prepayment speed assumptions used in the valuation of MSRs, as a critical audit matter because of the significant judgments made by management in determining these assumptions. Auditing these assumptions required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, to evaluate the reasonableness of management's estimates and assumptions related to selection of the pricing spread and prepayment speed.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the fair value of MSRs, including the pricing spread and prepayment speed assumptions used by the Company to estimate the fair value of MSRs, included the following, among others:

- We tested the design and operating effectiveness of internal controls over determining the fair value of MSRs, including those over the determination of the pricing spread and prepayment speed assumptions
- With the assistance of our fair value specialists, we evaluated the reasonableness fair value of management's prepayment speed assumptions MSRs by preparing comparing it against a fair value for comparison to the Company's valuation range that was independently developed using market data
- We evaluated assessed the reasonableness of management's the discount rate and prepayment speed assumptions of used within the underlying mortgage loans, valuation model by comparing historical prepayment speed the assumptions used by the Company to actual results the assumptions used by the third-party valuation experts
- We tested management's process for determining the pricing spread discount rate assumptions by comparing them to the implied spreads discount rate within market transactions and other third-party information used by management

/s/ Deloitte & Touche LLP

Los Angeles, California
February 21, 2024 19, 2025

We have served as the Company's auditor since 2008.

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PENNYMAC FINANCIAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	2022
	(in thousands, except share amounts)	
ASSETS		
Cash	\$ 938,371	\$ 1,328,536
Short-term investment at fair value	10,268	12,194
Loans held for sale at fair value (includes \$4,329,501 and \$3,442,847 pledged to creditors)	4,420,691	3,509,300
Derivative assets	179,079	99,003
Servicing advances, net (includes valuation allowance of \$73,991 and \$78,992; \$354,831 and \$381,379 pledged to creditors)	694,038	696,753
Mortgage servicing rights at fair value (includes \$7,033,892 and \$5,897,613 pledged to creditors)	7,099,348	5,953,621
Investment in PennyMac Mortgage Investment Trust at fair value	1,121	929
Receivable from PennyMac Mortgage Investment Trust	29,262	36,372
Loans eligible for repurchase	4,889,925	4,702,103
Other (includes \$15,653 and \$12,277 pledged to creditors)	582,460	483,773
Total assets	\$ 18,844,563	\$ 16,822,584
LIABILITIES		
Assets sold under agreements to repurchase	\$ 3,763,956	\$ 3,001,283
Mortgage loan participation purchase and sale agreements	446,054	287,592
Notes payable secured by mortgage servicing assets	1,873,415	1,942,646
Unsecured senior notes	2,519,651	1,779,920
Derivative liabilities	53,275	21,712
Mortgage servicing liabilities at fair value	1,805	2,096
Accounts payable and accrued expenses	449,896	347,908
Payable to PennyMac Mortgage Investment Trust	208,210	205,011
Payable to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement	26,099	26,099
Income taxes payable	1,042,886	1,002,744
Liability for loans eligible for repurchase	4,889,925	4,702,103
Liability for losses under representations and warranties	30,788	32,421
Total liabilities	15,305,960	13,351,535
Commitments and contingencies – Note 18		
STOCKHOLDERS' EQUITY		
Common stock—authorized 200,000,000 shares of \$0.0001 par value; issued and outstanding, 50,178,963 and 49,988,492 shares, respectively	5	5

Additional paid-in capital	24,287	—
Retained earnings	3,514,311	3,471,044
Total stockholders' equity	3,538,603	3,471,049
Total liabilities and stockholders' equity	\$ 18,844,563	\$ 16,822,584

	December 31,	
	2024	2023
	(in thousands, except share amounts)	
ASSETS		
Cash	\$ 238,482	\$ 938,371
Short-term investment at fair value	420,553	10,268
Principal-only stripped mortgage-backed securities at fair value pledged to creditors	825,865	—
Loans held for sale at fair value (includes \$8,140,834 and \$4,329,501 pledged to creditors)	8,217,468	4,420,691
Derivative assets	113,076	179,079
Servicing advances, net (includes valuation allowance of \$85,788 and \$73,991; \$357,939 and \$354,831 pledged to creditors)	568,512	694,038
Mortgage servicing rights at fair value (includes \$8,609,388 and \$7,033,892 pledged to creditors)	8,744,528	7,099,348
Investment in PennyMac Mortgage Investment Trust at fair value	944	1,121
Receivable from PennyMac Mortgage Investment Trust	30,206	29,262
Loans eligible for repurchase	6,157,172	4,889,925
Other (includes \$16,697 and \$15,653 pledged to creditors)	770,081	582,460
Total assets	\$ 26,086,887	\$ 18,844,563
LIABILITIES		
Assets sold under agreements to repurchase	\$ 8,685,207	\$ 3,763,956
Mortgage loan participation purchase and sale agreements	496,512	446,054
Notes payable secured by mortgage servicing assets	2,048,972	1,873,415
Unsecured senior notes	3,164,032	2,519,651
Derivative liabilities	40,900	53,275
Mortgage servicing liabilities at fair value	1,683	1,805
Accounts payable and accrued expenses	354,414	449,896
Payable to PennyMac Mortgage Investment Trust	122,317	208,210
Payable to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement	25,898	26,099
Income taxes payable	1,131,000	1,042,886
Liability for loans eligible for repurchase	6,157,172	4,889,925
Liability for losses under representations and warranties	29,129	30,788
Total liabilities	22,257,236	15,305,960
Commitments and contingencies – Note 19		
STOCKHOLDERS' EQUITY		
Common stock—authorized 200,000,000 shares of \$0.0001 par value; issued and outstanding, 51,376,616 and 50,178,963 shares, respectively	5	5
Additional paid-in capital	56,072	24,287
Retained earnings	3,773,574	3,514,311
Total stockholders' equity	3,829,651	3,538,603
Total liabilities and stockholders' equity	\$ 26,086,887	\$ 18,844,563

The accompanying notes are an integral part of these consolidated financial statements.

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
Operating income	\$16.7 million	\$18.9 million	\$18.9 million	\$16.7 million	\$18.9 million	\$18.9 million
Income tax expense	\$1.1 million	\$1.1 million	\$1.1 million	\$1.1 million	\$1.1 million	\$1.1 million
Net income	\$15.6 million	\$17.8 million	\$17.8 million	\$15.6 million	\$17.8 million	\$17.8 million
Weighted average common shares outstanding	10.0 million	10.0 million	10.0 million	10.0 million	10.0 million	10.0 million
Earnings per share	\$1.56	\$1.78	\$1.78	\$1.56	\$1.78	\$1.78

	(in thousands, except earnings per share)			(in thousands, except earnings per share)		
Revenues						
Net gains on loans held for sale at fair value:						
From non-affiliates	\$ 547,727	\$ 808,197	\$ 2,515,874	\$ 813,301	\$ 547,727	\$ 808,197
From PennyMac Mortgage Investment Trust	(1,784)	(16,564)	(51,473)	4,067	(1,784)	(16,564)
	545,943	791,633	2,464,401	817,368	545,943	791,633
Loan origination fees:						
From non-affiliates	142,902	161,441	358,028	183,197	142,902	161,441
From PennyMac Mortgage Investment Trust	3,216	8,418	26,126	2,503	3,216	8,418
	146,118	169,859	384,154	185,700	146,118	169,859
Fulfillment fees from PennyMac Mortgage Investment Trust	27,826	67,991	178,927	26,291	27,826	67,991
Net loan servicing fees:						
Loan servicing fees:						
From non-affiliates	1,268,650	1,054,828	875,570	1,529,452	1,268,650	1,054,828
From PennyMac Mortgage Investment Trust	81,347	81,915	80,658	83,252	81,347	81,915
Other	134,949	91,894	118,884	186,776	134,949	91,894
	1,484,946	1,228,637	1,075,112	1,799,480	1,484,946	1,228,637
Change in fair value of mortgage servicing rights and mortgage servicing liabilities	(605,568)	354,176	(415,906)	(433,342)	(605,568)	354,176
Change in fair value of excess servicing spread financing payable to PennyMac Mortgage Investment Trust	—	—	(1,037)			
Mortgage servicing rights hedging results	(236,778)	(631,484)	(475,215)	(832,483)	(236,778)	(631,484)
	(842,346)	(277,308)	(892,158)	(1,265,825)	(842,346)	(277,308)
Net loan servicing fees	642,600	951,329	182,954	533,655	642,600	951,329
Management fees from PennyMac Mortgage Investment Trust				28,623	28,762	31,065
Net interest expense:						
Interest income:						
From non-affiliates	632,840	294,062	299,782			
From Townsgate Closing Services, LLC	84	—	—			
From PennyMac Mortgage Investment Trust	—	—	387			
	632,924	294,062	300,169			
Interest expense:						
From non-affiliates	637,777	335,427	389,419			
To PennyMac Mortgage Investment Trust	—	—	1,280			

	637,777	335,427	390,699			
Net interest expense	(4,853)	(41,365)	(90,530)			
Management fees from PennyMac Mortgage Investment Trust	28,762	31,065	37,801			
Interest income				793,566	632,924	294,062
Interest expense				819,348	637,777	335,427
Net interest expense:				(25,782)	(4,853)	(41,365)
Change in fair value of investment in and dividends received from PennyMac Mortgage Investment Trust	312	(235)	336	(57)	312	(235)
Results of real estate acquired in settlement of loans	1,545	2,510	1,993	864	1,545	2,510
Repricing of payable to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement	—	576	—	201	—	576
Other	13,403	12,392	7,325	26,868	13,403	12,392
Total net revenues	1,401,656	1,985,755	3,167,361	1,593,731	1,401,656	1,985,755
Expenses						
Compensation	576,964	735,231	999,802	632,738	576,964	735,231
Legal settlements	162,770	4,649	(4)			
Loan origination				164,092	114,500	173,622
Technology	143,152	139,950	141,426	149,547	143,152	139,950
Loan origination	114,500	173,622	330,788			
Servicing	69,433	59,628	109,835	105,997	69,433	59,628
Professional services	60,521	73,270	94,283	37,992	60,521	73,270
Occupancy and equipment	36,558	40,124	35,810	32,898	36,558	40,124
Marketing and advertising	17,631	46,762	44,806	21,969	17,631	46,762
Legal settlements				1,591	162,770	4,649
Other	36,496	47,272	51,432	45,881	36,496	47,272
Total expenses	1,218,025	1,320,508	1,808,178	1,192,705	1,218,025	1,320,508
Income before provision for income taxes	183,631	665,247	1,359,183	401,026	183,631	665,247
Provision for income taxes	38,975	189,740	355,693	89,603	38,975	189,740
Net income	\$ 144,656	\$ 475,507	\$ 1,003,490	\$ 311,423	\$ 144,656	\$ 475,507
Earnings per share						
Basic	\$ 2.89	\$ 8.96	\$ 15.73	\$ 6.11	\$ 2.89	\$ 8.96
Diluted	\$ 2.74	\$ 8.50	\$ 14.87	\$ 5.84	\$ 2.74	\$ 8.50
Weighted average shares outstanding						
Basic	49,978	53,065	63,799	50,990	49,978	53,065
Diluted	52,733	55,950	67,471	53,356	52,733	55,950

The accompanying notes are an integral part of these consolidated financial statements.

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PENNYMAC FINANCIAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Number of	Par	Additional	Retained	
	shares	value	paid-in	earnings	Total
			capital		
			(in thousands)		
Balance at December 31, 2020	70,906	\$ 7	\$ 1,047,052	\$ 2,342,329	\$ 3,389,388
Net income	—	—	—	1,003,490	1,003,490
Stock based compensation	1,326	—	36,337	—	36,337
Issuance of common stock in settlement of directors' fees	3	—	200	—	200
Common stock dividends (\$0.80 per share)	—	—	—	(52,896)	(52,896)
Repurchase of common stock	(15,368)	(1)	(958,193)	—	(958,194)
Balance at December 31, 2021	56,867	\$ 6	\$ 125,396	\$ 3,292,923	\$ 3,418,325
Net income	—	—	—	475,507	475,507
Stock based compensation	905	—	37,719	—	37,719
Issuance of common stock in settlement of directors' fees	4	—	205	—	205
Common stock dividends (\$0.80 per share)	—	—	—	(54,621)	(54,621)
Repurchase of common stock	(7,788)	(1)	(163,320)	(242,765)	(406,086)
Balance at December 31, 2022	49,988	\$ 5	\$ —	\$ 3,471,044	\$ 3,471,049
Net income	—	—	—	144,656	144,656
Stock based compensation	1,389	—	35,655	—	35,655
Issuance of common stock in settlement of directors' fees	3	—	180	—	180
Common stock dividends (\$0.80 per share)	—	—	—	(41,446)	(41,446)
Repurchase of common stock	(1,201)	—	(11,548)	(59,943)	(71,491)
Balance at December 31, 2023	50,179	\$ 5	\$ 24,287	\$ 3,514,311	\$ 3,538,603

	Number of	Par	Additional	Retained	
	shares	value	paid-in	earnings	Total
			capital		
			(in thousands)		
Balance at December 31, 2021	56,867	\$ 6	\$ 125,396	\$ 3,292,923	\$ 3,418,325
Net income	—	—	—	475,507	475,507
Stock based compensation	905	—	37,719	—	37,719
Issuance of common stock in settlement of directors' fees	4	—	205	—	205
Common stock dividends (\$0.80 per share)	—	—	—	(54,621)	(54,621)
Repurchase of common stock	(7,788)	(1)	(163,320)	(242,765)	(406,086)
Balance at December 31, 2022	49,988	\$ 5	\$ —	\$ 3,471,044	\$ 3,471,049
Net income	—	—	—	144,656	144,656
Stock based compensation	1,389	—	35,655	—	35,655
Issuance of common stock in settlement of directors' fees	3	—	180	—	180
Common stock dividends (\$0.80 per share)	—	—	—	(41,446)	(41,446)
Repurchase of common stock	(1,201)	—	(11,548)	(59,943)	(71,491)
Balance at December 31, 2023	50,179	\$ 5	\$ 24,287	\$ 3,514,311	\$ 3,538,603
Net income	—	—	—	311,423	311,423
Stock based compensation	1,195	—	31,529	—	31,529
Issuance of common stock in settlement of directors' fees	3	—	256	—	256
Common stock dividends (\$1.00 per share) (1)	—	—	—	(52,160)	(52,160)
Balance at December 31, 2024	51,377	\$ 5	\$ 56,072	\$ 3,773,574	\$ 3,829,651

(1) For tax purposes, the entire dividend amount is a return of capital to the stockholders.

The accompanying notes are an integral part of these consolidated financial statements.

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PENNYMAC FINANCIAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(in thousands)			(in thousands)		
Cash flow from operating activities						
Net income	\$ 144,656	\$ 475,507	\$ 1,003,490	\$ 311,423	\$ 144,656	\$ 475,507
Adjustments to reconcile net income to net cash (used in) provided by operating activities:						
Adjustments to reconcile net income to net cash used in operating activities:						
Net gains on loans held for sale at fair value	(545,943)	(791,633)	(2,464,401)	(817,368)	(545,943)	(791,633)
Change in fair value of mortgage servicing rights and mortgage servicing liabilities	605,568	(354,176)	416,943	433,342	605,568	(354,176)
Mortgage servicing rights hedging results	236,778	631,484	475,215	832,483	236,778	631,484
Accrual of unearned discounts on principal-only stripped mortgage-backed securities				(25,226)	—	
Capitalization of interest on loans held for sale	(751)	(3,231)	(19,244)	(473)	(751)	(3,231)
Accrual of interest on excess servicing spread financing payable						
to PennyMac Mortgage Investment Trust	—	—	1,280			
Amortization of debt issuance costs	21,432	19,198	24,321	28,812	21,432	19,198
Change in fair value of investment in common shares of PennyMac Mortgage Investment Trust	(192)	371	(195)	177	(192)	371
Results of real estate acquired in settlement in loans	(1,545)	(2,510)	(1,993)	(864)	(1,545)	(2,510)
Repricing of payable to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement	—	(576)	—	(201)	—	(576)
Stock-based compensation expense	27,582	42,552	37,794	20,868	27,582	42,552
Provision (reversal of provision) for servicing advance losses	3,271	(36,075)	(47,878)	32,962	3,271	(36,075)
Depreciation and amortization	53,214	34,409	28,645	55,984	53,214	34,409
Impairment of capitalized software	46	—	728	147	46	—
Amortization of operating lease right-of-use assets	16,804	15,831	14,295	13,676	16,804	15,831
Purchase of loans held for sale from PennyMac Mortgage Investment Trust	(72,441,699)	(50,575,617)	(67,851,634)	(81,997,773)	(72,441,699)	(50,575,617)
Origination of loans held for sale	(10,770,257)	(20,297,064)	(54,857,114)	(18,724,478)	(10,770,257)	(20,297,064)
Purchase of loans held for sale from non-affiliates	(2,057,135)	(1,802,769)	(4,896,527)	(2,862,610)	(2,057,135)	(1,802,769)

Purchase of loans from Ginnie Mae securities and early buyout investors	(2,555,865)	(6,199,212)	(23,644,025)	(3,367,264)	(2,555,865)	(6,199,212)
Sale to non-affiliates and principal payment of loans held for sale	85,684,522	84,345,379	154,450,942	101,105,292	85,684,522	84,345,379
Sale of loans held for sale to PennyMac Mortgage Investment Trust	—	298,862	—	662,952	—	298,862
Repurchase of loans subject to representations and warranties	(49,575)	(92,924)	(99,508)	(89,749)	(49,575)	(92,924)
Increase in servicing advances	(76,614)	(36,534)	(232,574)	(15,941)	(76,614)	(36,534)
Decrease in receivable from PennyMac Mortgage Investment Trust	5,666	2,776	35,243			
(Increase) decrease in receivable from PennyMac Mortgage Investment Trust				(4,464)	5,666	2,776
Sale of real estate acquired in settlement of loans	35,630	19,761	14,555	64,156	35,630	19,761
(Increase) decrease in other assets	(60,442)	191,384	61,871	(95,757)	(60,442)	191,384
Increase (decrease) in accounts payable and accrued expenses	121,677	(109,485)	34,666			
(Decrease) increase in accounts payable and accrued expenses				(78,651)	121,677	(109,485)
Decrease in operating lease liabilities	(21,158)	(19,392)	(16,310)	(17,924)	(21,158)	(19,392)
Increase (decrease) in payable to PennyMac Mortgage Investment Trust	1,969	(36,708)	36,549			
(Decrease) increase in payable to PennyMac Mortgage Investment Trust				(84,916)	1,969	(36,708)
Payments to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement	—	(3,855)	(4,635)	—	—	(3,855)
Increase in income taxes payable	40,142	317,482	62,562	88,115	40,142	317,482
Net cash (used in) provided by operating activities	(1,582,219)	6,033,235	2,563,061			
Net cash used in operating activities				(4,533,270)	(1,582,219)	6,033,235

Statements continue on the next page.

The accompanying notes are an integral part of these consolidated financial statements.

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(Continued)

PENNYMAC FINANCIAL SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

Cash flow from investing activities

(in thousands)

(in thousands)

Decrease (increase) in short-term investment	1,926	(5,321)	8,344			
Sale of interest-only stripped securities	98,066	—	—			
Net change in assets purchased from PMT under agreement to resell	—	—	80,862			
(Increase) decrease in short-term investment				(410,285)	1,926	(5,321)
Purchase of principal-only stripped mortgage-backed securities				(935,356)	—	—
Repayment of principal-only stripped mortgage-backed securities				96,516	—	—
Sale of interest-only stripped mortgage-backed securities				202,186	98,066	—
Net settlement of derivative financial instruments used for hedging of mortgage servicing rights	(241,956)	(871,878)	(434,397)	(702,593)	(241,956)	(871,878)
Purchase of mortgage servicing rights	—	(3,993)	—	—	—	(3,993)
Transfer of mortgage servicing rights relating to delinquent loans to Agency	305	—	—	—	305	—
Acquisition of capitalized software	(34,784)	(71,935)	(48,980)	(20,382)	(34,784)	(71,935)
Purchase of furniture, fixtures, equipment and leasehold improvements	(1,386)	(7,159)	(7,899)	(1,715)	(1,386)	(7,159)
Sale of furniture, fixtures and equipment	1,000	—	—	—	1,000	—
(Increase) decrease in margin deposits	(96,459)	238,704	97,701	(116,326)	(96,459)	238,704
Net cash used in investing activities	(273,288)	(721,582)	(304,369)	(1,887,955)	(273,288)	(721,582)
Cash flow from financing activities						
Sale of assets under agreements to repurchase	85,352,643	75,076,185	136,179,744	109,006,699	85,352,643	75,076,185
Repurchase of assets sold under agreements to repurchase	(84,587,885)	(79,368,855)	(138,546,379)	(104,083,392)	(84,587,885)	(79,368,855)
Issuance of mortgage loan participation purchase and sale certificates	22,233,907	19,312,943	23,784,510	23,148,016	22,233,907	19,312,943
Repayment of mortgage loan participation purchase and sale certificates	(22,075,444)	(19,504,845)	(23,826,142)	(23,097,566)	(22,075,444)	(19,504,845)
Issuance of notes payable secured by mortgage servicing assets	1,005,000	650,000	—	1,050,000	1,005,000	650,000
Repayment of notes payable secured by mortgage servicing assets	(1,075,000)	—	—	(875,000)	(1,075,000)	—
Issuance of unsecured senior notes	750,000	—	1,150,000	650,000	750,000	—
Repayment of obligations under capital lease	—	(3,489)	(8,375)	—	—	(3,489)
Repayment of excess servicing spread financing	—	—	(134,624)	—	—	—
Payment of debt issuance costs	(33,018)	(19,606)	(37,567)	(35,922)	(33,018)	(19,606)
Issuance of common stock pursuant to exercise of stock options	17,215	2,947	7,536	—	—	—
Issuance of common stock by exercise of stock options	—	—	—	20,062	17,215	2,947
Payment of withholding taxes relating to stock-based compensation	(9,142)	(7,780)	(8,993)	(9,401)	(9,142)	(7,780)
Payment of dividends to holders of common stock	(41,446)	(54,621)	(52,896)	(52,160)	(41,446)	(54,621)
Repurchase of common stock	(71,491)	(406,086)	(958,194)	—	(71,491)	(406,086)
Net cash provided by (used in) financing activities	1,465,339	(4,323,207)	(2,451,380)	5,721,336	1,465,339	(4,323,207)
Net (decrease) increase in cash and restricted cash	(390,168)	988,446	(192,688)	(699,889)	(390,168)	988,446
Cash and restricted cash at beginning of year	1,328,539	340,093	532,781	938,371	1,328,539	340,093
Cash and restricted cash at end of year	\$ 938,371	\$ 1,328,539	\$ 340,093			
Cash at end of year				\$ 238,482	\$ 938,371	\$ 1,328,539
Cash and restricted cash at end of year are comprised of the following:						
Cash	\$ 938,371	\$ 1,328,536	\$ 340,069	\$ 238,482	\$ 938,371	\$ 1,328,536
Restricted cash included in <i>Other</i> assets	—	3	24	—	—	3
	\$ 938,371	\$ 1,328,539	\$ 340,093	\$ 238,482	\$ 938,371	\$ 1,328,539
Supplemental cash flow information:						
Cash paid for interest	\$ 639,486	\$ 329,975	\$ 389,527	\$ 797,212	\$ 639,486	\$ 329,975
(Refunds received) cash paid for income taxes, net	\$ (1,167)	\$ (127,742)	\$ 293,131			
Cash paid (refunds received) for income taxes, net				\$ 1,488	(1,167)\$	(127,742)
Non-cash investing activities:						
<i>Mortgage servicing rights</i> received from loan sales	\$ 1,849,957	\$ 1,718,094	\$ 1,861,949	\$ 2,280,830	\$ 1,849,957	\$ 1,718,094
Exchange of mortgage servicing spread for interest-only stripped securities	\$ 98,066	\$ —	\$ —			
Exchange of mortgage servicing spread for interest-only stripped mortgage-backed securities				\$ 202,186	\$ 98,066	\$ —

Operating right-of-use assets recognized	\$ 2,893	\$ 1,364	\$ 28,401	\$ 1,388	\$ 2,893	\$ 1,364
Non-cash financing activities:						
Issuance of common stock in settlement of directors' fees	\$ 180	\$ 205	\$ 200	\$ 256	\$ 180	\$ 205
Mortgage servicing liabilities resulting from loan sales	\$ —	\$ —	\$ 106,631			
Issuance of Excess servicing spread payable to PennyMac Mortgage Investment Trust pursuant to a recapture agreement	\$ —	\$ —	\$ 557			

The accompanying notes are an integral part of these consolidated financial statements.

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PENNYMAC FINANCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Organization

PennyMac Financial Services, Inc. (together, with its consolidated subsidiaries, unless the context indicated otherwise, "PFSI" or the "Company") is a holding corporation and its primary assets are equity interests in Private National Mortgage Acceptance Company, LLC ("PNMAC"). The Company is the managing member of PNMAC, and it operates and controls all of the businesses and consolidates the financial results of PNMAC and its subsidiaries.

PNMAC is a Delaware limited liability company which, through its subsidiaries, engages in mortgage banking and investment management activities. PNMAC's mortgage banking activities consist of residential mortgage loan production and servicing. PNMAC's investment management activities and a portion of its mortgage banking activities are conducted on behalf of PennyMac Mortgage Investment Trust, a real estate investment trust that invests in residential mortgage-related assets and is separately listed on the New York Stock Exchange under the ticker symbol "PMT". PNMAC's primary wholly owned subsidiaries are:

- *PennyMac Loan Services, LLC ("PLS")*—a Delaware limited liability company that services portfolios of residential mortgage loans on behalf of non-affiliates and PMT, purchases, originates and sells new prime credit quality residential mortgage loans and engages in other mortgage banking activities for its account and the account of PMT.

PLS is approved as a seller/servicer of mortgage loans by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") and as an issuer of securities guaranteed by the Government National Mortgage Association ("Ginnie Mae"). PLS is a licensed Federal Housing Administration Nonsupervised Title II Lender with the United States Department of Housing and Urban Development ("HUD") and a lender/servicer with the U.S. Department of Veterans Affairs ("VA") and United States Department of Agriculture ("USDA") (each of the above an "Agency" and collectively the "Agencies").

- *PNMAC Capital Management, LLC ("PCM")*—a Delaware limited liability company registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended. PCM has an investment management agreement with PMT.

Note 2—Concentration of Risk

A portion of the Company's activities relate to PMT. Revenues generated from PMT and its subsidiaries (generally comprised of gains on mortgage loans held for sale, loan origination fees, fulfillment fees, loan servicing fees, management fees, change in fair value of investment in and net interest paid dividend received from PMT and expenses allocations charged to PMT) totaled 11%, 10%, 9%, 11% and 9% of total net revenues for the years ended December 31, 2023, December 31, 2024, 2022, 2023 and 2021, 2022, respectively. The Company also purchased 85%, 79%, 70%, 85% and 53%, 70% of its loan production from PMT during the years ended December 31, 2023, December 31, 2024, 2022, 2023 and 2021, 2022, respectively.

The Company maintains cash and short-term investment balances at financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Should one or more of the financial institutions at which the Company's deposits are maintained fail, there is no guarantee as to the extent that the Company would recover the funds deposited, whether through FDIC coverage or otherwise, or the timing of any recovery.

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Note 3—Significant Accounting Policies

A description of the significant accounting policies applied in the preparation of these consolidated financial statements follows.

Basis of Presentation

The Company's consolidated financial statements have been prepared in compliance with accounting principles generally accepted in the United States ("GAAP") as codified in the Financial Accounting Standards Board's ("FASB") *Accounting Standards Codification*.

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Principles of Consolidation

These consolidated financial statements include the accounts of PFSI and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated. The Company also consolidates certain variable interest entities ("VIEs") as described below.

Variable Interest Entities

The Company entered into securitization transactions in which variable interest entities ("VIEs") may VIEs issue variable funding notes ("VFNs") to PLS and term debt backed by beneficial interests in Ginnie Mae and Fannie Mae mortgage servicing rights ("MSRs"). PLS finances the VFNs by selling them under agreements to repurchase. The Company acts as guarantor of the variable funding notes VFNs and term debt. The Company determined that it is the primary beneficiary of the VIEs because as the holder of the VFNs and guarantor of the variable funding notes, VFNs and term debt, it holds the variable interest in the VIEs. Therefore, PFSI consolidates the VIEs.

For financial reporting purposes, the MSRs financed by the consolidated VIEs are included in *Mortgage servicing rights at fair value* and the variable funding notes financing of VFNs are included in *Assets sold under agreements to repurchase* and the term debt is included in *Notes payable secured by mortgage servicing assets* on the Company's consolidated balance sheets. The financing is detailed in Note 14 15 – *Short-Term Borrowings Debt* and Note 15 16 – *Long Term Debt*.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments and estimates 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. Actual results will likely differ from those estimates.

Cash Flows

For the purpose of presentation in the statement of cash flows, the Company has identified tenant security deposits relating to rental properties owned by PMT and managed by the Company as restricted cash. Tenant security deposits are included in *Other* assets on the Company's consolidated balance sheets.

Fair Value

Most of the Company's assets and certain of its liabilities are measured at or based on their fair values. The Company groups its assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the observability of the inputs used to determine their fair value, values. These levels are:

- Level 1—Quoted prices in active markets for identical assets or liabilities.

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- Level 2—Prices determined or determinable using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing an asset or liability and are developed based on market data obtained from sources independent of the Company.
- Level 3— Prices determined using significant unobservable inputs. In situations where observable inputs are unavailable, unobservable inputs may be used. Unobservable inputs reflect the Company's own judgments about the factors that market participants use in pricing an asset or liability, and are based on the best information available in the circumstances.

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As a result of the difficulty in observing certain significant valuation inputs affecting "Level 3" fair value assets and liabilities, the Company is required to make judgments regarding these items' fair values. Different persons in possession of the same facts may reasonably arrive at different conclusions as to the inputs to be applied in valuing these assets and liabilities and their fair values. Such differences may result in significantly different fair value measurements. Likewise, due to the general illiquidity of some of these assets and liabilities, subsequent transactions may be at values significantly different from those reported.

Short-Term Investment

Short-term investment, which represents an investment in an account with a depository institution, is carried at fair value. Changes in fair value are recognized in current period income. The Company classifies its

short-term investment as a “Level 1” fair value asset.

Principal-Only Stripped Mortgage-Backed Securities

The Company invests in Agency principal-only stripped mortgage-backed securities (“MBS”) for the purpose of economically hedging the fair value of its MSRs. The Company’s investments in MBS are carried at fair value with changes in fair value recognized in current period income. Changes in fair value arising from accrual of unearned discount are recognized using the interest method and are included in *Interest income*. Changes in fair value arising from other factors are included in *Net loan servicing fees – Mortgage servicing rights hedging results*. Purchases and sales of MBS are recorded as of the trade date. The Company categorizes principal-only stripped MBS as “Level 2” fair value assets.

Loans Held for Sale at Fair Value

The Company has elected to account for loans held for sale at fair value, with changes in fair value recognized in current period income, to more timely reflect the Company’s performance. All changes in fair value are recognized as a component of *Net gains on loans held for sale at fair value*. The Company classifies most of the loans held for sale **at fair value** as “Level 2” fair value assets. Certain of the Company’s loans held for sale may not be saleable into active markets due to **identified defects or delinquency**, **the loans’ lack of active markets with observable inputs**. Such loans are classified as “Level 3” fair value assets.

Sale Recognition

The Company recognizes transfers of loans as sales when it surrenders control over the loans. Control over transferred loans is deemed to be surrendered when (i) the loans have been isolated from the Company, (ii) the transferee has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred loans, and (iii) the Company does not maintain effective control over the transferred loans through either (a) an agreement that entitles and obligates the Company to repurchase or redeem them before their maturity or (b) the ability to unilaterally cause the holder to return specific loans.

Interest Income Recognition

Interest income on loans held for sale at fair value is recognized over the life of the loans using their contractual interest rates. Income recognition is suspended and the interest receivable is reversed against **interest**~~Interest~~ income when a loan **become becomes** 90 days delinquent. Income recognition is resumed when the loan becomes contractually current.

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Derivative Financial Instruments

The Company holds and issues derivative financial instruments that are created as a result of certain of its operations. The Company also enters into derivative transactions as part of its interest rate risk management activities.

Derivative financial instruments created as a result of the Company’s operations are interest rate lock commitments (“IRLCs”) that are created when the Company commits to purchase or originate a loan for sale at a specified interest rate.

PFSI engages in interest rate risk management activities in an effort to moderate the effect of changes in market interest rates on the fair value of the Company’s assets. The Company is exposed to price risk relative to:

- Loans held for sale and IRLCs. The Company bears price risk from the time a commitment to fund a loan is made to a borrower or to purchase a loan from PMT or a non-affiliated entity, to the time either the prospective transaction is cancelled or the loan is sold. During this period, the Company is exposed to losses if market interest rates increase, because the fair value of the purchase commitment or prospective loan decreases.

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- MSRs. MSRs are generally subject to reduction in fair value when mortgage interest rates decrease. Decreasing mortgage interest rates normally encourage increased mortgage refinancing activity. Increased refinancing activity reduces the expected life of the mortgage loans underlying the MSRs, thereby reducing the MSRs' fair value, values. Reductions in the fair value of MSRs affect earnings primarily through recognition of the changes in fair value.

To manage the fair value risk resulting from interest rate risk, the Company uses derivative financial instruments acquired with the intention of reducing the risk that changes in market interest rates will result in unfavorable changes in the fair value of the Company's IRLCs, inventory of loans held for sale and MSRs.

The Company manages the risk created by IRLCs by entering into forward sale agreements to sell the expected mortgage loans or mortgage-backed securities ("MBS") MBS and by the purchase and sale of options on MBS. Such agreements are also accounted for as derivative financial instruments. These and other interest-rate derivatives are also used to manage the fair value risk created by changes in prepayment speeds on certain of the MSRs the Company holds.

The Company classifies its IRLCs as "Level 3" fair value assets and liabilities. Fair value of hedging derivative financial instruments that are actively traded on an exchange are categorized by the Company as "Level 1" fair value assets and liabilities. Fair value of hedging derivative financial instruments based on observable MBS prices or interest rate volatilities in the MBS market are categorized as "Level 2" fair value assets and liabilities.

The Company does not designate its derivative financial instruments for hedge accounting. Therefore, the Company accounts for its derivative financial instruments as free-standing derivatives. All derivative financial instruments are recognized on the consolidated balance sheet at fair value with changes in the fair values being reported in current period income.

Changes in fair value of derivative financial instruments hedging IRLCs, loans held for sale at fair value and MSRs are included in *Net gains on loans held for sale at fair value* or in *Mortgage servicing rights hedging results*, as applicable, in the Company's consolidated statements of income.

Cash flows from derivative financial instruments relating to hedging of IRLCs and loans acquired for sale are included in *Cash flows from operating activities* in *Sale and repayment of loans acquired for sale at fair value to nonaffiliates* and cash flows from derivative financial instruments relating to hedging of MSRs is included in *Cash flows from investing activities*.

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When the Company has multiple derivative financial instruments with the same counterparty subject to a master netting arrangement, it offsets the amounts recorded as assets and liabilities and amounts recognized for the right to reclaim cash collateral it has deposited with the counterparty or the obligation to return cash collateral it has collected from the counterparty arising from that master netting arrangement. Such offset amounts are presented as either a net asset or liability by counterparty on the Company's consolidated balance sheets.

Servicing Advances

Servicing advances represent contractually required protective advances the Company makes on behalf of the loans' beneficial interest holders. Servicing advances may include advances of scheduled principal and interest amounts due to the beneficial interest holders on delinquent loans, property taxes, insurance premiums and out-of-pocket collection amounts (e.g., preservation and restoration of mortgaged property or real estate acquired in the settlement of loans ("REO"), legal fees, and appraisals) made to protect beneficial interest holders' interests in the properties collateralizing their loans. Servicing advances are made in compliance with the respective servicing agreements and Agency loan servicing guides.

The Company does not expect to incur credit losses on servicing advances as such amounts are generally recoverable from the Agencies. Certain of the Company's loan servicing agreements and Agency loan servicing guides limit the amounts that the beneficial interest holders or loan insurers or guarantors will reimburse the Company, and beneficial interest holders or guarantors may dispute the level of certain charges incurred in the collection process. **Some State laws limit some collection amounts that may be recovered from borrowers.**

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The Company is contractually responsible for making the payments required to protect its beneficial interest holders' interests in the properties collateralizing their loans and may, therefore, be required to incur amounts in excess of insurer or guarantor reimbursement limits. Therefore, the Company provides a valuation allowance on the servicing advances for these amounts in excess of amounts that are expected to ultimately be recovered from the loans' insurers, guarantors or beneficial interest holders.

The servicing advance valuation allowance is estimated based on relevant qualitative and quantitative information about past events, including historical collection and loss experience, current conditions, and reasonable and supportable forecasts that affect collectable amounts. The provision for losses on servicing advances is included in *Servicing* expense in the consolidated statements of income. Servicing advances are written off when they are deemed unrecoverable.

Mortgage Servicing Rights and Mortgage Servicing Liabilities

MSRs and mortgage servicing liabilities ("MSLs") arise from contractual agreements between the Company and investors (or their agents) in mortgage securities and mortgage loans. Under these contracts, the Company performs loan servicing functions in exchange for fees and other remuneration. The servicing functions typically performed include, among other responsibilities, collecting and remitting loan payments; responding to borrower inquiries; accounting for principal and interest; holding custodial (impounded) funds for payment of property taxes and insurance premiums; counseling delinquent mortgagors; administering loss mitigation activities, including modification and forbearance programs; and supervising foreclosures and property dispositions.

The Company is contractually entitled to receive other remuneration including various mortgagor-contracted fees such as late charges and collateral reconveyance charges, and the Company is generally entitled to retain the placement fees earned on impounded funds and funds held pending remittance related to its collection of mortgagor payments. The Company also generally has the right to solicit the mortgagors for other

products and services as well as for new mortgages for those considering refinancing their existing loan or purchasing a new home.

The Company recognizes MSRs and MSLs initially at fair value, either as proceeds from or liabilities incurred in sales of mortgage loans where the Company assumes the obligation to service the mortgage loan in the sale transaction, or from the purchase of MSRs or receipt of cash for acceptance of MSLs.

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The fair value of MSRs and MSLs is derived from the net positive or negative, respectively, cash flows associated with the servicing contracts. For loans subject to MSR and MSL contracts, the Company receives a servicing fee, based on the remaining outstanding principal balances of the mortgage loans subject to the servicing contracts. The servicing fees are collected from the monthly payments made by the mortgagors.

The fair value of MSRs and MSLs is difficult to determine because MSRs and MSLs are not actively traded in observable stand-alone markets. Considerable judgment is required to estimate the fair values of MSRs and MSLs and the exercise of such judgment can significantly affect the Company's income. Therefore, the Company classifies its MSRs and MSLs as "Level 3" fair value assets and liabilities.

Changes in fair value of MSLs and MSRs are recognized in current period income in *Change in fair value of mortgage servicing rights and mortgage servicing liabilities* in the consolidated statements of income.

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Leases

The Company determines if an arrangement is a lease at inception. If the arrangement is determined to be a lease, the Company recognizes both an operating lease right-of-use asset in *Other* assets and a corresponding operating lease liability in *Accounts payable and accrued expenses* in its consolidated balance sheet, except for leases with initial terms less than or equal to 12 months. Lease expense is recognized on the straight-line basis over the lease term and is recorded in *Occupancy and equipment* in the consolidated statements of income.

The Company's lease agreements include both lease and non-lease components (such as common area maintenance), which are generally included in the lease and are accounted for together with the lease as a single lease component. As such, lease payments represent payments on both lease and non-lease components. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the Company's incremental borrowing rate. Right-of-use assets initially equal the lease liability, adjusted for any lease payments made before lease commencement and for any lease incentives.

Furniture, Fixtures, Equipment and Building Improvements

Furniture, fixtures, equipment and building improvements are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the various classes of assets, which range from five to seven years for furniture and

equipment and the lesser of the asset's estimated useful life or the remaining lease term for fixtures and building improvements.

Capitalized Software

The Company capitalizes certain consulting, payroll, and payroll-related costs related to the development of computer software for internal use. Once development is complete and the software is placed in service, the Company amortizes the capitalized costs over three to seven years using the straight-line method.

The Company periodically assesses capitalized software for recoverability when events or changes in circumstances indicate that its carrying amount may not be recoverable. If the Company identifies an indicator of impairment, it assesses recoverability by comparing the carrying amount of the asset to the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable and is measured as the excess of carrying value over fair value.

Investment in PennyMac Mortgage Investment Trust at Fair Value

Common shares of beneficial interest in PMT are carried at fair value with changes in fair value recognized in current period income. Fair value for purposes of the Company's holdings in PMT is based on the published closing price of the shares as of period end. The Company classifies its investment in common shares of PMT as a "Level 1" fair value asset.

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Loans Eligible for Repurchase

The terms of the Ginnie Mae MBS program allow, but do not require, the Company to repurchase a loan when it is at least three months delinquent. As a result of this right, the Company recognizes the loans in *Loans eligible for repurchase* at their unpaid principal balances and records a corresponding liability in *Liability for loans eligible for repurchase* on its consolidated balance sheets.

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Borrowings

The carrying values of borrowings **other than excess servicing spread ("ESS")** are based on the accrued cost of the agreements. The costs of creating the facilities underlying the agreements (debt issuance costs) are included in the carrying value of the agreements and are charged to *Interest expense* over the terms of the respective borrowing facilities:

- Debt issuance costs relating to revolving facilities, such as repurchase agreement and mortgage loan participation purchase and sale facilities are amortized on the straight line basis over the term of the facility; and

- Debt issuance cost relating to non-revolving debts, such as the Company's *Notes payable secured by mortgage servicing assets* and *Unsecured senior notes* are amortized over the contractual term of the non-revolving debt using the interest method.

Excess Servicing Spread Financing at Fair Value

The Company financed certain of its purchases of Agency MSRs through the sale to PMT of the right to receive the excess of the servicing fee rate over a specified rate of the underlying MSRs. This excess is referred to as ESS. ESS is carried at its fair value. Changes in fair value of ESS are recognized in current period income in *Change in fair value of excess servicing spread payable to PennyMac Mortgage Investment Trust*.

Interest expense for ESS is accrued using the interest method based upon the expected cash flows from the ESS through the expected life of the underlying mortgage loans.

Liability for Losses Under Representations and Warranties

The Company's agreements with the Agencies and other investors include representations and warranties related to the loans the Company sells to the Agencies and other investors. The representations and warranties require adherence to Agency and other investor origination and underwriting guidelines, including but not limited to the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state and local law.

In the event of a breach of its representations and warranties, the Company may be required to either repurchase the loans with the identified defects or indemnify the investor or insurer. In such cases, the Company bears any subsequent credit loss on the loans. The Company's credit loss may be reduced by any recourse it may have to correspondent loan sellers that, in turn, had sold such mortgage loans to PMT and breached similar or other representations and warranties. In such event, the Company has the right to seek a recovery of related repurchase losses from that correspondent loan seller, through PMT.

As a result of providing representations and warranties to investors and insurers, the Company records a provision for losses on representations and warranties at fair value upon sale of loans. The method used to estimate the liability for representations and warranties is a function of the representations and warranties given and considers a combination of factors, including, but not limited to, estimated future defaults and loan repurchase rates, the estimated severity of loss in the event of default and the probability of reimbursement by the correspondent loan seller. The Company periodically assesses the adequacy of the recorded liability. The level of the liability for representations and warranties is reviewed and approved by the Company's management credit committee. Both the initial recognition of, and adjustments to the level of, the liability for representations and warranties are recorded in *Net gains on loans held for sale at fair value*.

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The level of the liability for representations and warranties is difficult to estimate and requires considerable judgment. The level of loan repurchase losses is dependent on economic factors, investor repurchase demand or insurer claim denial strategies, and other external conditions that may change over the lives of the underlying loans. The Company's representations and warranties are generally not subject to stated limits of exposure. However, the Company believes that the current unpaid principal balance ("UPB") of loans sold to date represents the maximum exposure to repurchases related to representations and warranties.

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Loan Origination Fees

Loan origination fees represent compensation to the Company for the origination or purchase of loans. Loan origination fees are earned and recognized upon funding or purchase of the loan by the Company and are collected either at purchase from the correspondent seller, at funding when paid by the borrower or upon sale of the loan when the origination fees are financed by the borrower.

Loan Servicing Fees

Loan servicing fees are received by the Company for servicing loans. Loan servicing activities are described in *Mortgage Servicing Rights and Mortgage Servicing Liabilities* above. Loan servicing fee amounts relating to MSRs and MSLs are based upon fee rates established at the time a loan sale or securitization agreement is entered into. Loan servicing fee amounts relating to loans subserviced for PMT are detailed in Note 4 – *Transactions with Related Parties*.

The Company's obligations under its loan servicing agreements are fulfilled as the Company services the loans. Fees are collected when the loan payments are received from the borrowers in the case of MSRs and MSLs held by the Company or within 30 days of the applicable month-end for subserviced loans.

Loan servicing fees relating to owned MSRs are recognized when earned. Loan servicing fees relating to loans subserviced for PMT are recognized in the month in which the loans are serviced.

Fulfillment Fees

Fulfillment fees represent fees the Company collects for services it performs on behalf of PMT in connection with the acquisition, packaging and sale of loans. Fulfillment fee amounts are based upon a negotiated fee schedule as detailed in Note 4 – *Transactions with Related Parties*. The Company's obligation under the agreement is fulfilled when PMT issues a loan commitment, when it purchases a loan and when it completes the sale or securitization of a loan it purchases to investors other than Fannie Mae or Freddie Mac. Fulfillment fee revenue is recognized in the month an interest rate lock commitment is issued, or the loan is purchased or sold by PMT. Fulfillment fees are not collected for any loans sold from PMT to the Company. Fulfillment fees are generally collected from PMT within 30 days of the applicable activity.

Management Fees

Management fees represent compensation to the Company for management services it provides to PMT. Management fees are based on PMT's shareholders' equity amounts and profitability in excess of specified thresholds as detailed in Note 4 – *Transactions with Related Parties*. Management fees are recognized as services are provided and are paid to the Company on a quarterly basis within 30 days of the end of the quarter.

Stock-Based Compensation

The Company establishes the cost of its share-based awards at the awards' fair values at the grant date of the awards. The Company estimates the fair value of time-based restricted stock units and performance-based restricted stock units awarded with reference to the fair value of its underlying common stock and expected forfeiture rates on the date of the award. The Company estimates the fair value of its stock option awards with reference to the expected price volatility of its shares of common stock, expected dividend yield, expected forfeiture rates, and risk-free interest rate for the period that exercisable stock options are expected to be outstanding.

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Compensation costs are fixed, except for performance-based restricted stock units, as of the award date. The cost of performance-based restricted stock units is adjusted in each reporting period after the grant for changes in expected performance attainment until the performance share units vest. The Company amortizes the cost of stock based compensation awards to *Compensation* expense over the vesting period using the graded vesting method.

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Marketing and Advertising

Marketing and advertising (selling) expense represent expenditures for advertising, direct and digital mail solicitation and promotional activities. Marketing and advertising expense is recognized as incurred. Sponsorship agreements are amortized over the period covered by the sponsorship agreements on the straight-line basis.

Income Taxes

The Company is subject to federal and state income taxes. Income taxes are provided using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company recognizes the effect on deferred taxes of a change in tax rates in income in the period in which the change occurs. The Company establishes a valuation allowance if, in management's judgment, it is not more likely than not that a deferred tax asset will be realized.

The Company recognizes tax benefits relating to its tax positions only if, in the opinion of management, it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority. A tax position that meets this standard is recognized as the largest amount that is greater than 50% likely to be realized upon ultimate settlement with the appropriate taxing authority. The Company will classify any penalties and interest as a component of provision for income taxes.

As a result of a recapitalization and reorganization of PNMAC in 2013, the Company expects to benefit from amortization and other tax deductions resulting from increases in the tax basis of PNMAC's assets from the exchange of PennyMac Class A units to the shares of the Company's common stock. Those deductions will be allocated to the Company and will be taken into account in reporting the Company's taxable income.

The Company **assumed an entered into a tax receivable** agreement with certain of the former unitholders of PNMAC that provides for the additional payment by the Company to exchanging unitholders of PNMAC equal to 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that PFSI realizes due to (i) increases in tax basis resulting from exchanges of the then existing unitholders and (ii) certain other tax benefits related to PFSI entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. Although a reorganization of the Company in 2018 eliminated the potential for unitholders to exchange any additional units subject to this tax receivable agreement, the Company continues to be subject to the agreement and provide payment when applicable for units exchanged before the reorganization.

Recently Issued Accounting Pronouncements

Income Tax Disclosures

The FASB issued two Accounting Standards Updates Update ("ASUs" ASU) aimed at increasing No. 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"), that is intended to enhance the amount level of detail provided to financial statement users and decision usefulness of income tax disclosures. ASU 2023-09 requires disclosures of:

- Reconciliation of the expected tax at the applicable statutory federal income tax rate to the reported tax in a tabular format, using both percentages and amounts, broken out into specific categories with certain reconciling items of five percent or greater of the expected tax further broken out by nature and/or jurisdiction; and
- Disclosure of income taxes paid, net of refunds received, broken out between federal and state and local income taxes. Payments to individual jurisdictions representing five percent or more of the total income tax payments must also be separately disclosed.

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The disclosures specified by ASU 2023-09 are required in certain existing disclosures. Neither ASU requires changes to the Company's accounting annual financial statements beginning with the year ended December 31, 2025, with early adoption permitted. The ASUs are discussed below. Company is evaluating the effect on its disclosures.

Accounting Standards Adopted in 2024

Segment Disclosures

The In November 2023, the FASB issued Accounting Standards Update ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), that is intended to improve disclosures about a public entity's reportable segments and addresses requests from investors and other allocators of capital for more detailed information about a reportable segment's expenses.

The amendments in ASU 2023-07 are intended to improve reportable segment disclosure requirements disclosures primarily through enhanced disclosures about significant segment expenses. The key amendments will require that the Company supplement its existing disclosures to include disclosure of:

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- significant segment expenses that are regularly provided to the chief operating decision maker included within each reported measure of segment profit or loss; and
- an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the significant expenses disclosed and each reported measure of segment profit or loss.

The Company will be required to apply the reporting specified by adopted ASU 2023-07, using the retrospective method, for the year ended December 31, 2024. Detailed disclosures are included in annual periods beginning with its fiscal year ending December 31, 2024 and for quarterly periods ended thereafter. Note 27—*Segments*.

Disaggregation of Income Tax Disclosures Statement Expenses

The FASB issued ASU 2023-09, No. 2024-03, *Improvements Income Statement (Topic 220) —Reporting Comprehensive Income—Expense Disaggregation Disclosures* (“ASU 2024-03”), to *Income Tax Disclosures* (“ASU 2023-09”), improve the disclosures of expenses by requiring public business entities to provide further disaggregation of relevant expense captions; employee compensation, depreciation and amortization of intangible assets in a separate note to the financial statements. A qualitative description of the amounts remaining in relevant expense captions that is intended to enhance are not separately disaggregated quantitatively, and the level total amount of detail selling expenses and, decision usefulness in an annual reporting period, an entity's definition of income tax disclosures. ASU 2023-09 requires disclosures of selling expenses.

- Reconciliation of the expected tax at the applicable statutory federal income tax rate to the reported tax in a tabular format, using both percentages and amounts, broken out into specific categories with certain reconciling items of five percent or greater of the expected tax further broken out by nature and/or jurisdiction; and
- Disclosure of income taxes paid, net of refunds received, broken out between federal and state and local income taxes. Payments to individual jurisdictions representing five percent or more of the total income tax payments must also be separately disclosed.

The disclosures Company adopted ASU 2024-03 effective December 31, 2024. The disclosure specified by ASU 2023-09 are required 2024-03 is included in the Company's annual financial statements beginning with the year ended December 31, 2025, with early adoption permitted. Note 24—Disaggregation of Certain Expense Captions.

Note 4—Transactions with Related Parties

Transactions with PMT

Operating Activities

Mortgage Loan Production Activities and Mortgage Servicing Rights Recapture

Loan Sales

The Company may sell newly originated loans to PMT under a mortgage loan purchase agreement. The Company has typically utilized the mortgage loan purchase agreement for the purpose of selling to PMT conforming balance non-government insured or guaranteed loans, as well as prime jumbo residential mortgage loans.

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MSR Recapture Agreement

Pursuant to the terms of an MSR recapture agreement, when the Company refinances mortgage loans for which PMT previously held the MSRs, the Company is generally required to transfer and convey to PMT cash in an amount equal to:

- 40% of the fair market value of the MSRs relating to the recaptured loans subject to the first 15% of the “recapture rate”;
- 35% of the fair market value of the MSRs relating to the recaptured loans subject to the “recapture rate” in excess of 15% and up to 30%; and
- 30% of the fair market value of the MSRs relating to the recaptured loans subject to the “recapture rate” in excess of 30%.

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The "recapture rate" means, during each month, the ratio of (i) the aggregate UPB of all recaptured loans, to (ii) the aggregate UPB of all mortgage loans for which the Company held the MSRs and that were refinanced or otherwise paid off in such month. The Company has further agreed to allocate sufficient resources to target a recapture rate of 15%.

In December 2024, the MSR recapture agreement was renewed and amended, effective January 1, 2025, to adjust the recapture fee to require the Company to transfer cash to PMT in an amount equal to:

- 70% of the fair market value of the MSRs relating to the recaptured loans subject to the first 30% of the "recapture rate";
- 50% of the fair market value of the MSRs relating to the recaptured loans subject to the "recapture rate" in excess of 30% and up to 50%;
- 40% of the fair market value of the MSRs relating to the recaptured loans subject to the "recapture rate" in excess of 50%; and
- a recapture fee of \$900 per loan if PLS originates a mortgage loan for the purpose of purchasing a property where the customer has or had a mortgage loan for which PMT holds or held the MSR.

For the purpose of the December 2024 renewal and amendment of the MSR recapture agreement, the "recapture rate" means, during each month, the ratio of (i) the aggregate unpaid principal balance of all refinance mortgage loans originated in such month, plus the aggregate unpaid principal balance of all "preserved mortgage loans" relating to closed end second lien loans originated in such month, to (ii) the aggregate unpaid principal balance of all mortgage loans from the portfolio that PLS has determined in good faith were refinanced in such month, plus the aggregate unpaid principal balance of all "preserved mortgage loans" relating to closed end second loans originated in such month. For purposes of such calculation, "preserved mortgage loan" means a mortgage loan in PMT's portfolio as to which PLS or its affiliates originated a new closed end second lien loan in a subordinate position to such mortgage loan.

The mortgage loan purchase and MSR recapture agreements expire agreement expires on June 30, 2025, December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

Mortgage Banking Services Agreement

Fulfillment Services

The Company provides PMT with certain mortgage banking services, including fulfillment and disposition-related services, for which it receives a monthly fulfillment fee. Pursuant to the terms of a mortgage banking services agreement, the fulfillment fees shall not exceed the following:

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- the number of loan commitments multiplied by a pull-through factor of either .99 or .80 depending on whether the loan commitments are subject to a "mandatory trade confirmation" or a "best efforts lock confirmation", respectively, and then multiplied by \$585 for each pull-through adjusted loan commitment up to and including 16,500 per quarter and \$355 for each pull-through adjusted loan commitment in excess of 16,500 per quarter, plus
- \$315 multiplied by the number of purchased loans up to and including 16,500 per quarter and \$195 multiplied by the number of purchased loans in excess of 16,500 per quarter, plus
- \$750 multiplied by the number of all purchased loans that are sold or securitized to parties other than Fannie Mae and Freddie Mac; provided however, that no fulfillment fee shall be due or payable to PLS with respect to any Ginnie Mae loans, and as of October 1, 2022, certain Fannie Mae or Freddie Mac loans acquired by PLS.

In December 2024, the mortgage banking services agreement was renewed and amended, effective January 1, 2025, to provide for a quarterly fulfillment fee not to exceed the following:

- the number of non-Ginnie Mae loan commitments issued during the quarter multiplied by a pull-through factor of either .99 or .80 depending on whether the loan commitments are subject to a "mandatory trade confirmation" or a "best efforts lock confirmation", respectively, and then multiplied by \$585 for each pull-through adjusted loan commitment up to and including 16,500 per quarter and \$355 for each pull-through adjusted loan commitment in excess of 16,500 per quarter, and then multiplied by a ratio of the number of loan commitments issued to PMT during the quarter to the total number of non-Ginnie Mae loan commitments issued during the quarter, plus
- \$315 multiplied by the number of purchased loans up to and including 16,500 per quarter and \$195 multiplied by the number of purchased loans in excess of 16,500 per quarter, multiplied by a ratio of the number of loans purchased by PMT during the quarter to the total number of non-Ginnie Mae loans purchased during the quarter, plus
- \$500 multiplied by the number of all purchased loans that are securitized or sold to parties other than Fannie Mae or Freddie Mac; provided however, that no fulfillment fee shall be due or payable to the Company with respect to any Ginnie Mae mortgage loans, any Fannie Mae mortgage loan or Freddie Mac mortgage loan acquired from PMT by the Company on a discretionary basis, or any mortgage loan acquired by PMT from the Company on or before June 30, 2025, provided that supplemental fees may still be charged in connection with the securitization or sale of any such mortgage loans.

Sourcing Fees

PMT does not hold the Ginnie Mae approval required to issue Ginnie Mae MBS and act as a servicer. Accordingly, under the agreement, the Company purchases mortgage loans underwritten in accordance with the Ginnie Mae MBS Guide "as is" and without recourse of any kind from PMT at PMT's cost less an administrative fee plus accrued interest and sourcing fee ranging from one to two basis points of the UPB of the loan, generally based on the average number of calendar days the loans are held by PMT before purchase by the Company. The Company may also acquire conventional loans from PMT on the same terms upon mutual agreement between PMT and the Company.

While the Company purchases these mortgage loans "as is" and without recourse of any kind from PMT, where the Company has a claim for repurchase, indemnity or otherwise against a correspondent seller, it is entitled, at its sole expense, to pursue any such claim through or in the name of PMT.

In December 2024, the mortgage banking services agreement was renewed and amended to provide for the Company to assume the role of initial correspondent loan purchaser in place of PMT effective July 1, 2025. Under this agreement, PMT retains the right to purchase up to 100% of the non-government insured or guaranteed loans purchased by the Company through its correspondent operations at the Company's cost plus accrued interest, less any loan administrative fees paid to the Company by the correspondent sellers and subject to quarterly fulfillment fee charges as previously described. The Company may hold or otherwise sell correspondent lending loans to other investors if PMT chooses not to purchase such loans. Accordingly, the sourcing fee arrangement will no longer have any effect beginning July 1, 2025.

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The mortgage banking services agreement expires on December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

Following is a summary of loan production activities, including MSR recapture, between the Company and PMT:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Net losses on loans held for sale at fair value:						
Net losses on loans sold to PMT (primarily cash)	\$ —	\$ (2,820)	\$ —			
Net gains (losses) on loans held for sale at fair value:						
Net gains (losses) on loans sold to PMT (primarily cash)				\$ 6,260	\$ —	\$ (2,820)
Mortgage servicing rights recapture incurred	(1,784)	(13,744)	(51,473)	(2,193)	(1,784)	(13,744)
	<u>\$ (1,784)</u>	<u>\$ (16,564)</u>	<u>\$ (51,473)</u>	<u>\$ 4,067</u>	<u>\$ (1,784)</u>	<u>\$ (16,564)</u>
Sales of loans held for sale to PMT	\$ —	\$ 298,862	\$ —			
Sale of loans held for sale to PMT				\$ 662,952	\$ —	\$ 298,862
UPB of loans recaptured				\$ 353,710	\$ 315,412	\$ 2,533,115
Tax service fees earned from PMT included in Loan origination fees	\$ 3,216	\$ 8,418	\$ 26,126	\$ 2,503	\$ 3,216	\$ 8,418
Fulfillment fee revenue	\$ 27,826	\$ 67,991	\$ 178,927	\$ 26,291	\$ 27,826	\$ 67,991
Unpaid principal balance of loans fulfilled for PMT subject to fulfillment fees	\$ 14,898,301	\$ 37,090,031	\$ 110,003,574	\$ 13,446,484	\$ 14,898,301	\$ 37,090,031
Sourcing fees included in cost of loans purchased from PMT	\$ 7,162	\$ 4,968	\$ 6,472	\$ 8,069	\$ 7,162	\$ 4,968
Unpaid principal balance of loans purchased from PMT:						
Government guaranteed or insured	\$ 40,476,782	\$ 45,768,110	\$ 64,774,728	\$ 40,838,480	\$ 40,476,782	\$ 45,768,110
Conventional conforming	31,141,915	3,912,157	—	39,856,056	31,141,915	3,912,157
	<u>\$ 71,618,697</u>	<u>\$ 49,680,267</u>	<u>\$ 64,774,728</u>	<u>\$ 80,694,536</u>	<u>\$ 71,618,697</u>	<u>\$ 49,680,267</u>

Loan Servicing Agreement

The Company and PMT have entered into a loan servicing agreement (the "Servicing Agreement"), pursuant to which the Company provides subservicing for PMT's portfolio of MSRs, loans at fair value other than loans purchased with credit deterioration and loans held for sale (prime servicing) and its portfolio of residential mortgage loans purchased with credit deterioration (special servicing). The Servicing Agreement provides for servicing fees of per-loan monthly amounts based on the delinquency, bankruptcy and/or foreclosure status of the serviced loan or REO. The Company also remains entitled to customary ancillary income and market-based fees and charges relating to loans it services for PMT.

Prime Servicing

- The base servicing fees for prime servicing loans are calculated through a monthly per-loan dollar amount, with the actual dollar amount for each loan based on whether the loan is a fixed-rate or adjustable-rate loan. The base servicing fee rates are \$7.50 per month for fixed-rate loans and \$8.50 per month for adjustable-rate loans.

- To the extent that prime loans become delinquent, the Company is entitled to an additional servicing fee per loan ranging from \$10 to \$55 per month based on the delinquency, bankruptcy and foreclosure status of the loan or \$75 per month if the underlying mortgaged property becomes REO. The Company is also entitled to customary ancillary income and certain market-based fees and charges, including boarding and deboarding fees, liquidation and disposition fees, assumption, modification and origination fees and a percentage of late charges.
- The Company receives certain fees for COVID-19 pandemic-related forbearance and modification activities provided for under the Coronavirus Aid, Relief and Economic Security Act.

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Special Servicing

- The base servicing fee rates for special servicing loans range from \$30 per month for current loans up to \$95 per month for loans in foreclosure proceedings. The base servicing fee rate for REO is \$75 per month. The Company also receives a supplemental servicing fee of \$25 per month for each special servicing loan.
- The Company receives activity-based fees for modifications, foreclosures and liquidations that it facilitates with respect to special servicing loans, as well as other market-based refinancing and loan disposition fees.

Following is a summary of loan servicing fees earned from PMT:

Loan type serviced	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
Servicing portfolio						

	(in thousands)			(in thousands)		
Prime servicing	\$ 81,139	\$ 81,386	\$ 80,153	\$83,173	\$81,139	\$81,386
Special servicing	208	529	505	79	208	529
	\$ 81,347	\$ 81,915	\$ 80,658	\$83,252	\$81,347	\$81,915

In December 2024, the Servicing Agreement was modified and extended, effective January 1, 2025. Changes to the Servicing Agreement include applying the servicing fee rates under the prime servicing fee schedule to special servicing loans, passing through Agency incentive fees to the Company for loss mitigation activities, adding a fee for processing insurance and guarantee claims on defaulted loans and increasing servicing fee rates for delinquent loans to a range of \$18 to \$80 per month based on the loans' delinquency, bankruptcy and foreclosure status.

The Servicing Agreement expires on June 30, 2025. December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

Investment Management Activities Agreement

The Company has a management agreement with PMT ("Management Agreement"), pursuant to which the Company oversees PMT's business affairs **in conformity with the investment policies that are approved and monitored by its board of trustees**, for which PFSI collects a base management fee and may collect a performance incentive fee. The Management Agreement provides that:

- The base management fee is calculated quarterly and is equal to the sum of (i) 1.5% per year of PMT's average shareholders' equity up to \$2 billion, (ii) 1.375% per year of PMT's average shareholders' equity in excess of \$2 billion and up to \$5 billion, and (iii) 1.25% per year of PMT's average shareholders' equity in excess of \$5 billion.
- The performance incentive fee is calculated quarterly at a defined annualized percentage of the amount by which PMT's "net income," on a rolling four-quarter basis and before deducting the incentive fee, exceeds certain levels of return on "equity."

The performance incentive fee is equal to the sum of:

- 10% of the amount by which PMT's "net income" for the quarter exceeds (i) an 8% return on "equity" plus the "high watermark," up to (ii) a 12% return on PMT's "equity"; plus
- 15% of the amount by which PMT's "net income" for the quarter exceeds (i) a 12% return on PMT's "equity" plus the "high watermark," up to (ii) a 16% return on PMT's "equity"; plus
- 20% of the amount by which PMT's "net income" for the quarter exceeds a 16% return on "equity" plus the "high watermark."

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For the purpose of determining the amount of the performance incentive fee:

"Net income" is defined as net income or loss attributable to PMT's common shares of beneficial interest computed in accordance with GAAP adjusted for certain other non-cash charges determined after discussions between the Company and PMT's independent trustees and approval by a majority of PMT's independent trustees.

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"Equity" is the weighted average of the issue price per common share of all of PMT's public offerings, multiplied by the weighted average number of common shares outstanding (including restricted share units) in the rolling four-quarter period.

The "high watermark" is the quarterly adjustment that reflects the amount by which the "net income" (stated as a percentage of return on "equity") in that quarter exceeds or falls short of the lesser of 8% and the average Fannie Mae 30-year MBS yield (the "Target Yield") for the four quarters then ended. If the "net income" is less than the Target Yield, the high watermark is increased by the difference. If the "net income" is more than the Target Yield, the high watermark is reduced by the difference. Each time a performance incentive fee is earned, the high watermark returns to zero. As a result, the threshold amounts required for the Company to earn a performance incentive fee are adjusted

cumulatively based on the performance of PMT's "net income" over (or under) the Target Yield, until the "net income" in excess of the Target Yield exceeds the then-current cumulative high watermark amount, and a performance incentive fee is earned.

The base management fee and the performance incentive fee are both receivable quarterly in arrears. The performance incentive fee may be paid in cash or a combination of cash and PMT's common shares (subject to a limit of no more than 50% paid in common shares), at PMT's option.

In the event of termination of the Management Agreement between PMT and the Company, the Company may be entitled to a termination fee in certain circumstances. The termination fee is equal to three times the sum of (a) the average annual base management fee, and (b) the average annual performance incentive fee earned by the Company, in each case during the 24-month period immediately preceding the date of termination.

Following is a summary of the base management and performance incentive fees earned from PMT:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Base management	\$ 28,762	\$ 31,065	\$ 34,794	\$ 28,623	\$ 28,762	\$ 31,065
Performance incentive	—	—	3,007	—	—	—
	<u>\$ 28,762</u>	<u>\$ 31,065</u>	<u>\$ 37,801</u>	<u>\$ 28,623</u>	<u>\$ 28,762</u>	<u>\$ 31,065</u>
Average PMT's shareholders' equity used to calculate base management fees						
			\$1,908,287	\$1,917,642	\$2,079,851	

In December 2024, the Management Agreement was renewed and amended effective January 1, 2025, to change the incentive fee from a quarterly fee to an annual fee and limit the calculation of the high watermark to the two-year period preceding the fiscal year for which the incentive fee is calculated. In addition, the highwater mark shall never be less than zero after including all high watermark increases and high watermark decreases over any such rolling two fiscal year period.

The Management Agreement expires on December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

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Expense Reimbursement

Under the Management Agreement, PMT reimburses the Company for its organizational and operating expenses, including third-party expenses, incurred on PMT's behalf, it being understood that the Company and its affiliates shall allocate a portion of their personnel's time to provide certain legal, tax and investor relations services for the direct benefit of PMT. With respect to the allocation of the Company's and its affiliates' personnel compensation, the Company is reimbursed \$165,000 per fiscal quarter, such amount to be reviewed annually and not preclude reimbursement for any other services performed by the Company or its affiliates.

PMT is also required to pay its pro rata portion of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of the Company and its affiliates required for PMT's and its subsidiaries' operations. These expenses are allocated based on the ratio of PMT's proportion of gross assets compared to all remaining gross assets managed or owned by the Company and/or its affiliates as calculated at each fiscal quarter end.

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Table Under the amended Management Agreement discussed above, effective January 1, 2025, the Company will be reimbursed based on the resources it dedicates to investment management for PMT and will also be reimbursed for its accounting, legal, financial reporting, Sarbanes Oxley Act of Contents 2002 compliance and internal audit services. Such allocations will be reviewed annually.

The Company received reimbursements from PMT for expenses as follows:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Reimbursement of:						
Expenses incurred on PMT's behalf, net	\$ 21,468	\$ 23,829	\$ 18,812	\$ 20,871	\$ 21,468	\$ 23,829
Common overhead incurred by the Company	7,492	8,588	4,906	7,909	7,492	8,588
Compensation	660	660	660	660	660	660
	<u>\$ 29,620</u>	<u>\$ 33,077</u>	<u>\$ 24,378</u>	<u>\$ 29,440</u>	<u>\$ 29,620</u>	<u>\$ 33,077</u>
Payments and settlements during the year (1)	<u>\$ 94,339</u>	<u>\$ 144,012</u>	<u>\$ 284,381</u>	<u>\$ 118,167</u>	<u>\$ 94,339</u>	<u>\$ 144,012</u>

(1) Payments and settlements include payments for the operating, investing and financing activities summarized in this note and netting settlements made pursuant to master netting agreements between the Company and PMT.

Investing Activities

Master Repurchase Agreement

The Company, through PLS, has a master repurchase agreement with one of PMT's wholly-owned subsidiaries, PennyMac Holdings, LLC ("PMH") (the "PMH Repurchase Agreement"), pursuant to which PMH

may borrow from the Company for the purpose of financing PMH's participation certificates representing beneficial ownership in ESS under the Spread Acquisition Agreement. PLS then re-pledges such participation certificates to PNMAR GMSR ISSUER TRUST (the "Issuer Trust") under a master repurchase agreement by and among PLS, the Issuer Trust and PNMAR, as guarantor (the "PC Repurchase Agreement"). The Issuer Trust was formed for the purpose of allowing PLS to finance MSRs and ESS relating to such MSRs (the "GNMA MSR Facility").

In the first quarter of 2021, PLS repurchased the ESS from PMH at fair market value, effectively terminating the borrowing arrangements allowing PMH to finance its participation certificates representing beneficial ownership in ESS. Such ESS is now included in PLS's participation certificates representing beneficial ownership in ESS and MSRs, which PLS pledges in connection with the GNMA MSR Facility.

The Company holds an investment in PMT in the form of 75,000 common shares of beneficial interest.

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Following is a summary of investing activities between the Company and PMT:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Assets purchased from PennyMac Mortgage Investment Trust under agreements to resell pledged to creditors:						
Activity during the year:						
Net repayments of assets purchased from PMT under agreement to resell			\$80,862			
Interest income			\$ 387			
Balance at end of year			\$ —			
Common shares of beneficial interest of PennyMac Mortgage Investment Trust:						
Activity during the year:						
Dividends earned from PennyMac Mortgage Investment Trust	\$ 120	\$ 136	\$ 141			
Change in fair value of investment in common shares of PennyMac Mortgage Investment Trust	192	(371)	195			
	<u>\$ 312</u>	<u>\$ (235)</u>	<u>\$ 336</u>			
Dividends from PennyMac Mortgage Investment Trust				\$ 120	\$ 120	\$ 136
Change in fair value of investment in PennyMac Mortgage Investment Trust				(177)	192	(371)
Dividends received and change in fair value				<u>\$ (57)</u>	<u>\$ 312</u>	<u>\$ (235)</u>
Balance at end of year:						

Fair value	\$1,121	\$ 929	\$ 944	\$1,121
Number of shares	75	75	75	75

Financing Activities

Spread Acquisition and MSR Servicing Agreements

The Company has an amended and restated a master spread acquisition and MSR servicing agreement with PMT (the "Spread Acquisition Agreement"), pursuant to which the Company may sell to PMT, from time to time, the right to receive participation certificates representing beneficial ownership in ESS arising from Ginnie Mae MSRs acquired by the Company, in which case the Company generally would be required to service or subservice the related mortgage loans for Ginnie Mae. The primary purpose of the amendment and restatement was to facilitate the continued financing of the ESS owned by PMT in connection with the parties' participation in the GNMA MSR Facility.

To the extent the Company refinances any of the mortgage loans relating to the ESS it has issued to PMT, the Spread Acquisition Agreement also contains recapture provisions requiring that the Company transfer to PMT, at no cost, the ESS relating to a certain percentage of the UPB of the newly originated mortgage loans. However, under the Spread Acquisition Agreement, in any month where the transferred ESS relating to newly originated Ginnie Mae mortgage loans is not equivalent to at least 90% of the product of the excess servicing fee rate and the UPB of the refinanced mortgage loans, the Company is also required to transfer additional ESS or cash in the amount of such shortfall. Similarly, in any month where the transferred ESS relating to modified Ginnie Mae mortgage loans is not equivalent to at least 90% of the product of the excess servicing fee rate and the UPB of the modified mortgage loans, the Spread Acquisition Agreement contains provisions that require the Company to transfer additional ESS or cash in the amount of such shortfall. To the extent the fair market value of the aggregate ESS to be transferred for the applicable month is less than \$200,000, the Company may, at its option, pay cash to PMT in an amount equal to such fair market value instead of transferring such ESS.

During the quarter ended March 31, 2021, the Company repaid its outstanding ESS financing through the repurchase of the ESS from PMT.

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Following is a summary of financing activities between the Company and PMT:

	Year ended December 31, 2021 (in thousands)
Excess servicing spread financing:	
Balance at beginning of year	\$ 131,750
Issuance pursuant to recapture agreement	557
Accrual of interest	1,280
Change in fair value	1,037
Repayment	(134,624)
Balance at end of year	\$ —
Recapture incurred pursuant to refinancings by the Company of mortgage loans subject to excess servicing spread financing included in <i>Net gains on loans held for sale at fair value</i>	\$ 614

Receivable from and Payable to PMT

Amounts receivable from and payable to PMT are summarized below:

December 31,		December 31,	
2023	2022	2024	2023

	(in thousands)		(in thousands)	
Receivable from PMT:				
Correspondent production fees	\$ 8,288	\$ 6,835	\$ 11,122	\$ 8,288
Management fees	7,252	7,307	7,149	7,252
Servicing fees	6,809	6,740	6,822	6,809
Allocated expenses and expenses incurred on PMT's behalf	5,612	11,447	3,508	5,612
Fulfillment fees	1,301	4,043	1,605	1,301
	<u>\$ 29,262</u>	<u>\$ 36,372</u>	<u>\$ 30,206</u>	<u>\$ 29,262</u>
Payable to PMT:				
Amounts advanced by PMT to fund its servicing advances	\$ 208,154	\$ 201,451	\$ 106,302	\$ 208,154
Other	56	3,560	16,015	56
	<u>\$ 208,210</u>	<u>\$ 205,011</u>	<u>\$ 122,317</u>	<u>\$ 208,210</u>

Exchanged Private National Mortgage Acceptance Company, LLC Unitholders

The Company entered into a tax receivable agreement with certain former owners of PNMAC that provides for the payment from time to time by the Company to PNMAC's exchanged unitholders of an amount equal to 85% of the amount of the net tax benefits, if any, that the Company is deemed to realize as a result of (i) increases in tax basis of PNMAC's assets resulting from exchanges of ownership interests in PNMAC and (ii) certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement.

Although a reorganization in November 2018 eliminated the potential for unitholders to exchange any additional units subject to this tax receivable agreement, the Company continues to be subject to the agreement and will be required to make payments, to the extent any of the tax benefits specified above are deemed to be realized, under the tax receivable agreement to those certain prior owners of PNMAC who effected exchanges of ownership interests in PNMAC for the Company's common stock before the closing of the reorganization.

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Following is a summary of activity in Payable to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement:

	Year ended December 31,		
	2023	2022	2021
	(in thousands)		
Activity during the year:			
Payments under tax receivable agreement	\$ —	\$ 3,855	\$ 4,635

Repricing of liability	\$	—	\$	(576)	\$	—
Balance at end of year	\$26,099	\$26,099	\$	30,530		

Townsgate Closing Services LLC

On December 27, 2022, the Company advanced \$801,000 to one of its joint ventures, Townsgate Closing Services, LLC, under a revolving loan agreement. The revolving agreement has a maximum commitment amount of \$1.5 million, matures on December 27, 2027 and earns interest, at 10.13% per year as of December 31, 2023, subject to semi-annual adjustment indexed to the 10+ year USD High Yield Corporate Bond Index as determined by Tradeweb/Bloomberg. The outstanding balance is included in *Other* assets on the Company's consolidated balance sheet. The Company recorded \$84,000 of interest income related to the loan during the year ended December 31, 2023.

	Year ended December 31,		
	2024	2023	2022
	(in thousands)		
Activity during the year:			
Payments under tax receivable agreement	\$ —	\$ —	\$ 3,855
Repricing of liability	\$ (201)	\$ —	\$ (576)
Balance at end of year	\$25,898	\$26,099	\$ 26,099

Donor Advised Fund

During the year ended December 31, 2021 December 31, 2024, the Company contributed \$5.8 million \$2.5 million to a donor advised fund for the purpose of making charitable contributions. No such contributions were made during the years ended December 31, 2023 and 2022.

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Note 5—Loan Sales and Servicing Activities

The Company originates or purchases and sells mortgage loans in the secondary mortgage market without recourse for credit losses. However, the Company maintains continuing involvement with the loans in the form of servicing arrangements and the liability for representations and warranties it makes to purchasers and insurers of the loans.

The following table summarizes cash flows between the Company and transferees as a result of the sale of loans in transactions where the Company maintains continuing involvement with the loans as servicer:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)						
	(in thousands)						
Cash flows:							
Sales proceeds	\$ 85,684,522	\$ 84,345,379	\$ 154,450,942	\$ 101,105,292	\$ 85,684,522	\$ 84,345,379	
Servicing fees received	\$ 1,173,108	\$ 931,315	\$ 840,104	\$ 1,423,171	\$ 1,173,108	\$ 931,315	

The following is a summary of the allowance for losses on servicing advances that the Company makes on behalf of the loans' beneficial interest holders in the properties collateralizing their loans:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Balance at beginning of year	\$ 78,992	\$ 120,940	\$ 181,433	\$ 73,991	\$ 78,992	\$ 120,940
Provision (reversals of provision) for losses	3,271	(36,075)	(47,878)	32,962	3,271	(36,075)
Charge-offs, net	(8,272)	(5,873)	(12,615)	(21,165)	(8,272)	(5,873)
Balance at end of year	\$ 73,991	\$ 78,992	\$ 120,940	\$ 85,788	\$ 73,991	\$ 78,992

The following table summarizes the UPB of the loans sold by the Company in which it maintains continuing involvement:

	December 31,	
	2024	2023
	(in thousands)	
Unpaid principal balance of loans outstanding	\$ 410,393,342	\$ 352,790,614
Delinquent loans:		
30-89 days	\$ 17,301,961	\$ 13,775,493
90 days or more:		
Not in foreclosure	\$ 8,104,348	\$ 6,754,282
In foreclosure	\$ 693,934	\$ 618,694
Foreclosed	\$ 2,928	\$ 7,565
Loans in bankruptcy	\$ 1,762,324	\$ 1,415,614

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The following table summarizes the UPB of the loans sold by the Company in which it maintains continuing involvement:

	December 31,	
	2023	2022
	(in thousands)	
Unpaid principal balance of loans outstanding	\$ 352,790,614	\$ 295,032,674
Delinquent loans:		
30-89 days	\$ 13,775,493	\$ 11,019,194
90 days or more:		
Not in foreclosure	\$ 6,754,282	\$ 6,548,849
In foreclosure	\$ 618,694	\$ 834,155
Foreclosed	\$ 7,565	\$ 12,905
Loans in bankruptcy	\$ 1,415,614	\$ 1,143,484

The following tables summarize the UPB of the Company's loan servicing portfolio:

December 31, 2023			December 31, 2024		
Servicing rights owned	Subservicing	Total loans serviced	Servicing rights owned	Subservicing	Total loans serviced

	(in thousands)			(in thousands)		
Investor:						
Non-affiliated entities:						
Originated	\$ 352,790,614	\$ —	\$ 352,790,614	\$ 410,393,342	\$ —	\$ 410,393,342
Purchased	17,478,397	—	17,478,397	15,681,406	—	15,681,406
Subserviced				—	806,584	806,584
	370,269,011	—	370,269,011	426,074,748	806,584	426,881,332
PennyMac Mortgage Investment Trust	—	232,653,069	232,653,069	—	230,753,581	230,753,581
Loans held for sale	4,294,689	—	4,294,689	8,128,914	—	8,128,914
	<u>\$ 374,563,700</u>	<u>\$ 232,653,069</u>	<u>\$ 607,216,769</u>	<u>\$ 434,203,662</u>	<u>\$ 231,560,165</u>	<u>\$ 665,763,827</u>
Delinquent loans:						
30 days	\$ 11,097,929	\$ 1,808,516	\$ 12,906,445	\$ 13,095,250	\$ 1,996,821	\$ 15,092,071
60 days	3,316,494	399,786	3,716,280	4,838,550	676,508	5,515,058
90 days or more:						
Not in foreclosure	6,941,325	1,031,299	7,972,624	8,289,129	1,210,270	9,499,399
In foreclosure	686,359	92,618	778,977	730,372	106,188	836,560
Foreclosed	8,133	4,295	12,428	3,716	2,732	6,448
	<u>\$ 22,050,240</u>	<u>\$ 3,336,514</u>	<u>\$ 25,386,754</u>	<u>\$ 26,957,017</u>	<u>\$ 3,992,519</u>	<u>\$ 30,949,536</u>
Loans in bankruptcy	\$ 1,523,218	\$ 186,593	\$ 1,709,811	\$ 1,852,396	\$ 286,093	\$ 2,138,489
Custodial funds managed by the Company (1)	\$ 3,741,978	\$ 1,759,974	\$ 5,501,952	\$ 6,171,157	\$ 2,391,875	\$ 8,563,032

(1) Custodial funds are cash accounts holding funds on behalf of borrowers and investors relating to loans serviced under servicing agreements and are not recorded on the Company's consolidated balance sheets. The Company earns placement fees on certain of the custodial funds it manages on behalf of the loans' borrowers and investors. Placement fees are included in *Interest income* in the Company's consolidated statements of income.

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	December 31, 2022		
	Servicing		Total
	rights owned	Subservicing	loans serviced
	(in thousands)		
Investor:			
Non-affiliated entities:			
Originated	\$ 295,032,674	\$ —	\$ 295,032,674
Purchased	19,568,122	—	19,568,122
	314,600,796	—	314,600,796
PennyMac Mortgage Investment Trust	—	233,575,672	233,575,672
Loans held for sale	3,498,214	—	3,498,214
	<u>\$ 318,099,010</u>	<u>\$ 233,575,672</u>	<u>\$ 551,674,682</u>
Delinquent loans:			
30 days	\$ 8,903,829	\$ 1,576,414	\$ 10,480,243
60 days	2,855,176	337,081	3,192,257
90 days or more:			
Not in foreclosure	6,829,985	888,057	7,718,042
In foreclosure	914,213	75,012	989,225
Foreclosed	13,835	7,979	21,814
	<u>\$ 19,517,038</u>	<u>\$ 2,884,543</u>	<u>\$ 22,401,581</u>
Loans in bankruptcy	\$ 1,291,038	\$ 125,719	\$ 1,416,757
Custodial funds managed by the Company (1)	\$ 3,329,709	\$ 1,783,157	\$ 5,112,866

	December 31, 2023		
	Servicing		Total
	rights owned	Subservicing	loans serviced
	(in thousands)		
Investor:			
Non-affiliated entities:			
Originated	\$ 352,790,614	\$ —	\$ 352,790,614
Purchased	17,478,397	—	17,478,397
	370,269,011	—	370,269,011
PennyMac Mortgage Investment Trust	—	232,653,069	232,653,069
Loans held for sale	4,294,689	—	4,294,689
	<u>\$ 374,563,700</u>	<u>\$ 232,653,069</u>	<u>\$ 607,216,769</u>
Delinquent loans:			
30 days	\$ 11,097,929	\$ 1,808,516	\$ 12,906,445
60 days	3,316,494	399,786	3,716,280
90 days or more:			
Not in foreclosure	6,941,325	1,031,299	7,972,624
In foreclosure	686,359	92,618	778,977
Foreclosed	8,133	4,295	12,428
	<u>\$ 22,050,240</u>	<u>\$ 3,336,514</u>	<u>\$ 25,386,754</u>
Loans in bankruptcy	\$ 1,523,218	\$ 186,593	\$ 1,709,811
Custodial funds managed by the Company (1)	\$ 3,741,978	\$ 1,759,974	\$ 5,501,952

(1) Custodial funds are cash accounts holding funds on behalf of borrowers and investors relating to loans serviced under servicing agreements and are not recorded on the Company's consolidated balance sheets. The Company earns placement fees on certain of the custodial funds it manages on behalf of the loans' borrowers and investors. Placement fees are included in *Interest income* in the Company's consolidated statements of income.

Following is a summary of the geographical distribution of loans included in the Company's servicing portfolio for the top five and all other states as measured by UPB:

State	December 31,		December 31,	
	2023	2022	2024	2023
	(in thousands)		(in thousands)	
California	\$ 72,788,272	\$ 68,542,279	\$ 76,364,993	\$ 72,788,272
Texas			65,317,775	56,437,082
Florida	57,824,310	50,873,961	63,850,638	57,824,310
Texas	56,437,082	47,911,696		
Virginia	35,376,266	33,478,151	36,428,575	35,376,266
Maryland	26,746,355	25,473,417		
Georgia (1)			28,499,141	—
Maryland (1)			—	26,746,355
All other states	358,044,484	325,395,178	395,302,705	358,044,484
	<u>\$ 607,216,769</u>	<u>\$ 551,674,682</u>	<u>\$665,763,827</u>	<u>\$607,216,769</u>

(1) Maryland and Georgia were not among the top five states as of December 31, 2024 and December 31, 2023, respectively, and are included in "All other states" as of those dates.

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Note 6—Fair Value

Most of the Company's assets and certain of its liabilities are measured at or based on their fair values. The application of fair value may be on a recurring or nonrecurring basis depending on the accounting principles applicable to the specific asset or liability and whether the Company has elected to carry the item at its fair value as discussed in the following paragraphs.

Fair Value Accounting Elections

The Company identified its MSRs, its MSLs and all of its non-cash financial assets, to be accounted for at fair value so changes in fair value will be reflected in income as they occur and more timely reflect the results of the Company's performance. The Company has also identified its ESS financing to be accounted for

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Following is a summary of assets and liabilities that are measured at fair value as on a means of hedging the related MSRs' fair value risk, recurring basis:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets:				
Short-term investment	\$ 420,553	\$ —	\$ —	\$ 420,553
Principal-only stripped mortgage-backed securities	—	825,865	—	825,865
Loans held for sale	—	7,783,415	434,053	8,217,468
Derivative assets:				
Interest rate lock commitments	—	—	56,946	56,946
Forward purchase contracts	—	3,701	—	3,701
Forward sales contracts	—	152,526	—	152,526
MBS put options	—	3,278	—	3,278
Put options on interest rate futures purchase contracts	12,592	—	—	12,592
Call options on interest rate futures purchase contracts	3,250	—	—	3,250
Total derivative assets before netting	15,842	159,505	56,946	232,293
Netting	—	—	—	(119,217)
Total derivative assets	15,842	159,505	56,946	113,076
Mortgage servicing rights	—	—	8,744,528	8,744,528
Investment in PennyMac Mortgage Investment Trust	944	—	—	944
	<u>\$ 437,339</u>	<u>\$ 8,768,785</u>	<u>\$ 9,235,527</u>	<u>\$ 18,322,434</u>
Liabilities:				
Derivative liabilities:				
Interest rate lock commitments	\$ —	\$ —	\$ 23,381	\$ 23,381
Forward purchase contracts	—	66,646	—	66,646
Forward sales contracts	—	12,854	—	12,854
Total derivative liabilities before netting	—	79,500	23,381	102,881
Netting	—	—	—	(61,981)
Total derivative liabilities	—	79,500	23,381	40,900
Mortgage servicing liabilities	—	—	1,683	1,683
	<u>\$ —</u>	<u>\$ 79,500</u>	<u>\$ 25,064</u>	<u>\$ 42,583</u>

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Assets and Liabilities Measured at Fair Value on a Recurring Basis

Following is a summary of assets and liabilities that are measured at fair value on a recurring basis:

December 31, 2023				December 31, 2023			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total

	(in thousands)				(in thousands)			
Assets:								
Short-term investment	\$ 10,268	\$ —	\$ —	\$ 10,268	\$ 10,268	\$ —	\$ —	\$ 10,268
Loans held for sale at fair value	—	3,942,127	478,564	4,420,691	—	3,942,127	478,564	4,420,691
Loans held for sale								
Derivative assets:								
Interest rate lock commitments	—	—	90,313	90,313	—	—	90,313	90,313
Forward purchase contracts	—	78,448	—	78,448	—	78,448	—	78,448
Forward sales contracts	—	6,151	—	6,151	—	6,151	—	6,151
MBS put options	—	413	—	413	—	413	—	413
MBS call options	—	6,265	—	6,265	—	6,265	—	6,265
Put options on interest rate futures purchase contracts	11,043	—	—	11,043	11,043	—	—	11,043
Call options on interest rate futures purchase contracts	66,176	—	—	66,176	66,176	—	—	66,176
Total derivative assets before netting	77,219	91,277	90,313	258,809	77,219	91,277	90,313	258,809
Netting	—	—	—	(79,730)	—	—	—	(79,730)
Total derivative assets	77,219	91,277	90,313	179,079	77,219	91,277	90,313	179,079
Mortgage servicing rights at fair value	—	—	7,099,348	7,099,348	—	—	7,099,348	7,099,348
Mortgage servicing rights								
Investment in PennyMac Mortgage Investment Trust	1,121	—	—	1,121	1,121	—	—	1,121
	<u>\$ 88,608</u>	<u>\$ 4,033,404</u>	<u>\$ 7,668,225</u>	<u>\$ 11,710,507</u>	<u>\$ 88,608</u>	<u>\$ 4,033,404</u>	<u>\$ 7,668,225</u>	<u>\$ 11,710,507</u>
Liabilities:								
Derivative liabilities:								
Interest rate lock commitments	\$ —	\$ —	\$ 720	\$ 720	\$ —	\$ —	\$ 720	\$ 720
Forward purchase contracts	—	5,141	—	5,141	—	5,141	—	5,141
Forward sales contracts	—	92,796	—	92,796	—	92,796	—	92,796
Call options on interest rate futures purchase contracts	3,209	—	—	3,209				
Call options on interest rate futures sales contracts					3,209	—	—	3,209
Total derivative liabilities before netting	3,209	97,937	720	101,866	3,209	97,937	720	101,866
Netting	—	—	—	(48,591)	—	—	—	(48,591)
Total derivative liabilities	3,209	97,937	720	53,275	3,209	97,937	720	53,275
Mortgage servicing liabilities at fair value	—	—	1,805	1,805	—	—	1,805	1,805
Mortgage servicing liabilities								
	<u>\$ 3,209</u>	<u>\$ 97,937</u>	<u>\$ 2,525</u>	<u>\$ 55,080</u>	<u>\$ 3,209</u>	<u>\$ 97,937</u>	<u>\$ 2,525</u>	<u>\$ 55,080</u>

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	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets:				
Short-term investment	\$ 12,194	\$ —	\$ —	\$ 12,194
Loans held for sale at fair value	—	3,163,528	345,772	3,509,300
Derivative assets:				
Interest rate lock commitments	—	—	36,728	36,728
Forward purchase contracts	—	2,433	—	2,433
Forward sales contracts	—	80,754	—	80,754
MBS put options	—	6,057	—	6,057
Put options on interest rate futures purchase contracts	29,203	—	—	29,203
Call options on interest rate futures purchase contracts	2,820	—	—	2,820
Total derivative assets before netting	32,023	89,244	36,728	157,995
Netting	—	—	—	(58,992)
Total derivative assets	32,023	89,244	36,728	99,003
Mortgage servicing rights at fair value	—	—	5,953,621	5,953,621
Investment in PennyMac Mortgage Investment Trust	929	—	—	929
	<u>\$ 45,146</u>	<u>\$ 3,252,772</u>	<u>\$ 6,336,121</u>	<u>\$ 9,575,047</u>
Liabilities:				
Derivative liabilities:				
Interest rate lock commitments	\$ —	\$ —	\$ 10,884	\$ 10,884
Forward purchase contracts	—	48,670	—	48,670
Forward sales contracts	—	20,684	—	20,684
Put options on interest rate futures sales contracts	3,008	—	—	3,008
Total derivative liabilities before netting	3,008	69,354	10,884	83,246
Netting	—	—	—	(61,534)
Total derivative liabilities	3,008	69,354	10,884	21,712
Mortgage servicing liabilities at fair value	—	—	2,096	2,096
	<u>\$ 3,008</u>	<u>\$ 69,354</u>	<u>\$ 12,980</u>	<u>\$ 23,808</u>

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As shown above, certain of the Company's loans held for sale, IRLCs, MSRs, **ESS** and MSLs are measured using Level 3 fair value inputs. Following are roll forwards of assets and liabilities measured at fair value using "Level 3" fair value inputs at either the beginning or the end of the year presented for each of the three years ended **December 31, 2023** **December 31, 2024**:

	Year ended December 31, 2023				Year ended December 31, 2024			
	Net interest		Mortgage		Interest		Mortgage	
	Loans held	rate lock	servicing		Loans held	rate lock	servicing	
Assets	for sale	commitments (1)	rights	Total	for sale	commitments, net (1)	rights	Total

	(in thousands)				(in thousands)			
Balance, December 31, 2022	\$ 345,772	\$ 25,844	\$5,953,621	\$ 6,325,237				
Balance, December 31, 2023					\$ 478,564	\$ 89,593	\$7,099,348	\$ 7,667,505
Purchases and issuances, net	2,353,958	286,581	—	2,640,539	4,145,555	542,245	—	4,687,800
Capitalization of interest and servicing advances	39,625	—	—	39,625	45,848	—	—	45,848
Sales and repayments	(654,490)	—	(305)	(654,795)	(1,562,159)	—	—	(1,562,159)
Exchange of mortgage servicing spread for interest-only stripped securities	—	—	(98,066)	(98,066)				
Mortgage servicing rights resulting from loan sales	—	—	1,849,957	1,849,957	—	—	2,280,830	2,280,830
Changes in fair value included in income arising from:								
Changes in instrument-specific credit risk	69,934	—	—	69,934	106,723	—	—	106,723
Other factors	(1,161)	130,424	(605,859)	(476,596)	(1,215)	38,645	(433,464)	(396,034)
	68,773	130,424	(605,859)	(406,662)	105,508	38,645	(433,464)	(289,311)
Transfers:								
From Level 3 to Level 2	(1,674,624)	—	—	(1,674,624)	(2,779,090)	—	—	(2,779,090)

To real estate acquired in settlement of loans	(450)	—	—	(450)	(173)	—	—	(173)
To loans held for sale	—	(353,256)	—	(353,256)	—	(636,918)	—	(636,918)
Balance, December 31, 2023	\$ 478,564	\$ 89,593	\$ 7,099,348	\$ 7,667,505				
Changes in fair value recognized during the year relating to assets still held at December 31, 2023	\$ 33,187	\$ 89,593	\$ (605,859)	\$ (483,079)				
Exchange of mortgage servicing spread for interest-only stripped mortgage-backed securities					—	—	(202,186)	(202,186)
Balance, December 31, 2024	\$ 434,053	\$ 33,565	\$ 8,744,528	\$ 9,212,146				
Changes in fair value recognized during the year relating to assets still held at December 31, 2024	\$ 21,177	\$ 33,565	\$ (417,312)	\$ (362,570)				

(1) For the purpose of this table, the IRLC asset and liability positions are shown net.

	Year ended December 31, 2023	Year ended December 31, 2024
Liabilities	(in thousands)	(in thousands)
Mortgage servicing liabilities:		
Balance, December 31, 2022	\$ 2,096	
Balance, December 31, 2023		\$ 1,805
Changes in fair value included in income	(291)	(122)
Balance, December 31, 2023	\$ 1,805	
Changes in fair value recognized during the year relating to liabilities still outstanding at December 31, 2023	\$ (291)	
Balance, December 31, 2024		\$ 1,683

Changes in fair value recognized during the year relating to liabilities still outstanding at December 31, 2024	\$ (122)

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Assets	Year ended December 31, 2022			
		Net interest	Mortgage	Total
	Loans held	rate lock	servicing	
	for sale	commitments (1)	rights	
	(in thousands)			
Balance, December 31, 2021	\$ 1,128,876	\$ 322,193	\$ 3,878,078	\$ 5,329,147
Purchases and issuances, net	3,338,743	369,769	3,993	3,712,505
Capitalization of interest and servicing advances	60,589	—	—	60,589
Sales and repayments	(1,378,441)	—	—	(1,378,441)
Mortgage servicing rights resulting from loan sales	—	—	1,718,094	1,718,094
Changes in fair value included in income arising from:				
Changes in instrument-specific credit risk	(41,483)	—	—	(41,483)
Other factors	(25,156)	(624,905)	353,456	(296,605)
	(66,639)	(624,905)	353,456	(338,088)
Transfers:				
From Level 3 to Level 2	(2,736,940)	—	—	(2,736,940)
To real estate acquired in settlement of loans	(416)	—	—	(416)
To loans held for sale	—	(41,213)	—	(41,213)
Balance, December 31, 2022	\$ 345,772	\$ 25,844	\$ 5,953,621	\$ 6,325,237
Changes in fair value recognized during the year relating to assets still held at December 31, 2022	\$ (26,699)	\$ 25,844	\$ 353,456	\$ 352,601
	Year ended December 31, 2023			
		Interest	Mortgage	
	Loans held	rate lock	servicing	
Assets	for sale	commitments, net (1)	rights	Total
	(in thousands)			
Balance, December 31, 2022	\$ 345,772	\$ 25,844	\$ 5,953,621	\$ 6,325,237
Purchases and issuances, net	2,353,958	286,581	—	2,640,539
Capitalization of interest and servicing advances	39,625	—	—	39,625
Sales and repayments	(654,490)	—	(305)	(654,795)
Mortgage servicing rights resulting from loan sales	—	—	1,849,957	1,849,957
Changes in fair value included in income arising from:				
Changes in instrument-specific credit risk	69,934	—	—	69,934
Other factors	(1,161)	130,424	(605,859)	(476,596)
	68,773	130,424	(605,859)	(406,662)
Transfers:				
From Level 3 to Level 2	(1,674,624)	—	—	(1,674,624)
To real estate acquired in settlement of loans	(450)	—	—	(450)
To loans held for sale	—	(353,256)	—	(353,256)
Exchange of mortgage servicing spread for interest-only stripped mortgage-backed securities	—	—	(98,066)	(98,066)
Balance, December 31, 2023	\$ 478,564	\$ 89,593	\$ 7,099,348	\$ 7,667,505

Changes in fair value recognized during the year relating to assets still held at December 31, 2023	\$ 33,187	\$ 89,593	\$ (605,859)	\$ (483,079)

(1) For the purpose of this table, the IRLC asset and liability positions are shown net.

Liabilities	Year ended December 31, 2022	Year ended December 31, 2023
	(in thousands)	(in thousands)
Mortgage servicing liabilities:		
Balance, December 31, 2021	\$ 2,816	
Balance, December 31, 2022		\$ 2,096
Changes in fair value included in income	(720)	(291)
Balance, December 31, 2022	\$ 2,096	
Changes in fair value recognized during the year relating to liabilities still outstanding at December 31, 2022	\$ (720)	
Balance, December 31, 2023		\$ 1,805
Changes in fair value recognized during the year relating to liabilities still outstanding at December 31, 2023		\$ (291)

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Assets	Year ended December 31, 2021				Year ended December 31, 2022			
	Loans held for sale	Net interest rate lock commitments (1)	Mortgage servicing rights		Loans held for sale	Interest rate lock commitments, net (1)	Mortgage servicing rights	
				Total				Total

	(in thousands)				(in thousands)			
Balance, December 31, 2020	\$ 4,675,169	\$ 677,026	\$ 2,581,174	\$ 7,933,369				
Balance, December 31, 2021					\$ 1,128,876	\$ 322,193	\$ 3,878,078	\$ 5,329,147

Purchases and issuances, net	20,330,785	1,654,476	—	21,985,261	3,338,743	369,769	3,993	3,712,505
Capitalization of interest and servicing advances	169,053	—	—	169,053	60,589	—	—	60,589
Sales and repayments	(11,783,818)	—	—	(11,783,818)	(1,378,441)	—	—	(1,378,441)
Mortgage servicing rights resulting from loan sales	—	—	1,861,949	1,861,949	—	—	1,718,094	1,718,094
Changes in fair value included in income arising from:								
Changes in instrument-specific credit risk	285,501	—	—	285,501	(41,483)	—	—	(41,483)
Other factors	—	489,547	(565,045)	(75,498)	(25,156)	(624,905)	353,456	(296,605)
	<u>285,501</u>	<u>489,547</u>	<u>(565,045)</u>	<u>210,003</u>	<u>(66,639)</u>	<u>(624,905)</u>	<u>353,456</u>	<u>(338,088)</u>
Transfers:								
From Level 3 to Level 2	(12,547,732)	—	—	(12,547,732)	(2,736,940)	—	—	(2,736,940)
To real estate acquired in settlement of loans	(82)	—	—	(82)	(416)	—	—	(416)
To loans held for sale	—	(2,498,856)	—	(2,498,856)	—	(41,213)	—	(41,213)
Balance, December 31, 2021	<u>\$ 1,128,876</u>	<u>\$ 322,193</u>	<u>\$ 3,878,078</u>	<u>\$ 5,329,147</u>				
Changes in fair value recognized during the year relating to assets still held at December 31, 2021	<u>\$ 22,516</u>	<u>\$ 322,193</u>	<u>\$ (565,045)</u>	<u>\$ (220,336)</u>				
Balance, December 31, 2022					<u>\$ 345,772</u>	<u>\$ 25,844</u>	<u>\$ 5,953,621</u>	<u>\$ 6,325,237</u>

Assets and Liabilities Measured at Fair Value under the Fair Value Option

Net changes in fair values included in income for assets and liabilities carried at fair value as a result of the Company's election of the fair value option by income statement line item are summarized below:

Year ended December 31,									Year ended			
2023			2022			2021			2024			2
Net gains on	Net		Net gains on	Net		Net gains on	Net		Net gains on	Net	Net gains on	
loans held	loan		loans held	loan		loans held	loan		loans held	loan	loans held	
for sale at	servicing		for sale at	servicing		for sale at	servicing		for sale at	servicing	for sale at	ser
fair value	fees	Total	fair value	fees	Total	fair value	fees	Total	fair value	fees	Total	fair value

	(in thousands)										(in the						
Assets:																	
Principal-only																	
stripped																	
mortgage-backed																	
securities											\$	—	\$ (38,201)	\$ (38,201)	\$	—	\$
Loans held																	
for sale	\$ 440,482	\$	—	\$ 440,482	\$ (219,054)	\$	—	\$ (219,054)	\$ 2,568,318	\$	—	\$ 2,568,318	624,304	—	624,304	440,482	
Mortgage																	
servicing																	
rights	—	(605,859)	(605,859)	—	353,456	353,456	—	(565,045)	(565,045)	—	(433,464)	(433,464)	—	(61			
	\$ 440,482	\$(605,859)	\$(165,377)	\$ (219,054)	\$353,456	\$ 134,402	\$ 2,568,318	\$(565,045)	\$2,003,273	\$ 624,304	\$(471,665)	\$ 152,639	\$ 440,482	\$(61			

Liabilities:											
Excess											
servicing											
spread											
financing											
payable to											
PennyMac											
Mortgage											
Investment											
Trust	\$	—	\$	—	\$	—	\$	—	\$	—	\$ (1,037) \$ (1,037)
Mortgage											
servicing											
liabilities		—		291		291		—		720	720 — 149,139 149,139 \$ — \$ 122 \$ 122 \$ — \$
	\$	—	\$	291	\$	291	\$	—	\$	720	\$ 720 \$ — \$ 148,102 \$ 148,102

Following are the fair value and related principal amounts due upon maturity of assets accounted for under the fair value option:

	December 31, 2023			December 31, 2022			December 31, 2024			December	
	Principal			Principal			Principal			Prin	
	Fair	due upon	Difference	Fair	due upon	Difference	Fair	due upon	Difference	Fair	due
Loans held for sale	value	maturity		value	maturity		value	maturity		value	mat

	(in thousands)						(in thousands)					
Current through												
89 days												
delinquent	\$4,378,042	\$4,233,764	\$144,278	\$3,450,578	\$3,428,052	\$22,526	\$8,187,561	\$8,089,532	\$98,029	\$4,378,042	\$4,23	
90 days or more												
delinquent:												
Not in												
foreclosure	35,253	38,922	(3,669)	47,252	53,351	(6,099)	24,663	27,901	(3,238)	35,253	3	
In foreclosure	7,396	22,003	(14,607)	11,470	16,811	(5,341)	5,244	11,481	(6,237)	7,396	2	
	<u>\$4,420,691</u>	<u>\$4,294,689</u>	<u>\$126,002</u>	<u>\$3,509,300</u>	<u>\$3,498,214</u>	<u>\$11,086</u>	<u>\$8,217,468</u>	<u>\$8,128,914</u>	<u>\$88,554</u>	<u>\$4,420,691</u>	<u>\$4,29</u>	

Assets Measured at Fair Value on a Nonrecurring Basis

Following is a summary of assets held at year end that were measured based on fair value on a nonrecurring basis during the year:

Real estate acquired in settlement of loans	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total

	(in thousands)				(in thousands)			
December 31, 2024					\$ —	\$ —	\$5,238	\$5,238
December 31, 2023	\$ —	\$ —	\$ 2,669	\$ 2,669	\$ —	\$ —	\$2,669	\$2,669
December 31, 2022	\$ —	\$ —	\$ 1,850	\$ 1,850				

The following table summarizes the total net losses recognized on assets measured based on fair values on a nonrecurring basis during the year:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Real estate acquired in settlement of loans	\$ (710)	\$ (523)	\$ (799)	\$ (2,384)	\$ (710)	\$ (523)

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Fair Value of Financial Instruments Carried at Amortized Cost

The Company's Assets sold under agreements to repurchase, Mortgage loan participation purchase and sale agreements, Notes payable secured by mortgage servicing assets and Unsecured senior notes and Obligations under capital lease are carried at amortized cost.

These **assets and** liabilities are classified as “Level 3” fair value items due to the Company’s reliance on unobservable inputs to estimate their fair values. The Company has concluded that the fair values of these liabilities other than the *Notes payable secured by mortgage servicing assets* and the *Unsecured senior notes* approximate their carrying values due to their short terms and/or variable interest rates.

The Company estimates the fair value of the term notes and term loans included in *Notes payable secured by mortgage servicing assets* and the *Unsecured senior notes* using indications of fair value provided by **a non-affiliate broker, brokers,** pricing services and internal estimates of fair value. The fair value and carrying value of these liabilities are summarized below:

December 31, 2023		December 31, 2022		December 31, 2024		December 31, 2023	
Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value

	(in thousands)				(in thousands)			
Term notes and term loans	\$1,730,000	\$1,724,290	\$1,677,476	\$1,794,475	\$1,742,421	\$1,724,120	\$1,730,000	\$1,724,290
Unsecured senior notes	\$2,467,750	\$2,519,651	\$1,550,750	\$1,779,920	\$3,172,983	\$3,164,032	\$2,467,750	\$2,519,651

Valuation Governance

Most of the Company’s financial assets, and all of its derivatives, MSRs, **ESS**, and MSLs are carried at fair value with changes in fair value recognized in current period income. Certain of the Company’s financial assets and derivatives and all of its MSRs **ESS**, and MSLs are “Level 3” fair value assets and liabilities which require use of unobservable inputs that are significant to the estimation of the items’ fair values. Unobservable inputs reflect the Company’s own judgments about the factors that market participants use in pricing an asset or liability, and are based on the best information available under the circumstances.

Due to the difficulty in estimating the fair values of “Level 3” fair value assets and liabilities, the Company has assigned responsibility for estimating the fair values of these assets and liabilities to specialized staff within its capital markets group and subjects the valuation process to significant senior management oversight.

With respect to “Level 3” valuations other than IRLCs, the capital markets valuation staff reports to the Company’s senior management valuation **committee, subcommittee,** which oversees the valuations. The capital markets valuation staff monitors the models used for valuation of the Company’s “Level 3” fair value assets and liabilities, including the models’ performance versus actual results, and reports those results as well as changes in the valuation of the non-IRLC “Level 3” fair value assets and liabilities, including major factors affecting the valuations and any changes in model methods and inputs, to **PFSI’s the Company’s** senior management valuation **committee, subcommittee.** The Company’s senior management valuation **committee subcommittee** includes the Company’s chief financial, **risk, credit,** and capital markets officers as well as other senior members of the Company’s finance, **risk management and** capital markets **and risk management** staffs.

To assess the reasonableness of its valuations, the capital markets valuation staff presents an analysis of the effect on the valuations of changes to the significant inputs to the models and, for MSRs, comparisons of its estimates of fair value to those procured from **nonaffiliated non-affiliate** brokers and published surveys.

The fair value of the Company's IRLCs is developed by its capital markets risk management staff and is reviewed by its capital markets operations staff.

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Valuation Techniques and Inputs

Following is a description of the techniques and inputs used in estimating the fair values of "Level 2" and "Level 3" fair value assets and liabilities:

Principal-Only Stripped Mortgage-Backed Securities

The Company categorizes principal-only stripped MBS as "Level 2" fair value financial instruments. Fair values of these securities are established based on quoted market prices for these or similar securities.

Loans Held for Sale

Most of the Company's loans held for sale at fair value are saleable into active markets with observable significant inputs to the estimation of fair value and are therefore categorized as "Level 2" fair value assets. The fair values of "Level 2" fair value loans are determined using their contracted selling price or quoted market price or market price equivalent.

Certain of the Company's loans held for sale are not saleable into active markets with observable significant inputs to the estimation of fair value and are therefore categorized as "Level 3" fair value assets. Loans held for sale categorized as "Level 3" fair value assets include:

- Closed-end second lien mortgage loans. At present, there is no active market with significant observable inputs to the estimation of fair value of the closed-end second lien mortgage loans the Company produces.
- Early buy out ("EBO") loans. EBO loans are government guaranteed or insured loans purchased by the Company from Ginnie Mae guaranteed securities in its loan servicing portfolio. The Company's right to purchase a government guaranteed or insured loan from a Ginnie Mae security arises as the result of the loan being at least three months delinquent on the date of purchase by the Company and provides an alternative to the Company's obligation to continue advancing principal and interest at the coupon rate of the related Ginnie Mae security. Such a loan may be resold to an investor and thereafter may be repurchased to the extent it becomes eligible for resale into a new Ginnie Mae guaranteed security.

A loan becomes eligible for resale into a new Ginnie Mae security when the loan becomes current either through completion of a modification of the loan's terms or after three months of timely payments following either the completion of certain types of payment deferral programs or borrower reperformance and when the issuance date of the new security is at least 120 days after the date the loan was last delinquent.

- Loans with identified defects. Loans that are not saleable into active markets due to identification of a defect by the Company or to the repurchase by the Company of a loan with an identified defect.
- Closed-end second lien mortgage loans. At present, there is no active market with significant observable inputs to the estimation of fair value of the closed-end second lien mortgage loans the Company produces.

The Company uses a discounted cash flow model to estimate the fair value of its “Level 3” fair value loans held for sale. The significant unobservable inputs used in the fair value measurement of the Company’s “Level 3” fair value loans held for sale are discount rates, home price projections and voluntary and total prepayment/resale speeds. Significant changes in any of those inputs in isolation could result in a significant change to the loans’ fair value measurement. Increases in home price projections are generally accompanied by an increase in voluntary prepayment speeds.

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Following is a quantitative summary of key “Level 3” fair value inputs used in the valuation of loans held for sale at fair value:

	December 31,		December 31,	
	2023	2022	2024	2023
Fair value (in thousands)	\$ 478,564	\$ 345,772	\$ 434,053	\$ 478,564
Key inputs (1):				
Discount rate:				
Range	7.1% – 10.2%	5.5% – 10.2%	6.5% – 9.3%	7.1% – 10.2%
Weighted average	7.2%	5.7%	7.0%	7.2%
Twelve-month projected housing price index change:				
Range	0.3% – 0.5%	(1.9)% – (1.7)%	2.2% – 2.8%	0.3% – 0.5%
Weighted average	0.5%	(1.8)%	2.3%	0.5%
Voluntary prepayment/resale speed (2):				
Range	4.0% – 36.9%	4.7% – 25.6%	6.4% – 34.4%	4.0% – 36.9%
Weighted average	24.8%	21.6%	22.0%	24.8%
Total prepayment/resale speed (3):				
Range	4.0% – 50.3%	4.8% – 36.1%	6.5% – 41.3%	4.0% – 50.3%
Weighted average	32.2%	29.4%	23.9%	32.2%

(1) Weighted average inputs are based on fair value of the “Level 3” loans.

(2) Voluntary prepayment/resale speed is measured using life voluntary Conditional Prepayment Rate (“CPR”).

(3) Total prepayment speed is measured using life total CPR, which includes both voluntary and involuntary prepayment/resale rates.

Changes in fair value relating to loans held for sale as the result of changes in the loan’s instrument specific credit risk are indicated by successful modifications of the loan’s terms or changes in the respective loan’s delinquency status and performance history at year end from the later of the beginning of the year or acquisition date. Changes in fair value of loans held for sale are included in *Net gains on loans held for sale at fair value* in the Company’s consolidated statements of income.

Derivative Financial Instruments

Interest Rate Lock Commitments

The Company categorizes IRLCs as “Level 3” fair value assets or liabilities. The Company estimates the fair value of IRLCs based on quoted Agency MBS prices, its estimate of the fair value of the MSR it expects to

receive in the sale of the loans and the probability that the loans will fund or be purchased (the “pull-through rate”).

The significant unobservable inputs used in the fair value measurement of the Company's IRLCs are the pull-through rate and the MSR component of the Company's estimate of the fair value of the mortgage loans it has committed to purchase. Significant changes in the pull-through rate or the MSR component of the IRLCs, in isolation, could result in significant changes in the IRLCs' fair value measurement. The financial effects of changes in these inputs are generally inversely correlated as increasing interest rates have a positive effect on the MSR component of IRLC fair value, but increase the pull-through rate for the loan principal and interest payment cash flow component, which has decreased in fair value. Initial recognition and changes in fair value of IRLCs are included in *Net gains on loans acquired for sale at fair value* in the **Company's** consolidated statements of income.

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Following is a quantitative summary of key unobservable inputs used in the valuation of IRLCs:

	December 31,		December 31,	
	2023	2022	2024	2023
Fair value (in thousands) (1)	\$ 89,593	\$ 25,844	\$ 33,565	\$ 89,593
Committed amount (in thousands)	6,349,628	7,009,119	7,801,677	6,349,628
Key inputs (2):				
Pull-through rate:				
Range	10.2% – 100%	10.3% – 100%	29.8% – 100%	10.2% – 100%
Weighted average	81.1%	82.8%	88.2%	81.1%
Mortgage servicing rights fair value expressed as:				
Servicing fee multiple:				
Range	1.1 – 7.3	(1.3) – 7.7	1.0 – 8.6	1.1 – 7.3
Weighted average	4.2	4.3	5.4	4.2
Percentage of loan commitment amount:				
Range	0.3% – 4.3%	(0.2)% – 3.8%	0.3% – 4.6%	0.3% – 4.3%
Weighted average	1.9%	2.0%	2.4%	1.9%

(1) For purposes of this table, the IRLC assets and liability positions are shown net.

(2) Weighted average inputs are based on the committed amounts.

Hedging Derivatives

Hedging derivatives that are actively traded on exchanges are categorized by the Company as “Level 1” fair value assets and liabilities. Hedging derivatives whose fair values are based on observable MBS prices or interest rate volatilities in the MBS market are categorized as “Level 2” fair value assets and liabilities.

Changes in the fair value of hedging derivatives are included in *Net gains on loans acquired for sale at fair value*, or *Net loan servicing fees – Mortgage servicing rights hedging results*, as applicable, in the **Company's** consolidated statements of income.

Mortgage Servicing Rights

MSRs are categorized as “Level 3” fair value assets. The Company uses a discounted cash flow approach to estimate the fair value of MSRs. The key inputs used in the estimation of the fair value of MSRs include the applicable prepayment rate (prepayment speed), pricing spread (discount (a component of discount rate)), and annual per-loan cost to service the underlying loans, all of which are unobservable. Significant changes to any of those inputs in isolation could result in a significant change in the MSR fair value measurement. Changes in these key inputs are not directly related. Changes in the fair value of MSRs are included in *Net loan servicing fees—Change in fair value of mortgage servicing rights and mortgage servicing liabilities* in the Company's consolidated statements of income.

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Following are the key inputs used in determining the fair value of MSRs received by the Company when it retains the obligation to service the mortgage loans it sells:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
Amount recognized	\$1,849,957	\$1,718,094	\$1,861,949	\$2,280,830	\$1,849,957	\$1,718,094
Pool characteristics:						
Unpaid principal balance of underlying mortgage loans	\$86,606,196	\$83,569,657	\$138,319,425	\$100,662,790	\$86,606,196	\$83,569,657
Weighted average servicing fee rate (in basis points)	46	44	34	45	46	44
Key inputs (1):						
Annual total prepayment speed (2):						
Range	7.2% – 23.2%	5.1% – 23.4%	6.1% – 31.4%	6.4% – 25.8%	7.2% – 23.2%	5.1% – 23.4%
Weighted average	10.7%	9.4%	8.6%	10.1%	10.7%	9.4%
Equivalent average life (in years):						
Range	3.0 – 9.8	3.7 – 9.4	3.0 – 9.2	3.5 – 9.9	3.0 – 9.8	3.7 – 9.4
Weighted average	7.7	8.1	8.1	8.0	7.7	8.1
Pricing spread (3):						
Range	5.5% – 12.6%	5.5% – 16.1%	6.0% – 16.9%	4.9% – 12.6%	5.5% – 12.6%	5.5% – 16.1%
Weighted average	6.8%	7.8%	8.8%	5.8%	6.8%	7.8%
Annual per-loan cost of servicing:						
Range	\$68 – \$127	\$71 – \$177	\$80 – \$117	\$69 – \$127	\$68 – \$127	\$71 – \$177
Weighted average	\$99	\$104	\$103	\$99	\$99	\$104

(1) Weighted average inputs are based on UPB of the underlying loans.

(2) Annual total prepayment speed is measured using life total CPR, which includes both voluntary and involuntary prepayments. Equivalent average life is provided as supplementary information.

(3) Pricing spread represents a margin that is applied to a reference interest rate's forward rate curve to develop periodic discount rates. Effective January 1, 2022, the Company applies a pricing spread to a derived United States Treasury Security Securities ("Treasury") yield curve for purposes of discounting cash flows relating to MSRs. Through December 31, 2021, the Company applied its pricing spread to the United States Dollar London Interbank Offered Rate ("LIBOR")/swap curve. The change in reference interest rate from the LIBOR/swap curve to the Treasury yield curve did not have a significant effect on the Company's fair value measurement of MSRs.

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Following is a quantitative summary of key inputs used in the valuation of the Company's MSRs at year end and the effect on the fair value from adverse changes in those inputs:

	December 31,		December 31,	
	2023	2022	2024	2023
	(Fair value, unpaid principal balance of underlying mortgage loans and effect on fair value amounts in thousands)		(Fair value, unpaid principal balance of underlying mortgage loans and effect on fair value amounts in thousands)	
Fair value	\$ 7,099,348	\$ 5,953,621	\$ 8,744,528	\$ 7,099,348
Pool characteristics:				
Unpaid principal balance of underlying mortgage loans	\$ 370,244,119	\$ 314,567,639		
Underlying loan characteristics:				
Unpaid principal balance			\$ 426,055,220	\$ 370,244,119
Weighted average note interest rate	4.1%	3.4%	4.5%	4.1%
Weighted average servicing fee rate (in basis points)	38	36	38	38
Key inputs (1):				
Annual total prepayment speed (2):				
Range	6.1% – 17.8%	5.0% – 17.7%	5.9% – 17.7%	6.1% – 17.8%
Weighted average	8.3%	7.5%	7.8%	8.3%
Equivalent average life (in years):				
Range	3.0 – 9.0	3.7 – 9.3	2.7 – 9.1	3.0 – 9.0
Weighted average	8.1	8.4	8.4	8.1
Effect on fair value of (3):				
5% adverse change	(\$107,757)	(\$77,346)	(\$126,224)	(\$107,757)
10% adverse change	(\$211,643)	(\$152,192)	(\$248,349)	(\$211,643)
20% adverse change	(\$408,638)	(\$294,872)	(\$481,100)	(\$408,638)
Pricing spread (4):				
Range	5.5% – 12.6%	4.9% – 14.3%	5.0% – 11.3%	5.5% – 12.6%
Weighted average	6.4%	6.5%	6.2%	6.4%
Effect on fair value of (3):				
5% adverse change	(\$94,307)	(\$81,021)	(\$113,419)	(\$94,307)
10% adverse change	(\$186,129)	(\$159,863)	(\$223,960)	(\$186,129)
20% adverse change	(\$362,671)	(\$311,329)	(\$436,805)	(\$362,671)
Per-loan annual cost of servicing:				

Range	\$70 – \$135	\$68 – \$144	\$68 – \$130	\$70 – \$135
Weighted average	\$107	\$109	\$105	\$107
Effect on fair value of (3):				
5% adverse change	(\$44,572)	(\$41,263)	(\$48,830)	(\$44,572)
10% adverse change	(\$89,145)	(\$82,527)	(\$97,661)	(\$89,145)
20% adverse change	(\$178,289)	(\$165,053)	(\$195,321)	(\$178,289)

- (1) Weighted average inputs are based on UPB of the underlying loans.
- (2) Annual total prepayment speed is measured using life total CPR, which includes both voluntary and involuntary prepayments. Equivalent average life is provided as supplementary information.
- (3) These **sensitivity analyses hold constant all of the inputs other than the input that is being changed in order to show an estimate of the effect on fair value of a change in a specific input.** The Company expects that in a market shock event, multiple inputs would be affected and the effects of these changes may compound or counteract each other. Therefore, these analyses are limited in that they were performed as not projections of the effects of a particular date; only contemplate the movements shock event or a change in the indicated input; do not incorporate changes to other inputs; are subject to the accuracy estimate of the models an input and inputs used; and do not incorporate other factors that would affect the Company's overall financial performance in such events, including operational adjustments made to account for changing circumstances. For these reasons, these estimates should not be viewed relied upon as earnings forecasts, projections.
- (4) The Company applies a pricing spread to the a derived Treasury yield curve for purposes of discounting cash flows relating to MSRs.

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Excess Servicing Spread Financing at Fair Value

ESS is categorized as a "Level 3" fair value liability. Because ESS is a claim to a portion of the cash flows from MSRs, the Company's approach to fair value measurement of ESS is similar to that of MSRs. The Company uses the same discounted cash flow approach to measuring ESS as it uses to measure MSRs except that certain inputs relating to the cost to service the mortgage loans underlying the MSRs and certain ancillary income are not included as these cash flows do not accrue to the holder of ESS.

The key inputs used in the estimation of ESS fair value include pricing spread (discount rate) and prepayment speed. Significant changes to either of those inputs in isolation could result in a significant change in the fair value of ESS. Changes in these key inputs are not necessarily directly related.

ESS is generally subject to fair value increases when mortgage interest rates increase. Increasing mortgage interest rates normally discourage mortgage refinancing activity. Decreased refinancing activity increases the life of the mortgage loans underlying the ESS, thereby increasing its fair value. Changes in the fair value of ESS are included in *Net loan servicing fees—Change in fair value of excess servicing spread payable to PennyMac Mortgage Investment Trust*. During the quarter ended March 31, 2021, the Company repaid its outstanding ESS financing payable to PMT.

Mortgage Servicing Liabilities

MSLs are categorized as "Level 3" fair value liabilities. The Company uses a discounted cash flow approach to estimate the fair value of MSLs. The key inputs used in the estimation of the fair value of MSLs include the applicable pricing spread, annual total prepayment speed, applicable pricing spread, and the per-loan

annual cost of servicing the underlying loans. Changes in the fair value of MSLs are included in *Net servicing fees—Change in fair value of mortgage servicing rights and mortgage servicing liabilities* in the consolidated statements of income.

Following are the key inputs used in determining the fair value of MSLs:

	December 31,		December 31,	
	2023	2022	2024	2023
Fair value (in thousands)	\$ 1,805	\$ 2,096	\$ 1,683	\$ 1,805
Pool characteristics:				
Underlying loan characteristics:				
Unpaid principal balance of underlying loans (in thousands)	\$ 24,892	\$ 33,157	\$19,528	\$24,892
Servicing fee rate (in basis points)	25	25	25	25
Key inputs (1):				
Annual total prepayment speed (2)	16.1%	17.2%	15.7%	16.1%
Equivalent average life (in years)			5.1	5.1
Pricing spread (3)	8.3%	7.8%	8.6%	8.3%
Equivalent average life (in years)	5.1	4.9		
Per-loan annual cost of servicing	\$ 1,043	\$ 1,177	\$ 969	\$ 1,043

- (1) Weighted average inputs are based on UPB of the underlying mortgage loans.
- (2) Annual total prepayment speed is measured using life total CPR, which includes both voluntary and involuntary prepayments. Equivalent average life is provided as supplementary information.
- (3) The Company applies a pricing spread to the a derived Treasury yield curve for purposes of discounting cash flows relating to MSLs.

Note 7—Principal-Only Stripped Mortgage-Backed Securities

Following is a summary of activity in the Company's investment in principal-only stripped MBS:

	Year ended December 31, 2024	
	(in thousands)	
Balance at beginning of year	\$	—
Purchases		935,356
Repayments		(96,516)
Changes in fair value included in income arising from:		
Accrual of purchase discounts		25,226
Valuation adjustments		(38,201)
		(12,975)
Balance at end of year	\$	825,865
Fair value of principal-only stripped mortgage-backed securities to secure		
Assets sold under agreements to repurchase	\$	825,865

Following is a summary of the Company's investment in principal-only stripped MBS:

	December 31, 2024	
	(in thousands)	
Principal balance	\$	1,061,484
Unearned discounts		(197,418)
Cumulative valuation changes		(38,201)
Fair value	\$	825,865

All of the Company's principal-only stripped MBS had contractual maturities of over ten years.

Note 7—8—Loans Held for Sale at Fair Value

Loans held for sale at fair value are summarized below:

Loan type	December 31,	
	2023	2022
	(in thousands)	
Government-insured or guaranteed	\$ 2,099,135	\$ 2,006,157
Conventional conforming	1,821,085	1,145,053
Jumbo	21,907	12,318
Closed-end second lien mortgage loans	322,015	46,589
Purchased from Ginnie Mae securities serviced by the Company	146,585	257,175
Repurchased pursuant to representations and warranties	9,964	42,008
	<u>\$ 4,420,691</u>	<u>\$ 3,509,300</u>
Fair value of loans pledged to secure:		
Assets sold under agreements to repurchase	\$ 3,858,977	\$ 3,139,870
Mortgage loan participation purchase and sale agreements	470,524	302,977
	<u>\$ 4,329,501</u>	<u>\$ 3,442,847</u>

Mortgage type	December 31,	
	2024	2023
	(in thousands)	
Government-insured or guaranteed	\$ 4,154,069	\$ 2,099,135
Conventional conforming	3,127,082	1,821,085
Jumbo	502,264	21,907
Closed-end second lien	272,285	322,015
Purchased from Ginnie Mae securities serviced by the Company	145,026	146,585
Repurchased pursuant to representations and warranties	16,742	9,964
	<u>\$ 8,217,468</u>	<u>\$ 4,420,691</u>
Fair value of loans pledged to secure:		
Assets sold under agreements to repurchase	\$ 7,612,832	\$ 3,858,977
Mortgage loan participation purchase and sale agreements	528,002	470,524
	<u>\$ 8,140,834</u>	<u>\$ 4,329,501</u>

Note 8—9—Derivative Activities Financial Instruments

Derivative Notional Amounts and Fair Value of Derivatives

The Company had the following derivative financial instruments recorded on its consolidated balance sheets:

December 31, 2023			December 31, 2022			December 31, 2024			December 31, 2023		
Fair value			Fair value			Fair value			Fair value		
Notional	Derivative	Derivative	Notional	Derivative	Derivative	Notional	Derivative	Derivative	Notional	Derivative	Derivative

	(in thousands)							(in thousands)						
Not subject to master netting arrangements:														
Interest rate lock commitments	6,349,628	\$ 90,313	\$ 720	7,009,119	\$ 36,728	\$ 10,884		7,801,677	\$ 56,946	\$ 23,381	6,349,628	\$ 90,313	\$ 720	
Subject to master netting arrangements (2):														
Forward purchase contracts	15,863,667	78,448	5,141	8,320,849	2,433	48,670		12,760,764	3,701	66,646	15,863,667	78,448	5,141	
Forward sales contracts	14,477,159	6,151	92,796	12,487,760	80,754	20,684		23,440,334	152,526	12,854	14,477,159	6,151	92,796	
MBS put options	2,925,000	413	—	1,750,000	6,057	—		450,000	3,278	—	2,925,000	413	—	
MBS call options	1,000,000	6,265	—	—	—	—		—	—	—	1,000,000	6,265	—	
Put options on interest rate futures purchase contracts	8,717,500	11,043	—	6,800,000	29,203	—		4,270,000	12,592	—	8,717,500	11,043	—	
Call options on interest rate futures purchase contracts	4,250,000	66,176	3,209	1,350,000	2,820	—		7,600,000	3,250	—	4,250,000	66,176	3,209	
Put options on interest rate futures sale contracts	—	—	—	250,000	—	3,008								
Treasury futures purchase contracts	5,986,500	—	—	3,709,200	—	—		7,467,000	—	—	5,986,500	—	—	
Treasury futures sale contracts	10,677,000	—	—	3,456,900	—	—		10,521,000	—	—	10,677,000	—	—	
Total derivatives before netting		258,809	101,866		157,995	83,246			232,293	102,881		258,809	101,866	
Netting		(79,730)	(48,591)		(58,992)	(61,534)			(119,217)	(61,981)		(79,730)	(48,591)	
		<u>\$179,079</u>	<u>\$ 53,275</u>		<u>\$ 99,003</u>	<u>\$ 21,712</u>			<u>\$ 113,076</u>	<u>\$ 40,900</u>		<u>\$179,079</u>	<u>\$ 53,275</u>	

Deposits (received from) placed with derivative counterparties included in the derivative balances above, net	\$ (31,139)	\$ 2,542	
Deposits received from derivative counterparties included in the derivative balances above, net			\$ (57,236) \$ (31,139)

- (1) Notional amounts provide an indication of the volume of the Company's derivative activity.
- (2) All of these interest rate derivatives are used for hedging purposes and are used as economic hedges.

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Derivative Assets, Financial Instruments, and Cash Collateral Held by Counterparty

The following table summarizes by significant counterparty the amount of derivative asset positions after considering master netting arrangements and financial instruments or cash pledged that do not meet the accounting guidance qualifying for netting.

	December 31, 2023				December 31, 2022				December 31, 2024			
	Gross amount not				Gross amount not				Gross amount not			
	offset in the				offset in the				offset in the			
	consolidated				consolidated				consolidated			
	Net amount				Net amount				Net amount			
	balance sheet				balance sheet				balance sheet			
	of assets in the				of assets in the				of assets in the			
	Cash				Cash				Cash			
	consolidated	Financial	collateral	Net	consolidated	Financial	collateral	Net	consolidated	Financial	collateral	Net
	balance sheet	instruments	received	amount	balance sheet	instruments	received	amount	balance sheet	instruments	received	amount
Counterparty												

	(in thousands)								(in thousands)			
Interest rate lock												
commitments	\$ 90,313	\$ —	\$ —	\$ 90,313	\$ 36,728	\$ —	\$ —	\$ 36,728	\$ 56,946	\$ —	\$ —	\$ 56,946
RJ O' Brien	74,010	—	—	74,010	29,016	—	—	29,016	15,842	—	—	15,842
Goldman Sachs	8,473	—	—	8,473	5,757	—	—	5,757				
Citibank, N.A.	2,947	—	—	2,947	5,098	—	—	5,098				
Mizuho Securities	1,467	—	—	1,467	319	—	—	319				
Morgan Stanley Bank, N.A.	—	—	—	—	18,501	—	—	18,501	15,260	—	—	15,260
Bank of America, N.A.	—	—	—	—	1,519	—	—	1,519	8,221	—	—	8,221
Bank of Montreal									3,781	—	—	3,781
Athene Annuity & Life Assurance Company									2,352	—	—	2,352
BNP Paribas									2,260	—	—	2,260
Mizuho Bank, Ltd.									1,683	—	—	1,683
Citibank, N.A.									657	—	—	657
Goldman Sachs									—	—	—	—
Others	1,869	—	—	1,869	2,065	—	—	2,065	6,074	—	—	6,074
	\$ 179,079	\$ —	\$ —	\$ 179,079	\$ 99,003	\$ —	\$ —	\$ 99,003	\$ 113,076	\$ —	\$ —	\$ 113,076

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Derivative Liabilities, Financial Instruments, and Collateral Held by Counterparty

The following table summarizes by significant counterparty the amount of derivative liabilities and assets sold under agreements to repurchase after considering master netting arrangements and financial instruments or cash pledged that do not qualify under the accounting guidance for netting. All assets sold under agreements to repurchase are secured by sufficient collateral or have with fair value values that exceeds exceed the liability amount recorded on the consolidated balance sheets.

December 31, 2023				December 31, 2022				December 31, 2024			
Gross amounts				Gross amounts				Gross amounts			
not offset in the				not offset in the				not offset in the			
Net amount	consolidated			Net amount	consolidated			Net amount	consolidated		
of liabilities	balance sheet			of liabilities	balance sheet			of liabilities	balance sheet		
in the	Cash			in the	Cash			in the	Cash		

	consolidated	Financial	collateral	Net	consolidated	Financial	collateral	Net	consolidated	Financial	collateral	Net
	balance sheet	instruments (1)	pledged	amount	balance sheet	instruments (1)	pledged	amount	balance sheet	instruments (1)	pledged	amount
Counterparty												

	(in thousands)								(in thousands)			
Interest rate lock												
commitments	\$ 720	\$ —	\$ —	\$ 720	\$ 10,884	\$ —	\$ —	\$10,884	\$ 23,381	\$ —	\$ —	\$23,381
Atlas Securitized Products, L.P.	1,210,473	(1,210,473)	—	—	—	—	—	—	1,938,756	(1,938,756)	—	—
Credit Suisse First Boston Mortgage Capital LLC	—	—	—	—	970,725	(968,804)	—	1,921				
Bank of America, N.A.	875,766	(872,148)	—	3,618	567,745	(567,745)	—	—	1,294,213	(1,294,213)	—	—
JPMorgan Chase Bank, N.A.									1,220,822	(1,214,559)	—	6,263
Wells Fargo Bank, N.A.									795,119	(789,305)	—	5,814
Royal Bank of Canada	457,743	(457,743)	—	—	381,893	(381,893)	—	—	785,597	(785,597)	—	—
JPMorgan Chase Bank, N.A.	243,225	(243,225)	—	—	211,713	(211,713)	—	—				
BNP Paribas									568,790	(568,790)	—	—
Morgan Stanley Bank, N.A.	195,714	(164,149)	—	31,565	114,277	(114,277)	—	—	472,659	(472,659)	—	—
BNP Paribas	185,425	(185,425)	—	—	300,280	(300,280)	—	—				
Citibank, N.A.									455,426	(455,426)	—	—
Goldman Sachs	178,751	(178,751)	—	—	64,486	(64,486)	—	—	336,894	(336,624)	—	270
Citibank, N.A.	174,221	(174,221)	—	—	94,211	(94,211)	—	—				
Santander US Capital Markets LLC									282,077	(282,077)	—	—
Barclays Capital	128,488	(118,667)	—	9,821	80,276	(79,295)	—	981	258,559	(254,750)	—	3,809
Wells Fargo Bank, N.A.	116,275	(114,647)	—	1,628	228,181	(221,986)	—	6,195				
Nomura Corporate Funding Americas	50,000	(50,000)	—	—	—	—	—	—	175,000	(175,000)	—	—
Athene Annuity & Life Assurance Company	2,111	—	—	2,111	—	—	—	—				

Federal National Mortgage Association	1,337	—	—	1,337	211	—	—	211				
Mizuho Bank, Ltd.									125,000	(125,000)	—	—
Others	2,475	—	—	2,475	1,520	—	—	1,520	1,363	—	—	1,363
	<u>\$3,822,724</u>	<u>\$(3,769,449)</u>	<u>\$ —</u>	<u>\$53,275</u>	<u>\$3,026,402</u>	<u>\$(3,004,690)</u>	<u>\$ —</u>	<u>\$21,712</u>	<u>\$8,733,656</u>	<u>\$(8,692,756)</u>	<u>\$ —</u>	<u>\$40,900</u>

(1) Amounts represent the UPB of Assets sold under agreements to repurchase.

Following are the gains (losses) recognized by the Company on derivative financial instruments and the income statement line items where such gains and losses are included:

Derivative activity	Consolidated income statement line	Year ended December 31,			Consolidated income statement line	Year ended December 31,		
		2023	2022	2021		2024	2023	2021

		(in thousands)				(in thousands)		
Interest rate lock commitments	Net gains on loans held for sale at fair value (1)	\$ 63,749	\$ (296,349)	\$(354,833)	Net gains on loans held for sale at fair value (1)	\$ (56,028)	\$ 63,749	\$ (296,349)
Hedged item:								
Interest rate lock commitments and loans held for sale	Net gains on loans held for sale at fair value	\$ 46,941	\$ 1,326,964	\$ 319,141	Net gains on loans held for sale at fair value	\$ 251,305	\$ 46,941	\$ 319,141
Mortgage servicing rights	Net loan servicing fees—Mortgage servicing rights hedging results	\$(236,778)	\$ (631,484)	\$(475,215)	Net loan servicing fees—Mortgage servicing rights hedging results	\$(794,282)	\$(236,778)	\$(631,484)

(1) Represents net change in fair value of IRLCs from the beginning to the end of the year. Amounts recognized at the date of commitment and fair value changes recognized during the period until purchase of the underlying loans are shown in the rollforward of IRLCs for the year in Note 6 – Fair Value – Assets and Liabilities Measured at Fair Value on a Recurring Basis.

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Note 9—Mortgage Servicing Rights and Mortgage Servicing Liabilities

Mortgage Servicing Rights Carried at Fair Value:

The activity in MSRs **carried at fair value** is as follows:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(in thousands)			(in thousands)		
Balance at beginning of year	\$ 5,953,621	\$ 3,878,078	\$ 2,581,174	\$ 7,099,348	\$ 5,953,621	\$ 3,878,078
Additions (deductions):						
MSRs resulting from loan sales	1,849,957	1,718,094	1,861,949	2,280,830	1,849,957	1,718,094
Purchases	—	3,993	—	—	—	3,993
Transfer of mortgage servicing rights relating to delinquent loans to Agency	(305)	—	—	—	(305)	—
Exchange of mortgage servicing spread for interest-only stripped securities	(98,066)	—	—			
Exchange of mortgage servicing spread for interest-only stripped mortgage-backed securities				(202,186)	(98,066)	—
	1,751,586	1,722,087	1,861,949	2,078,644	1,751,586	1,722,087
Change in fair value due to:						
Changes in inputs used in valuation model (1)	56,757	877,324	(136,350)	407,423	56,757	877,324
Other changes in fair value (2)	(662,616)	(523,868)	(428,695)	(840,887)	(662,616)	(523,868)

Total change in fair value	(605,859)	353,456	(565,045)	(433,464)	(605,859)	353,456
Balance at end of year	\$ 7,099,348	\$ 5,953,621	\$ 3,878,078	\$ 8,744,528	\$ 7,099,348	\$ 5,953,621
Unpaid principal balance of underlying loans at end of year	\$370,244,119	\$314,567,639	\$278,324,780	\$426,055,220	\$370,244,119	\$314,567,639
	December 31,			December 31,		
	2023			2024		
	2022			2023		

	(in thousands)			(in thousands)		
Fair value of mortgage servicing rights pledged to secure Assets sold under agreements to repurchase and Notes payable secured by mortgage servicing assets	\$ 7,033,892			\$ 8,609,388		
	\$ 5,897,613			\$ 7,033,892		

- (1) Principally reflects changes in pricing spread, annual total prepayment speed, per loan annual cost of servicing and UPB of underlying loan inputs.
- (2) Represents changes due to realization of cash flows.

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Mortgage Servicing Liabilities Carried at Fair Value:

The activity in MSLs carried at fair value is summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Balance at beginning of year	\$ 2,096	\$ 2,816	\$ 45,324	\$ 1,805	\$ 2,096	\$ 2,816
Mortgage servicing liabilities resulting from loan sales	—	—	106,631			
Changes in fair value due to:						
Changes in inputs used in valuation model (1)	(50)	(347)	(68,020)	35	(50)	(347)
Other changes in fair value (2)	(241)	(373)	(81,119)	(157)	(241)	(373)
Total change in fair value	(291)	(720)	(149,139)	(122)	(291)	(720)
Balance at end of year	\$ 1,805	\$ 2,096	\$ 2,816	\$ 1,683	\$ 1,805	\$ 2,096
Unpaid principal balance of underlying loans at end of year	\$24,892	\$33,157	\$ 60,593	\$19,528	\$24,892	\$33,157

(1) During the year ended December 31, 2021, significant changes were made to valuation inputs used to estimate the fair value in annual total prepayment speed, pricing spread and per loan annual cost of MSLS in recognition of the observed increase in the proportion of performing government insured or guaranteed loans and reduced expected costs and losses from defaulted government insured or guaranteed loans underlying the Company's MSLS servicing.

(2) Represents changes due to realization of cash flows.

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Contractual servicing fees relating to MSRs and MSLS are recorded in *Net loan servicing fees—Loan servicing fees—From non-affiliates* on the consolidated statements of income; late charges and other ancillary fees relating to MSRs and MSLS are recorded in *Net loan servicing fees—Loan servicing fees—Other* on the Company's consolidated statements of income. Such amounts are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Contractual servicing fees	\$ 1,268,650	\$ 1,054,828	\$ 875,570	\$1,529,452	\$1,268,650	\$1,054,828
Other fees:						
Late charges	55,685	40,583	29,848	73,227	55,685	40,583
Other	9,539	13,742	29,505	13,705	9,539	13,742
	<u>\$ 1,333,874</u>	<u>\$ 1,109,153</u>	<u>\$ 934,923</u>	<u>\$1,616,384</u>	<u>\$1,333,874</u>	<u>\$1,109,153</u>

Note 10—Capitalized Software

Capitalized software included in *Other* assets are summarized below:

	December 31,	
	2023	2022
	(in thousands)	
Cost	\$ 266,124	\$231,341
Less: Accumulated amortization	(117,388)	(73,881)
	<u>\$ 148,736</u>	<u>\$157,460</u>

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Note 11—Capitalized Software

Capitalized software included in *Other* assets is summarized below:

	December 31,	
	2024	2023
	(in thousands)	
Cost	\$ 286,467	\$ 266,124
Less: Accumulated amortization	(165,665)	(117,388)
	<u>\$ 120,802</u>	<u>\$ 148,736</u>

Amortization and impairment expenses relating to of capitalized software included in *Technology* expense are summarized below:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Amortization	\$43,462	\$23,955	\$20,206	\$48,169	\$43,462	\$23,955
Impairment	\$ 46	\$ —	\$ 728	\$ 147	\$ 46	\$ —

Note 11—12—Furniture, Fixtures, Equipment and Building Improvements

Furniture, fixtures, equipment and building improvements, included in *Other* assets are summarized below:

December 31,		December 31,	
2023	2022	2024	2023

	(in thousands)		(in thousands)	
Furniture, fixtures, equipment and building improvements	\$ 82,667	\$ 82,721	\$ 84,382	\$ 82,667
Less: Accumulated depreciation and amortization	(63,651)	(54,339)	(71,466)	(63,651)
	<u>\$ 19,016</u>	<u>\$ 28,382</u>	<u>\$ 12,916</u>	<u>\$ 19,016</u>

Depreciation and amortization expenses included in *Occupancy and equipment* expense are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Depreciation and amortization expenses	\$9,752	\$10,454	\$8,439	\$7,815	\$9,752	\$10,454

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Note 12—13—Leases

The Company has operating lease agreements relating to its office facilities. The Company's operating lease agreements have remaining terms ranging from less than one year to **eight** **six** years; some of these operating lease agreements include options to extend their terms for up to five years. None of the Company's operating lease agreements require the Company to make variable lease payments.

The Company's operating lease right-of-use assets included in *Other* assets and leasing activity is summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(dollars in thousands)			(dollars in thousands)		
Lease expense:						
Operating leases	\$ 18,782	\$ 19,779	\$ 18,363	\$15,870	\$18,782	\$19,779
Short-term leases	436	778	904	303	436	778
Sublease income	(902)	(46)	—	(1,405)	(902)	(46)
Net lease expense included in Occupancy and equipment expense	\$ 18,316	\$ 20,511	\$ 19,267	\$14,768	\$18,316	\$20,511
Other information:						
Payments for operating leases	\$ 24,026	\$ 23,475	\$ 20,145	\$20,118	\$24,026	\$23,475
Operating lease right-of-use assets recognized	\$ 2,893	\$ 1,364	\$ 28,401	\$ 1,388	\$ 2,893	\$ 1,364
Period end weighted averages:						
Remaining lease term (in years)	4.3	4.8	5.7	3.6	4.3	4.8
Discount rate	3.8%	3.8%	4.0%	4.0%	3.8%	3.8%

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The maturities of the Company's operating lease liabilities are summarized below:

Year ended December 31,	Operating leases	Operating leases
	(in thousands)	(in thousands)
2024	\$ 19,688	
2025	19,168	\$ 19,698
2026	14,892	14,590
2027	7,152	7,050
2028	5,066	5,065

2029		3,922
Thereafter	7,063	3,141
Total lease payments	73,029	53,466
Less imputed interest	(6,985)	(5,024)
Operating lease liability	\$ 66,044	
Operating lease liability included in <i>Accounts payable and accrued expenses</i>		\$ 48,442

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Note 14—Other Assets

Other assets are summarized below:

	December 31,	
	2024	2023
	(in thousands)	
Margin deposits	\$ 288,153	\$ 135,645
Capitalized software, net	120,802	148,736
Interest receivable	41,286	35,196
Servicing fees receivable, net	38,676	37,271
Other servicing receivables	54,058	30,530
Prepaid expenses	45,762	36,044
Operating lease right-of-use assets	36,572	49,926
Deposits securing <i>Assets sold under agreements to repurchase and Notes payable secured by mortgage servicing assets</i>	16,697	15,653
Real estate acquired in settlement of loans	14,976	14,982
Furniture, fixtures, equipment and building improvements, net	12,916	19,016
Other	100,183	59,461
	<u>\$ 770,081</u>	<u>\$ 582,460</u>
Deposits securing <i>Assets sold under agreements to repurchase or Notes payable secured by mortgage servicing assets</i>	\$ 16,697	\$ 15,653

Note 13—Other Assets

Other assets are summarized below:

	December 31,	
	2023	2022
	(in thousands)	
Capitalized software, net	\$ 148,736	\$ 157,460
Margin deposits	135,645	55,968
Operating lease right-of-use assets	49,926	65,866
Servicing fees receivable, net	37,271	31,356
Other servicing receivables	30,530	24,854
Interest receivable	35,196	24,110
Prepaid expenses	36,044	38,780
Furniture, fixtures, equipment and building improvements, net	19,016	28,382

Deposits securing Assets sold under agreements to repurchase and Notes payable secured by mortgage servicing assets	15,653	12,277
Real estate acquired in settlement of loans	14,982	11,497
Other	59,461	33,223
	<u>\$ 582,460</u>	<u>\$ 483,773</u>
Deposits securing Assets sold under agreements to repurchase and Notes payable secured by mortgage servicing assets	\$ 15,653	\$ 12,277

Note 14—15—Short-Term Borrowings Debt

The borrowing facilities described throughout these Notes 14 15 and 15 16 contain various covenants, including financial covenants governing the Company's net worth, debt-to-equity ratio and liquidity. Management believes that the Company was in compliance with these covenants as of December 31, 2023 December 31, 2024.

Assets Sold Under Agreements to Repurchase

The Company has multiple secured borrowing facilities in the form of asset sales under agreements to repurchase. These borrowing facilities are secured by MBS, loans held for sale at fair value or participation certificates backed by mortgage servicing assets. Eligible assets are sold at advance rates based on their fair values (as determined by the lender). Interest is charged at a rate based on the Secured Overnight Financing Rate ("SOFR"). Loans Principal-only stripped MBS, loans and participation certificates financed under these agreements may be re-pledged by the lenders.

Assets sold under agreements to repurchase are summarized below:

	Year ended December 31,		
	2024	2023	2022
	(dollars in thousands)		
Average balance of assets sold under agreements to repurchase	\$5,474,998	\$3,701,448	\$2,580,513
Weighted average interest rate (1)	6.79%	7.12%	3.59%
Total interest expense	\$ 393,977	\$ 279,289	\$ 105,459
Maximum daily amount outstanding	\$8,591,735	\$6,358,007	\$7,289,147

(1) Excludes the effect of amortization of debt issuance costs and non-utilization fees totaling \$22.2 million, \$15.7 million and \$12.9 million for the years ended December 31, 2024, 2023 and 2022, respectively

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Assets sold under agreements to repurchase are summarized below:

	Year ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Average balance of assets sold under agreements to repurchase	\$3,701,448	\$2,580,513	\$ 6,911,843
Weighted average interest rate (1)	7.12%	3.59%	2.09%
Total interest expense	\$ 279,289	\$ 105,459	\$ 164,132
Maximum daily amount outstanding	\$6,358,007	\$7,289,147	\$10,969,029

(1) Excludes the effect of amortization of debt issuance costs and non-utilization fees totaling \$15.7 million, \$12.9 million and \$19.4 million for the years ended December 31, 2023, 2022 and 2021, respectively

	December 31,		December 31,	
	2023	2022	2024	2023
	(dollars in thousands)		(dollars in thousands)	
Carrying value:				
Unpaid principal balance	\$3,769,449	\$3,004,690	\$8,692,756	\$3,769,449
Unamortized debt issuance costs	(5,493)	(3,407)	(7,549)	(5,493)
	<u>\$3,763,956</u>	<u>\$3,001,283</u>	<u>\$8,685,207</u>	<u>\$3,763,956</u>
Weighted average interest rate	7.05%	6.00%	5.89%	7.05%
Available borrowing capacity (1):				
Committed	\$1,282,040	\$1,078,927	\$ 460,000	\$1,282,040
Uncommitted	5,548,511	5,391,383	3,104,026	5,548,511
	<u>\$6,830,551</u>	<u>\$6,470,310</u>	<u>\$3,564,026</u>	<u>\$6,830,551</u>
Assets securing repurchase agreements:				
Principal-only stripped MBS			\$ 825,865	\$ —
Loans held for sale	\$3,858,977	\$3,139,870	\$7,612,832	\$3,858,977
Servicing advances (2)	\$ 354,831	\$ 381,379	\$ 357,939	\$ 354,831
Mortgage servicing rights (2)	\$6,284,239	\$5,339,513	\$7,488,539	\$6,284,239
Deposits (2)	\$ 15,653	\$ 12,277	\$ 16,697	\$ 15,653

- (1) The amount the Company is able to borrow under asset repurchase agreements is tied to the fair value of unencumbered assets eligible to secure those agreements and the Company's ability to fund the agreements' margin requirements relating to the assets financed.
- (2) Beneficial interests in the Ginnie Mae MSRs, servicing advances and deposits together serve as the collateral backing servicing asset facilities that are included in *Assets sold under agreements to repurchase* and the term notes and term loans included in *Notes payable secured by mortgage servicing assets*. The term notes and term loans are described in Note 15 16 — *Long-Term Debt - Notes payable secured by mortgage servicing assets*.

Following is a summary of maturities of outstanding advances under repurchase agreements by maturity date:

Remaining maturity at December 31, 2024 (1)	Unpaid principal balance
	(dollars in thousands)
Within 30 days	\$ 1,902,179
Over 30 to 90 days	5,692,381
Over 90 to 180 days	108,542
Over 180 days to one year	246,095
Over one year to two years	743,559
Total assets sold under agreements to repurchase	<u>\$ 8,692,756</u>
Weighted average maturity (in months)	4.0

- (1) The Company is subject to margin calls during the period the agreements are outstanding and therefore may be required to repay a portion of the borrowings before the respective agreements mature if the fair value (as determined by the applicable lender) of the assets securing those agreements decreases.

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Following is a summary of maturities of outstanding advances under repurchase agreements by maturity date:

Remaining maturity at December 31, 2023 (1)	Unpaid principal balance
	(dollars in thousands)
Within 30 days	\$ 823,013
Over 30 to 90 days	2,389,502
Over 90 to 180 days	74,968
Over 180 days to one year	133,038
Over one year to two years	348,928
Total assets sold under agreements to repurchase	\$ 3,769,449
Weighted average maturity (in months)	3.4

(1) The Company is subject to margin calls during the period the agreements are outstanding and therefore may be required to repay a portion of the borrowings before the respective agreements mature if the fair value (as determined by the applicable lender) of the assets securing those agreements decreases.

The amounts at risk (the fair value of the assets pledged plus the related margin deposits, less the amounts advanced by the counterparty and interest payable) relating to the Company's assets sold under agreements to repurchase are summarized by counterparty below as of December 31, 2023 December 31, 2024:

Counterparty	Amount at risk	Weighted average maturity of advances	Facility maturity
	(in thousands)		
Atlas Securitized Products, L.P. & Citibank, N.A. & Goldman Sachs Bank USA & Nomura Corporate Funding Americas (1)	\$ 4,002,911	March 25, 2025	June 27, 2025
Atlas Securitized Products, L.P.	\$ 103,737	May 4, 2024	June 27, 2025
Bank of America, N.A.	\$ 79,328	January 29, 2024	June 12, 2025
BNP Paribas	\$ 31,964	March 24, 2024	September 30, 2025
Barclays Bank PLC	\$ 28,314	May 22, 2024	November 13, 2024
Royal Bank of Canada	\$ 25,993	January 21, 2024	November 8, 2024
JP Morgan Chase Bank, N.A.	\$ 15,375	February 19, 2024	June 16, 2025
Goldman Sachs Bank USA	\$ 12,954	April 27, 2024	December 8, 2025
JP Morgan Chase Bank, N.A. (EBO facility)	\$ 12,612	October 17, 2024	June 9, 2025
Morgan Stanley Bank, N.A.	\$ 8,788	March 16, 2024	January 27, 2025
Citibank, N.A.	\$ 7,374	February 27, 2024	June 27, 2025
Wells Fargo Bank, N.A.	\$ 6,652	March 11, 2024	May 3, 2025

Loans held for sale and MSRs

Counterparty	Amount at risk	Weighted average maturity of advances	Facility maturity
	(in thousands)		
Atlas Securitized Products, L.P., Goldman Sachs Bank USA, Nomura Corporate Funding Americas and Mizuho Bank, Ltd. (1)	\$ 5,770,912	May 6, 2026	May 6, 2026
Atlas Securitized Products, L.P.	\$ 138,531	May 21, 2025	June 26, 2026

Bank of America, N.A.	\$	76,289	February 2, 2025	June 10, 2026
JP Morgan Chase Bank, N.A.	\$	55,833	March 5, 2025	June 28, 2026
Royal Bank of Canada	\$	41,459	January 28, 2025	November 10, 2025
Barclays Bank PLC	\$	37,068	April 26, 2025	March 6, 2026
Citibank, N.A.	\$	26,417	March 8, 2025	June 11, 2026
Morgan Stanley Bank, N.A.	\$	25,893	March 18, 2025	May 22, 2026
BNP Paribas	\$	24,468	March 22, 2025	September 30, 2026
Wells Fargo Bank, N.A.	\$	14,954	March 16, 2025	October 15, 2025
Goldman Sachs Bank USA	\$	7,475	March 17, 2025	December 8, 2025

- (1) The amount at risk includes the beneficial interests in Ginnie Mae MSR's and servicing advances pledged to serve as the collateral backing servicing asset facilities included in *Assets sold under agreements to repurchase* and the term notes and term loans included in *Notes payable secured by mortgage servicing assets*. The facilities mature on various dates ranging from August 4, 2025 through October 28, 2026 and the facility maturity date shown in this table represents a weighted average of those dates.

Principal-only stripped MBS

Counterparty	Amount at risk	Maturity
	(in thousands)	
Bank of America, N.A.	\$ 1,788	January 24, 2025
JP Morgan Chase Bank, N.A.	\$ 21,739	January 6, 2025
Wells Fargo Bank, N.A.	\$ 18,238	January 23, 2025
Santander US Capital Markets LLC	\$ 13,226	January 15, 2025

Mortgage Loan Participation Purchase and Sale Agreements

Certain of the borrowing facilities secured by mortgage loans held for sale are in the form of mortgage loan participation purchase and sale agreements. Participation certificates, each of which represents an undivided beneficial ownership interest in mortgage loans that have been pooled into Fannie Mae, Freddie Mac or Ginnie Mae securities, are sold to a lender pending the securitization of the mortgage loans and sale of the resulting securities which generally occurs within 30 days. A commitment to sell the securities resulting from the pending securitization between the Company and a non-affiliate is also assigned to the lender at the time a participation certificate is sold.

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The purchase price paid by the lender for each participation certificate is based on the trade price of the security, plus an amount of interest expected to accrue on the security to its anticipated delivery date, minus a present value adjustment, any related hedging costs and a holdback amount that is based on a percentage of the purchase price. The holdback amount is not required to be paid to the Company until the settlement of the security and its delivery to the lender.

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The mortgage loan participation purchase and sale agreements are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(dollars in thousands)			(dollars in thousands)		
Average balance	\$ 238,197	\$ 211,035	\$ 249,255	\$ 243,132	\$ 238,197	\$ 211,035
Weighted average interest rate (1)	6.48%	3.16%	1.39%	6.46%	6.48%	3.16%
Total interest expense	\$ 16,129	\$ 7,314	\$ 4,153	\$ 16,404	\$ 16,129	\$ 7,314
Maximum daily amount outstanding	\$ 515,537	\$ 515,043	\$ 532,819	\$ 518,042	\$ 515,537	\$ 515,043

(1) Excludes the effect of amortization of debt issuance costs totaling \$695,000, \$688,000, \$651,000 and \$688,000 \$651,000 for the years ended December 31, 2023, December 31, 2024, 2022, 2023 and 2021, 2022, respectively.

December 31,		December 31,	
2023	2022	2024	2023

	(dollars in thousands)		(dollars in thousands)	
Carrying value:				
Unpaid principal balance	\$ 446,406	\$ 287,943	\$ 496,856	\$ 446,406
Unamortized debt issuance costs	(352)	(351)	(344)	(352)
	<u>\$ 446,054</u>	<u>\$ 287,592</u>	<u>\$ 496,512</u>	<u>\$ 446,054</u>
Weighted average interest rate	6.60%	5.71%	5.58%	6.60%
Fair value of loans pledged to secure mortgage loan participation purchase and sale agreements	\$ 470,524	\$ 302,977	\$ 528,002	\$ 470,524

Note 15—16—Long-Term Debt

Notes Payable Secured by Mortgage Servicing Assets

Term Notes and Term Loans

The Company, through its wholly-owned subsidiaries PNMAC, PLS PNMAC, and the PNMAC GMSR ISSUER TRUST (the "Issuer" ("Issuer Trust")), has entered into a structured finance transaction, in which PLS pledges and/or sells to the Issuer Trust participation certificates representing beneficial interests in Ginnie Mae mortgage servicing assets pursuant to a repurchase agreement. The Issuer Trust has issued a variable funding note VFNs to PLS, has issued secured term notes (the "Term Notes") to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), and has entered into a series of syndicated term loans with various lenders (the "Term Loans"). The Term Notes and Term Loans are secured by the participation certificates relating to Ginnie Mae mortgage servicing assets financed pursuant to the servicing asset repurchase facilities, and rank pari passu with the mortgage servicing asset variable funding notes. VFNs which are sold by PLS under agreements to repurchase as shown in Note 15—Short-Term Debt.

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Following is a summary of the issued and outstanding Term Notes and Term Loans:

Issuance date	Principal balance		Annual interest rate spread (1)	Maturity date		Principal balanceAnnual interest rate spread (1) State		
				Stated	Optional extension (2)			
	(in thousands)					(in thousands)		
Term Notes:								
August 10, 2018	\$	425,000	3.40%	8/25/2025	(3)			
June 3, 2022		500,000	4.25%	5/25/2027	5/25/2029	\$	500,000	4.25% 5/25/2
February 29, 2024							425,000	3.20% 3/26/2
Term Loans:								
February 28, 2023		680,000	3.00%	2/25/2028	2/25/2029		680,000	3.00% 2/25/2
October 25, 2023		125,000	3.00%	10/25/2028			125,000	3.00% 10/25/2
	\$	1,730,000				\$	1,730,000	

(1) Interest is charged at a rate based on SOFR plus a spread.

(2) The Term Notes and Term Loans' indentures provide the Company with the option to extend the maturity of the Term Notes or Term Loans as specified in the respective agreements.

(3) Stated maturity date reflects the exercise by the Company of its option to extend the maturity of this issuance.

Freddie Mac MSR Note Notes Payable

On December 16, 2022, the The Company issued a note has notes payable to two lenders that is are secured by Freddie Mac MSRs. Interest is charged at a rate based on of SOFR plus a spread as defined in the agreement. agreements. The note matures facilities expire on November 13, 2024 March 6, 2026 and June 11, 2026. The maximum amount that the Company may borrow under the note notes payable is \$400 million \$900 million, \$350 million \$850 million of which is committed, and which may be reduced by other debt outstanding with the counterparty. counterparties.

Notes payable secured by mortgage servicing assets are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(dollars in thousands)			(dollars in thousands)		
Average balance	\$2,421,124	\$1,584,383	\$1,300,000	\$1,848,374	\$2,421,124	\$1,584,383
Weighted average interest rate (1)	8.59%	4.88%	2.89%	8.73%	8.59%	4.88%
Total interest expense	\$ 211,085	\$ 79,813	\$ 39,782	\$ 164,161	\$ 211,085	\$ 79,813

(1) Excludes the effect of amortization of debt issuance costs totaling \$3.2 million \$2.9 million, \$2.5 \$3.2 million and \$2.2 \$2.5 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

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December 31,		December 31,	
2023	2022	2024	2023

	(dollars in thousands)		(dollars in thousands)	
Carrying value:				
Unpaid principal balance:				
Term Notes and Term Loans	\$1,730,000	\$1,800,000	\$1,730,000	\$1,730,000
Freddie Mac MSR Note Payable	150,000	150,000		
Freddie Mac MSR Notes Payable			325,000	150,000
	1,880,000	1,950,000	2,055,000	1,880,000
Unamortized debt issuance costs	(6,585)	(7,354)	(6,028)	(6,585)
	\$1,873,415	\$1,942,646	\$2,048,972	\$1,873,415
Weighted average interest rate	8.82%	7.46%	7.81%	8.82%
Assets pledged to secure notes payable (1):				
Servicing advances	\$ 354,831	\$ 381,379	\$ 357,939	\$ 354,831
Mortgage servicing rights	\$7,033,892	\$5,897,613	\$8,609,388	\$7,033,892
Deposits	\$ 15,653	\$ 12,277	\$ 16,697	\$ 15,653

- (1) Beneficial interests in the Ginnie Mae MSRs, servicing advances and deposits together serve as the collateral backing servicing asset facilities that are included in *Assets sold under agreements to repurchase* and the Term Notes and Term Loans are included in *Notes payable secured by mortgage servicing assets*.

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Unsecured Senior Notes

The Company issued unsecured senior notes (the "Unsecured Notes") to qualified institutional buyers under Rule 144A of the Securities Act. The Unsecured Notes are senior unsecured obligations of the Company and will rank senior in right of payment to any future subordinate indebtedness of the Company, equally in right of payment with all existing and future senior indebtedness of the Company and effectively subordinate to any existing and future secured indebtedness of the Company to the extent of the fair value of collateral securing such indebtedness.

The Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by PFSI's existing and future wholly-owned domestic subsidiaries (other than certain excluded subsidiaries defined in the indenture under which the Unsecured Notes were issued). The guarantees are senior unsecured obligations of the guarantors and will rank senior in right of payment to any future subordinate indebtedness of the guarantors, equally in right of payment with all existing and future senior indebtedness of the guarantors and effectively subordinate to any existing and future secured indebtedness of the guarantors to the extent of the fair value of collateral securing such indebtedness. The Unsecured Notes and the guarantees are structurally subordinate to the indebtedness and liabilities of the Company's subsidiaries that do not guarantee the Unsecured Notes.

Following is a summary of the Company's issued and outstanding Unsecured Notes:

Issuance date	Coupon				Note			
	Principal balance	interest rate	Maturity date	Optional redemption date (1)	Principal balance	interest rate	Maturity date	Optional redemption date (1)
	(in thousands)(annual)				(in thousands) (annual)			
September 29, 2020	\$ 500,000	5.38%	October 15, 2025	October 15, 2022	\$ 500,000	5.375%	October 15, 2025	October 15, 2022
October 19, 2020	150,000	5.38%	October 15, 2025	October 15, 2022	150,000	5.375%	October 15, 2025	October 15, 2022
February 11, 2021	650,000	4.25%	February 15, 2029	February 15, 2024	650,000	4.25%	February 15, 2029	February 15, 2024
September 16, 2021	500,000	5.75%	September 15, 2031	September 15, 2026	500,000	5.75%	September 15, 2031	September 15, 2026
December 11, 2023	750,000	7.88%	December 15, 2029	December 15, 2026	750,000	7.875%	December 15, 2029	December 15, 2026
May 23, 2024					650,000	7.125%	November 15, 2030	November 15, 2026
	\$ 2,550,000				\$ 3,200,000			

- (1) Before the optional redemption date, the Company may redeem some or all of the Unsecured Notes for that issuance at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a make-whole premium or the Company may redeem up to 40% of the Unsecured Notes for that issuance with an amount equal to or less than the net proceeds from certain equity offerings at the redemption price set forth in the indenture, plus accrued and unpaid interest. On or after the optional redemption date, the Company may redeem some or all of the Unsecured Notes for that issuance at the redemption prices set forth in the indenture, plus accrued and unpaid interest.

	Year ended December 31,		
	2024	2023	2022
	(dollars in thousands)		
Average balance	\$2,946,039	\$ 1,843,151	\$1,800,000

Weighted average interest rate (1)	6.04%	5.13%	5.07%
Total interest expense	\$ 184,304	\$ 98,396	\$ 95,014

(1) Excludes the effect of amortization of debt issuance costs of \$6.5 million, \$3.8 million and \$3.7 million on for the years ended December 31, 2024, 2023 and 2022, respectively.

	December 31,	
	2024	2023
	(dollars in thousands)	
Carrying value:		
Unpaid principal balance	\$ 3,200,000	\$ 2,550,000
Unamortized debt issuance costs and premiums, net	(35,968)	(30,349)
	<u>\$ 3,164,032</u>	<u>\$ 2,519,651</u>
Weighted average interest rate	6.15%	5.90%

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that issuance at the redemption prices set forth in the indenture, plus accrued and unpaid interest.

	Year ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Average balance	\$1,843,151	\$ 1,800,000	\$1,373,562
Weighted average interest rate (1)	5.13%	5.07%	4.94%
Total interest expense	\$ 98,396	\$ 95,014	\$ 70,208

(1) Excludes the effect of amortization of debt issuance costs of \$3.8 million, \$3.7 million and \$2.3 million on for the years ended December 31, 2023, 2022 and 2021, respectively.

	December 31,	
	2023	2022
	(dollars in thousands)	
Carrying value:		
Unpaid principal balance	\$ 2,550,000	\$ 1,800,000
Unamortized debt issuance costs and premiums, net	(30,349)	(20,080)
	<u>\$ 2,519,651</u>	<u>\$ 1,779,920</u>
Weighted average interest rate	5.90%	5.07%

Obligations Under Capital Lease

The Company had a capital lease transaction secured by certain fixed assets and capitalized software. The capital lease matured on June 13, 2022.

Obligations under capital lease are summarized below:

	Year ended December 31,	
	2022	2021
	(dollars in thousands)	
Average balance	\$ 848	\$ 7,999

Weighted average interest rate		2.18%		2.11%
Total interest expense	\$	20	\$	169
Maximum daily amount outstanding	\$	3,489	\$	11,864

Maturities of Long-Term Debt

Maturities of long-term debt obligations (based on **final stated** maturity dates) are as follows:

Year ended December 31,							Year ended December 31,				
2024	2025	2026	2027	2028	Thereafter	Total	2025	2026	2027	2028	2029

	(in thousands)							(in thousands)				
Notes payable secured by mortgage servicing assets ⁽¹⁾	\$150,000	\$ 425,000	\$—	\$500,000	\$805,000	\$ —	\$1,880,000	\$ —	\$325,000	\$500,000	\$805,000	\$ 425,000
Unsecured senior notes	—	650,000	—	—	—	1,900,000	2,550,000	650,000	—	—	—	1,400,000
Total	\$150,000	\$1,075,000	\$—	\$500,000	\$805,000	\$1,900,000	\$4,430,000	\$650,000	\$325,000	\$500,000	\$805,000	\$1,825,000

- (1) The Term Notes and Term Loans' indentures provide the Company with the option to extend the maturity of the Term Notes by two years after their stated maturities.

Note 16—17—Liability for Losses Under Representations and Warranties

Following is a summary of the Company's liability for losses under representations and warranties:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(in thousands)			(in thousands)		
Balance at beginning of year	\$ 32,421	\$ 43,521	\$ 32,688	\$ 30,788	\$ 32,421	\$ 43,521
Provision for losses:						
Resulting from sales of loans	12,997	9,617	31,590	16,486	12,997	9,617
Resulting from change in estimate	(9,115)	(8,451)	(16,037)	(13,579)	(9,115)	(8,451)
Losses incurred	(5,515)	(12,266)	(4,720)	(4,566)	(5,515)	(12,266)
Balance at end of year	\$ 30,788	\$ 32,421	\$ 43,521	\$ 29,129	\$ 30,788	\$ 32,421
Unpaid principal balance of loans subject to representations and warranties at end of year	\$354,423,684	\$296,774,121	\$257,369,777	\$413,382,503	\$354,423,684	\$296,774,121

Note 17—18—Income Taxes

The Company files U.S. federal and state corporate income tax returns for PFSI and partnership returns for PNMAC. The Company's federal tax returns are subject to examination for 2020 2021 and forward and its state tax returns are generally subject to examination for 2019 2020 and forward. PNMAC's federal partnership returns are subject to examination for 2020 2021 and forward, and its state tax returns are generally subject to examination for 2019 2020 and forward. The Internal Revenue Service is currently auditing has recently concluded their examination of the Company's Company's federal income tax return for 2020.2020 and issued a no change letter. California and various other state jurisdictions have also has opened audits an audit for tax years ranging from 2019 to 2021. and 2020. The Company does not expect any material changes from these examinations as of December 31, 2023 December 31, 2024.

The following table details the Company's provision for income taxes:

	Year ended December 31,		
	2023	2022	2021
	(in thousands)		
Current expense (benefit):			
Federal	\$ 1,436	\$ (2,944)	\$101,659
State	620	(249)	39,551
Total current expense (benefit)	2,056	(3,193)	141,210
Deferred expense:			
Federal	31,375	131,670	160,587
State	5,544	61,263	53,896
Total deferred expense	36,919	192,933	214,483
Total provision for income taxes	\$38,975	\$189,740	\$355,693

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The following table details the Company's provision for income taxes:

	Year ended December 31,		
	2024	2023	2022
	(in thousands)		
Current (benefit) expense:			
Federal	\$ (44)	\$ 1,436	\$ (2,944)
State	258	620	(249)
Total current expense (benefit)	214	2,056	(3,193)
Deferred expense:			
Federal	70,877	31,375	131,670
State	18,512	5,544	61,263
Total deferred expense	89,389	36,919	192,933
Total provision for income taxes	\$ 89,603	\$ 38,975	\$ 189,740

The following table is a reconciliation of the Company's provision for income taxes at statutory rates to the provision for income taxes at the Company's effective income tax rate:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
Federal income tax at statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
State income taxes, net of federal benefit	4.7%	5.9%	5.4%	5.2%	4.7%	5.9%
Tax rate revaluation	(2.2)%	1.2%	0.0%	(1.9) %	(2.2) %	1.2%
Other	(2.3)%	0.4%	(0.2)%	(2.0) %	(2.3) %	0.4%
Effective income tax rate	21.2%	28.5%	26.2%	22.3%	21.2%	28.5%

The components of the Company's provision for deferred income taxes are as follows:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Mortgage servicing rights	\$ 186,628	\$ 326,378	\$ 196,697	\$ 231,892	\$ 186,628	\$ 326,378
Net operating loss	(111,496)	(160,605)	—	(181,759)	(111,496)	(160,605)
Reserves and losses	(41,641)	13,480	15,736	39,071	(41,641)	13,480
Additional tax basis in partnership from exchanges of partnership units into the Company's common stock				3,841	3,803	4,517
Compensation accruals	7,403	10,473	(11,456)	(451)	7,403	10,473
Additional tax basis in partnership from exchanges of partnership units into the Company's common stock	3,803	4,517	4,420			
California franchise taxes	—	4,447	10,753	—	—	4,447
Tax credits	—	—	50			
Other	(7,778)	(5,757)	(1,717)	(3,205)	(7,778)	(5,757)
Total provision for deferred income taxes	\$ 36,919	\$ 192,933	\$ 214,483	\$ 89,389	\$ 36,919	\$ 192,933

The components of *Income taxes payable* are as follows:

December 31,		December 31,	
2023	2022	2024	2023

	(in thousands)		(in thousands)	
Current income tax payable (receivable)	\$	1,230	\$	(1,993)
Current income tax (receivable) payable			\$	(45)
Deferred income tax liability, net			\$	1,230
	1,041,656	1,004,737	1,131,045	1,041,656
Income taxes payable	<u>\$1,042,886</u>	<u>\$1,002,744</u>	<u>\$1,131,000</u>	<u>\$1,042,886</u>

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The tax effects of temporary differences that gave rise to deferred income tax assets and liabilities are presented below:

December 31,		December 31,	
2023	2022	2024	2023

	(in thousands)		(in thousands)	
Deferred income tax assets:				
Net operating loss carryforward	\$ 273,178	\$ 161,682	\$ 454,936	\$ 273,178
Reserves and losses			36,365	75,436
Compensation accruals	35,266	42,668	35,718	35,266
Additional tax basis in partnership from exchanges of partnership units into the Company's common stock	21,957	25,760	18,116	21,957
Reserves and losses	75,436	33,795		
Other	9,943	6,159	8,588	9,943
Gross deferred income tax assets	<u>415,780</u>	<u>270,064</u>	<u>553,723</u>	<u>415,780</u>
Deferred income tax liabilities:				
Mortgage servicing rights	1,446,810	1,260,181	1,678,702	1,446,810
Other	10,626	14,620	6,066	10,626
Gross deferred income tax liabilities	<u>1,457,436</u>	<u>1,274,801</u>	<u>1,684,768</u>	<u>1,457,436</u>
Net deferred income tax liability	<u>\$1,041,656</u>	<u>\$1,004,737</u>	<u>\$1,131,045</u>	<u>\$1,041,656</u>

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The Company recorded a deferred tax asset of ~~\$273.2 million~~ \$454.9 million for net operating losses, of which ~~\$106.2 million~~ \$181.3 million related to net operating losses incurred in ~~2023~~, ~~\$165.9 million~~ 2024 and the remaining balance of ~~\$273.6 million~~ related

to net operating losses incurred in 2022 between 2018 and \$1.1 million related to net operating losses incurred in 2018. 2023. The \$213.6 million \$355.7 million related to federal net operating loss carry forward has no expiration date but is subject to an annual utilization limitation of up to 80% of taxable income. The Of the remaining \$59.6 \$99.2 million in deferred tax assets, relating to state net operating losses, either have \$12.3 million expires between 2032 and 2037, \$68.9 million expires in 2042 and \$18.0 million has no expiration date or expire by 2042. date. The Company expects to fully utilize these net operating losses before their expiration dates.

At December 31, 2023 December 31, 2024 and 2022, 2023, the Company had no unrecognized tax benefits and does not anticipate any unrecognized tax benefits. Should the recognition of any interest or penalties relative to unrecognized tax benefits be necessary, it is the Company's policy to record such expenses in the Company's income tax accounts. No such accruals existed at December 31, 2023 December 31, 2024 and 2022, 2023.

The Company made dividend payments of \$52.2 million to holders of common stock in 2024. For tax purposes, the entire distribution is a return of capital to the stockholders.

Note 18— 19—Commitments and Contingencies

Commitments to Purchase and Fund Loans

The Company's commitments to purchase and fund loans totaled \$6.3 billion \$7.8 billion as of December 31, 2023 December 31, 2024.

Legal Proceedings

From time to time, the Company may be involved in various claims, investigations, lawsuits and other legal and regulatory proceedings in the ordinary course of its business. The amount, if any, of ultimate liability with respect to such matters cannot be determined, but despite the inherent uncertainties of litigation, management believes that the ultimate disposition of any such proceedings and exposure will not have, individually or taken together, a material adverse effect on the financial condition, income, or cash flows of the Company.

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Litigation

On November 5, 2019, Black Knight Servicing Technologies, LLC ("Black Knight"), now a wholly-owned subsidiary of Intercontinental Exchange, Inc. (NYSE: ICE), filed a Complaint and Demand for Jury Trial in the Fourth Judicial Circuit Court in and for Duval County, Florida (the "Florida State Court"), captioned *Black Knight Servicing Technologies, LLC v. PennyMac Loan Services, LLC ("PLS")*, Case No. 2019-CA-007908, alleging breach of contract and misappropriation of MSP® System trade secrets. On November 6, 2019, PLS filed unlawful monopolization claims against Black Knight pursuant to the Sherman Act and Clayton Act seeking injunctive relief. On March 30, 2020, the Florida State Court granted a motion to compel arbitration filed by the Company, after which all claims of the Company and Black Knight were consolidated into a binding arbitration.

On November 28, 2023, the arbitrator issued an interim award (the "Interim Award") granting in part and denying in part Black Knight's breach of contract claim. The arbitrator's Interim Award also denied in full Black Knight's claim of trade secrets misappropriation. The Interim Award granted Black Knight monetary damages in the amount of \$155.2 million, plus prejudgment interest and reasonable attorney attorneys' fees, and it denied in full all of Black Knight's claims for injunctive and declaratory relief.

The Interim Award also granted PLS' claim that Black Knight violated federal antitrust laws, specifically unlawful monopolization in violation of Section 2 of the Sherman Act, and granted PLS' claim for injunctive relief under the Sherman Act and Clayton Act, as well as its reasonable attorneys' fees and costs. The parties subsequently agreed not to seek attorneys' fees or costs on any claims.

As a result of the Interim Award, PLS' loan servicing technology, known as Servicing Systems Environment, or SSE, and all related intellectual property and software developed by or on behalf of PLS, remain the proprietary technology of PLS, free and clear of any restrictions on use. To this end, the arbitrator expressly enjoined Black Knight from claiming ownership to any portion of SSE or preventing the Company from commercializing SSE. Black Knight is also enjoined from enforcing any of its contract clauses requiring that its clients process their loans exclusively on the MSP platform.

On January 12, 2024, the arbitrator issued the final award (the "Final Award"), reducing Black Knight's monetary damages to \$150.2 million, plus interest. As a result of the Final Award, the Company reported a pretax expense accrual of \$158.4 million in its financial results for the fourth quarter of fiscal year 2023 on February 1, 2024.

2023. On February 14, 2024, the Company paid in full and Black Knight accepted payment of all damages and accrued interest due under the Final Award. On March 15, 2024, the Florida State Court confirmed the Final Award, giving the rulings and remedies therein preclusive effect. The Final Award also grants PLS' claim that Black Knight engaged in unlawful monopolization in violation of Section 2 of the Sherman Act and grants PLS' claim for injunctive relief under the Sherman Act and Clayton Act. As was entered as a result of the Final Award, PLS' loan servicing technology, known as Servicing Systems Environment, or SSE, and all related intellectual property and software developed by or on behalf of PLS, remain the proprietary technology of PLS, free and clear of any restrictions on use.

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On February 5, 2024, the Company filed a Motion to Confirm the Arbitration Award judgment in the Florida State Court. The Final Award remains subject to statutory periods allowing either party to move to vacate the Final Award before it is confirmed in the Florida State Court. As a result, there can be no certainty that the Final Award will not be subject to change.

Regulatory Matters

The Company and/or its subsidiaries are subject to various state and federal regulations related to its loan production and servicing operations by the various states it operates in as well as federal agencies such as the Consumer Financial Protection Bureau ("CFPB"), HUD, and the FHA and is subject to the requirements of the Agencies to which it sells loans and for which it performs loan servicing activities. As a result, the Company may become involved in information-gathering requests, reviews, investigations and proceedings (both formal and informal) by such various federal, state and local regulatory bodies.

On January 7, 2021, PLS received a letter from the CFPB notifying PLS that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise ("NORA") process, the CFPB's Office of Enforcement was considering recommending that the CFPB take legal action against PLS for alleged violations of the Real Estate Settlement Procedures Act and Truth in Lending Act. PLS responded to the NORA letter **Court** on February 8, 2021 and thereafter engaged in discussions with the CFPB. On July 13, 2023, PLS received a closing letter from the Bureau stating that it had completed its investigation, that it did not intend to take enforcement action, and that PLS was relieved from the document-retention obligations required by the Bureau's investigation. **August 10, 2024.**

Note 19—20—Stockholders' Equity

In August 2021, the Company's board of directors approved an increase to the Company's **The Company has a common stock repurchase program from \$1 billion to in the amount of \$2 billion.**

before transaction costs and excise taxes. The following table summarizes the Company's stock repurchase activity:

Year ended December 31,			Cumulative	Year ended December 31,			Cumulative
2023	2022	2021	total (1)	2024	2023	2022	total (1)

	(in thousands)					(in thousands)			
Shares of common stock repurchased	1,201	7,788	15,368	34,063	—	1,201	7,788	34,063	
Cost of shares of common stock repurchased	\$71,491	\$406,086	\$958,194	\$1,788,198	\$—	\$71,491	\$406,086	\$1,788,198	

(1) Amounts represent the total shares of common stock repurchased under the stock repurchase program through **December 31, 2023** **December 31, 2024.** Cumulative total cost of common stock repurchase includes \$537,000 of transaction fees.

The shares of repurchased common stock were canceled upon settlement of the repurchase transactions.

The Company made dividend payments of \$52.2 million to holders of common stock in 2024. For tax purposes, the entire distribution is a return of capital to the stockholders.

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Note 20—21—Net Gains on Loans Held for Sale

Net gains on loans held for sale at fair value are summarized below:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
From non-affiliates:						
Cash (losses) gains:						
Cash losses:						
Loans	\$(1,337,613)	\$(2,128,195)	\$ 600,840	\$(1,731,125)	\$(1,337,613)	\$(2,128,195)
Hedging activities	(99,515)	1,347,843	443,341	495,429	(99,515)	1,347,843
	(1,437,128)	(780,352)	1,044,181	(1,235,696)	(1,437,128)	(780,352)
Non-cash gains:						
Mortgage servicing rights resulting from loan sales	1,849,957	1,718,094	1,755,318	2,280,830	1,849,957	1,718,094
Provisions for losses relating to representations and warranties:						
Pursuant to loan sales	(12,997)	(9,617)	(31,590)	(16,486)	(12,997)	(9,617)
Reductions in liability due to changes in estimate	9,115	8,451	16,037	13,579	9,115	8,451

Changes in fair values of loans and derivatives held at year end:						
Changes in fair values of loans and derivatives held at end of period:						
Interest rate lock commitments	63,749	(296,349)	(354,833)	(56,028)	63,749	(296,349)
Loans	(71,425)	188,849	210,961	71,226	(71,425)	188,849
Hedging derivatives	146,456	(20,879)	(124,200)	(244,124)	146,456	(20,879)
	547,727	808,197	2,515,874	813,301	547,727	808,197
From PennyMac Mortgage Investment Trust (1)	(1,784)	(16,564)	(51,473)	4,067	(1,784)	(16,564)
	\$ 545,943	\$ 791,633	\$ 2,464,401	\$ 817,368	\$ 545,943	\$ 791,633

(1) Gains on sales of loans to PMT are described in Note 4—*Transactions with Related Parties*.

Note 22—Net Interest Expense

Net interest expense is summarized below:

	Year ended December 31,		
	2024	2023	2022
	(in thousands)		
Interest income:			
Cash and short-term investments	\$ 56,252	\$ 68,457	\$ 19,839
Principal-only stripped mortgage-backed securities	26,035	—	—
Loans held for sale	326,697	279,506	172,124
Placement fees relating to custodial funds	383,798	284,877	102,099
Other	784	84	—
	793,566	632,924	294,062
Interest expense:			
Assets sold under agreements to repurchase	393,977	279,289	105,459
Mortgage loan participation purchase and sale agreements	16,404	16,129	7,314
Notes payable secured by mortgage servicing assets	164,161	211,085	79,813
Unsecured senior notes	184,304	98,396	95,014
Interest shortfall on repayments of mortgage loans serviced for Agency securitizations	46,385	21,538	40,741
Interest on mortgage loan impound deposits	11,298	9,795	7,066
Other	2,819	1,545	20
	819,348	637,777	335,427
	\$ (25,782)	\$ (4,853)	\$ (41,365)

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Note 21—Net Interest Expense

Net interest expense is summarized below:

	Year ended December 31,		
	2023	2022	2021
	(in thousands)		
Interest income:			
From non-affiliates:			
Cash and short-term investments	\$ 68,457	\$ 19,839	\$ 3,280
Loans held for sale at fair value	279,506	172,124	275,176
Placement fees relating to custodial funds	284,877	102,099	21,326
	632,840	294,062	299,782
From Townsgate Closing Services, LLC	84	—	—
From PennyMac Mortgage Investment Trust	—	—	387
	632,924	294,062	300,169
Interest expense:			
To non-affiliates:			
Assets sold under agreements to repurchase	279,289	105,459	164,132
Mortgage loan participation purchase and sale agreements	16,129	7,314	4,153
Notes payable secured by mortgage servicing assets	211,085	79,813	39,782
Unsecured senior notes	98,396	95,014	70,208
Obligations under capital lease	—	20	169
Interest shortfall on repayments of mortgage loans serviced for Agency securitizations	21,538	40,741	105,430
Interest on mortgage loan impound deposits	9,795	7,066	5,545
Other	1,545	—	—
	637,777	335,427	389,419
To PennyMac Mortgage Investment Trust—Excess servicing spread financing at fair value	—	—	1,280
	637,777	335,427	390,699
	\$ (4,853)	\$ (41,365)	\$ (90,530)

Note 22—23—Stock-based Compensation

The Company has adopted equity incentive plans that provide for grants of stock options, time-based and performance-based restricted stock units (“RSUs”), stock appreciation rights, performance units and stock grants. As of **December 31, 2023** **December 31, 2024**, the Company has **4.9 million** **5.3 million** units available for future awards.

Following is a summary of the stock-based compensation expense by instrument awarded:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Performance-based RSUs	\$ 9,740	\$ 18,096	\$23,166	\$ 1,490	\$ 9,740	\$18,096
Time-based RSUs	11,672	14,837	10,184	12,443	11,672	14,837
Stock options	6,170	9,619	4,444	6,935	6,170	9,619
	<u>\$ 27,582</u>	<u>\$ 42,552</u>	<u>\$37,794</u>	<u>\$20,868</u>	<u>\$27,582</u>	<u>\$42,552</u>

Performance-Based RSUs

The performance based RSUs provide for the issuance of shares of the Company's common stock based on the achievement of performance goals and job performance ratings. Approximately 309,000 No shares under the grants with performance periods ending December 31, 2023 December 31, 2024 are expected to vest and be issued to as the grantees in the first quarter of 2024. performance goals were not achieved.

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The fair value of the performance-based RSUs is measured based on the fair value of the Company's common stock at the grant date, taking into consideration the expected outcome of the performance goal, and the number of shares to be forfeited during the vesting period. The Company applies forfeiture rates of 0 – 20.3% per year based on the grantees' employee classification. The actual number of shares that vest could vary from zero, if the performance goals are not met, to as much as 250% 300% of the units granted, if the performance goals are meaningfully exceeded.

The table below summarizes performance-based RSU activity:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands, except per unit amounts)	(in thousands, except per unit amounts)
Number of units:		

Outstanding at beginning of year	976	1,226	1,583	873	976	1,226
Granted	307	342	310	246	307	342
Vested (1)	(385)	(509)	(634)	(274)	(385)	(509)
Forfeited or cancelled	(25)	(83)	(33)	(62)	(25)	(83)
Outstanding at end of year	873	976	1,226	783	873	976
Weighted average grant date fair value per unit:						
Outstanding at beginning of year	\$48.94	\$36.12	\$27.02	\$58.90	\$48.94	\$36.12
Granted	\$60.70	\$57.10	\$58.85	\$84.93	\$60.70	\$57.10
Vested	\$35.36	\$23.40	\$24.47	\$58.86	\$35.36	\$23.40
Forfeited	\$58.46	\$49.14	\$36.91	\$65.29	\$58.46	\$49.14
Outstanding at end of year	\$58.90	\$48.94	\$36.12	\$66.58	\$58.90	\$48.94

(1) The actual number of performance-based RSUs vested during the years ended **December 31, 2023**, **December 31, 2024**, **2023** and **2022** were 309,000, 617,000 and 2021 were 617,000, 654,000 and 781,000 shares, respectively, which is approximately **160%** **113%**, **128%** **160%** and **123%** **128%** of the originally granted units, respectively, due to **the** performance exceeding **from** the established target for the respective grant.

Following is a summary of performance-based RSUs as of **December 31, 2023** **December 31, 2024**:

Unamortized compensation cost (in thousands)	\$12,730	\$9,415
Number of shares expected to vest (in thousands)	809	467
Weighted average remaining vesting period (in months)	12	11

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Time-Based RSUs

The RSU grant agreements provide for the award of time-based RSUs, entitling the award recipient to one share of the Company's common stock for each RSU. In general, and except as otherwise provided by the agreement, one-third of the time-based RSUs vest on each of the first, second, and third anniversaries of the grant date, subject to the recipient's continued service through each anniversary.

Compensation cost relating to time-based RSUs is based on the grant date fair value of the Company's common stock and the number of shares expected to vest. For purposes of estimating the cost of the time-based RSUs granted, the Company applies forfeiture rates of 0% – 20.3% per year based on the grantees' employee classification.

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The table below summarizes time-based RSU activity:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands, except per unit amounts)			(in thousands, except per unit amounts)		
Number of units:						
Outstanding at beginning of year	483	434	587	412	483	434
Granted	187	331	173	152	187	331
Vested	(247)	(246)	(312)	(215)	(247)	(246)
Forfeited	(11)	(36)	(14)	(27)	(11)	(36)
Outstanding at end of year	412	483	434	322	412	483
Weighted average grant date fair value per unit:						
Outstanding at beginning of year	\$53.71	\$41.74	\$29.37	\$58.90	\$53.71	\$41.74
Granted	\$60.72	\$57.10	\$58.90	\$85.66	\$60.72	\$57.10
Vested	\$50.09	\$37.34	\$28.08	\$59.18	\$50.09	\$37.34
Forfeited	\$57.66	\$51.97	\$39.48	\$66.59	\$57.66	\$51.97
Outstanding at end of year	\$58.90	\$53.71	\$41.74	\$70.64	\$58.90	\$53.71

Following is a summary of RSUs as of **December 31, 2023** **December 31, 2024**:

Unamortized compensation cost (in thousands)	\$ 6,210	\$ 4,982
Number of units expected to vest (in thousands)	392	303
Weighted average remaining vesting period (in months)	9	8

Stock Options

The stock option award agreements provide for the award of options to purchase common stock. In general, and except as otherwise provided by the agreement, one-third of the stock option awards vests on each of the first, second, and third anniversaries of the grant date, subject to the recipient's continued service through each anniversary.

Each stock option has a term of ten years from the date of grant but expires (1) immediately upon termination of the holder's employment or other association with the Company for cause, (2) one year after the holder's employment or other association is terminated due to death or disability and (3) three months after the holder's employment or other association is terminated for any other reason.

The fair value of each stock option award is estimated on the date of grant using a variant of the Black Scholes model based on the following inputs:

	Year ended December 31,		
	2023	2022	2021
Expected volatility (1)	38%	37%	38%
Expected dividends	1.3%	1.4%	1.4%

Risk-free interest rate	4.2% - 5.0%	1.1% - 2.1%	0.1% - 1.7%
Expected grantee forfeiture rate	0% - 5.1%	0% - 5.1%	0% - 6.7%

(1) Based on historical volatilities of the Company's common stock.

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The fair value of each stock option award is estimated on the date of grant using a variant of the Black Scholes model based on the following inputs:

	Year ended December 31,		
	2024	2023	2022
Expected volatility (1)	38%	38%	37%
Expected dividends	0.9%	1.3%	1.4%
	4.2% -		
Risk-free interest rate	5.0%	4.2% - 5.0%	1.1% - 2.1%
Expected grantee forfeiture rate	0% - 5.1%	0% - 5.1%	0% - 5.1%

(1) Based on historical volatilities of the Company's common stock.

The Company uses its historical employee departure behavior to estimate the grantee forfeiture rates used in its option-pricing model. The expected term of common stock options granted is derived from the Company's option pricing model and represents the period that common stock options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual term of the common stock option is based on the U.S. Treasury yield curve in effect at the time of grant.

The table below summarizes stock option award activity:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands, except per option amounts)			(in thousands, except per option amounts)		
Number of stock options:						
Outstanding at beginning of year	4,317	3,906	4,040	3,857	4,317	3,906
Granted	221	574	249	188	221	574
Exercised	(658)	(155)	(377)	(788)	(658)	(155)
Forfeited	(23)	(8)	(6)	(47)	(23)	(8)
Outstanding at end of year	3,857	4,317	3,906	3,210	3,857	4,317

Weighted average exercise price per option:							
Outstanding at beginning of year	\$32.46	\$28.43	\$28.01	\$35.08	\$32.46	\$28.43	
Granted	\$60.67	\$57.10	\$58.85	\$84.93	\$60.67	\$57.10	
Exercised	\$25.66	\$21.09	\$19.96	\$25.68	\$25.66	\$21.09	
Forfeited	\$58.10	\$53.10	\$39.52	\$64.97	\$58.10	\$53.10	
Outstanding at end of year	\$35.08	\$32.46	\$28.43	\$39.87	\$35.08	\$32.46	

Following is a summary of stock options as of **December 31, 2023** December 31, 2024:

Number of options exercisable at end of year (in thousands)	3,191	2,738
Weighted average exercise price per exercisable option	\$ 30.20	\$ 34.94
Weighted average remaining contractual term (in years):		
Outstanding	4.9	4.7
Exercisable	4.1	4.1
Aggregate intrinsic value:		
Outstanding (in thousands)	\$205,525	\$199,893
Exercisable (in thousands)	\$185,629	\$184,011
Expected vesting amounts:		
Number of options expected to vest (in thousands)	659	465
Weighted average vesting period (in months)	9	8

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Note 24—Disaggregation of Certain Expense Captions

As discussed in Note 3 - *Significant Accounting Policies – Accounting Standards Adopted in 2024*, the Company adopted ASU 2024-03 effective December 31, 2024. Following are the disaggregation disclosures required by ASU 2024-03:

Expense line	Year ended December 31,		
	2024	2023	2022
	(in thousands)		
Technology			
Amortization of capitalized software	\$ 48,169	\$ 43,462	\$ 23,955
Impairment of capitalized software	147	46	—
Other (1)	101,231	99,644	115,995
Total technology expenses	\$ 149,547	\$ 143,152	\$ 139,950
Occupancy and equipment			
Depreciation	\$ 7,815	\$ 9,752	\$ 10,454
Operating lease cost	14,465	17,880	19,733
Short-term lease cost	303	436	778
Other (2)	10,315	8,490	9,159
Total occupancy and equipment expenses	\$ 32,898	\$ 36,558	\$ 40,124

- (1) Other technology expense consists primarily software licensing and maintenance and data center expenses.
- (2) Other occupancy and equipment expenses consists primarily common area maintenance charges, repair and security expenses.

Note 23— 25—Earnings Per Share of Common Stock

Basic earnings per share of common stock is determined by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share of common stock is determined by dividing net income by the weighted average number of shares of common stock and dilutive securities outstanding during the year.

The Company's potentially dilutive securities are stock-based compensation awards. The Company applies the treasury stock method to determine the diluted weighted average number of shares of common stock outstanding based on the outstanding stock-based compensation awards.

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The following table summarizes the basic and diluted earnings per share calculations:

	Year ended December 31,			Year ended December 31,		
	2023	2022	2021	2024	2023	2022
Net income	\$144,656	\$475,507	\$1,003,490	\$ 311,423	\$ 144,656	\$ 475,507
Weighted average shares of common stock outstanding	49,978	53,065	63,799	50,990	49,978	53,065

Effect of dilutive securities - shares issuable under stock-based compensation plan	2,755	2,885	3,672	2,366	2,755	2,885
Weighted average diluted shares of common stock outstanding	52,733	55,950	67,471	53,356	52,733	55,950
Basic earnings per share	\$ 2.89	\$ 8.96	\$ 15.73	\$ 6.11	\$ 2.89	\$ 8.96
Diluted earnings per share	\$ 2.74	\$ 8.50	\$ 14.87	\$ 5.84	\$ 2.74	\$ 8.50

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Calculations of diluted earnings per share require certain potentially dilutive shares to be excluded when their inclusion in the diluted earnings per share calculation would be anti-dilutive. The following table summarizes the weighted-average number of anti-dilutive outstanding performance-based RSUs, time-based RSUs and stock options excluded from the calculation of diluted earnings per share:

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands except for weighted average exercise price)			(in thousands except for weighted average exercise price)		
Performance-based RSUs (1)	561	281	223	775	561	281
Time-based RSUs	2	62	1	3	2	62
Stock options (2)	289	1,339	211	153	289	1,339

Total anti-dilutive units and options	852	1,682	435	931	852	1,682
Weighted average exercise price of anti-dilutive stock options (2)	\$ 59.42	\$ 58.58	\$ 58.85	\$84.93	\$59.42	\$58.58

- (1) Certain performance-based RSUs were outstanding but not included in the computation of earnings per share because the performance thresholds included in such RSUs have not been achieved.
- (2) Certain stock options were outstanding but not included in the computation of diluted earnings per share because the weighted-average exercise prices were above the average stock price for the year.

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Note 24—26—Regulatory Capital and Liquidity Requirements

The Company, through PLS, is required to maintain specified levels of capital and liquidity to remain a seller/servicer in good standing with the Agencies. Such capital and liquid asset requirements generally are tied to the size of the Company's loan servicing portfolio, loan origination volume and delinquency rates. rate.

The Agencies' capital and liquidity requirements, the calculations of which are specified by each Agency, are summarized below:

Requirement/Agency	December 31, 2023 (1)		December 31, 2022		December 31, 2024		Decemb
	Actual (2)	Requirement (2)	Actual (2)	Requirement (2)	Actual (1)	Requirement (1)	Actual (1)

	(dollars in thousands)				(dollars in thousands)			
Capital								
Fannie Mae & Freddie Mac	\$6,890,144	\$ 1,211,365	\$6,632,627	\$ 797,748	\$7,457,748	\$ 1,380,100	\$6,890,144	
Ginnie Mae	\$6,559,001	\$ 1,314,677	\$5,899,892	\$ 923,202	\$6,952,347	\$ 1,526,074	\$6,559,001	
HUD	\$6,559,001	\$ 2,500	\$5,899,892	\$ 2,500	\$6,952,347	\$ 2,500	\$6,559,001	
Risk-based capital								
Ginnie Mae (2)					40 %	6 %		
Liquidity								
Fannie Mae & Freddie Mac	\$1,243,927	\$ 543,913	\$1,265,569	\$ 107,768	\$ 870,243	\$ 630,698	\$1,243,927	
Ginnie Mae	\$1,684,457	\$ 389,501	\$1,265,569	\$ 246,953	\$1,208,755	\$ 460,200	\$1,684,457	
Adjusted net worth / Total assets ratio								
Ginnie Mae	48 %	6 %	35 %	6 %	35 %	6 %	48 %	
Tangible net worth / Total assets ratio								
Fannie Mae & Freddie Mac	37 %	6 %	39 %	6 %	29 %	6 %	37 %	

(1) The Agencies adopted revised capital and liquidity requirements, most of which became effective during the year ended December 31, 2023. The amounts shown for December 31, 2023 are in accordance with those Agency requirements. Ginnie Mae has issued risk-based capital requirements in addition to those presented above that will become effective on December 31, 2024. The Company believes it is in compliance with Ginnie Mae's pending requirements as of December 31, 2023.

(2) Calculated in compliance with the respective Agency's requirements.

(2) Ginnie Mae has issued a risk-based capital requirement that became effective December 31, 2024.

Noncompliance with an Agency's requirements can result in such Agency taking various remedial actions up to and including terminating PLS's ability to sell loans to and service loans on behalf of the respective Agency.

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Note 25—27—Segments

The Company operates in three segments: production, servicing and investment management.

Two of the segments, production and servicing, are in the mortgage banking business. The production segment performs loan origination, acquisition and sale activities, including the fulfillment of correspondent production activities for PMT. The servicing segment performs servicing of loans on behalf of PMT and non-affiliate investors, execution and management of early buyout transactions and servicing of loans sourced and managed by the investment management segment for PMT.

The investment management segment represents the activities of the Company's investment manager, which include sourcing, performing diligence, bidding and closing investment asset acquisitions and managing the acquired assets.

The Company's reportable segments are identified based on their unique business activities. The following disclosures about the Company's business segments are presented consistent with the way the Company's chief operating decision maker organizes and evaluates financial information for making operating decisions and assessing performance. The reportable segments are evaluated based on income or loss before provisions for (benefit from) income taxes. The chief operating decision maker uses pre-tax segment results to assess segment performance and allocate operating and capital resources among the two reportable segments. The segments are separately evaluated because they represent different products and services. The Company's chief operating decision maker is its chief executive officer.

During the year ended December 31, 2024, the Company adopted ASU 2023-07. Concurrent with the adoption of ASU 2023-07 management reassessed its segment definitions to those shown below. Prior year amounts have been recast to conform those years' presentation to current year presentation.

The Company conducts its business in two operating and reportable segments, production and servicing:

- The production segment performs loan origination, acquisition and sale activities, including the fulfillment of correspondent production activities for PMT.
- The servicing segment performs servicing of loans on behalf of PMT and non-affiliate investors, execution and management of early buyout transactions and servicing of loans sourced and managed for PMT.
- Non-segment activities are included under the heading "Corporate and other" and include amounts attributable to corporate activities that are not directly attributable to the production and servicing segments as well as investment management fees earned from PMT. None of the other items meet the quantitative threshold to be classified as a reportable segment.

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Financial performance and results by segment are as follows:

Year ended December 31, 2023

Mortgage Banking			Investment		Year ended December 31, 2024			
Production	Servicing	Total	Management	Total	Production	Servicing	Reportable	Corpor
							segment total	and

	(in thousands)					(in thousands)		
Revenues: (1)								
Net gains on loans held for sale at fair value	\$ 453,063	\$ 92,880	\$ 545,943	\$ —	\$ 545,943	\$ 726,720	\$ 90,648	\$ 817,368
Loan origination fees	146,118	—	146,118	—	146,118	185,700	—	185,700
Fulfillment fees from PennyMac Mortgage Investment Trust	27,826	—	27,826	—	27,826	26,291	—	26,291
Net loan servicing fees	—	642,600	642,600	—	642,600	—	533,655	533,655
Net interest expense:								
Management fees						—	—	—
Net interest income (expense):								
Interest income	267,936	364,985	632,921	3	632,924	321,210	470,492	791,702
Interest expense	254,890	382,887	637,777	—	637,777	318,750	500,598	819,348
	13,046	(17,902)	(4,856)	3	(4,853)	2,460	(30,106)	(27,646)
Management fees	—	—	—	28,762	28,762			
Other	2,980	3,816	6,796	8,464	15,260	531	1,167	1,698
Total net revenue	643,033	721,394	1,364,427	37,229	1,401,656	941,702	595,364	1,537,066
Expenses (2)	573,708	611,725	1,185,433	32,592	1,218,025			

Income before provision for income taxes	\$ 69,325	\$ 109,669	\$ 178,994	\$ 4,637	\$ 183,631				
Segment assets at year end	\$4,863,341	\$13,954,836	\$18,818,177	\$ 26,386	\$18,844,563				
Expenses:									
Compensation						315,838	204,371	520,209	11
Loan origination						164,092	—	164,092	
Technology						95,603	39,511	135,114	1
Servicing						—	105,997	105,997	
Professional services						11,206	6,906	18,112	1
Occupancy and equipment						15,683	11,142	26,825	
Marketing and advertising						20,138	280	20,418	
Legal settlements						—	(30)	(30)	
Other (2)						7,911	22,185	30,096	1
Total expenses						630,471	390,362	1,020,833	17
Income (loss) before provision for income taxes						\$ 311,231	\$ 205,002	\$ 516,233	\$(11
Segment assets at end of year						\$8,431,612	\$17,588,018	\$26,019,630	\$ 6
Acquisition of:									
Capitalized software						\$ 16,156	\$ 3,685	\$ 19,841	\$
Furniture, fixtures, equipment and building improvements						\$ 465	\$ 1,039	\$ 1,504	\$
Amortization of capitalized software						\$ 39,160	\$ 7,881	\$ 47,041	\$
Depreciation and amortization of furniture, fixtures, equipment and building improvements						\$ 3,743	\$ 2,804	\$ 6,547	\$

(1) All revenues are from external customers. The segments do not recognize intersegment revenues.

- (2) An arbitration accrual of \$158.4 million relating Other expense includes smaller balance expense categories not separately provided to the Black Knight's claim discussed in Note 18—Commitments chief operating decision maker such as safekeeping, travel, postage and Contingencies is included in the servicing segment, corporate insurance.

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	Year ended December 31, 2023				
	Reportable			Corporate	Consolidated
	Production	Servicing	segment total	and other	Total
(in thousands)					
Revenues: (1)					
Net gains on loans held					
for sale at fair value	\$ 453,063	\$ 92,880	\$ 545,943	\$ —	\$ 545,943
Loan origination fees	146,118	—	146,118	—	146,118
Fulfillment fees from					
PennyMac Mortgage					
Investment Trust	27,826	—	27,826	—	27,826
Net loan servicing fees	—	642,600	642,600	—	642,600
Management fees	—	—	—	28,762	28,762
Net interest income					
(expense):					
Interest income	272,307	358,247	630,554	2,370	632,924
Interest expense	254,890	382,887	637,777	—	637,777
	17,417	(24,640)	(7,223)	2,370	(4,853)
Other	250	3,663	3,913	11,347	15,260
Total net revenue	644,674	714,503	1,359,177	42,479	1,401,656
Expenses:					
Compensation	274,447	201,002	475,449	101,515	576,964
Loan origination	114,500	—	114,500	—	114,500
Technology	88,086	40,343	128,429	14,723	143,152
Servicing	—	69,433	69,433	—	69,433
Professional services	10,825	7,485	18,310	42,211	60,521
Occupancy and					
equipment	18,353	10,774	29,127	7,431	36,558
Marketing and					
advertising	16,125	178	16,303	1,328	17,631
Legal settlements	853	—	853	161,917	162,770
Other (2)	5,407	16,896	22,303	14,193	36,496
Total expenses	528,596	346,111	874,707	343,318	1,218,025
Income (loss) before					
provision for income taxes	\$ 116,078	\$ 368,392	\$ 484,470	\$(300,839)	\$ 183,631
Segment assets at end of					
year	\$4,560,323	\$14,036,203	\$18,596,526	\$ 248,037	\$18,844,563
Acquisition of:					
Capitalized software	\$ 32,504	\$ 416	\$ 32,920	\$ 1,864	\$ 34,784
Furniture, fixtures,					
equipment and building					
improvements	\$ 199	\$ 991	\$ 1,190	\$ 196	\$ 1,386

Amortization of capitalized software	\$	31,285	\$	9,934	\$	41,219	\$	2,243	\$	43,462
Depreciation and amortization of furniture, fixtures, equipment and building improvements	\$	5,225	\$	2,965	\$	8,190	\$	1,562	\$	9,752

- (1) All revenues are from external customers. The segments do not recognize intersegment revenues.
- (2) Other expense includes smaller balance expense categories not separately provided to the chief operating decision maker such as safekeeping, travel, postage and corporate insurance.

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Year ended December 31, 2022									
Mortgage Banking			Investment			Year ended December 31, 2022			
Production	Servicing	Total	Management	Total		Production	Servicing	Reportable segment total	Corporate and other

	(in thousands)						(in thousands)		
Revenues: (1)									
Net gains on loans held for sale at fair value	\$ 599,896	\$ 191,737	\$ 791,633	\$ —	\$ 791,633	\$ 599,895	\$ 191,738	\$ 791,633	\$
Loan origination fees	169,859	—	169,859	—	169,859	169,859	—	169,859	

Fulfillment fees from PennyMac Mortgage Investment Trust	67,991	—	67,991	—	67,991	67,991	—	67,991	
Net loan servicing fees	—	951,329	951,329	—	951,329	—	951,329	951,329	
Net interest expense:									
Management fees						—	—	—	31,
Net interest income (expense):									
Interest income	133,000	161,062	294,062	—	294,062	134,206	158,954	293,160	
Interest expense	108,072	227,355	335,427	—	335,427	108,072	227,355	335,427	
	24,928	(66,293)	(41,365)	—	(41,365)	26,134	(68,401)	(42,267)	
Management fees	—	—	—	31,065	31,065				
Other	2,503	3,727	6,230	9,013	15,243	441	3,119	3,560	11,
Total net revenue	865,177	1,080,500	1,945,677	40,078	1,985,755	864,320	1,077,785	1,942,105	43,
Expenses	816,697	466,874	1,283,571	36,937	1,320,508				
Income before provision for income taxes	\$ 48,480	\$ 613,626	\$ 662,106	\$ 3,141	\$ 665,247				
Segment assets at year end	\$3,866,934	\$12,929,233	\$16,796,167	\$ 26,417	\$16,822,584				
Expenses:									
Compensation						384,884	205,332	590,216	145,
Loan origination						173,622	—	173,622	
Technology						81,826	41,256	123,082	16,
Servicing						—	59,628	59,628	
Professional services						22,769	7,500	30,269	43,
Occupancy and equipment						21,653	12,353	34,006	6,
Marketing and advertising						40,419	679	41,098	5,
Legal settlements						—	—	—	4,
Other (2)						8,348	19,824	28,172	19,
Total expenses						733,521	346,572	1,080,093	240,
Income (loss) before provision for income taxes						\$ 130,799	\$ 731,213	\$ 862,012	\$(196,

Segment assets at end of year					\$3,617,627	\$13,056,461	\$16,674,088	\$ 148,
Acquisition of:								
Capitalized software					\$ 66,171	\$ 1,365	\$ 67,536	\$ 4,
Furniture, fixtures, equipment and building improvements					\$ 5,146	\$ 1,515	\$ 6,661	
Amortization of capitalized software					\$ 11,653	\$ 9,961	\$ 21,614	\$ 2,
Depreciation and amortization of furniture, fixtures, equipment and building improvements					\$ 5,832	\$ 3,044	\$ 8,876	\$ 1,

(1) All revenues are from external customers. The segments do not recognize intersegment revenues.

	Year ended December 31, 2021				
	Mortgage Banking			Investment	
	Production	Servicing	Total	Management	Total
	(in thousands)				
Revenues: (1)					
Net gains on loans held for sale at fair value	\$1,746,650	\$ 717,751	\$ 2,464,401	\$ —	\$ 2,464,401
Loan origination fees	384,154	—	384,154	—	384,154
Fulfillment fees from PennyMac Mortgage Investment Trust	178,927	—	178,927	—	178,927
Net loan servicing fees	—	182,954	182,954	—	182,954
Net interest income (expense):					
Interest income	134,706	165,463	300,169	—	300,169
Interest expense	139,296	251,393	390,689	10	390,699
	(4,590)	(85,930)	(90,520)	(10)	(90,530)

Management fees	—	—	—	37,801	37,801
Other	1,623	2,520	4,143	5,511	9,654
Total net					
revenue	2,306,764	817,295	3,124,059	43,302	3,167,361
Expenses	1,262,353	510,617	1,772,970	35,208	1,808,178
Income before provision for income taxes	\$1,044,411	\$ 306,678	\$ 1,351,089	\$ 8,094	\$ 1,359,183
Segment assets at year end	\$8,934,032	\$9,821,436	\$18,755,468	\$ 21,144	\$18,776,612

(1) (All revenues are from external customers. Other expense includes smaller balance expense categories not separately provided to the chief operating decision maker such as safekeeping, travel, postage and corporate insurance.

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Note 26—28—Parent Company Information

The Company's debt financing agreements require PLS, the Company's indirect controlled subsidiary, to comply with financial covenants that include a minimum tangible net worth of \$1.3 billion. PLS is limited from transferring funds to the Parent by this minimum tangible net worth requirement. The Company's Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company's existing and future wholly-owned domestic subsidiaries (other than certain excluded subsidiaries defined in the indentures under which the Unsecured Notes were issued).

PENNYMAC FINANCIAL SERVICES, INC. CONDENSED BALANCE SHEETS

December 31,		December 31,	
2023	2022	2024	2023

	(in thousands)	(in thousands)
ASSETS		

Cash	\$ 8,639	\$ 45,496	\$ 2,994	\$ 8,639
Investments in subsidiaries	4,488,039	4,421,906	4,809,214	4,488,039
Receivable from PennyMac Mortgage Investment Trust	—	27		
Due from subsidiaries	2,322,854	1,509,103	3,012,578	2,322,854
Total assets	<u>\$ 6,819,532</u>	<u>\$ 5,976,532</u>	<u>\$7,824,786</u>	<u>\$6,819,532</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Unsecured senior notes	\$ 2,519,651	\$ 1,779,920	\$3,164,032	\$2,519,651
Accounts payable and accrued expenses	29,636	26,356	34,274	29,636
Payable to subsidiaries	187	135	—	187
Income taxes payable	731,455	699,072	796,829	731,455
Total liabilities	3,280,929	2,505,483	3,995,135	3,280,929
Stockholders' equity	3,538,603	3,471,049	3,829,651	3,538,603
Total liabilities and stockholders' equity	<u>\$ 6,819,532</u>	<u>\$ 5,976,532</u>	<u>\$7,824,786</u>	<u>\$6,819,532</u>

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PENNYMAC FINANCIAL SERVICES, INC.
CONDENSED STATEMENTS OF INCOME

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

	(in thousands)			(in thousands)		
Revenues						
Dividends from subsidiaries	\$ 80,617	\$417,391	\$ 982,740	\$ 9,378	\$ 80,617	\$417,391
Net interest income:						
Interest income from subsidiary	156,082	121,452	77,162			
Interest expense to non-affiliates	98,396	95,014	70,208			
Interest income: From non-affiliates				5	—	—

From subsidiary	255,773	156,082	121,452			
	255,778	156,082	121,452			
Interest expense	184,304	98,396	95,014			
	57,686	26,438	6,954	71,474	57,686	26,438
Total net revenues	138,303	443,829	989,694	80,852	138,303	443,829
Expenses						
Professional services	9	—	2,236			
Charitable contributions	—	—	5,800	2,500	—	—
Other	922	267	449	838	931	267
Total expenses	931	267	8,485	3,338	931	267
Income before provision for income taxes and equity in undistributed earnings of subsidiaries	137,372	443,562	981,209	77,514	137,372	443,562
Provision for income taxes	31,267	129,948	238,803	66,398	31,267	129,948
Income before equity in undistributed earnings of subsidiaries	106,105	313,614	742,406	11,116	106,105	313,614
Equity in undistributed earnings of subsidiaries	38,551	161,893	261,084	300,307	38,551	161,893
Net income	\$144,656	\$475,507	\$1,003,490	\$311,423	\$144,656	\$475,507

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PENNYMAC FINANCIAL SERVICES, INC.
CONDENSED STATEMENTS OF CASH FLOWS

Year ended December 31,			Year ended December 31,		
2023	2022	2021	2024	2023	2022

Cash flows from operating activities	(in thousands)			(in thousands)		
Net income	\$	144,656	\$	475,507	\$	1,003,490
Adjustments to reconcile net income to net cash provided by operating activities						
Equity in undistributed earnings of subsidiaries		(38,551)		(161,893)		(261,084)
Amortization of net debt issuance costs		3,802		3,701		2,321
Decrease (increase) in receivable from PennyMac Mortgage Investment Trust		27		—		(27)
Decrease in receivable from PennyMac Mortgage Investment Trust						
Increase in intercompany receivable		(894,204)		(31,566)		(897,063)
Increase (decrease) in accounts payable and accrued expenses		3,280		(1,779)		13,545
Increase (decrease) in payable to subsidiaries		52		19		(22,289)
(Decrease) increase in payable to subsidiaries						
Increase in income taxes payable		32,383		217,771		35,839

Net cash (used in) provided by operating activities	(748,555)	501,760	(125,268)	(611,419)	(748,555)	501,760
Cash flows from financing activities						
Issuance of unsecured senior notes	750,000	—	1,150,000	650,000	750,000	—
Payment of debt issuance costs	(14,071)	—	(21,922)	(12,128)	(14,071)	—
Payment of dividend to holders of common stock	(41,446)	(54,621)	(52,896)	(52,160)	(41,446)	(54,621)
Issuance of common stock pursuant to exercise of stock options	17,215	2,947	7,536	20,062	17,215	2,947
Payment of withholding taxes relating to stock-based compensation	—	(7,780)	(8,993)	—	—	(7,780)
Repurchase of common stock	—	(406,086)	(958,194)	—	—	(406,086)
Net cash provided by (used in) financing activities	711,698	(465,540)	115,531	605,774	711,698	(465,540)
Net (decrease) increase in cash (1)	(36,857)	36,220	(9,737)	(5,645)	(36,857)	36,220
Cash at beginning of year	45,496	9,276	19,013	8,639	45,496	9,276
Cash at end of year	\$ 8,639	\$ 45,496	\$ 9,276	\$ 2,994	\$ 8,639	\$ 45,496
Supplemental cash flow information:						
Non-cash financing activity:						
Repurchase of common stock paid by PNMAC on behalf of Parent company	\$ 71,491	\$ —	\$ —			

Payment of withholding taxes relating to stock-based compensation by PNMAC on behalf of Parent company	\$	9,142	\$	—	\$	—			
Repurchase of common stock by PNMAC on behalf of Parent company						\$	—	\$	71,491
Payment of withholding taxes relating to stock-based compensation by PNMAC on behalf of Parent company						\$	9,401	\$	9,142
Issuance of common stock in settlement of directors' fees	\$	180	\$	205	\$	200	\$	256	\$
							180		205

(1) The Company did not hold restricted cash during the years presented.

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Note ~~27~~ 29—Subsequent Events

Management has evaluated all events and transactions through the date the Company issued these consolidated financial statements. During this period:

- On February 1, 2024 February 6, 2025, the Company issued \$850 million in principal amount of 6.875% unsecured senior notes due February 15, 2033 that will be fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by its existing and future wholly-owned domestic subsidiaries.
- On January 30, 2024, the Company announced a cash dividend of \$0.20 \$0.30 per common share. The dividend will be paid on February 23, 2024 February 23, 2025 to common stockholders of record as of February 13, 2024 February 13, 2025.
- All agreements to repurchase assets that matured before the date of this Report were extended or renewed.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENNYMAC FINANCIAL SERVICES, INC.
(Registrant)
By: /s/ David A. Spector
David A. Spector
Chairman and Chief Executive Officer
(Principal Executive Officer)

Dated: February 21, 2024 February 19, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signatures	Title	Date
<u> /s/ David A. Spector </u>	Chairman and Chief Executive Officer	February 21,
David A. Spector	(Principal Executive Officer)	2024 19, 2025

<u>/s/ Daniel S. Perotti</u> Daniel S. Perotti	Senior Managing Director and Chief Financial Officer (Principal Financial Officer)	February 21, 2024 19, 2025
<u>/s/ Gregory L. Hendry</u> Gregory L. Hendry	Chief Accounting Officer (Principal Accounting Officer)	February 21, 2024 19, 2025
<u>/s/ Doug Jones</u> Doug Jones	Director, President and Chief Mortgage Banking Officer	February 21, 2024 19, 2025
<u>/s/ James Hunt</u> James Hunt	Director	February 21, 2024
<u>/s/ Jonathon S. Jacobson</u> Jonathon S. Jacobson	Director	February 21, 2024 19, 2025
<u>/s/ Patrick Kinsella</u> Patrick Kinsella	Director	February 21, 2024 19, 2025
<u>/s/ Anne D. McCallion</u> Anne D. McCallion	Director	February 21, 2024 19, 2025
<u>/s/ Joseph Mazzella</u> Joseph Mazzella	Director	February 21, 2024 19, 2025
<u>/s/ Farhad Nanji</u> Farhad Nanji	Director	February 21, 2024 19, 2025
<u>/s/ Jeffrey Perlowitz</u> Jeffrey Perlowitz	Director	February 21, 2024 19, 2025
<u>/s/ Lisa Shalett</u> Lisa Shalett	Director	February 21, 2024 19, 2025
<u>/s/ Sunil Chandra</u> Sunil Chandra	Director	February 19, 2025
<u>/s/ Theodore Tozer</u> Theodore Tozer	Director	February 21, 2024 19, 2025

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<u>/s/ Emily Youssouf</u> Emily Youssouf	Director	February 21, 2024

Exhibit 10.81

EXECUTION VERSION 19.1

AmericasActive:18505088.12

[Information indicated with brackets has been excluded from this exhibit because it is not material and would be competitively harmful if publicly disclosed] PFSI Policy Against Insider Trading

JOINDER AND AMENDMENT NO. 2 TO A&R SERIES 2020-SPIADV F1 INDENTURE SUPPLEMENT Background:

Federal and state securities laws prohibit trading in securities while in possession of material, nonpublic information regarding the issuer of such securities. Passing on that information to others who then trade in those securities is also prohibited. Violations of these laws may result in criminal and civil penalties, including repayment of up to three times the profits gained or loss avoided. The Securities and Exchange Commission (the "SEC") may also seek penalties of up to \$1 million against employers for failing to take appropriate steps to prevent insider trading by their employees. In addition, such violations impair investor confidence in the issuer and damage its reputation and business relationships.

Purpose:

In the normal course of business of PennyMac Financial Services, Inc. (the "Company"), employees, officers, and directors of the Company and its subsidiaries (each an "Associated Person"), may come into possession of significant, sensitive information. The purpose of this Policy Against Insider Trading (the "Policy") is to alert you to your legal responsibilities in this area and to make clear that the misuse of sensitive information is contrary to Company policy.

Scope:

This Joinder and Amendment No. 2 Policy applies to the A&R Series 2020-SPIADV F1 Indenture Supplement is dated as of August 4, 2023 (this "Joinder and Amendment"), by and among PNMAC GMSR ISSUER TRUST, as issuer (the "Issuer"), CITIBANK, N.A. ("Citibank"), as indenture trustee (in such capacity, the "Indenture Trustee"), calculation agent (in such capacity, the "Calculation Agent"), paying agent (in such capacity, the "Paying Agent"), and securities intermediary (in such capacity, the "Securities Intermediary"), PENNYMAC LOAN SERVICES, LLC ("PLS"), as administrator (in such capacity, the "Administrator") and as servicer (in such capacity, the "Servicer"), ATLAS SECURITIZED PRODUCTS, L.P. ("ASP"), as an Administrative Agent (the "Atlas Administrative Agent"), GOLDMAN SACHS BANK USA ("Goldman"), as an Administrative Agent (the "GS Administrative Agent") and NOMURA CORPORATE FUNDING AMERICAS, LLC, ("Nomura"), as an Administrative Agent (the "Nomura Administrative Agent") for the benefit of the applicable Repo Buyers all Covered Persons (as defined below), and is

consented regardless of rank or title. This Policy applies to by NEXERA HOLDING LLC ("Nexera"), CITIBANK, N.A. ("Citi Buyer") and GOLDMAN (each a "Repo Buyer" and together, all transactions in the "Repo Buyers"), the buyers of 100% securities of the Series 2020-SPIADVF1 Notes.

RECITALS

WHEREAS, Company, including common stock, restricted stock units, stock options, any other debt or equity securities the Issuer, the Indenture Trustee, the Calculation Agent, the Paying Agent, the Securities Intermediary, the Administrator, the Servicer and the Atlas Administrative Agent are parties to that certain Third Amended and Restated Indenture, dated as of April 1, 2020 (as amended by Amendment No. 1, dated as of June 8, 2022, Amendment No. 2, dated as of June 9, 2022, Amendment No. 3, dated as of February 7, 2023 and as Company may be further amended, restated, supplemented or otherwise modified issue from time to time, and any derivative securities relating to the "Base Indenture" securities of the Company, whether or not issued by the Company. This Policy also applies to all transactions in the securities of PennyMac Mortgage Investment Trust ("PMT"), a mortgage "real estate investment trust" externally managed by our principal investment management subsidiary, PNM Capital Management, LLC ("PCM").

Objectives:

The Board of Directors of the provisions Company has adopted this Policy to promote compliance with federal and state securities laws, to help Company personnel avoid the severe consequences associated with violations of which are incorporated, as modified the insider trading laws and to preserve the reputation of the Company in the investment and business communities. This Policy is also intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company (not just so-called insiders). In addition to any civil or criminal penalties that Amended and Restated Series 2020-SPIADVF1 Indenture Supplement, dated as of February 7, 2023 (as may be amended, restated, supplemented imposed on officers and employees as a result of insider trading, violations of this Policy will result in disciplinary action up to and including termination of employment or otherwise modified other association with the Company in accordance with certain disciplinary guidelines as may be approved by the Company from time to time, time.

Policy Statement:

It is the "Series 2020-SPIADVF1 Indenture Supplement" and together with policy of the Base Indenture, Company that no Associated Person, immediate family member of the "Indenture" Associated Person, or other family members who share the same household as the Associated Person (each such individual referred to herein as a "Covered Person"), among who has material, nonpublic information relating to the Issuer, Citibank, Company or PMT may buy or sell securities of the Servicer, the Administrator, the GS Administrative Agent and the Atlas Administrative Agent. Capitalized terms used but not otherwise defined herein shall have the meanings given Company or PMT, as applicable, or engage in any other action to them take advantage of, or pass on to others (whether orally or in writing, including electronically), that information. In addition, any individuals who in the Indenture;

WHEREAS, course of working for the Issuer, Company learns of material, nonpublic information about a company with which the Indenture Trustee, Company does business, such as the

Administrator, the Servicer, the GS Administrative Agent (in its capacity as GS Administrative Agent Company's vendors, customers and suppliers, or that is involved in a Noteholder) and the Atlas Administrative Agent (in its capacity as Atlas Administrative Agent and a Noteholder) have agreed, subject to the terms and conditions of this Joinder and Amendment, that the Series 2020-SPIADVF1 Indenture Supplement be amended to reflect certain agreed upon revisions to the terms of the Series 2020-SPIADVF1 Indenture Supplement;

WHEREAS, pursuant to Section 12.2 of the Base Indenture, the Issuer, the Indenture Trustee, the Administrator, the Servicer and the Atlas Administrative Agent, with prior notice to each Note Rating Agency and the consent of the Majority Noteholders of each Series potential

materially and adversely affected by such amendment, by Act of said Noteholders delivered to transaction with the Issuer, Company, may not engage in transactions in those companies' securities until the Administrator, the Servicer, the Atlas Administrative Agent and the Indenture Trustee, upon delivery of an Issuer Tax Opinion (unless the Noteholders unanimously consent to waive such opinion), for the purpose of adding any provisions to, information becomes public or changing in any manner or eliminating any of the provisions of, any Indenture Supplement;

WHEREAS, pursuant to Section 12.3 of the Base Indenture, in executing or accepting the additional trusts created by any amendment or Indenture Supplement of the Base Indenture permitted by Article XII or the modifications thereby of the trusts created by the Base Indenture, the Indenture Trustee will be entitled to receive, and (subject to Section 11.1 of the Base Indenture) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Indenture Supplement is authorized and permitted by the Base Indenture and that all conditions precedent thereto have been satisfied (the "Authorization Opinion"); provided, that no such Authorization Opinion shall be required in connection with any amendment or Indenture Supplement consented to by all Noteholders if all of the Noteholders have directed the Indenture Trustee in writing to execute such amendment or Indenture Supplement; longer material.

A. What is "material" information?

WHEREAS, pursuant to Section 1.3 of the Base Indenture, the Issuer shall deliver an Officer's Certificate stating that all conditions precedent, if any, provided for in the Base Indenture "Material" information is information relating to a proposed action have been complied with and company, its business operations or securities, which, if publicly disseminated, would likely affect the market price of its securities or which would likely be considered important by a reasonable investor in determining whether to buy, sell or hold such securities. Either positive or negative information may be material.

It is important to keep in mind that material information need not be definitive information; information that something is likely to happen, or simply that it may happen, can be considered material. For example, if you learned that the

Issuer reasonably believes Company was in merger negotiations, even though the deal had not yet been agreed to, you would probably be in possession of material information. Keep in mind also that this Joinder the SEC and Amendment will courts in certain jurisdictions take the view that the mere fact that you are aware of the information is enough to bar you from trading; it is no excuse that your reasons for trading were not have based on that information.

While it is impossible to list all types of information that might be deemed material, information dealing with the following topics is often considered material:

- Projections of future earnings or losses or unannounced earnings or losses;
- Changes in current distribution policies, the declaration of a share split or the offering of additional securities;
- Significant new projects or contracts;
- Significant cybersecurity risks and incidents. Insider trading restrictions may also be imposed for the period of time during the company is investigating the underlying facts, ramifications and materiality of any such cybersecurity risk or incident;
- Business strategies;
- A pending or proposed merger, acquisition or similar transaction;
- Sales of substantial assets;
- The expansion or curtailment of operations, including gain or loss of business;
- Significant write-downs of assets or additions to reserves for bad debts or contingent liabilities;
- Liquidity problems or the decision to borrow money;
- Any significant shifts in financial circumstances;
- The possibility of a material Adverse Effect, recapitalization or other reorganization;
- Changes in key members of corporate management; and shall also furnish
- Significant litigation or investigations by government bodies.

The above list is only illustrative; many other types of information may be considered "material," depending on the circumstances. The materiality of any such information is subject to reassessment on a regular basis. Whenever you are in doubt as to the Indenture Trustee an opinion materiality of counsel stating that in information known to you, please consult the opinion of such counsel all conditions precedent to a proposed action, if any, have been complied with (unless 100% Chief Legal Officer of the Noteholders have consented to the related amendment, modification Company (the "CLO"), or action and all of the Noteholders have directed the Indenture Trustee in writing to execute such amendment or supplement, or with respect or with respect to any other modification or action, directed the Indenture Trustee in writing to permit such modification or action without receiving such certificate or opinion); his designee.

B. When is information considered nonpublic?

WHEREAS, pursuant to Section 11.1 of the Trust Agreement, prior to the execution of any amendment to any Transaction Documents to which the Trust Information is a party, the Owner Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by the Trust Agreement and that all conditions precedent have been met;

WHEREAS, pursuant to Section 4.1(a)(iii) of the Trust Agreement, the consent of each of the Owners (as defined in the Trust Agreement) (unless an Event of Default has occurred and is continuing), the Atlas Administrative Agent and the Series Required Noteholders of all Variable Funding Notes is required for the amendment or other change to any Transaction Document in circumstances where the consent of any Noteholder or the Atlas Administrative Agent is required (other than an amendment or supplement to the Base Indenture pursuant to Section 12.1 thereof);

WHEREAS, the Series 2020-SPIADVF1 Notes (the "Series 2020-SPIADVF1 Notes"), were issued to PLS pursuant to the terms of the Series 2020-SPIADVF1 Indenture Supplement, and were purchased by (i) Nexera (through an assignment from Credit Suisse, Cayman Islands Branch) and Citi Buyer under the Amended and Restated Master Repurchase

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Agreement, dated as of July 30, 2021, by and among the Atlas Administrative Agent, Nexera, as a Repo Buyer, Citi Buyer, as a Repo Buyer and PLS, as seller (as amended by Amendment No. 1, dated as of June 8, 2022, Amendment No. 2, dated as of February 7, 2023, Amendment No. 3 thereto, dated as of March 16, 2023 and Amendment No. 4 thereto, dated as of June 27, 2023 and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Series 2020-SPIADVF1 Repurchase Agreement") and (ii) Goldman under the Master Repurchase Agreement, dated as of February 7, 2023, by and among the GS Administrative Agent, Goldman, as Repo Buyer and PLS, as seller (as may be amended, restated, supplemented or otherwise modified from time to time, the "Series 2020-SPIADVF1 GS Repurchase Agreement" and together with the Series 2020-SPIADVF1 Repurchase Agreement, the "Repurchase Agreements"), pursuant to which PLS sold all of rights, title and interest in the Series 2020-SPIADVF1 Notes to Nexera, Citi Buyer and Goldman as Repo Buyers, and transferred the Series 2020-SPIADVF1 Notes to the Atlas Administrative Agent and GS Administrative Agent, as applicable, as "Noteholders" for the benefit of the applicable Repo Buyers;

WHEREAS, pursuant to the Series 2020-SPIADVF1 Indenture Supplement, with respect to the related Series 2020-SPIADVF1 Notes, any Action provided by the Base Indenture or the Series 2020-SPIADVF1 Indenture Supplement to be given or taken by a Noteholder shall be taken by Nexera, Citi Buyer and Goldman, as buyers of the Series 2020-SPIADVF1 Notes under each related Repurchase Agreement, and therefore Nexera, Citi Buyer and Goldman are collectively 100% of the VFN Noteholders of the Series 2020-SPIADVF1 Notes and therefore are the Series Required Noteholder of the Series 2020-SPIADVF1 Notes;

WHEREAS, pursuant to Section 10(a) of the Series 2020-SPIADVF1 Indenture Supplement, relating to this Joinder and

Amendment, the Issuer, the Indenture Trustee, the Administrator, the Servicer, the Atlas Administrative Agent, the GS Administrative Agent and 100% of the Noteholders of the Series 2020-SPIADVF1 Notes, at any time and from time to time, may amend any of the provisions of the Series 2020-SPIADVF1 Indenture Supplement;

WHEREAS, as of the date hereof, the Series 2020-SPIADVF1 Notes are rated by the Note Rating Agency;

WHEREAS, pursuant to Section 19 of the Series 2020-SPIADVF1 Indenture Supplement any party that acquires a Series 2020-SPIADVF1 Note after February 7, 2023 shall execute a joinder to the Series 2020-SPIADVF1 Indenture Supplement in form and substance that is acceptable to the Administrator and Administrative Agents, whereupon such purchaser shall be deemed a Noteholder thereunder;

WHEREAS, Nomura will be acquiring a Series 2020-SPIADVF1 Note;

WHEREAS, Nomura Administrative Agent also desires to be an Administrative Agent under the Series 2020-SPIADVF1 Indenture Supplement;

NOW, THEREFORE, the Administrator, Atlas Administrative Agent and GS Administrative Agent hereby agree that the form of this Joinder and Amendment is acceptable and upon the execution hereof Nomura Administrative Agent shall be deemed a Noteholder under the Series 2020-SPIADVF1 Indenture Supplement;

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NOW, THEREFORE, in consideration of the amendments, agreements and other provisions herein contained and of certain other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the Issuer, Indenture Trustee, the Administrator, the Servicer, the Atlas Administrative Agent and the GS Administrative Agent, hereby agree as follows:

Section 1. Amendments to the Series 2020-SPIADVF1 Indenture Supplement. The Series 2020-SPIADVF1 Indenture Supplement is amended as follows.

(a) Section 1(a) of the Series 2020-SPIADVF1 Indenture Supplement is hereby amended by deleting in its entirety and replacing **nonpublic** if it with the following:

The parties hereto acknowledge and agree that the Series 2020-SPIADVF1 Note No. 7 and the Series 2020-SPIADVF1 Note No. 8, each dated as of June 27, 2023, are (1) hereby updated to reflect a new Maximum VFN Principal Balance, in accordance with the definition thereof and (2) supplemented by the Series 2020-SPIADVF1 Note No. 9, to be dated as of the date hereof with an aggregate Maximum VFN Principal Balance of

\$2,000,000,000 and any Variable Funding Note issued after the date hereof pursuant to this Indenture Supplement to be known as “PNMAC GMSR ISSUER TRUST MSR Collateralized Notes, Series 2020-SPIADVF1 Notes” (collectively, the “Series 2020-SPIADVF1 Notes”). The Series 2020-SPIADVF1 Notes will have the same Stated Maturity Date, Note Interest Rate and other terms as specified in this Indenture Supplement. The Series 2020-SPIADVF1 Notes are rated and are subordinate to the ADV Notes and shall be subordinated to any other MBS Advance VFN issued under the Base Indenture, but shall not be subordinated to any other Series of Notes. The Series 2020-SPIADVF1 Notes are issued in one (1) Class of Variable Funding Notes (Class A-SPIADVF1) with the Maximum VFN Principal Balance, Stated Maturity Date, Note Interest Rate and other terms as specified in this Indenture Supplement. The Series 2020-SPIADVF1 Notes are secured by the Trust Estate Granted to the Indenture Trustee pursuant to the Base Indenture. The Indenture Trustee shall hold the Trust Estate as collateral security for the benefit of the Noteholders of the Series 2020-SPIADVF1 Notes and all other Series of Notes issued under the Base Indenture as described therein.

(b) Section 2 of the Series 2020-SPIADVF1 Indenture Supplement is hereby amended by deleting the definitions of “Administrative Agent,” “Margin” and “Maximum VFN Principal Balance” in their entirety and replacing them with the following:

“Administrative Agent” means, (A) for so long as the Series 2020-SPIADVF1 Notes have not been paid in full: (i) with respect to the provisions of this Indenture Supplement, together, ASP, Goldman and Nomura, or an Affiliate or successor thereto; and (ii) with respect to the provisions of the Base Indenture, and notwithstanding the terms and provisions of any other Indenture Supplement, ASP, Goldman and Nomura, and such other parties as set forth in any other Indenture Supplement, or a respective Affiliate or any respective successor thereto; provided, however, that with respect to any action required of the Administrative Agent under this Indenture Supplement or the Indenture that would relate uniquely to a particular Series 2020-SPIADVF1 Note (including, but not limited to Sections 4.3(b)-(d) of the Base Indenture, which involve determining whether a funding request with respect to such Note is supported by an

Advance Verification Report, whether conditions precedent to funding have been satisfied, and whether to approve the requested funding amount), then such action or decision of the Administrative Agent of the Series 2020-SPIADVF1 Notes shall be exercised exclusively by the Administrative Agent for the applicable impacted Series 2020-SPIADVF1 Note. For the avoidance of doubt, reference to “it” or “its” with respect to the Administrative Agent in the Base Indenture and this Indenture Supplement shall mean “them” and “their,” and reference to

the singular therein in relation to the Administrative Agent shall be construed as if plural.

“Margin” means, (i) with respect to the Series 2020-SPIADVF1 Notes, prior to the occurrence of an Event of Default (as defined under any SPIADVF1 Repurchase Agreement), (A) [****]% per annum, or (B) upon the occurrence of an Additional Term Note Offering, the margin over the related swap rate in effect for the Term Notes subject to such Additional Term Note Offering plus [****]%, and (ii) with respect to the Series 2020-SPIADVF1 Notes following the occurrence of an Event of Default (as defined under any SPIADVF1 Repurchase Agreement), the amount calculated pursuant to clause (i) plus an additional [****]% per annum.

“Maximum VFN Principal Balance” means, for (a) the Series 2020-SPIADVF1 Notes in the aggregate, \$2,000,000,000, (b) the Series 2020-SPIADVF1 Note No. 7, \$1,043,478,260.87 and (c) the Series 2020-SPIADVF1 Note No. 8, \$434,782,608.70 (d) for the Series 2020-SPIADVF1 Note No. 9, \$521,739,130.43, or, in each case, (i) such other amount, calculated pursuant to a written agreement between the Administrator and the Administrative Agent or (ii) such other amount designated by the Administrator in accordance with the terms of the Base Indenture.

(c) All references to the defined terms “ADV1 Note,” “ADV1 Noteholder,” “MBSADV1 Indenture Supplement,” “Non-Funding ADV1 Noteholder,” and “Other MBSADV1 Noteholder” shall be replaced with “ADV Note,” “ADV Noteholder,” “MBSADV Indenture Supplement,” “Non-funding ADV Noteholder” and “Other MBSADV Noteholder” respectively.

Section 2. Joinder.

Pursuant to Section 19 of the Series 2020-SPIADVF1 Indenture Supplement, the parties hereto acknowledge that (i) Nomura Administrative Agent shall be added as an Administrative Agent under the Series 2020-SPIADVF1 Indenture Supplement and (ii) Nomura shall be deemed a Noteholder for all purposes under the Series 2020-SPIADVF1 Indenture Supplement.

Section 3. Note Rating Agency. As of the date hereof and prior to the execution of this Joinder and Amendment, the Series 2020-SPIADVF1 Notes are rated by the Note Rating Agency.

Section 4. Waiver of Issuer Tax Opinion and Authorization Opinion. Pursuant to Section 12.2 of the Base Indenture, the Noteholders of the Series 2020-SPIADVF1 Notes hereby waive and instruct the Atlas Administrative Agent, GS Administrative Agent and the Indenture Trustee to waive the provisions of Section 12.2 of the Base Indenture which require delivery of an Issuer Tax Opinion with respect to this Joinder and Amendment. Pursuant to Section 12.3 of the Base Indenture, the Noteholder of the Series 2020-SPIADVF1 Notes hereby waives and instructs the Atlas Administrative Agent, GS Administrative Agent and the Indenture Trustee to waive the

provisions of Section 12.3 of the Base Indenture which requires delivery of an Authorization Opinion with respect to this Joinder and Amendment.

Section 5. Conditions to Effectiveness of this Joinder and Amendment. This Amendment shall become effective upon (i) the execution and delivery of this Amendment by all parties hereto, (ii) the delivery of an Opinion of Counsel pursuant to Section 11.1 of the Trust Agreement, and (iii) prior notice by Issuer to the Note Rating Agency pursuant to Section 12.2 of the Base Indenture. The execution of this Joinder and Amendment by the Company, the Atlas Administrative Agent, the GS Administrative Agent and Nexera shall serve as notice to the Owner Trustee of their consent hereto, pursuant to Section 4.1 of the Trust Agreement.

Section 6. Consent and Acknowledgment. By execution of this Joinder and Amendment, each of Nexera, Citi Buyer and Goldman, in its capacity as a Repo Buyer, hereby consents to this Joinder and Amendment. The Repo Buyers certify that together they own 100% of the Series 2020-SPIADVF1 Notes. In addition, each Repo Buyer certifies as to itself that (i) it is authorized to execute and deliver this consent and such power has not been granted or assigned to any other person, (ii) the Person executing this Joinder and Amendment on behalf of such Repo Buyer is duly authorized to do so, (iii) the Indenture Trustee may conclusively rely upon such consent and certifications, (iv) the execution of this Joinder and Amendment by such Administrative Agent as Noteholder on behalf of Repo Buyers should be considered an "Act" by such Noteholder pursuant to Section 1.5 of the Base Indenture and (v) it acknowledges and agrees that the amendments effected by this Joinder and Amendment shall become effective on the date hereof. The Repo Buyers hereby instruct the Indenture Trustee to execute this Joinder and Amendment, thereby waiving the requirement for delivery of the Authorization Opinion, the Officer's Certificate and the Issuer Tax Opinion pursuant to Sections 1.3, 12.2 and 12.3 of the Base Indenture.

Section 7. Authorization and Direction. The Indenture Trustee is hereby authorized and directed to execute (i) that certain Eighth Amended and Restated Acknowledgment Agreement, dated as of August 4, 2023, among the Indenture Trustee, PLS and Ginnie Mae (the "Acknowledgment Agreement") and (ii) that certain Series 2020-SPIADVF1 Note No. 9, dated as of the date here, in the name of "Nomura Corporate Funding Americas, LLC, in its capacity as Administrative Agent on behalf of Nomura Corporate Funding Americas, LLC".

Section 8. Representations and Warranties. The Issuer hereby represents and warrants disclosed generally to the Indenture Trustee, the Administrative Agents and the Repo Buyers that as of the date hereof it investing public. Information is in compliance with all the terms and provisions set forth in the Indenture on its part to be observed or performed remains bound by the terms thereof, and that no Event of Default has occurred or is continuing, and hereby confirms and reaffirms the representations and warranties contained in Section 9.1 of the Base Indenture.

Section 9. Limited Effect. Except as expressly amended and modified by this Joinder and Amendment, the Indenture shall continue to be, and shall remain, in full force and effect in accordance with its terms and the execution of this Joinder and Amendment.

Section 10. No Recourse. It is expressly understood and agreed by the parties hereto that (a) this Joinder and Amendment is executed and delivered by Wilmington Savings Fund

Society, FSB ("WSFS"), not individually or personally but solely in its capacity as Owner Trustee under the Trust Agreement, in the exercise of the powers and authority conferred and vested in it thereunder, (b) each of the representations, warranties, undertakings, obligations and agreements herein made on the part of the Issuer is made and intended not as personal representations, warranties, undertakings, obligations and agreements by WSFS but is made and intended for the purpose of binding only, and is binding only on, the Issuer, (c) nothing herein contained shall be construed as creating any liability on WSFS, individually or personally, to perform any covenant or obligation of the Issuer, either expressed or implied, contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto, (d) WSFS has not made and will not make any investigation as to the accuracy or completeness of any representations or warranties made by the Issuer in this Joinder and Amendment or any related document delivered pursuant hereto and (e) under no circumstances shall WSFS be personally liable for the payment of any indebtedness, indemnities or expenses of the Issuer, or be liable for the performance, breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer or by WSFS as Owner Trustee on behalf of the Issuer under this Joinder and Amendment or any other related documents, as to all of which recourse shall be had solely to the assets of the Issuer.

Section 11. Successors and Assigns. This Joinder and Amendment shall be binding upon the parties hereto and their respective successors and assigns.

Section 12. GOVERNING LAW. THIS JOINDER AND AMENDMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT, TORT OR OTHERWISE) BASED UPON, ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS JOINDER AND AMENDMENT, THE RELATIONSHIP OF THE PARTIES HERETO, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING THE STATUTES OF LIMITATIONS AND OTHER PROCEDURAL LAWS THEREOF

(WITHOUT REFERENCE TO THE CONFLICT OF LAW PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL APPLY) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 13. Counterparts. This Joinder and Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. The parties agree that this Joinder and Amendment may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 et seq, Official Text of the Uniform Electronic Transactions Act as approved by the National Conference of Commissioners on Uniform State Laws at its Annual Conference on July 29, 1999 and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service with appropriate document access tracking, electronic signature tracking and document retention, including DocuSign.

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Section 14. Entire Agreement. The Indenture, as amended by this Joinder and Amendment, constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and fully supersedes any prior or contemporaneous agreements relating to such subject matter.

Section 15. Recitals. The recitals and statements contained in this Joinder and Amendment shall be taken as the statements of the Issuer, and the Indenture Trustee does not assume any responsibility for their correctness. The Indenture Trustee does not make any representation as to the validity or sufficiency of this Joinder and Amendment (except as may be made with respect to the validity of its own obligations hereunder.) In entering into this Joinder and Amendment, the Indenture Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct of, or affecting the liability of or affording protection to it.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the undersigned have caused this Joinder and Amendment to be duly executed as of the date first above

written.

**PNMAC GMSR ISSUER
TRUST**, as Issuer

By: **Wilmington Savings
Fund Society, FSB**, not in
its individual capacity but
solely as Owner Trustee

By: /s/ Mark H. Brzoska

Name: Mark H. Brzoska
Title: Vice President

[PNMAC GMSR Issuer Trust – Joinder Amendment No. 2 to Series 2020-SPIADVF1
Indenture Supplement]

**PENNYMAC LOAN
SERVICES, LLC**, as
Servicer and as
Administrator

By: /s/ Pamela Marsh

Name: Pamela Marsh
Title: Senior Managing
Director and Treasurer

[PNMAC GMSR Issuer Trust – Joinder Amendment No. 2 to Series 2020-SPIADVF1
Indenture Supplement]

CITIBANK, N.A., as
Indenture Trustee, and not
in its individual capacity

By: /s/ Valerie Delgado

Name: Valerie Delgado
Title: Senior Trust Officer

[PNMAC GMSR Issuer Trust – Joinder Amendment No. 2 to Series 2020-SPIADVF1
Indenture Supplement]

**ATLAS SECURITIZED
PRODUCTS, L.P.**, solely in
its capacity as an
Administrative Agent on
behalf of Nexera Holding
LLC and Citibank, N.A.

By: Atlas Securitized
Products GP, LLC, its
general partner

By: /s/ Dominic Obaditch

Name: Dominic Obaditch
Title: Authorized Signatory

[PNMAC GMSR Issuer Trust – Joinder Amendment No. 2 to Series 2020-SPIADV1
Indenture Supplement]

**GOLDMAN SACHS BANK
USA**, solely in its capacity
as GS Administrative Agent
on behalf of Goldman
Sachs Bank USA

By: /s/ Jeff Hartwick

Name: Jeff Hartwick
Title: Authorized Signatory

[PNMAC GMSR Issuer Trust – Joinder Amendment No. 2 to Series 2020-SPIADVF1
Indenture Supplement]

**NOMURA CORPORATE
FUNDING AMERICAS,
LLC**, solely in its capacity
as Nomura Administrative
Agent on behalf of Nomura
Corporate Funding
Americas, LLC

By: /s/ Sanil Patel

Name: Sanil Patel
Title: Managing Director

[PNMAC GMSR Issuer Trust – Joinder Amendment No. 2 to Series 2020-SPIADVF1
Indenture Supplement]

CONSENTED TO BY:

NEXERA HOLDING LLC,
as a Repo Buyer

By: /s/ Steve Abreu

Name: Steve Abreu
Title: CEO

[PNMAC GMSR Issuer Trust – Joinder Amendment No. 2 to Series 2020-SPIADVF1
Indenture Supplement]

A. Pursuant to that certain Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the “**Series 2020-SPIADVF1 Repurchase Agreement**”), among the Administrative Agent, PennyMac Loan Services, LLC, as parent, PNMAC SPIA VFN Funding, LLC, as seller (“**Seller**”), Private National Mortgage Acceptance Company, LLC, as a guarantor, the buyers set forth therein (“**Buyers**”) and Goldman Sachs Bank USA, as administrative agent (the “**Administrative Agent**”), Buyers have agreed from time to time to enter into Transactions (as defined in the Series 2020-SPIADVF1 Repurchase Agreement) in which Seller agrees to transfer to the Administrative Agent, on behalf of the Buyers, a certain note (as more particularly described and defined in the Series 2020-SPIADVF1 Repurchase Agreement, the “**Note**”) against the transfer of funds by Buyers, with a simultaneous agreement by Buyers to transfer to Seller the Note at a date certain or on demand, against the transfer of funds by Seller.

B. As of the date hereof, each of VFN Guarantor and PLS Guarantor each directly or indirectly owns 100% of the equity interests in Seller.

C. Each Guarantor will derive a substantial direct and indirect benefit from the Transactions entered into by Buyers under the Series 2020-SPIADVF1 Repurchase Agreement.

D. It is a condition precedent to Buyers' agreement to engage in the Transactions contemplated under the Series 2020-SPIADVF1 Repurchase Agreement that each Guarantor shall have executed and delivered this Guaranty to Administrative Agent, on behalf of Buyers.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor hereby agrees as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, terms defined in the Series 2020-SPIADVF1 Repurchase Agreement and used herein shall have the meanings given to them in the Series 2020-SPIADVF1 Repurchase Agreement.

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“**Buyer Parties**” means public only after it is released by the Administrative Agent and each Buyer.

“**Guaranty Expenses**” means 100% Company through normal media outlets or filed with the SEC or an exchange or market upon which the securities of the losses, damages, costs, expenses, liabilities, claims Company are listed and there is adequate time (generally 24 hours) for it to be circulated and absorbed by investors and the marketplace. You must not buy or other obligations incurred by any Buyer Party (including

reasonable out-of-pocket attorneys' fees and costs) associated with enforcing any rights with respect to, or collecting, any or all of any Guaranty Obligations and/or enforcing any rights with respect to, or collecting against, any Guarantor under this Guaranty.

"Guaranty Obligations" shall have the meaning set forth in Section 2(a) hereof.

"Seller Delinquency Notice" means, upon the failure sell securities of the Seller Company (or any other company about which you obtain material information during the course of your employment or association with the Company) until at least 24 hours after public disclosure of the material information has been made. If you are not certain whether you have material, nonpublic information, do not make any trades until after you have consulted with the CLO, or his designee.

C. Additional Prohibited Transactions for All Covered Persons.

The Company considers it improper and inappropriate for any Covered Person to pay when due (taking into account any applicable notice and grace periods) engage in speculative transactions in securities of the Company or PMT. It therefore is the policy of the Company that Covered Persons may not engage in any of its Obligations, a written notice sent by Administrative Agent to each Guarantor the following additional transactions:

- (i) **Short-term trading.** All Covered Persons are prohibited from engaging in both a purchase and sale of any Company securities within any six-month period. However, a sale of Company securities that is executed by a Covered Person other than a Section 16 Reporting Person (as defined below) pursuant to a "sale to cover" method implemented by the Company or a Rule 10b5-1 trading plan approved by the Company in order to pay all or a portion of the taxes then due upon the full or partial vesting of an Award (as such term is defined in the PennyMac Financial Services, Inc. 2013 and 2022 Equity Incentive Plans (collectively the "Plans")) shall not be deemed to be a sale for purposes of this short-term trading prohibition.
- (ii) **Short sales.** Short sales of such failure and the amount securities of the delinquent payment (the **"Seller Delinquency Amount"**).

"Termination Date" shall have Company or PMT evidence an expectation on the meaning set forth part of the seller that the securities will decline in Section 2(e) hereof.

(b) The words "hereof", "herein" value and "hereunder" and words of similar import when used in this Guaranty shall refer to this Guaranty as a whole and not to any particular provision of this Guaranty and section and paragraph references are to this Guaranty unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Guaranty.

(a) Each Guarantor hereby unconditionally and irrevocably guarantees therefore signal to the Buyer Parties and their successors, indorsees, transferees and assigns, market that the prompt and complete payment and performance by Seller when due, whether at seller has no confidence in the stated maturity, by acceleration, demand Company or otherwise (or would otherwise be owing, due PMT or payable under the Series 2020-SPIADVF1 Repurchase Agreement but for short-term prospects of either company. In addition, short sales may reduce the commencement seller's incentive to improve the Company's or PMT's performance. For these reasons, short sales of any bankruptcy, insolvency or similar proceeding in respect of Seller) securities of the Obligations Company or PMT are prohibited.

(iii) Publicly-traded options. A transaction in Company or PMT options is, in effect, a bet on the short-term movement of Seller (the "Guaranty Obligations"), whether absolute Company or contingent. The obligations PMT securities. Buying or selling put or call options, like short sales, create a conflict of each Guarantor hereunder shall be joint interest and several. Without in any way limiting the foregoing, promptly upon receipt of a Seller Delinquency Notice (but in any event no later are strictly prohibited other than one (1) Business Day following delivery of such Seller Delinquency Notice), the Guarantors shall pay the Seller Delinquency Amount specified therein. This is a guaranty of payment and performance, and not merely of collection. Each Guarantor further agrees to pay promptly upon receipt of demand from Administrative Agent (but in any event no later than one (1) Business Day following delivery of such demand) all Guaranty Expenses, which options that may be paid or incurred by the Buyer Parties, granted pursuant to an equity incentive plan.

(iv) Trading on margin. Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. Because a margin sale or foreclosure sale may occur at a time when a person is aware of material, nonpublic information or otherwise is not permitted to trade in Company or PMT securities, Covered Persons may not hold securities of the Company or PMT in a margin account or pledge securities of the Company or PMT as collateral for a loan.

- (v) Hedging transactions. Hedging or monetization transactions allow an investor to receive a cash amount similar to proceeds of disposition, and to transfer part or all of the economic risk and/or return associated with securities of an issuer, without formally transferring the legal and beneficial ownership of such securities. These transactions can

(b) In no event shall any Buyer Party be obligated to take any action, obtain any judgment or file any claim prior to enforcing this Guaranty. The rights, powers, remedies and privileges provided in this Guaranty are cumulative and not exclusive of any rights, powers, remedies and privileges provided by any other agreement or by law.

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be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forward contracts (i.e., contracts that allow an investor to receive an up-front payment in exchange for delivery of a variable amount of shares or cash in the future), equity swaps, or zero cost dollar contracts (i.e., contracts that allow an investor to lock in much of the value of his or her security holdings, often in exchange for all or part of the potential for upside appreciation in the securities). Such hedging transactions may permit a Covered Person to continue to own the securities, but without the full risks and rewards of ownership. Accordingly, Covered Persons are prohibited from entering into any hedging or monetization transactions involving Company or PMT securities.

D. Additional Requirements for Section 16 Reporting Persons. The following requirements apply to directors and executive officers of the Company who are subject to the reporting and "short-swing profit" liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the underlying rules and regulations promulgated by the SEC (each, a "Section 16 Reporting Person").

- (i) Short-Swing Profit Liability. Section 16 Reporting Persons are subject to the "short-swing profit" liability provisions of Section 16 of the Exchange Act and will be required to return to the Company any and all profits realized from a "matching" purchase and sale or "matching" sale and purchase of the Company's securities within any six-month period.

- (ii) **SEC Reporting Obligations.** Section 16 Reporting Persons are required to file certain forms with the SEC pursuant to Section 16(a) of the Exchange Act (Forms 3, 4 and 5) and pursuant to Rule 144 of the Securities Act of 1933, as amended. **Each Section 16 Reporting Person who trades in the Company's securities is required to file a Form 4 with the SEC to report each such trade within two business days following the trade date. The Office of the CLO will facilitate all such filings upon receipt of the necessary information from the Section 16 Reporting Person. The Section 16 Reporting Person should make reasonable efforts to provide such information timely in order to prevent late filing.**

Trading Procedures:

The following restrictions apply when trading in securities of the Company or PMT:

- (c) (i) No payment Covered Person may purchase or payments made by Seller sell securities of the Company or any other Person (other than PMT while in possession of material, nonpublic information.
- (ii) No member of the Guarantors Insider Group (as defined below) may purchase or received sell securities of the Company or collected by any Buyer Party from Seller PMT during a Blackout Period (as defined below).
- (iii) No member of the Insider Group (as defined below) may purchase or any other Person (other than sell securities of the Guarantors) by virtue of any action Company or proceeding or any set-off or appropriation or application PMT at any time or from time to time in reduction of or in payment without obtaining pre-clearance approval of the Guaranty Obligations shall be deemed CLO, or his designee.

The restrictions on trading set forth immediately above in clauses (i), (ii) and (iii) do not apply to modify, release or otherwise affect the liability sales of any Guarantor hereunder.

(d) Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to any Buyer Party on account of its liability hereunder, it will promptly notify the Buyer Parties in writing that such payment is made under this Guaranty for such purpose.

(e) Each Guarantor agrees that this is an absolute, unconditional and continuing guaranty and that it shall remain liable under this Guaranty until the date on which all Guaranty Obligations and Guaranty Expenses are satisfied and paid in full and the Series 2020-SPIADVF1 Repurchase Agreement is terminated in accordance with the terms thereof (such date, the "Termination Date"), notwithstanding that from time to time prior thereto Seller may be free from any Obligations.

3. Representations and Warranties of Each Guarantor.

Each Guarantor hereby represents and warrants, as to itself on the date hereof and during the duration of this Guaranty, that:

- (a) Guarantor is duly organized and is validly existing as a limited liability company in good standing under the laws securities of the jurisdiction of its formation and in each other jurisdiction

in Company or PMT made (a) pursuant to an effective Rule 10b5-1 trading plan (pre-set qualified arrangements with a broker which removes the transaction of its business makes such qualification necessary, has investment decision from the full legal power and authority and has all governmental licenses, authorizations, consents and approvals, necessary to own its property and to carry on its business as currently or as proposed to be conducted. Guarantor has the authority under its organizational documents and applicable law to enter into this Guaranty and to perform all acts contemplated hereby or in connection herewith. Guarantor duly authorized, executed and delivered this Guaranty, all requisite or other corporate action having been taken, and this Guaranty is valid, binding and enforceable against such Guarantor in accordance with its terms except as such enforcement may be affected by bankruptcy, by other insolvency laws, or other similar laws affecting the enforcement of creditor's rights.

(b) The execution, delivery and performance by Guarantor of this Guaranty and the transactions contemplated hereby are within such Guarantor's powers, have been duly authorized by all necessary action and do not constitute or will not result in a breach of any of the terms, conditions or provisions of the organizational documents of such Guarantor or result in a breach of any legal restriction or result in the breach of any provision of, or conflict with or constitute a default under or result in the acceleration of any obligation under, any agreement, indenture, loan or credit agreement or other instrument to which such Guarantor or any of its property is subject, or result in the violation of any law, rule, regulation, order, judgment or decree to which such Guarantor or its property is subject.

(c) The execution and delivery of this Guaranty and the performance of Guarantor's obligations hereunder do not require any consent, approval, authorization or order of, registration or filing with, or notice to any governmental authority, court or other Person.

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(d) There is no action, proceeding or investigation pending with respect to which Guarantor has received service of process or, to the best such Guarantor's knowledge threatened or affecting it or any of its property against it before any court, administrative agency or other tribunal (A) asserting the invalidity of this Guaranty, (B) seeking to prevent the consummation of any of the transactions contemplated by this Guaranty, (C) making a claim individually or in the aggregate in an amount greater than 5% of such Guarantor's Adjusted Tangible Net Worth, (D) which requires filing with the SEC in accordance with the 1934 Act or any rules thereunder, (E) which has resulted in the voluntary or involuntary suspension of a license, a cease and desist order, or such other action as could adversely impact Seller's or Guarantor's business, or (F) which could be reasonably likely to have a Material Adverse Effect.

(e) This Guaranty has not been entered into fraudulently by Guarantor with the intent to hinder, delay or defraud any creditor or any Buyer Party.

(f) Guarantor is and will be solvent, is and will be able to pay its debts as they mature and does not and will not have unreasonably small capital to engage in its business. Guarantor does not intend to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature and is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of such entity or any of its assets.

(g) Guarantor is not required to register as an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and although there may be additional exclusions or exemptions available to Guarantor, it will rely on Section 3(c)(5) under the Investment Company Act for its exclusion from the definition of “investment company.”

(h) Guarantor has independently reviewed the Series 2020-SPIADVF1 Repurchase Agreement and related agreements and has made an independent determination as to the validity and enforceability thereof, and in executing and delivering this Guaranty to any Buyer Party, such Guarantor is not in any manner relying upon the validity, enforceability, attachment or perfection of any Liens or security interests of any kind or nature granted by Seller or any other guarantor to any Buyer Party, now or at any time and from time to time in the future.

(i) There are no facts or circumstances that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(j) Guarantor has a direct or indirect and substantial economic interest in Seller and expects to derive substantial benefits from the transactions of Seller under the Series 2020-SPIADVF1 Repurchase Agreement. Guarantor is entering into this Guaranty for legitimate business purposes and reasonably believes that its guaranty of the Guaranty Obligations and the Guaranty Expenses is in its best interests.

(k) (i) Except as could not reasonably be expected to result in a Material Adverse Effect, Guarantor, its ERISA Affiliates, and each Plan are in compliance in all material respects with the requirements of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or the Internal Revenue Code of 1986, as amended (the “**Code**”), (ii) no Reportable Event has occurred with respect to any Plan, (iii) no Plan is considered to be an “at-

risk” plan within the meaning of Section 430 of the Code or Section 303 of ERISA, (iv) Guarantor, its Subsidiaries and their respective ERISA Affiliates do not provide any material medical or health benefits to former employees other than as required by the Consolidated Omnibus Budget Reconciliation Act, as amended, or similar state or local law (collectively, “**COBRA**”), (v) Guarantor and its Subsidiaries and their respective ERISA Affiliates have made all required contributions to each Plan, and to each Multiemployer Plan to which it is obligated to contribute, except as would not reasonably be expected to result in material liability to it, and (vi) no event or condition described in Section 4(d), has occurred or exists, other than an event or condition with respect to which notice has been provided in accordance with Section 4(d). None of the assets of Guarantor or any of its Subsidiaries are “plan assets” within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

(l) The representations and warranties contained in Article III of the Series 2020-SPIADVF1 Repurchase Agreement, insofar as the representations and warranties contained therein are related to Guarantor or its properties, are true and correct, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Series 2020-SPIADVF1 Repurchase Agreement to which reference is made in such representations and warranties, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by reference as though specifically set forth in this Section 3.

4. Covenants of Each Guarantor. Each Guarantor hereby covenants and agrees, as to itself, that:

(a) Guarantor shall (i) preserve and maintain its legal existence, (ii) qualify and remain qualified in good standing in each jurisdiction where the failure to be so qualified would have a Material Adverse Effect and (iii) comply with its organizational documents where the failure to do so would have a Material Adverse Effect. Guarantor shall maintain and preserve all of its governmental licenses, authorizations, consents and approvals necessary for Seller to conduct its business. Guarantor will comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of Governmental Authorities to which it is or may become subject.

(b) Guarantor will perform, comply with and be bound by all of the agreements, covenants and obligations contained in the Series 2020-SPIADVF1 Repurchase Agreement (including Article VI of the Series 2020-SPIADVF1 Repurchase Agreement) which are applicable to Guarantor or its properties, each such agreement, covenant and obligation contained in the Series 2020-SPIADVF1 Repurchase Agreement and all other terms of the Series 2020-SPIADVF1 Repurchase Agreement to which reference is made in each such agreement, covenant and obligation, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Section 4.

(c) Guarantor will promptly, and in any event within five (5) Business Days, give to the Buyer Parties notice of all litigation, actions, suits, arbitrations, investigations or other legal or arbitral proceedings affecting such Guarantor before any Governmental Authority that (i) questions or challenges the validity or enforceability of this Guaranty or any other Program

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Agreement, or (ii) seeks any determination or ruling that could reasonably be expected to have a Material Adverse Effect with respect to Guarantor.

(d) As soon as reasonably possible, and in any event within five (5) Business Days after Guarantor has knowledge or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists (each, an "**ERISA Event**"), a statement signed by a senior financial officer of such Guarantor setting forth details respecting such event or condition and the action, if any, that such Guarantor or any of its Subsidiaries or ERISA Affiliates, as applicable, propose to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by such Guarantor or any of its Subsidiaries or ERISA Affiliates with respect to such event or condition):

(i) any Reportable Event or failure to meet minimum funding standards with respect to a Plan; provided that a failure to meet the minimum funding standard of Section 412 of the Code or Sections 302 or 303 of ERISA with respect to a Plan, including, without limitation, the failure to make on or before its due date a required installment under Section 430(j) of the Code or Section 303(j) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(c) of the Code or any request for a waiver under Section 412(c) of the Code for any Plan;

(ii) the distribution under Section 4041(c) of ERISA of a notice of intent to terminate any Plan or any action taken by such Guarantor or its Subsidiaries or ERISA Affiliates;

(iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by such Guarantor or its Subsidiaries or ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by such Guarantor or its Subsidiaries or ERISA Affiliates that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by such Guarantor or its Subsidiaries or ERISA Affiliates of notice from a Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against such Guarantor or its Subsidiaries or ERISA Affiliates to enforce Section 515 of ERISA, which proceeding is not dismissed within thirty (30) calendar days; and

(vi) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) and Section 436 of the Code, would result in the loss of tax-exempt status of the trust of which such Plan is a part if such Guarantor or its

Subsidiaries or ERISA Affiliates fails to timely make a contribution or provide security to such Plan in accordance with the provisions of said Sections.

5. Right of Set-off. Each Buyer Party and each of their respective Affiliates are hereby irrevocably authorized at any time and from time to time upon the occurrence and during the continuance of an Event of Default and without notice to any Guarantor, any such notice being hereby waived by each Guarantor, to set off and appropriate and apply any and all monies and other property of such Guarantor, deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Buyer Party or any such Affiliates to or for the credit or the account of such Guarantor, or any part thereof in such amounts as such Buyer Party or any such Affiliate may elect, on account of such Guarantor's Guaranty Obligations and liabilities hereunder and claims of every nature and description of the

Buyer Parties against such Guarantor, in any currency, whether arising hereunder, under the Series 2020-SPIADV1 Repurchase Agreement or otherwise, as such Buyer Party or any such Affiliate may elect, whether or not any Buyer Party or any such Affiliate has made any demand for payment and although such Guarantor's Guaranty Obligations and liabilities and claims may be contingent or unmatured. The applicable Buyer Party or any such Affiliate shall notify each Guarantor promptly of any such set-off and the application made by such Buyer Party; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Buyer Parties or any such Affiliate under this paragraph are in addition to other rights and remedies (including, without limitation, other rights of set-off) which any Buyer Party or any such Affiliate may have.

6. No Subrogation. Notwithstanding any payment or payments made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by any Buyer Party or any of their respective Affiliates, such Guarantor shall not be entitled to be subrogated to any of the rights of any Buyer Party against Seller or any collateral security or guarantee or right of offset held by any Buyer Party for the payment of such Guarantor's Guaranty Obligations or Guaranty Expenses, nor shall such Guarantor seek or be entitled to seek any contribution, indemnity or reimbursement from the Seller in respect of payments made by such Guarantor hereunder, until the Termination Date. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid and satisfied in full, such amount shall be held by such Guarantor in trust for the Buyer Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the applicable Buyer Parties in the exact form received by such Guarantor (duly indorsed by such Guarantor to any such Buyer Parties, if required), to be applied against the Obligations or Guaranty Obligations, as applicable, whether matured or unmatured, in such order as the Buyer Parties may determine.

7. Amendments, Etc. with Respect to the Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against such Guarantor and without notice to or further assent by such Guarantor, any demand for payment of any of the Obligations made by any Buyer Party to Seller may be rescinded by the applicable Buyer Parties and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified,

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accelerated, compromised, terminated, waived, surrendered or released by any Buyer Party, and the Series 2020-SPIADV1 Repurchase Agreement and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Buyer Parties may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Buyer Party for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. No Buyer Party shall have any obligation to protect, secure, perfect or insure any lien at any time held by it as security for the Obligations or for this Guaranty or any property subject thereto. When making any demand hereunder against any Guarantor, the Buyer Parties may, but shall be under no obligation to, make a similar demand on Seller, and any failure the Buyer Parties to make any such demand or to collect any payments from Seller or any release of Seller shall not relieve any Guarantor of its obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as

a matter of law, of the Buyer Parties against such Guarantor. For the purposes hereof “demand” shall include, without limitation, the commencement and continuance of any legal proceedings.

8. Waiver of Rights. Except as otherwise expressly provided herein, each Guarantor waives any and all notice of any kind including, without limitation, notice of the creation, renewal, extension or accrual of any of the Guaranty Obligations, and notice of or proof of reliance by any Buyer Party upon this Guaranty or acceptance of this Guaranty; the Guaranty Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guaranty; and all dealings between Seller and each Guarantor, on the one hand, and each Buyer Party, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guaranty. Each Guarantor waives diligence, presentment, protest, demand for payment or nonpayment to or upon Seller with respect to the Obligations or such Guarantor with respect to the Guaranty Obligations and the Guaranty Expenses. In addition, each Guarantor waives any requirement that any Buyer Party first exhaust any right, power, remedy or proceeding against Seller.

9. Guaranty Absolute and Unconditional. Each Guarantor understands and agrees that this Guaranty shall be construed as a continuing, absolute and unconditional guarantee of the full and punctual payment and performance of all Guaranty Obligations and Guaranty Expenses and not of their collectability only and is in no way conditioned upon any requirement that any Buyer Party first attempt to collect any of the Guaranty Obligations or Guaranty Expenses from Seller, without regard to (a) the validity, regularity or enforceability of the Series 2020-SPIADV1 Repurchase Agreement or any other Program Agreement, any of the Guaranty Obligations or Guaranty Expenses therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Buyer Party, (b) any defense, set-off, deduction, abatement, recoupment, reduction or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by Seller against any Buyer Party, (c) the lack of authority of Seller to execute or deliver the Series 2020-SPIADV1 Repurchase Agreement, (d) any change in the time, manner or place of payment of, or in any other term of, or amendment to the Series 2020-SPIADV1 Repurchase Agreement, (e) the absence of any action to enforce the Series 2020-SPIADV1 Repurchase Agreement, to recover any judgment against Seller or to enforce a judgment against Seller under the Series 2020-SPIADV1 Repurchase Agreement, (f) the occurrence of any Event of Default under the Series 2020-SPIADV1 Repurchase Agreement, (g) the existence of bankruptcy, insolvency, reorganization or similar proceedings involving Seller,

(h) any impairment, taking, furnishing, exchange or release of, or failure to perfect or obtain protection of any security interest in, collateral securing the Series 2020-SPIADV1 Repurchase Agreement, (i) any change in the laws, rules or regulations of any jurisdiction, (j) any present or future action of any Governmental Authority or court amending, varying, reducing or otherwise affecting or purporting to amend, vary, reduce or otherwise affect, any of the obligations of Seller under the Series 2020-SPIADV1 Repurchase Agreement or of any Guarantor under this Guaranty, (k) the reorganization, merger or consolidation of Seller into or with any other corporation or entity, (l) if any payment made by Seller to any Buyer Party is held to constitute a preference under bankruptcy laws, or for any reason any Buyer Party is required to refund such payment or pay such amount to Seller, any Guarantor or any other Person or (m) any other circumstance whatsoever (with or without

notice to or knowledge of Seller or any Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Guarantor from this Guaranty, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against any Guarantor, the Buyer Parties may, but shall be under no obligation to, pursue (i) such rights, powers, privileges and remedies as it may have against Seller or any other Person or (ii) any right of offset with respect thereto, and any failure by any Buyer Party to pursue such other rights or remedies or to collect any payments from Seller or any such other Person or to exercise any such right of offset, or any release of Seller or any such other Person or right of offset, shall not relieve any Guarantor of any liability hereunder, and shall not impair or affect the rights, powers, privileges and remedies, whether express, implied or available as a matter of law or equity, of any Buyer Party against any Guarantor. This Guaranty shall be binding in accordance with and to the extent of its terms upon each Guarantor and its successors and assigns, and shall inure to the benefit of the Buyer Parties, and their successors, indorsees, transferees and assigns.

10. Limitation of Guaranty. Notwithstanding any other provision of this Guaranty to the contrary, in the event that any action is brought seeking to invalidate any Guarantor's obligations under this Guaranty under any fraudulent conveyance or fraudulent transfer theory, such Guarantor shall be liable under this Guaranty only for an amount equal to the maximum amount of liability that could have been incurred under applicable law by such Guarantor under any guaranty of the Guaranteed Obligations (or any portion thereof) at the time of the execution and delivery of this Guarantor by such Guarantor (or, if such date is determined not to be the appropriate date for determining the enforceability of such Guarantor's obligations hereunder for fraudulent conveyance or transfer purposes, on the date determined to be so appropriate) without rendering such a hypothetical guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer (the "**Maximum Guaranty Amount**"), and not for any greater amount, as if the stated amount of this Guaranty with respect to such Guarantor had instead been the Maximum Guaranty Amount. In determining the limitations, if any, on the amount of any Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Guarantor may have under this Guaranty, any other agreement or applicable law shall be taken into account.

11. Reinstatement. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guaranty Obligations or Guaranty Expenses is rescinded or must otherwise be restored or returned by any Buyer Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Seller or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or

similar officer for, Seller or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made. It is the intention of each Guarantor that such Guarantor's obligations hereunder shall not be discharged except by Seller's or such Guarantor's payment and performance of the Guaranty Obligations or Guaranty Expenses which are not so rescinded and then only to the extent of such payment and performance.

12. Event of Default. If an Event of Default under the Series 2020-SPIADVF1 Repurchase Agreement shall have occurred and be continuing, each Guarantor agrees

that, as between the Guarantors and the Buyer Parties, the Obligations may be declared to be due in accordance with the terms of the Series 2020-SPIADVF1 Repurchase Agreement for purposes of this Guaranty notwithstanding any stay, injunction or other prohibition which may prevent, delay or vitiate any such declaration as against Seller and that, in the event of any such declaration (or attempted declaration), any Guaranty Obligations shall forthwith become due by the Guarantors, as applicable, for purposes of this Guaranty.

13. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Buyer Parties without deduction, abatement, recoupment, reduction, set-off or counterclaim, in U.S. Dollars to the Administrative Agent Account.

14. Notices. Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, messenger or otherwise to the address specified at the "Address for Notices" specified on the signature page in the case of each Guarantor, or in accordance with Section 10.05 of the Series 2020-SPIADVF1 Repurchase Agreement in the case of the Buyer Parties, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

15. Severability. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

16. Integration. This Guaranty and the provisions of the other Program Agreements expressly referenced herein or therein represent the agreement of each Guarantor with respect to the subject matter hereof and thereof and there are no other promises or representations by any Buyer Party relative to the subject matter hereof or thereof not reflected herein or therein.

17. Amendments in Writing; No Waiver; Cumulative Remedies.

(a) None of the terms or provisions of this Guaranty may be amended, supplemented or otherwise modified except by a written instrument executed by each Guarantor and Administrative Agent; provided that any provision of this Guaranty may be waived in writing by Administrative Agent.

(b) No Buyer Party shall be deemed by any act (except by a written instrument pursuant to this Section 17), delay, indulgence, omission or otherwise be deemed to have waived

any right, power, privilege or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Buyer Party, any right, power, remedy or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power, remedy or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by a Buyer Party of any right, power, privilege or remedy hereunder on any one occasion shall not be

construed as a bar to any right, power, privilege or remedy which any Buyer Party would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

18. Section Headings. The section headings used in this Guaranty are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

19. Successors and Assigns. This Guaranty shall be binding upon the successors and permitted assigns of each Guarantor and shall inure to the benefit of the Buyer Parties and their successors and assigns. This Guaranty may not be assigned by any Guarantor without the express written consent of Administrative Agent in its sole discretion and any attempt to assign or transfer this Guaranty without such consent shall be null and void and of no effect whatsoever.

20. Governing Law; Jurisdiction.

(a) THIS GUARANTY AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS GUARANTY WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO THE CONFLICT OF LAW PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(b) EACH GUARANTOR, AND THE BUYER PARTIES BY ACCEPTING THE BENEFITS HEREOF, HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTY, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR

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PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS

ADDRESS SET FORTH HEREIN OR AT SUCH OTHER ADDRESS OF WHICH EACH OTHER PARTY HERETO SHALL HAVE BEEN NOTIFIED IN WRITING;

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(v) WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

21. Waivers. EACH GUARANTOR HEREBY WAIVES ANY RIGHT TO ASSERT A COUNTERCLAIM, OTHER THAN A COMPULSORY COUNTERCLAIM, IN ANY ACTION OR PROCEEDING BROUGHT AGAINST IT BY ANY BUYER PARTY.

22. Counterparts. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Guaranty. Each Guarantor, and the Buyer Parties by accepting the benefits hereof, agree that this Guaranty, any addendum or amendment hereto or any other document necessary for the consummation of the transactions contemplated by this Guaranty may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 *et seq.*, Official Text of the Uniform Electronic Transactions Act as approved by the National Conference of Commissioners on Uniform State Laws at its Annual Conference on July 29, 1999 and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on each Guarantor, and the Buyer Parties by accepting the benefits hereof, to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service providers with appropriate document access tracking, electronic signature tracking and document retention as may be approved by the Administrative Agent in its sole discretion.

23. Role of Administrative Agent. Pursuant to the Series 2020-SPIADVF1 Repurchase Agreement, (a) this Guaranty has been delivered to the Administrative Agent and (b) the Administrative Agent has been authorized to enforce this Guaranty on behalf of itself and on behalf of Buyer. All payments by the Guarantors pursuant to this Guaranty shall be made to the Administrative Agent for application as set forth in the Series 2020-SPIADVF1 Repurchase Agreement or, if there is no Administrative Agent, to Buyers for their ratable benefit. Each

Guarantor agrees that this Guaranty may be enforced only by the Administrative Agent, acting upon the instructions or with the consent of Buyers as provided for in the Series 2020-SPIADVF1 Repurchase Agreement, and that Buyers shall not have any right individually to enforce or seek to enforce this Guaranty unless there is no Administrative Agent. The obligations of each Guarantor hereunder are independent of the Obligations, and a separate action or actions may be brought against any Guarantor whether or not action is brought against Seller and whether or not Seller is joined in any such action.

24. Intent. Each Guarantor (a) acknowledges that each of the Series 2020-SPIADVF1 Repurchase Agreement and each Transaction thereunder a “master netting agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended and a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code, as amended and that all payments hereunder are deemed “margin payments” or “settlement payments” as defined in Title 11 of the United States Code, (b) intends and acknowledges that this Guaranty is “a security agreement or arrangement or other credit enhancement” that is “related to” and provided “in connection with” the Series 2020-SPIADVF1 Repurchase Agreement and each Transaction thereunder and is within the meaning of Sections 101(38A)(A), 101(47)(a)(v) and 741(7)(A)(xi) of the Bankruptcy Code and is, therefore, a “securities contract,” within the meaning of Section 555 under the Bankruptcy Code, and a “master netting agreement,” within the meaning of Section 561 under the Bankruptcy Code and (c) intends and acknowledges that any party’s right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with the Series 2020-SPIADVF1 Repurchase Agreement and this Guaranty is in each case a contractual right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Guaranty as described in Sections 555 and 561 of the Bankruptcy Code.

25. Amendment and Restatement. Upon the effectiveness hereof, the Series 2020-SPIADVF1 Guaranty dated as of February 7, 2023 executed by the VFN Guarantor in favor of Goldman Sachs Bank USA, as administrative agent, is amended and restated in its entirety hereby and shall be of no further force or effect.

[SIGNATURE PAGE(S) TO FOLLOW]

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IN WITNESS WHEREOF, each Guarantor has caused this Amended and Restated Guaranty or (b) pursuant to be duly executed and delivered a “sale to cover” method implemented by the Company or PMT, as applicable, in order to pay all or a portion of the taxes then due upon the full or partial vesting of an Award (as defined in the Plan) under the Plans or any other Company or PMT equity incentive plan. Rule 10b5-1 trading plans may only be entered into, and such elections may only be made, at a time when you are not in possession of material, nonpublic information about the Company and are otherwise able to trade in securities of the Company.

A. When do “Blackout Periods” generally occur?

Blackout Periods begin on the last day of each fiscal quarter and year will generally end at the close of business on the first above written.

PRIVATE NATIONAL MORTGAGE
ACCEPTANCE COMPANY, LLC

By: /s/ Pamela Marsh _____
Name: Pamela Marsh
Title: Senior Managing Director and Treasurer

Address for Notices:

Private National Mortgage Acceptance business day following the quarterly earnings release. As a general rule, members of the Insider Group (as defined below) are not permitted to trade in securities of the Company LLC
3043 Townsgate Road, Suite 300
Westlake Village, CA 91361
Attention: Pamela Marsh
Phone Number: (805) 330-6059
Email: pamela.marsh@pennymac.com;
josh.smith@pennymac.com

[Signature Page to A&R Guaranty]

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PENNYMAC LOAN SERVICES, LLC

By: /s/ Pamela Marsh
Name: Pamela Marsh
Title: Senior Managing Director and Treasurer

Address for Notices:

PennyMac Loan Services, LLC
3043 Townsgate Road
Westlake Village, CA 91361
Attention: Pamela Marsh/Richard Hetzel
Phone Number: (805) 330-6059/ (818) 746-2877 /
(818) 224-7078
E-mail: pamela.marsh@pnmac.com;
richard.hetzel@pnmac.com;
mortgage.finance@pnmac.com;
josh.smith@pennymac.com

[Signature Page to A&R Guaranty]

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PNMAC GMSR VFN FUNDING, LLC

By: /s/ Pamela Marsh _____
Name: Pamela Marsh
Title: Senior Managing Director and Treasurer

Address for Notices:

PNMAC GMSR VFN Funding, LLC
3043 Townsgate Road
Westlake Village, CA 91361
Attention: Pamela Marsh/Richard Hetzel
Phone Number: (805) 330-6059/ (818) 746-2877 /
(818) 224-7078
E-mail: pamela.marsh@pnmac.com;
richard.hetzel@pnmac.com;
mortgage.finance@pnmac.com;
josh.smith@pennymac.com

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Exhibit 10.96

AMENDED AND RESTATED

SERIES 2023-MSRVF1 GUARANTY

THIS AMENDED AND RESTATED SERIES 2023-MSRVF1 GUARANTY, dated as during a Blackout Period. Unless the CLO, or his designee, extends a Blackout Period, any member of December 20, 2023 (including any schedule attached hereto and as amended, restated, supplemented and otherwise modified the Insider Group may purchase or sell securities of the Company on the second business day following a quarterly earnings release, provided such individual is not in possession of material, nonpublic information. The duration of a Blackout Period may change from time to time this "Guaranty"), is executed depending on the current facts and circumstances as determined by Private National Mortgage Acceptance Company, LLC ("VFN Guarantor"), the CLO, or his designee, and a Delaware limited liability company and by PennyMac Loan Services, LLC, special Blackout Period may also be imposed at any other time during a Delaware limited liability company ("PLS Guarantor,"), PNMAC SPIA VFN Funding, LLC, a Delaware limited liability company ("GMSR SPV Guarantor", and together with VFN Guarantor, and PLS Guarantor, each a "Guarantor" and together the "Guarantors") in favor of Goldman Sachs Bank USA, as Administrative Agent (the "Administrative Agent") for the buyers party to the Series 2023-MSRVF1 Repurchase Agreement referred to below, year.

B. Who must obtain approval of the CLO, or his designee, prior to effecting any transactions in securities of the Company or PMT?

RECITALS

A. Pursuant to that certain Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Series 2023-MSRVF1 Repurchase Agreement"), among the Administrative Agent, PennyMac Loan Services, LLC, as parent,

PNMAC GMSR VFN Funding, LLC, as seller ("**Seller**"), VFN Guarantor, the buyers set forth therein ("**Buyers**") and Goldman Sachs Bank USA, as administrative agent (the "**Administrative Agent**"), Buyers have agreed from time to time to enter into Transactions (as defined in the Series 2023-MSRVF1 Repurchase Agreement) in which Seller agrees to transfer to the Administrative Agent, on behalf All members of the Buyers, a certain note (as more particularly described and defined Insider Group are required to obtain pre-clearance approval prior to effecting any transactions in the Series 2023-MSRVF1 Repurchase Agreement, the "**Note**") against the transfer of funds by Buyers, with a simultaneous agreement by Buyers to transfer to Seller the Note at a date certain or on demand, against the transfer of funds by Seller.

B. As securities of the date hereof, each Company or PMT, including the gifting of VFN Guarantor and PLS Guarantor directly or indirectly owns 100% securities of the equity interests in Seller.

C. Each Guarantor will derive Company or PMT to a substantial direct and indirect benefit from the Transactions entered into by Buyers under the Series 2023-MSRVF1 Repurchase Agreement.

D. It is a condition precedent to Buyers' agreement to engage in the Transactions contemplated under the Series 2023-MSRVF1 Repurchase Agreement that each Guarantor shall have executed and delivered this Guaranty to Administrative Agent, on behalf of Buyers.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor hereby agrees as follows:

1. **Defined Terms.**

(a) Unless otherwise defined herein, terms defined in the Series 2023-MSRVF1 Repurchase Agreement and used herein shall have the meanings given to them in the Series 2023-MSRVF1 Repurchase Agreement.

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"Buyer Parties" means the Administrative Agent and each Buyer.

"Guaranty Expenses" means 100% of the losses, damages, costs, expenses, liabilities, claims or other obligations incurred by any Buyer Party (including reasonable out-of-pocket attorneys' fees and costs) associated with enforcing any rights with respect to, or collecting, any or all of any Guaranty Obligations and/or enforcing any rights with respect to, or collecting against, any Guarantor under this Guaranty.

"Guaranty Obligations" shall have the meaning set forth in Section 2(a) hereof.

"Seller Delinquency Notice" means, upon the failure of the Seller to pay when due (taking into account any applicable notice and grace periods) any of its Obligations, a written notice sent by Administrative Agent to each Guarantor of such failure and the amount of the delinquent payment (the "**Seller Delinquency Amount**").

"Termination Date" shall have the meaning set forth in Section 2(e) hereof.

(b) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Guaranty shall refer to this Guaranty as a whole and not to any particular provision of this Guaranty and section and paragraph references are to this Guaranty unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. **Guaranty.**

(a) Each Guarantor hereby unconditionally and irrevocably guarantees to the Buyer Parties and their successors, indorsees, transferees and assigns, the prompt and complete payment and performance by Seller when due, whether at the stated maturity, by acceleration, demand or otherwise (or would otherwise be owing, due or payable under the Series 2023-MSRVF1 Repurchase Agreement but for the commencement of any bankruptcy, insolvency or similar proceeding in respect of Seller) of the Obligations of Seller (the “**Guaranty Obligations**”), whether absolute or contingent. The obligations of each Guarantor hereunder shall be joint and several. Without in any way limiting the foregoing, promptly upon receipt of a Seller Delinquency Notice (but in any event no later than one (1) Business Day following delivery of such Seller Delinquency Notice), the Guarantors shall pay the Seller Delinquency Amount specified therein. This is a guaranty of payment and performance, and not merely of collection. Each Guarantor further agrees to pay promptly upon receipt of demand from Administrative Agent (but in any event no later than one (1) Business Day following delivery of such demand) all Guaranty Expenses, which may be paid or incurred by the Buyer Parties.

(b) In no event shall any Buyer Party be obligated to take any action, obtain any judgment or file any claim prior to enforcing this Guaranty. The rights, powers, remedies and privileges provided in this Guaranty are cumulative and not exclusive of any rights, powers, remedies and privileges provided by any other agreement or by law.

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(c) No payment or payments made by Seller family member, charitable organization or any other Person (other than the Guarantors) or received or collected by any Buyer Party from Seller or any other Person (other than the Guarantors) by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Guaranty Obligations shall be deemed to modify, release or otherwise affect the liability of any Guarantor hereunder.

(d) Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to any Buyer Party on account of its liability hereunder, it will promptly notify the Buyer Parties in writing that such payment is made under this Guaranty for such purpose.

(e) Each Guarantor agrees that this is an absolute, unconditional and continuing guaranty and that it shall remain liable under this Guaranty until the date on which all Guaranty Obligations and Guaranty Expenses are satisfied and paid in full and the Series 2023-MSRVF1 Repurchase Agreement is terminated in accordance with the terms thereof (such date, the “**Termination Date**”), notwithstanding that from time to time prior thereto Seller may be free from any Obligations.

3. **Representations and Warranties of Each Guarantor.** Each Guarantor hereby represents and warrants, as to itself on the date hereof and during the duration of

this Guaranty, that:

(a) Guarantor is duly organized and is validly existing as person (including a limited liability company) in good standing under the laws of the jurisdiction of its formation and in each other jurisdiction in which the transaction of its business makes such qualification necessary, has the full legal power and authority and has all governmental licenses, authorizations, consents and approvals, necessary to own its property and to carry on its business as currently or as proposed to be conducted. Guarantor has the authority under its organizational documents and applicable law to enter into this Guaranty and to perform all acts contemplated hereby or in connection herewith. Guarantor duly authorized, executed and delivered this Guaranty, all requisite or other corporate action having been taken, and this Guaranty is valid, binding and enforceable against such Guarantor in accordance with its terms except as such enforcement may be affected by bankruptcy, by other insolvency laws, or other similar laws affecting the enforcement of creditor's rights.

(b) The execution, delivery and performance by Guarantor of this Guaranty and the transactions contemplated hereby are within such Guarantor's powers, have been duly authorized by all necessary action and do not constitute or will not result in a breach of any of the terms, conditions or provisions of the organizational documents of such Guarantor or result in a breach of any legal restriction or result in the breach of any provision of, or conflict with or constitute a default under or result in the acceleration of any obligation under, any agreement, indenture, loan or credit agreement or other instrument to which such Guarantor or any of its property is subject, or result in the violation of any law, rule, regulation, order, judgment or decree to which such Guarantor or its property is subject.

(c) The execution and delivery of this Guaranty and the performance of Guarantor's obligations hereunder do not require any consent, approval, authorization or order of, registration or filing with, or notice to any governmental authority, court or other Person.

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(d) There is no action, proceeding or investigation pending with respect to which Guarantor has received service of process or, to the best such Guarantor's knowledge threatened or affecting it or any of its property against it before any court, administrative agency or other tribunal (A) asserting the invalidity of this Guaranty, (B) seeking to prevent the consummation of any of the transactions contemplated by this Guaranty, (C) making a claim individually or in the aggregate in an amount greater than 5% of such Guarantor's Adjusted Tangible Net Worth, (D) which requires filing with the SEC in accordance with the 1934 Act or any rules thereunder, (E) which has resulted in the voluntary or involuntary suspension of a license, a cease and desist order, or such other action as could adversely impact Seller's or Guarantor's business, or (F) which could be reasonably likely to have a Material Adverse Effect.

(e) This Guaranty has not been entered into fraudulently by Guarantor with the intent to hinder, delay or defraud any creditor or any Buyer Party.

(f) Guarantor is and will be solvent, is and will be able to pay its debts as they mature and does not and will not have unreasonably small capital to engage in its business. Guarantor does not intend to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature and is not contemplating the commencement of

insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of such entity or any of its assets.

(g) Guarantor is not required to register as an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and although there may be additional exclusions or exemptions available to Guarantor, it will rely on Section 3(c)(5) under the Investment Company Act for its exclusion from the definition of “investment company.”

(h) Guarantor has independently reviewed the Series 2023-MSRVF1 Repurchase Agreement and related agreements and has made an independent determination as to the validity and enforceability thereof, and in executing and delivering this Guaranty to any Buyer Party, such Guarantor is not in any manner relying upon the validity, enforceability, attachment or perfection of any Liens or security interests of any kind or nature granted by Seller or any other guarantor to any Buyer Party, now or at any time and from time to time in the future.

(i) There are no facts or circumstances that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(j) Guarantor has a direct or indirect and substantial economic interest in Seller and expects to derive substantial benefits from the transactions of Seller under the Series 2023-MSRVF1 Repurchase Agreement. Guarantor is entering into this Guaranty for legitimate business purposes and reasonably believes that its guaranty of the Guaranty Obligations and the Guaranty Expenses is in its best interests.

(k) (i) Except as could not reasonably be expected to result in a Material Adverse Effect, Guarantor, its ERISA Affiliates, and each Plan are in compliance in all material respects with the requirements of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or the Internal Revenue Code of 1986, as amended (the “**Code**”), (ii) no Reportable Event has occurred with respect to any Plan, (iii) no Plan is considered to be an “at-

risk” plan within the meaning of Section 430 of the Code or Section 303 of ERISA, (iv) Guarantor, its Subsidiaries and their respective ERISA Affiliates do not provide any material medical or health benefits to former employees other than as required by the Consolidated Omnibus Budget Reconciliation Act, as amended, or similar state or local law (collectively, “**COBRA**”), (v) Guarantor and its Subsidiaries and their respective ERISA Affiliates have made all required contributions to each Plan, and to each Multiemployer Plan to which it is obligated to contribute, except as would not reasonably be expected to result in material liability to it, and (vi) no event or condition described in Section 4(d) has occurred or exists, other than an event or condition with respect to which notice has been provided in accordance with Section 4(d). None of the assets of Guarantor or any of its Subsidiaries are “plan assets” within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

(l) The representations and warranties contained in Article III of the Series 2023-MSRVF1 Repurchase Agreement, insofar as the representations and warranties contained therein are related to Guarantor or its properties, are true and correct, each such representation and warranty set forth in such Article (insofar as applicable as

aforesaid) and all other terms of the Series 2023-MSRVF1 Repurchase Agreement to which reference is made in such representations and warranties, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by reference as though specifically set forth in this Section 3.

4. **Covenants of Each Guarantor.** Each Guarantor hereby covenants and agrees, as to itself, that:

(a) Guarantor shall (i) preserve and maintain its legal existence, (ii) qualify and remain qualified in good standing in each jurisdiction where the failure to be so qualified would have a Material Adverse Effect and (iii) comply with its organizational documents where the failure to do so would have a Material Adverse Effect. Guarantor shall maintain and preserve all of its governmental licenses, authorizations, consents and approvals necessary for Seller to conduct its business. Guarantor will comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of Governmental Authorities to which it is or may become subject.

(b) Guarantor will perform, comply with and be bound by all of the agreements, covenants and obligations contained in the Series 2023-MSRVF1 Repurchase Agreement (including Article VI of the Series 2023-MSRVF1 Repurchase Agreement) which are applicable to Guarantor or its properties, each such agreement, covenant and obligation contained in the Series 2023-MSRVF1 Repurchase Agreement and all other terms of the Series 2023-MSRVF1 Repurchase Agreement to which reference is made in each such agreement, covenant and obligation, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Section 4.

(c) Guarantor will promptly, and in any event within five (5) Business Days, give to the Buyer Parties notice of all litigation, actions, suits, arbitrations, investigations or other legal or arbitral proceedings affecting such Guarantor before any Governmental Authority that (i) questions or challenges the validity or enforceability of this Guaranty or any other Program Agreement, or (ii) seeks any determination or ruling that could reasonably be expected to have a Material Adverse Effect with respect to Guarantor.

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(d) As soon as reasonably possible, and in any event within five (5) Business Days after Guarantor has knowledge or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists (each, an "**ERISA Event**"), a statement signed by a senior financial officer of such Guarantor setting forth details respecting such event or condition and the action, if any, that such Guarantor or any of its Subsidiaries or ERISA Affiliates, as applicable, propose to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by such Guarantor or any of its Subsidiaries or ERISA Affiliates with respect to such event or condition):

(i) any Reportable Event or failure to meet minimum funding standards with respect to a Plan; transfer to a Plan; provided that a failure to meet the minimum funding standard family trust). The Insider Group is comprised of Section 412 those individuals who regularly become aware of the Code or Sections 302 or 303 of ERISA with respect to a Plan, including, without limitation, the failure to make on or before its due date a required installment under Section 430(j) of the Code or Section 303(j) of ERISA, shall be a

reportable event regardless of the issuance of any waivers in accordance with Section 412(c) of the Code or any request for a waiver under Section 412(c) of the Code for any Plan;

(ii) the distribution under Section 4041(c) of ERISA of a notice of intent to terminate any Plan or any action taken by such Guarantor or its Subsidiaries or ERISA Affiliates;

(iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by such Guarantor or its Subsidiaries or ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by such Guarantor or its Subsidiaries or ERISA Affiliates that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by such Guarantor or its Subsidiaries or ERISA Affiliates of notice from a Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against such Guarantor or its Subsidiaries or ERISA Affiliates to enforce Section 515 of ERISA, which proceeding is not dismissed within thirty (30) calendar days; and

(vi) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) and Section 436 of the Code, would result in the loss of tax-exempt status of the trust of which such Plan is a part if such Guarantor or its Subsidiaries or ERISA Affiliates fails to timely make a contribution or provide security to such Plan in accordance with the provisions of said Sections.

5. Right of Set-off. Each Buyer Party and each of their respective Affiliates are hereby irrevocably authorized at any time and from time to time upon the occurrence and during the continuance of an Event of Default and without notice to any Guarantor, any such notice being hereby waived by each Guarantor, to set off and appropriate and apply any and all monies and other property of such Guarantor, deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Buyer Party or any such Affiliates to or for the credit or the account of such Guarantor, or any part thereof in such amounts as such Buyer Party or any such Affiliate may elect, on account of such Guarantor's Guaranty Obligations and liabilities hereunder and claims of every nature and description of the Buyer Parties against such Guarantor, in any currency, whether arising hereunder, under the Series 2023-MSRVF1 Repurchase Agreement or otherwise, as such Buyer Party or any such Affiliate may elect, whether or not any Buyer Party or any such Affiliate has made any demand for payment and although such Guarantor's Guaranty Obligations and liabilities and claims may be contingent or unmatured. The applicable Buyer Party or any

such Affiliate shall notify each Guarantor promptly of any such set-off and the application made by such Buyer Party; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Buyer Parties or any such Affiliate under this paragraph are in addition to other rights and remedies (including, without limitation, other rights of set-off) which any Buyer Party or any such Affiliate may have.

6. **No Subrogation.** Notwithstanding any payment or payments made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by any Buyer Party or any of their respective Affiliates, such Guarantor shall not be entitled to be subrogated to any of the rights of any Buyer Party against Seller or any collateral security or guarantee or right of offset held by any Buyer Party for the payment of such Guarantor's Guaranty Obligations or Guaranty Expenses, nor shall such Guarantor seek or be entitled to seek any contribution, indemnity or reimbursement from the Seller in respect of payments made by such Guarantor hereunder, until the Termination Date. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid and satisfied in full, such amount shall be held by such Guarantor in trust for the Buyer Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the applicable Buyer Parties in the exact form received by such Guarantor (duly indorsed by such Guarantor to any such Buyer Parties, if required), to be applied against the Obligations or Guaranty Obligations, as applicable, whether matured or unmatured, in such order as the Buyer Parties may determine.

7. **Amendments, Etc. with Respect to the Obligations.** Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against such Guarantor and without notice to or further assent by such Guarantor, any demand for payment of any of the Obligations made by any Buyer Party to Seller may be rescinded by the applicable Buyer Parties and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, terminated, waived, surrendered or released by any Buyer Party, and the Series 2023-MSRVF1 Repurchase Agreement and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in

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whole or in part, as the Buyer Parties may deem advisable material, nonpublic information from time to time, and any collateral security, guarantee or right of offset at any time held by any Buyer Party for is defined to include the payment following:

- All members of the Board of Directors of the Company;
- All executive officers of the Obligations may be sold, exchanged, waived, surrendered or released. No Buyer Party shall have any obligation to protect, secure, perfect or insure any lien at any time held by it as security for the Obligations or for this Guaranty or any property subject thereto. When making any demand hereunder against any Guarantor, the Buyer Parties may, but shall be under no obligation to, make a similar demand on Seller, Company; and any failure the Buyer Parties to make any such demand or to collect any payments from Seller or any release of Seller shall not relieve any Guarantor of its obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law,

- Certain other Covered Persons who regularly become aware of material, nonpublic information from time to time.

A current list of the Buyer Parties against such Guarantor. For the purposes hereof "demand" shall include, without limitation, the commencement and continuance of any legal proceedings.

8. Waiver of Rights. Except as otherwise expressly provided herein, each Guarantor waives any and all notice of any kind including, without limitation, notice members of the creation, renewal, extension or accrual of any of the Guaranty Obligations, and notice of or proof of reliance by any Buyer Party upon this Guaranty or acceptance of this Guaranty; the Guaranty Obligations shall conclusively be deemed Insider Group (subject to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guaranty; and all dealings between Seller and each Guarantor, on the one hand, and each Buyer Party, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guaranty. Each Guarantor waives diligence, presentment, protest, demand for payment or nonpayment to or upon Seller with respect to the Obligations or such Guarantor with respect to the Guaranty Obligations and the Guaranty Expenses. In addition, each Guarantor waives any requirement that any Buyer Party first exhaust any right, power, remedy or proceeding against Seller.

9. Guaranty Absolute and Unconditional. Each Guarantor understands and agrees that this Guaranty shall be construed as a continuing, absolute and unconditional guarantee of the full and punctual payment and performance of all Guaranty Obligations and Guaranty Expenses and not of their collectability only and is in no way conditioned upon any requirement that any Buyer Party first attempt to collect any of the Guaranty Obligations or Guaranty Expenses from Seller, without regard to (a) the validity, regularity or enforceability of the Series 2023-MSRVF1 Repurchase Agreement or any other Program Agreement, any of the Guaranty Obligations or Guaranty Expenses therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Buyer Party, (b) any defense, set-off, deduction, abatement, recoupment, reduction or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by Seller against any Buyer Party, (c) the lack of authority of Seller to execute or deliver the Series 2023-MSRVF1 Repurchase Agreement, (d) any change in the time, manner or place of payment of, or in any other term of, or amendment to the Series 2023-MSRVF1 Repurchase Agreement, (e) the absence of any action to enforce the Series 2023-MSRVF1 Repurchase Agreement, to recover any judgment against Seller or to enforce a judgment against Seller under the Series 2023-MSRVF1 Repurchase Agreement, (f) the occurrence of any Event of Default under the Series 2023-MSRVF1 Repurchase Agreement, (g) the existence of bankruptcy, insolvency, reorganization or similar proceedings involving Seller, (h) any impairment, taking, furnishing, exchange or release of, or failure to perfect or obtain protection of any security interest in, collateral securing the Series 2023-MSRVF1 Repurchase Agreement, (i) any change in the laws, rules or regulations of any jurisdiction, (j) any present or future action of

any Governmental Authority or court amending, varying, reducing or otherwise affecting or purporting to amend, vary, reduce or otherwise affect, any of the obligations of Seller under the Series 2023-MSRVF1 Repurchase Agreement or of any Guarantor under this Guaranty, (k) the reorganization, merger or consolidation of Seller into or with any other corporation or entity, (1) if any payment made by Seller to any Buyer Party is held to

constitute a preference under bankruptcy laws, or for any reason any Buyer Party is required to refund such payment or pay such amount to Seller, any Guarantor or any other Person or (m) any other circumstance whatsoever (with or without notice to or knowledge of Seller or any Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Guarantor from this Guaranty, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against any Guarantor, the Buyer Parties may, but shall be under no obligation to, pursue (i) such rights, powers, privileges and remedies as it may have against Seller or any other Person or (ii) any right of offset with respect thereto, and any failure by any Buyer Party to pursue such other rights or remedies or to collect any payments from Seller or any such other Person or to exercise any such right of offset, or any release of Seller or any such other Person or right of offset, shall not relieve any Guarantor of any liability hereunder, and shall not impair or affect the rights, powers, privileges and remedies, whether express, implied or available as a matter of law or equity, of any Buyer Party against any Guarantor. This Guaranty shall be binding in accordance with and to the extent of its terms upon each Guarantor and its successors and assigns, and shall inure to the benefit of the Buyer Parties, and their successors, indorsees, transferees and assigns.

10. Limitation of Guaranty. Notwithstanding any other provision of this Guaranty to the contrary, in the event that any action is brought seeking to invalidate any Guarantor's obligations under this Guaranty under any fraudulent conveyance or fraudulent transfer theory, such Guarantor shall be liable under this Guaranty only for an amount equal to the maximum amount of liability that could have been incurred under applicable law by such Guarantor under any guaranty of the Guaranteed Obligations (or any portion thereof) at the time of the execution and delivery of this Guarantor by such Guarantor (or, if such date is determined not to be the appropriate date for determining the enforceability of such Guarantor's obligations hereunder for fraudulent conveyance or transfer purposes, on the date determined to be so appropriate) without rendering such a hypothetical guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer (the "**Maximum Guaranty Amount**"), and not for any greater amount, as if the stated amount of this Guaranty with respect to such Guarantor had instead been the Maximum Guaranty Amount. In determining the limitations, if any, on the amount of any Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Guarantor may have under this Guaranty, any other agreement or applicable law shall be taken into account.

11. Reinstatement. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guaranty Obligations or Guaranty Expenses is rescinded or must otherwise be restored or returned by any Buyer Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Seller or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Seller or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made. It is the intention of each Guarantor that such Guarantor's obligations hereunder shall not be discharged except by Seller's or such Guarantor's

payment and performance of the Guaranty Obligations or Guaranty Expenses which are not so rescinded and then only to the extent of such payment and performance.

12. **Event of Default.** If an Event of Default under the Series 2023-MSRVF1 Repurchase Agreement shall have occurred and be continuing, each Guarantor agrees that, as between the Guarantors and the Buyer Parties, the Obligations may be declared to be due in accordance with the terms of the Series 2023-MSRVF1 Repurchase Agreement for purposes of this Guaranty notwithstanding any stay, injunction or other prohibition which may prevent, delay or vitiate any such declaration as against Seller and that, in the event of any such declaration (or attempted declaration), any Guaranty Obligations shall forthwith become due by the Guarantors, as applicable, for purposes of this Guaranty.

13. **Payments.** Each Guarantor hereby guarantees that payments hereunder will be paid to the Buyer Parties without deduction, abatement, recoupment, reduction, set-off or counterclaim, in U.S. Dollars to the Administrative Agent Account.

14. **Notices.** Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, messenger or otherwise to the address specified at the "Address for Notices" specified on the signature page in the case of each Guarantor, or in accordance with Section 10.05 of the Series 2023-MSRVF1 Repurchase Agreement in the case of the Buyer Parties, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

15. **Severability.** Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

16. **Integration.** This Guaranty and the provisions of the other Program Agreements expressly referenced herein or therein represent the agreement of each Guarantor with respect to the subject matter hereof and thereof and there are no other promises or representations by any Buyer Party relative to the subject matter hereof or thereof not reflected herein or therein.

17. **Amendments in Writing; No Waiver; Cumulative Remedies.**

(a) None of the terms or provisions of this Guaranty may be amended, supplemented or otherwise modified except by a written instrument executed by each Guarantor and Administrative Agent; provided that any provision of this Guaranty may be waived in writing by Administrative Agent.

(b) No Buyer Party shall be deemed by any act (except by a written instrument pursuant to this Section 17), delay, indulgence, omission or otherwise be deemed to have waived any right, power, privilege or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Buyer Party, any right, power, remedy or privilege hereunder shall

operate as a waiver thereof. No single or partial exercise of any right, power, remedy or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by a Buyer Party of any right, power, privilege or remedy hereunder on any one occasion shall not be construed as a bar to any right,

power, privilege or remedy which any Buyer Party would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

18. **Section Headings.** The section headings used in this Guaranty are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

19. **Successors and Assigns.** This Guaranty shall be binding upon the successors and permitted assigns of each Guarantor and shall inure to the benefit of the Buyer Parties and their successors and assigns. This Guaranty may not be assigned by any Guarantor without the express written consent of Administrative Agent in its sole discretion and any attempt to assign or transfer this Guaranty without such consent shall be null and void and of no effect whatsoever.

20. **Governing Law; Jurisdiction.**

(a) THIS GUARANTY AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS GUARANTY WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO THE CONFLICT OF LAW PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(b) EACH GUARANTOR, AND THE BUYER PARTIES BY ACCEPTING THE BENEFITS HEREOF, HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTY, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

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(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH HEREIN OR AT SUCH OTHER ADDRESS OF

WHICH EACH OTHER PARTY HERETO SHALL HAVE BEEN NOTIFIED IN WRITING;

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(v) WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

21. **Waivers.** EACH GUARANTOR HEREBY WAIVES ANY RIGHT TO ASSERT A COUNTERCLAIM, OTHER THAN A COMPULSORY COUNTERCLAIM, IN ANY ACTION OR PROCEEDING BROUGHT AGAINST IT BY ANY BUYER PARTY.

22. **Counterparts.** Delivery of an executed counterpart of a signature page to this Guaranty by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Guaranty. Each Guarantor, and the Buyer Parties by accepting the benefits hereof, agree that this Guaranty, any addendum or amendment hereto or any other document necessary for the consummation of the transactions contemplated by this Guaranty may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 *et seq.*, Official Text of the Uniform Electronic Transactions Act as approved by the National Conference of Commissioners on Uniform State Laws at its Annual Conference on July 29, 1999 and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on each Guarantor, and the Buyer Parties by accepting the benefits hereof, to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service providers with appropriate document access tracking, electronic signature tracking and document retention as may be approved by the Administrative Agent in its sole discretion.

23. **Role of Administrative Agent.** Pursuant to the Series 2023-MSRVF1 Repurchase Agreement, (a) this Guaranty has been delivered to the Administrative Agent and (b) the Administrative Agent has been authorized to enforce this Guaranty on behalf of itself and on behalf of Buyer. All payments by the Guarantors pursuant to this Guaranty shall be made to the Administrative Agent for application as set forth in the Series 2023-MSRVF1 Repurchase Agreement or, if there is no Administrative Agent, to Buyers for their ratable benefit. Each Guarantor agrees that this Guaranty may be enforced only by the Administrative Agent, acting upon the instructions or with the consent of Buyers as provided for in the Series 2023-MSRVF1 Repurchase Agreement, and that Buyers shall not have any right individually to enforce or seek to

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enforce this Guaranty unless there is no Administrative Agent. The obligations of each Guarantor hereunder are independent of the Obligations, and a separate action or actions may be brought against any Guarantor whether or not action is brought against Seller and whether or not Seller is joined in any such action.

24. **Intent.** Each Guarantor (a) acknowledges that each of the Series 2023-MSRVF1 Repurchase Agreement and each Transaction thereunder a “master netting agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended and a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code, as amended and that all payments hereunder are deemed “margin payments” or “settlement payments” as defined in Title 11 of the United States Code, (b) intends and acknowledges that this Guaranty is “a security agreement or arrangement or other credit enhancement” that is “related to” and provided “in connection with” the Series 2023-MSRVF1 Repurchase Agreement and each Transaction thereunder and is within the meaning of Sections 101(38A)(A), 101(47)(a)(v) and 741(7)(A)(xi) of the Bankruptcy Code and is, therefore, a “securities contract,” within the meaning of Section 555 under the Bankruptcy Code, and a “master netting agreement,” within the meaning of Section 561 under the Bankruptcy Code and (c) intends and acknowledges that any party’s right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with the Series 2023-MSRVF1 Repurchase Agreement and this Guaranty is in each case a contractual right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Guaranty as described in Sections 555 and 561 of the Bankruptcy Code.

25. **Amendment and Restatement.** Upon the effectiveness hereof, the Series 2023-MSRVF1 Guaranty dated as of February 7, 2023 executed by the VFN Guarantor in favor of Goldman Sachs Bank USA, as administrative agent, is amended and restated in its entirety hereby and shall be of no further force or effect.

[SIGNATURE PAGE(S) TO FOLLOW]

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IN WITNESS WHEREOF, each Guarantor has caused this Amended and Restated Guaranty to be duly executed and delivered as of the day and year first above written.

**PRIVATE NATIONAL MORTGAGE
ACCEPTANCE COMPANY, LLC**

By: /s/ Pamela Marsh
Name: Pamela Marsh
Title: Senior Managing Director and Treasurer

Address for Notices:

Private National Mortgage Acceptance Company,
LLC
3043 Townsgate Road, Suite 300
Westlake Village, CA 91361

Attention: Pamela Marsh
Phone Number: (805) 330-6059
Email: pamela.marsh@pennymac.com;
josh.smith@pennymac.com

[Signature Page to A&R Guaranty]

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PENNYMAC LOAN SERVICES, LLC

By: /s/ Pamela Marsh
Name: Pamela Marsh
Title: Senior Managing Director and Treasurer

Address for Notices:

PennyMac Loan Services, LLC
3043 Townsgate Road
Westlake Village, CA 91361
Attention: Pamela Marsh/Richard Hetzel
Phone Number: (805) 330-6059/ (818) 746-2877 /
(818) 224-7078
E-mail: pamela.marsh@pnmac.com;
richard.hetzel@pnmac.com;
mortgage.finance@pnmac.com;
josh.smith@pennymac.com

[Signature Page to A&R Guaranty]

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PNMAC SPIA VFN FUNDING, LLC

By: /s/ Pamela Marsh
Name: Pamela Marsh
Title: Senior Managing Director and Treasurer

Address for Notices:

PNMAC SPIA VFN Funding, LLC
3043 Townsgate Road

Westlake Village, CA 91361
Attention: Pamela Marsh/Richard Hetzel
Phone Number: (805) 330-6059/ (818) 746-2877 /
(818) 224-7078
E-mail: pamelamarsh@pnmac.com;
richard.hetzel@pnmac.com;
mortgage.finance@pnmac.com;
josh.smith@pennymac.com

[Signature Page to A&R Guaranty]

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Exhibit 10.97

AMENDED AND RESTATED

MASTER REPURCHASE AGREEMENT

among

GOLDMAN SACHS BANK USA, as administrative agent ("Administrative Agent")

and

PNMAC SPIA VFN FUNDING, LLC, as seller ("Seller")

and

PENNYMAC LOAN SERVICES, LLC, as parent ("Parent")

and

PRIVATE NATIONAL MORTGAGE ACCEPTANCE COMPANY, LLC, as a guarantor

and

Buyers from time to time party hereto

Dated as of December 20, 2023

PNMAC GMSR ISSUER TRUST
MSR COLLATERALIZED NOTES,
SERIES 2020-SPIADV1

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AMENDED AND RESTATED MASTER REPURCHASE AGREEMENT

This Amended and Restated Master Repurchase Agreement (this “**Agreement**”) is made as of December 20, 2023, among GOLDMAN SACHS BANK USA, as administrative agent (in such capacity, the “**Administrative Agent**”), Buyers (as defined below) from time to time party hereto, PNMAC SPIA VFN FUNDING, LLC, as seller (“**Seller**”), PENNYMAC LOAN SERVICES, LLC, as parent (“**Parent**” or “**PLS**”) and Private National Mortgage Acceptance Company, LLC, as a guarantor.

WITNESSETH:

WHEREAS, from time to time the parties hereto may enter into transactions in which Seller agrees to transfer to Administrative Agent on behalf of the Buyers a certain Note (as defined below) against the transfer of funds by Buyers, with a simultaneous agreement by Buyers to transfer to Seller such Note at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a “**Transaction**” and, unless otherwise agreed in writing, shall be governed by this

Agreement, including any supplemental terms or conditions contained in any annexes identified herein, as applicable hereunder;

WHEREAS, pursuant to the Base Indenture (as defined below) and the Series 2020-SPIADVF1 Indenture Supplement (as defined below), PNMAC GMSR ISSUER TRUST (the “Issuer”) has duly authorized the issuance of a Series of Notes, as a single Class of Variable Funding Note, known as the “PNMAC GMSR ISSUER TRUST MSR Collateralized Notes, Series 2020-SPIADVF1” (the “Note”);

WHEREAS, Seller is the owner of the Note;

WHEREAS, Seller wishes to sell the Note to Buyers, which will be held by Administrative Agent on behalf of Buyers, pursuant to the terms of this Agreement;

WHEREAS, Administrative Agent, Goldman Sachs Bank USA (“GS Bank”), as a buyer, and PLS, as seller, previously entered into a Master Repurchase Agreement dated as of February 7, 2023 (the “Original Agreement”); and

WHEREAS, Administrative Agent, GS Bank, Seller, PLS and PNMAC desire to amend and restate the Original Agreement in its entirety, on the terms and subject to the conditions as set forth herein;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Administrative Agent, Buyers, Seller, PLS and PNMAC hereby agree as follows.

ARTICLE I

DEFINITIONS

Section 1.01 Certain Defined Terms. Capitalized terms used herein shall have the indicated meanings:

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“1933 Act” means the Securities Act of 1933, as amended from time to time.

“1934 Act” means the Securities Exchange Act of 1934, as amended from time to time.

“Accepted Servicing Practices” means (a) with respect to any Mortgage Loan, the customary and usual standards of mortgage servicing practices of prudent mortgage banking institutions in the business servicing mortgage loans for itself or for other third-party portfolios of mortgage loans of the same type as such Mortgage Loan in the jurisdiction where the related mortgaged property is located; and (b) with respect to all MSRs, those practices required by Ginnie Mae; provided, however, that in all cases the accepted servicing practices must (i) comply with the terms of applicable Laws and the related loan documents and (ii) meet a standard of care not less than customary, reasonable and usual standards of practice for institutions that service loans that are similar to the Mortgage Loans.

“Act of Insolvency” means, with respect to any Person,

(a) such Person shall become insolvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any

proceeding or file any petition under any bankruptcy, insolvency or similar Law, which proceeding or petition seeks dissolution, liquidation or reorganization or the appointment of a receiver, trustee, custodian, conservator or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of an involuntary petition filed against it in any bankruptcy, insolvency or similar proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or such Person, or a substantial part of its property, assets or business, shall be subject to, consent to or acquiesce in the appointment of a receiver, trustee, custodian, conservator or liquidator for itself or a substantial property, assets or business;

(b) corporate action shall be taken by such Person for the purpose of effectuating any of the foregoing;

(c) an order for relief shall be entered in a case under the Bankruptcy Code in which such Person is a debtor; or

(d) involuntary proceedings or an involuntary petition shall be commenced or filed against such Person under any bankruptcy, insolvency or similar Law, which proceeding or petition seeks dissolution, liquidation or reorganization of such Person or the appointment of a receiver, trustee, custodian, conservator or liquidator for such Person or of a substantial part of the property, assets or business of such Person, or any writ, order, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of such Person.

"Additional Balance" has the meaning set forth in Section 2.13.

"Additional Repurchase Assets" has the meaning set forth in Section 4.02(b).

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"Adjusted Committed Amount" has the meaning given such term in the Pricing Side Letter.

"Adjusted Maximum Purchase Price" has the meaning given such term in the Pricing Side Letter.

"Adjusted Tangible Net Worth" has the meaning given such term in the Pricing Side Letter.

"Administrative Agent" has the meaning given to such term in the preamble to this Agreement.

"Administrative Agent Account" means the account identified on Schedule 3 hereto.

"Affiliate" means, with respect to any Person, any "affiliate" of such Person, as such term is defined in the Bankruptcy Code; provided, however, that in respect of Seller the term "Affiliate" shall include only PNMAC and its wholly owned subsidiaries.

"Aggregate Facility Transaction Limit" has the meaning assigned to such term in the Pricing Side Letter.

"Aggregate Outstandings" has the meaning assigned to such term in the Pricing Side Letter.

"Agreement" has the meaning given to such term in the preamble to this Agreement.

"Applicable Lending Office" means the "lending office" of Administrative Agent or a Buyer (or of an Affiliate of Administrative Agent or a Buyer) designated on the signature page hereof or such other office of Administrative Agent or a Buyer (or of an Affiliate of Administrative Agent or a Buyer) as Administrative Agent or the applicable Buyer may from time to time specify to Seller in writing as the office by which the Transactions are to be made and/or maintained.

"Approved Subservicer" means any subservicer approved in writing by Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed) and any Interim Servicer (as defined in the Base Indenture).

"Approved Subservicing Agreement" means any subservicing agreement approved in writing by Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed) with an Approved Subservicer, as the context may require.

"Asset Schedule" means Schedule 2 attached hereto, which lists the Note and the terms thereof, as such schedule shall be updated from time to time in accordance with Section 2.02 hereof, including in connection the foregoing and as approved by the Chief Financial Officer and/or the CLO), is on file with Administrative Agent's approval the CLO. Updates to the Insider Group shall be regularly communicated to the HR Compensation team and the outside brokerage firm engaged by the Company to support the equity administration of any Additional Balances pursuant to Section 2.13.

"Asset Value" has the meaning assigned to such term in the Pricing Side Letter. Plan.

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C. What are the procedures for obtaining pre-clearance of transactions?

"Bankruptcy Code" All transaction pre-clearances must be requested and obtained, in each case in writing, from the CLO, or his designee, by submitting a written request through the Company's online portal, or such other means established by the United States Bankruptcy Code of 1978, as amended.

"Base Indenture" means the Third Amended and Restated Base Indenture, dated as of April 1, 2020, among Issuer, Administrative Agent, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent and as securities intermediary, PLS, as administrator and as servicer, Administrative Agent, Atlas Securitized Products, L.P. (as successor to Credit Suisse First Boston Mortgage Capital LLC) and Nomura Corporate Funding Americas, LLC, each as an administrative agent, and the Credit Manager, including the schedules and exhibits thereto, as amended by Amendment No. 1 dated as of June 8, 2022, as further amended by Amendment No. 2, dated as of June 9, 2022, and by Amendment No. 3, dated February 7, 2023 as may be further amended, restated, supplemented or otherwise modified Company from time to time.

"Base Rate" has the meaning assigned to such term in the Pricing Side Letter.

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Business Day" means any day excluding Saturday, Sunday, any day which is a legal holiday under the laws of the State of New York, any day on which banking institutions located in any such state are authorized or required by law or other governmental action to close, and any day on which the New York Stock Exchange or the Federal Reserve Bank of New York is authorized or obligated by law or executive order to be closed.

"Buyer" means each Person listed on the signature pages to this Agreement as a Buyer, together with any successors, and any assignees, Participant (subject to the restrictions in Section 9.02) or Transferee in the Transaction.

"Buyer Indebtedness" means GS Indebtedness.

"Change in Control" means any of the following shall occur without the prior written consent of Administrative Agent:

(i) Parent ceases to own, directly or indirectly, 100% of the equity interests of Seller;

(ii) any transaction or event as a result of which PNMAC ceases to own, beneficially or of record, more than 50% of the Equity Interests of Parent or ceases to have the power to vote, directly, voting securities of Parent representing more than 50% of the voting power of the total outstanding voting securities of Parent;

(iii) the sale, transfer, or other disposition of all or substantially all of Seller's, Parent's or PNMAC's assets (excluding any such action taken in connection with any securitization transaction);

(iv) the consummation of a merger or consolidation of Seller, Parent or PNMAC with or into another entity or any other corporate reorganization or series of related transactions, if after giving effect thereto, more than 50% of the combined voting power of the voting securities or majority voting control interest of the continuing or surviving

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entity's stock outstanding immediately after such merger, consolidation or such other reorganization is owned by Persons who were not stockholders of Seller, Parent or PNMAC immediately prior to such merger, consolidation or other reorganization;

(v) any transaction or event as a result of which PennyMac Financial Services, Inc. ceases to (a) be a public company or (b) own, directly or indirectly, 10% of the stock of PNMAC; or

(vi) any transaction or series of related transactions that has the effect of any one or more of the foregoing.

"Closing Date" has the meaning assigned to such term in the Pricing Side Letter.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to any Buyer, the obligation of such Buyer to enter into Transactions with Seller with an aggregate outstanding Purchase Price at any one time not to exceed such Buyer's Adjusted Committed Amount.

"Committed Amount" has the meaning assigned to such term in the Pricing Side Letter.

"Commitment Period" means the period from and including the Closing Date to but not including the Termination Date or such earlier date on which the Commitment shall have terminated pursuant to this Agreement.

"Confidential Information" has the meaning set forth in Section 11.11(b).

"Contribution Agreement" means the Contribution Agreement, dated as of December 20, 2023, by and between Seller and Parent.

"Control", "Controlling" or "Controlled" means the possession of the power to direct or cause the direction of the management or policies of a Person through the right to exercise voting power or by contract, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Covered Entity" shall mean any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

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"Credit Manager" means Pentalpha Surveillance LLC and any successor thereto in such capacity.

"Default" means an event, condition or default that, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

"Default Rights" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Buyer" has the meaning set forth in Section 2.02(c).

"Defaulting Buyer Deficiency" has the meaning set forth in Section 2.02(c).

"Division" means, with respect to any Person that is a limited liability company organized under the laws of the State of Delaware, that any such Person (a) divides into two or more Persons (whether or not the original Person or Subsidiary thereof survives such division) or (b) creates, or reorganizes into, one or more series, in each

case, as contemplated under the laws of the State of Delaware, including Section 18-217 of the Delaware Limited Liability Company Act.

"Dollars" and "\$" means dollars in lawful currency of the United States of America.

"Equity Interests" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any person (as defined in Section 3(9) of ERISA) that together with Parent or PNMAC would be a member of the same "controlled group" or is treated as a single employer under Section 414(b) or (c) of the Code or solely for purposes of Section 302 of ERISA and Section 412 of the Code is treated as single employer described in Section 414 of the Code.

"ERISA Event" has the meaning assigned to such term in Section 6.21(a)(iii). (6).

"Event of Default" has the meaning assigned to such term in Section 7.01.

"Existing Indebtedness" has the meaning specified in Section 3.22.

"Expenses" means all present and future expenses reasonably incurred by or on behalf of Administrative Agent and Buyers in connection with the negotiation, execution or enforcement of this Agreement or any of the other Program Agreements and any amendment, supplement or other modification or waiver related hereto or thereto, whether incurred heretofore or hereafter, which expenses shall include the reasonable and documented cost of title, lien,

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judgment and other record searches; reasonable and documented attorneys' fees; any ongoing audits or due diligence costs in connection with valuation, entering into Transactions or determining whether a Margin Deficit may exist; and costs of preparing and recording any UCC financing statements or other filings necessary to perfect the security interest created hereby.

"FATCA" Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantially comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any U.S. or non-U.S. fiscal or regulatory legislation, guidance, notes, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

"Fee Letters" means the Pricing Side Letter and any other fee letter entered into from time to time between Administrative Agent and/or any Buyer on the one hand and

one or more of Seller and/or the VFN Guarantors on the other hand.

"Fees" means any fees described in the Fee Letters.

"FHA" means the Federal Housing Administration, an agency within HUD, or any successor thereto, and including the Federal Housing Commissioner and the Secretary of HUD where appropriate.

"Fidelity Insurance" means insurance coverage with respect to employee errors, omissions, dishonesty, forgery, theft, disappearance and destruction, robbery and safe burglary, property (other than money and securities) and computer fraud in an aggregate amount acceptable to PLS's regulators.

"GAAP" means U.S. generally accepted accounting principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its successors, as in effect from time to time, and (ii) applied consistently with principles applied to past financial statements of the applicable Person and its subsidiaries; provided, that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in generally accepted accounting principles) that such principles have been properly applied in preparing such financial statements.

"Ginnie Mae" means the Government National Mortgage Association, its successors and assigns.

"Ginnie Mae Contract" means (i) 12 U.S.C. § 1721(g) and the implementing regulations governing the Ginnie Mae MBS Program, 24 C.F.R. Part 300; (ii) applicable guaranty agreements and contractual agreements between Ginnie Mae and Parent; and (iii) the Ginnie Mae Guide and other applicable guides and amendments.

"Ginnie Mae Facility Outstandings" has the meaning assigned to such term in the Pricing Side Letter.

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"Ginnie Mae Guide" means the Ginnie Mae Mortgage-Backed Securities Guide, Handbook 5500.3, Rev. 1, as amended from time to time, and any related announcements, directives and correspondence issued by Ginnie Mae.

"Ginnie Mae Requirements" means all rights, powers, interests and prerogatives of Ginnie Mae in and to the MSRs arising under the Ginnie Mae Contract, the Acknowledgment Agreement or any other agreement between Seller and Ginnie Mae.

"GLB Act" has the meaning set forth in Section 11.11(b).

"Governmental Actions" means any and all consents, approvals, permits, orders, authorizations, waivers, exceptions, variances, exemptions or licenses of, or registrations, declarations or filings with, any Governmental Authority required under any Governmental Rules.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions over Administrative Agent, any Seller Party or any Buyer, as applicable.

"Governmental Rules" means any and all laws, statutes, codes, rules, regulations, ordinances, orders, writs, decrees and injunctions, of any Governmental Authority and any and all legally binding conditions, standards, prohibitions, requirements and judgments of any Governmental Authority.

"GS Bank" has the meaning given to such term in the recitals to this Agreement.

"GS Indebtedness" means Indebtedness (other than hereunder), entered into between (i) GS Bank or one of its Affiliates, and (ii) any one or more of PNMAC or any of its Subsidiaries.

"Guarantee" means, as to any Person, any obligation of such Person directly or indirectly guaranteeing any Indebtedness of any other Person or in any manner providing for the payment of any Indebtedness of any other Person or otherwise protecting the holder of such Indebtedness against loss (whether by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, or to take-or-pay or otherwise); provided that the term **"Guarantee"** shall not include (i) endorsements for collection or deposit in the ordinary course of business, or (ii) obligations to make servicing advances for delinquent taxes and insurance or other obligations in respect of a mortgaged property. The amount of any Guarantee of a Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The terms **"Guarantee"** and **"Guaranteed"** used as verbs shall have correlative meanings.

"Indebtedness" has the meaning assigned to such term in the Pricing Side Letter.

"Indenture" means the Base Indenture, together with the Series 2020-SPIADVF1 Indenture Supplement thereto.

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"Indenture Trustee" means Citibank, N.A., its permitted successors and assigns.

"Independent Manager" means the independent manager appointed in accordance with the Organizational Documents of Seller.

"Issuer" has the meaning given to such term in the recitals to this Agreement.

"Laws" means any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority.

"Lien" means, with respect to any property or asset of any Person (a) any mortgage, lien, pledge, charge or other security interest or encumbrance of any kind in respect of such property or asset or (b) the interest of a vendor or lessor arising out of the acquisition of or agreement to acquire such property or asset under any conditional sale agreement, lease purchase agreement or other title retention agreement.

"Margin" has the meaning assigned to such term in the Pricing Side Letter.

"Margin Asset Value" has the meaning assigned to such term in the Pricing Side Letter.

"Margin Call" has the meaning set forth in Section 2.05(a).

"Margin Deadlines" has the meaning set forth in Section 2.05(b).

"Margin Deficit" has the meaning set forth in Section 2.05(a).

"Margin Stock" shall have the meaning set forth in Regulation U.

"Material Adverse Change" means the occurrence of an event or a change in circumstances that had or is reasonably likely to have a Material Adverse Effect.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, assets, condition (financial or otherwise) or prospects of any Seller Party or any Affiliate that is a party to any Program Agreement; (b) a material impairment of the ability of any Seller Party or any Affiliate that is a party to any Program Agreement to perform under any Program Agreement and to avoid any Event of Default; (c) a material adverse effect upon the legality, validity, binding effect or enforceability of any Program Agreement against any Seller Party or any Affiliate that is a party to any Program Agreement or (d) a material adverse effect upon the existence, perfection, priority or enforceability of Administrative Agent's security interest in a material portion of the Repurchase Assets.

"Maximum Purchase Price" has the meaning assigned to such term in the Pricing Side Letter.

"Monthly Report Date" has the meaning set forth in Section 6.21(c).

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"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which PLS or any of its ERISA Affiliates has contributed, or has been obligated to contribute.

"Non-Excluded Taxes" has the meaning set forth in Section 2.11(a).

"Note" has the meaning given to such term in the recitals to this Agreement.

"Notice" or "Notices" means all requests, demands and other communications, in writing (including facsimile transmissions and e-mails), sent by overnight delivery service, facsimile transmission, electronic transmission or hand-delivery to the intended recipient at the address specified in Section 11.05 or, as to any party, at such other address as shall be designated by such party in a written notice to the other party.

"Obligations" means (a) all of Seller's indebtedness, obligations to pay the outstanding principal balance of the Purchase Price, together with interest thereon on the Termination Date, outstanding interest due on each Price Differential Payment Date, and other obligations and liabilities, to Administrative Agent, Buyers or their respective Affiliates arising under, or in connection with, the Program Agreements, whether on account of principal, interest, reimbursement obligations, fees, indemnities, out-of-pocket costs, and expenses (including all fees, charges and disbursements of counsel to Administrative

Agent or any Buyer that are required to be paid by Seller pursuant hereto or under any other Program Agreement) or otherwise, whether now existing or hereafter arising; (b) any and all sums reasonably incurred and paid by Administrative Agent or Buyers or on behalf of Administrative Agent or Buyers in order to preserve any Repurchase Asset or its interest therein; (c) all Servicing Diligence Agent Fees; (d) in the event of any proceeding for the collection or enforcement of any of Seller's indebtedness, obligations or liabilities referred to in this definition, the reasonable expenses of retaking, holding, collecting, preparing for sale, selling or otherwise disposing of or realizing on any Repurchase Asset, or of any exercise by Administrative Agent or Buyers of their respective rights under the Program Agreements, including reasonable attorneys' fees and disbursements and court costs' and (e) all of Seller's indemnity obligations to Administrative Agent and Buyers pursuant to the Program Agreements.

"OFAC" means the United States Treasury Department's Office of Foreign Assets Control.

"Officer's Compliance Certificate" has the meaning assigned to such term in the Pricing Side Letter.

"Organizational Documents" means the corporate charter and by-laws, the articles of organization and operating agreement and the partnership certificate and partnership agreement, as applicable of a Person.

"Other Taxes" has the meaning set forth in Section 2.11(b).

"Parent" has the meaning assigned to such term in the preamble to this Agreement.

"Participant" has the meaning set forth in Section 9.02(a).

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"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Pension Protection Act" means the Pension Protection Act of 2006, as amended from time to time.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA that is subject to Title IV of ERISA or Section 412 of the Code (other than a Multiemployer Plan) and that is maintained and contributed to by (or to which there is an obligation to contribute), or at any time during the five (5) calendar years preceding the date of this Agreement was maintained or contributed to by (or to which there was an obligation to contribute), PLS or any Subsidiary thereof or any of their respective ERISA Affiliates.

"PLS" has the meaning given to such term in the preamble to this Agreement.

"PNMAC" means Private National Mortgage Acceptance Company, LLC, its permitted successors and assigns.

"Price Differential" means with respect to any Transaction as of any date of determination, an amount equal to the product of (A) the Pricing Rate for such Transaction and (B) the Purchase Price for such Transaction, calculated daily on the basis of a 360 day year for the actual number of days during the Price Differential Period.

"Price Differential Payment Date" means, for as long as any Obligations shall remain owing by Seller to Administrative Agent or Buyers, each Payment Date (as defined in the Indenture).

"Price Differential Period" means, the period from and including a Price Differential Payment Date, up to but excluding the next Price Differential Payment Date.

"Price Differential Statement Date" has the meaning set forth in Section 2.04.

"Pricing Rate" means Base Rate plus the applicable Margin.

"Pricing Side Letter" means the letter agreement captioned "Amended and Restated SPIA Pricing Side Letter" dated as of December 20, 2023, among Administrative Agent, Buyers, Seller, Parent and PNMAC, as amended, restated, supplemented or otherwise modified from time to time.

"Primary Repurchase Assets" has the meaning set forth in Section 4.02(a).

"Proceeds" means "proceeds" as defined in Section 9-102(a)(64) of the UCC.

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"Program Agreements" means this Agreement, the Fee Letters, the VFN Guaranty, the Contribution Agreement, the Base Indenture, the Servicing Diligence Agreement (as defined in the Pricing Side Letter) and the Series 2020-SPIADVF1 Indenture Supplement, as each of the same may hereafter be amended, restated, supplemented or otherwise modified from time to time; provided, however, that the Program Agreements shall not include any rights created pursuant to an Indenture Supplement other than the Series 2020-SPIADVF1 Indenture Supplement, or any rights under the Base Indenture or any other Program Agreements relating to such other Indenture Supplements.

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Pro Rata Share" means, with respect to each Buyer, a percentage equal to a fraction, the numerator of which is the amount of such Buyer's Committed Amount at such time and the denominator of which is the aggregate Committed Amount of each Buyer at such time; provided that, with respect to the application of payments pursuant to Section 2.07, "Pro Rata Share" means, with respect to each Buyer, a percentage equal to a fraction, the numerator of which is equal to such Buyer's aggregate outstanding Purchase Price and the denominator of which is the aggregate Purchase Price outstanding hereunder.

"Purchase Date" means, subject to the satisfaction of the conditions precedent set forth in Article V hereof, each Funding Date (as defined in the Indenture) on which a Transaction is entered into by Administrative Agent (as agent for Buyers) pursuant to Section 2.02 or such other mutually agreed upon date as more particularly set forth on Exhibit A hereto.

"Purchase Price" means on any date of determination:

(i) the price at which each Purchased Asset (or portion thereof) is transferred by Seller to Buyers (or Administrative Agent, as agent and bailee for Buyers), which shall equal the Asset Value of such Purchased Asset on the related Purchase Date, *minus*

(ii) the sum of (a) any Purchase Price paid with respect to such Purchased Asset pursuant to Section 2.03, *plus* (b) any Additional Note Payment made with respect to such Purchased Asset pursuant to Section 4.4(b) or Section 4.5(e) of the Indenture, *plus* (c) any Redemption Amount paid pursuant to Section 13.1 of the Indenture, *plus* (d) any amounts paid or applied with respect to such Purchased Asset pursuant to Section 2.05.

"Purchase Price Percentage" has the meaning assigned to such term in the Pricing Side Letter.

"Purchased Assets" means, collectively, the Note and all outstanding Additional Balances together with the Repurchase Assets related to such Note and Additional Balances transferred by Seller to Administrative Agent, as agent and bailee for Buyers in a Transaction hereunder, as listed on the related Asset Schedule attached to the related Transaction Notice.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

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"Records" means all instruments, agreements and other books, records, and reports and data generated by other media for the storage of information maintained by any Seller Party, or any other Person with respect to the Purchased Assets.

"Register" has the meaning set forth in Section 9.02(b).

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA with respect to a Plan as to which the PBGC has not waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event.

"Repurchase Assets" has the meaning set forth in Section 4.02(b).

"Repurchase Rights" has the meaning set forth in Section 4.02(b).

"Repurchase Date" means the earlier of (i) the Termination Date or (ii) the date requested by Seller on which the Repurchase Price is paid pursuant to Section 2.03.

"Repurchase Price" means the price at which Purchased Assets are to be transferred by or on behalf of Buyers to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the accrued but unpaid Price Differential as of the date of such determination.

"Required Buyer" means GS Bank.

“Requirement of Law” means, with respect to any Person, any law, treaty, rule or regulation or determination of an arbitrator, a court or other Governmental Authority, applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” means as to any Person, the chief executive officer or, with respect to financial matters, the chief financial officer or treasurer of such Person. The Responsible Officers of each Seller Parties as of the Closing Date are listed on Schedule 1 hereto.

“SEC” means the Securities and Exchange Commission, or any successor thereto.

“Seller” has the meaning assigned to such term in the preamble to this Agreement.

“Seller Parties” means Seller and Parent.

“Seller Termination Option” means (a) Buyer has or shall incur material costs in connection with those matters provided for in Section 2.10 or 2.11 and (b) Administrative Agent on behalf of a Buyer requests that Seller pay to such Buyer those costs in connection therewith.

“Series 2020-SPIADVF1 Indenture Supplement” means the Amended and Restated Series 2020-SPIADVF1 Indenture Supplement, dated as of February 7, 2023, among the Issuer, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent and as securities intermediary, PLS, as administrator and as servicer, Goldman Sachs Bank USA, as an

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administrative agent and Atlas Securitized Products, L.P., as an administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“Series 2023-MBSADV1 GS Indenture Supplement” means the Series 2023-MBSADV1 Indenture Supplement, dated as of February 7, 2023, among the Issuer, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent and as securities intermediary, PLS, as administrator and as servicer, and Goldman Sachs Bank USA, as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“Series 2023-MBSADV1 GS Note Purchase Agreement” means the Amended and Restated Series 2023-MBSADV1 Note Purchase Agreement, dated as of February 7, 2023, among the Issuer, Goldman Sachs Bank USA, as administrative agent and as a purchaser, and the other purchasers from time to time party thereto.

“Series 2023-MSRVF1 Indenture Supplement” means the Series 2023-MSRVF1 Indenture Supplement, dated as of February 7, 2023, among the Issuer, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent and as securities intermediary, PLS, as administrator and as servicer, and Goldman Sachs Bank USA, as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

"Series 2023-MSRVF1 Repurchase Agreement" means the Amended and Restated Series 2023-MSRVF1 Master Repurchase Agreement dated as of December 20, 2023, among PNMAC GMSR VFN Funding, LLC, Parent, Goldman Sachs Bank USA, as administrative agent, and the buyers from time to time party thereto.

"Servicing Diligence Agent Agreement" means the Servicing Diligence Agent Agreement dated as of February 7, 2023, among PLS, Weston Portfolio Group, LLC, as servicing diligence agent and Administrative Agent.

"Servicing Diligence Agent Fees" has the meaning assigned to such term in the Pricing Side Letter.

"Specified Governmental Entity" means The Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Ginnie Mae, HUD, the FHA, the VA or the United States Department of Agriculture Rural Development and, in each case any successor thereto.

"SPIADVF1 Funding Conditions" with respect to the Series 2020-SPIADVF1 Notes and any Funding Date, the following conditions:

(i) the Advance Verification Agent Report immediately preceding such Funding Date has been delivered in accordance with Section 3.3(g)(2) of the Base Indenture;

(ii) to the extent the Advance Verification Agent Report delivered immediately preceding such Funding Date contains any exceptions noted therein, such exceptions have been waived by Administrative Agent in its sole discretion; and

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(iii) solely with respect to funding of MBS Advances, Seller shall not have submitted an Appendix XI-01A Request for Pass-Through Assistance Related to COVID-19 and Repayment Agreement.

"Subsidiary" has the meaning assigned to such term in the Pricing Side Letter.

"Taxes" has the meaning assigned to such term in Section 2.11(a).

"Termination Date" has the meaning assigned to such term in the Pricing Side Letter.

"Transaction" has the meaning assigned to such term in the recitals to this Agreement.

"Transaction Documents" means, collectively, (i) the Indenture, the Series 2023-MBSADV1 GS Note Purchase Agreement, the PC Repurchase Agreement, the Series 2023-MSRVF1 Repurchase Agreement, this Agreement, the Contribution Agreement, the Participation Agreements, the PC Guaranty, the PMT Guaranty, the Pricing Side Letter, the Participation Certificate Schedule, all Notes, the Trust Agreement, the Administration Agreement, the Series 2023-MSRVF1 Indenture Supplement, the Series 2020-SPIADVF1 Indenture Supplement, the Series 2023-MBSADV1 GS Indenture Supplement, the Credit Management Agreement, the Advance Verification Agent

Agreement, the Servicing Diligence Agent Agreement and the MSR Valuation Agent Agreement and (ii) each of the other documents, instruments and agreements entered into on the date hereof and thereafter in connection with any of the foregoing or the transactions contemplated thereby, each as amended, supplemented, restated, or otherwise modified from time to time; provided, that clause (ii) shall not be deemed to include (a) any repurchase agreement or financing arrangement relating to any variable funding note or any Indenture Supplement where Goldman Sachs Bank USA is not the applicable administrative agent, or (b) any related rights pursuant to any document referenced in part (a) stemming therefrom.

"Transaction Notice" has the meaning assigned to such term in Section 2.02(a).

"Transaction Register" has the meaning assigned to such term in Section 9.03(b).

"Transferee" has the meaning set forth in Section 9.02(b).

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of New York or the Uniform Commercial Code as in effect in the applicable jurisdiction.

"VA" means the U.S. Department of Veterans Affairs, an agency of the United States of America, or any successor thereto including the Secretary of Veterans Affairs.

"VFN Guarantor" means PNMAC, PLS and PNMAC GMSR VFN Funding, LLC, each in its capacity as guarantor under the VFN Guaranty.

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"VFN Guaranty" means the Amended and Restated Guaranty, dated as of the Closing Date, pursuant to which each VFN Guarantor fully and unconditionally guarantees the obligations of Seller hereunder.

Section 1.02 Other Defined Terms.

(a) Any capitalized terms used and not defined herein shall have the meaning set forth in the Base Indenture or the Series 2020-SPIADV1 Indenture Supplement, as applicable.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified herein, the term "or" has the inclusive meaning represented by the term "and/or" and the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation."

All references to Sections, subsections, Articles and Exhibits shall be to Sections, subsections, and Articles of, and Exhibits to, this Agreement unless otherwise specifically provided.

(c) Reference to and the definition of any document (including this Agreement) shall be deemed a reference to such document as it may be amended, restated, supplemented or otherwise modified from time to time and any reference to a statute, rule or regulation is to that statute, rule or regulation as now enacted or as the same may from time to time be amended, re-enacted or expressly replaced.

(d) In the computation of periods of time from a specified date to a later specified date, unless otherwise specified herein the words “commencing on” mean “commencing on and including,” the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.”

ARTICLE II GENERAL TERMS

Section 2.01 Transactions.

(a) Subject to the terms and conditions hereof, each Buyer, severally and not jointly, agrees to enter into Transactions with Seller for a Purchase Price outstanding at any one time not to exceed the Adjusted Maximum Purchase Price at such time. During the Commitment Period, Seller may utilize the Commitment by requesting Transactions with Buyers that would not cause the portion of the Purchase Price for all outstanding Transactions of any Buyer to exceed such Buyer's Adjusted Committed Amount, Seller may pay the Repurchase Price in whole or in part at any time during such period without penalty, and additional Transactions may be entered into in accordance with the terms and conditions hereof. Buyer's obligation to enter into Transactions pursuant to the terms of this Agreement shall terminate on the Termination Date. All Transactions shall be effected by Buyers simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Buyer shall be responsible for any default by any other Buyer in such other Buyer's obligation to enter into a Transaction nor shall any Pro Rata Share of any Buyer be increased or decreased as a result of a default by any other Buyer in such other Buyer's obligation to enter into a Transaction hereunder, except to the extent agreed to by the non-Defaulting Buyer pursuant to Section 2.02(e).

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(b) GS Bank may, in its sole and absolute discretion, enter into Transactions with Seller for a Purchase Price outstanding that would cause the aggregate Purchase Price outstanding to be in excess of the Adjusted Maximum Purchase Price at such time (each such transaction, an “Uncommitted Transaction”) so long as (i) the Ginnie Mae Facility Outstandings would not exceed the Maximum Purchase Price and (ii) the Aggregate Outstandings at such time would not exceed the Aggregate Facility Transaction Limit. Notwithstanding the foregoing, GS Bank shall not have any commitment or obligation to enter into Transactions in connection with the Note to the extent the aggregate Purchase Price of such Transactions exceeds the Adjusted Maximum Purchase Price or the aggregate Purchase Price of such Transaction attributable to such Buyer exceeds the Adjusted Committed Amount of such Buyer.

(c) In the event that GS Bank shall elect, in its sole and absolute discretion, to enter into an Uncommitted Transaction, GS Bank shall advise Administrative Agent whether it is willing to provide an amount equal to, less than or more than its Pro Rata Share. If GS Bank elects, in its sole and absolute discretion, not to enter into such Uncommitted Transaction or to provide less than its Pro Rata Share thereof, the other Buyers, on a pro rata basis or such other basis as may be agreed by such other Buyers, may agree to provide all or a portion of such Uncommitted Transaction.

Section 2.02 Procedure for Entering into Transactions.

(a) Seller may enter into Transactions with Buyers under this Agreement during the Commitment Period on any Purchase Date; provided, that Seller shall have given Administrative Agent irrevocable notice (each, a "Transaction Notice"), which notice (i) shall be substantially in the form of Exhibit A, (ii) shall be signed by a Responsible Officer of Seller and be received by Administrative Agent prior to 1:00 p.m. (New York time) one (1) Business Day prior to the related Purchase Date on a Purchase Date that shall not occur more than twice per calendar week without consent of Administrative Agent, and (iii) shall specify: (A) (i) the Maximum VFN Principal Balance of the Note, (ii) with respect to the first Purchase Date, the Initial Note Balance of the Note, and, with respect to any other Purchase Date, the Additional Balance (if any) and (iii) after taking into account the Additional Balance (if any), the outstanding VFN Principal Balance of the Note; (B) the Dollar amount of the requested Purchase Price; (C) the requested Purchase Date; (D) the Repurchase Date; (E) the Pricing Rate and Repurchase Price applicable to the Transaction; and (F) any additional terms or conditions of the Transaction not inconsistent with this Agreement. Each Transaction Notice on any Purchase Date shall be in an amount equal to at least \$500,000.

(b) If Seller shall deliver a Transaction Notice to Administrative Agent that satisfies the requirements of Section 2.02(a) and all applicable conditions precedent set forth in Article V have been satisfied or waived by Administrative Agent on or prior to the Purchase Date, then subject to the foregoing, on the Purchase Date, each Buyer shall remit its Pro Rata Share of the requested Purchase Price in U.S. Dollars and in immediately available funds to Administrative Agent at the account specified in Schedule 3 (or such other account designated in writing by Administrative Agent) no later than 11:00 a.m. (New York time) on the date specified in the Transaction Notice as the Purchase Date, and upon satisfaction or waiver of all applicable conditions set forth herein, Administrative Agent shall deposit such proceeds into the account of

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Parent specified in Schedule 5 of the Base Indenture (or such other account designated by Seller in the Transaction Notice) not later than 3:00 p.m. (New York time) on the Purchase Date.

(c) The failure of any Buyer to advance the proceeds of its Pro Rata Share of any Transaction required to be advanced hereunder shall not relieve any other Buyer of its obligation to advance the proceeds of its Pro Rata Share of any such Transaction required to be advanced hereunder.

(d) If a Buyer does not intend to fund its Pro Rata Share of the requested Purchase Price, such Buyer shall, within one (1) Business Day of the related Purchase Date, notify Administrative Agent, the other Buyers and Seller of its intent not to fund together with a description of the reason for not remitting its Pro Rata Share of the requested Purchase Price.

(e) The liabilities and obligations of each Buyer hereunder shall be several and not joint, and neither Administrative Agent nor any Buyer shall be responsible for the performance by any other Buyer of its obligations hereunder. Each Buyer shall be liable to Seller only for the amount of its respective Committed Amount. If a Buyer does not perform its obligations hereunder with respect to its Committed Amount (such Buyer a "Defaulting Buyer"), all or any part of such Defaulting Buyer's participation in any Transaction ("Defaulting Buyer Deficiency") shall be reallocated among the non Defaulting

Buyers in accordance with their respective Pro Rata Shares, but only to the extent that (x) such non Defaulting Buyer has consented to such reallocation, (y) such reallocation does not cause the aggregate Committed Amount held by any non Defaulting Buyer to exceed such non Defaulting Buyer's Committed Amount and (z) to the extent required in writing by Administrative Agent, Seller shall confirm that the conditions set forth in this Section 2.02 are satisfied at the time of such reallocation.

(f) To the extent that the Defaulting Buyer thereafter funds such Defaulting Buyer Deficiency with Price Differential thereon, if applicable, then upon the agreement between Seller and Administrative Agent, such Buyer shall no longer be a Defaulting Buyer. If Seller and Administrative Agent agree in writing that a Buyer is no longer a Defaulting Buyer, Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Buyer will, to the extent applicable, purchase at par that portion of outstanding Purchase Price of the other Buyers or take such other actions as Administrative Agent may determine to be necessary to cause the Purchase Prices to be held on a pro rata basis by the Buyers in accordance with their Committed Amount, whereupon such Buyer will cease to be a Defaulting Buyer; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Seller while that Buyer was a Defaulting Buyer; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Buyer to Buyer will constitute a waiver or release of any claim of any party hereunder arising from that Buyer's having been a Defaulting Buyer.

(g) Upon entering into each Transaction hereunder, the Asset Schedule shall be automatically updated and replaced with the Asset Schedule attached to the related Transaction Notice.

Section 2.03 Repurchase; Payment of Repurchase Price.

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(a) Seller hereby promises to repurchase the Purchased Assets and pay all outstanding Obligations on the Termination Date.

(b) By notifying Administrative Agent in writing at least one (1) Business Day in advance, Seller shall be permitted, at its option, to prepay, subject to Section 2.12, the Purchase Price in whole or in part at any time and accrued and unpaid Price Differential on the amount so prepaid.

Section 2.04 Price Differential. On each Price Differential Payment Date, Seller hereby promises to pay to Administrative Agent (on behalf of Buyers) all accrued and unpaid Price Differential on the Transactions, as invoiced by Administrative Agent to Seller three (3) Business Days prior to the related Price Differential Payment Date (the "Price Differential Statement Date"); provided, that on each Price Differential Payment Date prior to the occurrence and continuation of an Event of Default, the estimated Price Differential owed hereunder shall be subject to a true up of the amount determined by Administrative Agent and agreed by Seller one (1) Business Day prior to the related Price Differential Payment Date. If Administrative Agent fails to deliver such invoice on the Price Differential Statement Date, on such Price Differential Payment Date Seller shall pay the amount which Seller calculates as the Price Differential due and upon delivery of the statement, Seller shall remit to Administrative Agent any shortfall, or Administrative Agent

shall refund to Seller any excess, in the Price Differential paid. Price Differential shall accrue each day on the Purchase Price at a rate per annum equal to the Pricing Rate. The Price Differential shall be computed on the basis of the actual number of days in each Price Differential Period and a 360-day year.

Section 2.05 Margin Maintenance.

(a) If at any time the aggregate outstanding amount of the Purchase Price of the Note is greater than the related Margin Asset Value or the Maximum Purchase Price (such excess, a "Margin Deficit"), then Administrative Agent shall, unless waived by all Buyers, by notice to Seller require Seller to transfer to Administrative Agent, for the benefit of Buyers, cash in an amount at least equal to the Margin Deficit (such requirement, a "Margin Call").

(b) Notice delivered pursuant to Section 2.05(a) may be given by any written or electronic means. With respect to a Margin Call, any notice given before 5:00 p.m. (New York City time) on a Business Day shall be met, and the related Margin Call satisfied, no later than 5:00 p.m. (New York City time) on the following Business Day. With respect to a Margin Call, any notice given after 5:00 p.m. (New York City time) on a Business Day shall be met, and the related Margin Call satisfied, no later than 5:00 p.m. (New York City time) on the second (2nd) Business Day following the date of such notice. The foregoing time requirements for satisfaction of a Margin Call are referred to as the "Margin Deadlines". The failure of Administrative Agent, on any one or more occasions, to exercise the rights of Buyers hereunder, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Administrative Agent to do so at a later date. Seller Parties, Administrative Agent and Buyers each agree that a failure or delay by Administrative Agent to exercise the rights of Buyers hereunder shall not limit or waive Administrative Agent's rights under this Agreement or otherwise existing by law or in any way create additional rights for any Seller Party.

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(c) In the event that a Margin Deficit exists, Administrative Agent may retain any funds received by it to which Seller would otherwise be entitled hereunder, which funds (i) may be held by Administrative Agent, for the benefit of Buyers, against the related Margin Deficit or (ii) may be applied by Administrative Agent against the Purchase Price. Notwithstanding the foregoing, Administrative Agent retains the right, in its sole discretion (unless otherwise subject to a right of waiver by all Buyers under this Section 2.05), to make a Margin Call in accordance with the provisions of this Section 2.05.

Section 2.06 Payment Procedure. Seller absolutely, unconditionally, and irrevocably, shall make, or cause to be made, all payments required to be made by Seller hereunder. Seller shall deposit or cause to be deposited all amounts constituting collection, payments and proceeds of the Note (including all fees and proceeds of sale) to Administrative Agent Account.

Section 2.07 Application of Payments.

(a) On each Price Differential Payment Date prior to the occurrence of an Event of Default, all amounts deposited into Administrative Agent Account (including in accordance with Section 4.5 of the Base Indenture) from and after the immediately preceding Price Differential Payment Date (or the Closing Date in connection with the initial

Price Differential Payment Date) or received by Administrative Agent from the Issuer in Administrative Agent's capacity as VFN Noteholder on behalf of Buyers, shall be applied by Administrative Agent as follows:

(i) first, to each Buyer, in accordance with its Pro Rata Share, to the payment of any accrued and unpaid Price Differential owing;

(ii) second, to each Buyer, in accordance with its Pro Rata Share, to the payment of Purchase Price outstanding to satisfy any Margin Deficit owing;

(iii) third, to payment of all other Fees and Expenses payable first to Administrative Agent and then ratably to any Buyer or any other Person pursuant to this Agreement; and

(iv) fourth, any remainder to Seller.

(b) Notwithstanding the preceding provisions, if an Event of Default shall have occurred hereunder, all funds related to the Note shall be applied by Administrative Agent as follows:

(i) first, to each Buyer, in accordance with its Pro Rata Share, to the payment of any accrued and unpaid Price Differential owing;

(ii) second, to each Buyer, in accordance with its Pro Rata Share, to the payment of Purchase Price until reduced to zero;

(iii) third, to payment of all other Fees and Expenses payable first, to Administrative Agent and then ratably to any Buyer or any other Person pursuant to this Agreement;

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(iv) fourth, to the payment of any other Obligations; and

(v) fifth, any remainder to Seller.

(c) To the extent any Collections (as defined in the Base Indenture) are paid to reduce the outstanding purchase price under any other repurchase transaction relating to SPIA VFNs (as defined in the Base Indenture), Seller Parties shall ensure that Collections are paid to reduce the outstanding Purchase Price hereunder concurrently on a pro rata basis with such outstanding purchase price under such other repurchase transaction.

Section 2.08 Use of Purchase Price and Transaction Requests. The Purchase Price shall be used by Seller Parties for general corporate purposes.

Section 2.09 Recourse. Notwithstanding anything else to the contrary contained or implied herein or in any other Program Agreement, Administrative Agent and Buyers shall have full, unlimited recourse against each Seller Party and its assets in order to satisfy the Obligations.

Section 2.10 Requirements of Law.

(a) If any Requirement of Law or any change in the interpretation or application thereof or compliance by a Buyer with any request or directive (whether or not

having the force of law) from any central bank or other Governmental Authority made subsequent to the Closing Date:

(i) shall subject such Buyer to any tax of any kind whatsoever with respect to this Agreement or the Transactions (excluding income taxes, branch profits taxes, franchise taxes or similar taxes imposed on such Buyer as a result of any present or former connection between such Buyer and the United States, other than any such connection arising solely from such Buyer having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement) or change the basis of taxation of payments to such Buyer in respect thereof;

(ii) shall impose, modify or hold any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, or other extensions of credit by, or any other acquisition of funds by, any office of such Buyer which is not otherwise included in the determination of the Price Differential hereunder; or

(iii) shall impose on such Buyer any other condition;

and the result of any of the foregoing is to increase the cost to such Buyer, by an amount which such Buyer deems to be material, of entering, continuing or maintaining this Agreement or any other Program Agreement, the Transactions or to reduce any amount due or owing hereunder in respect thereof, then, in any such case, Seller shall promptly pay such Buyer such additional amount or amounts as calculated by such Buyer in good faith as will compensate such Buyer for such increased cost or reduced amount receivable.

(b) If a Buyer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or

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compliance by such Buyer or any corporation Controlling such Buyer with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the Closing Date shall have the effect of reducing the rate of return on such Buyer's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Buyer or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Buyer's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Buyer to be material, then from time to time, Seller shall promptly pay to such Buyer such additional amount or amounts as will compensate such Buyer for such reduction.

(c) If a Buyer becomes entitled to claim any additional amounts pursuant to this Section 2.10, it shall promptly notify Seller of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section 2.10 submitted by such Buyer to Seller shall be conclusive in the absence of manifest error.

Section 2.11 Taxes.

(a) Any and all payments by or on behalf of Seller under or in respect of this Agreement or any other Program Agreements to which Seller is a party shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities (including penalties, interest and additions to tax) with respect thereto, whether now or hereafter imposed, levied, collected, withheld or assessed by any taxation authority or other Governmental Authority (collectively, "Taxes"), unless required by law. If Seller shall be required under any applicable Requirement of Law to deduct or withhold any Taxes from or in respect of any sum payable under or in respect of this Agreement or any of the other Program Agreements to Administrative Agent and Buyers (including for purposes of Section 2.10 and this Section 2.11, any assignee, successor or participant), (i) Seller shall make all such deductions and withholdings in respect of Taxes, (ii) Seller shall pay the full amount deducted or withheld in respect of Taxes to the relevant taxation authority or other Governmental Authority in accordance with any applicable Requirement of Law, and (iii) the sum payable by Seller shall be increased as may be necessary so that after Seller has made all required deductions and withholdings (including deductions and withholdings applicable to additional amounts payable under this Section 2.11) Administrative Agent and Buyers receive an amount equal to the sum it would have received had no such deductions or withholdings been made in respect of Non-Excluded Taxes. For purposes of this Agreement the term "Non-Excluded Taxes" are Taxes other than, in the case of Administrative Agent non-employee directors, transaction pre-clearance must be requested and Buyers, Taxes that are (i) imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the jurisdiction under the laws of which Administrative Agent or such Buyer is organized or of its Applicable Lending Office, or any political subdivision thereof, unless such Taxes are imposed as a result of Administrative Agent or such Buyer having executed, delivered or performed its obligations or received payments under, or enforced, this Agreement or any of the other Program Agreements (in which case such Taxes will be treated as Non-Excluded Taxes) and (ii) imposed pursuant to FATCA.

(b) In addition, Seller hereby agrees to pay any present or future stamp, recording, documentary, excise, property or value-added taxes, or similar taxes, charges or levies that arise from any payment made under or in respect of this Agreement or any other Program

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Agreement or from the execution, delivery or registration of, any performance under, or otherwise with respect to, this Agreement or any other Program Agreement (collectively, "Other Taxes").

(c) Seller hereby agrees to indemnify Administrative Agent and Buyers for, and to hold each of them harmless against, the full amount of Non-Excluded Taxes and Other Taxes, and the full amount of Taxes of any kind imposed by any jurisdiction on amounts payable by Seller under this Section 2.11 imposed on or paid by Administrative Agent or such Buyer and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. The indemnity by Seller provided for in this Section 2.11 shall apply and be made whether or not the Non-Excluded Taxes or Other Taxes for which indemnification hereunder is sought have been correctly or legally asserted. Amounts payable by Seller under the indemnity set forth in this Section 2.11(c).

shall be paid within ten (10) days from the date on which Administrative Agent or such Buyer makes written demand therefor.

(d) Without prejudice to the survival of any other agreement of Seller hereunder, the agreements and obligations of Seller contained in this Section 2.11 shall survive the termination of this Agreement and the other Program Agreements. Nothing contained in Section 2.10 or this Section 2.11 shall require any Administrative Agent or any Buyer to make available any of its tax returns or any other information that it deems to be confidential or proprietary.

(e) Administrative Agent and Buyers will timely furnish Seller, or any agent of Seller, any tax forms or certifications (such as an applicable IRS Form W-8, IRS Form W-9 or any successors to such IRS forms) that it is legally entitled to provide and that Seller or its agents may reasonably request (A) to permit Seller or its agents to make payments to it without, or at a reduced rate of, deduction or withholding, (B) to enable Seller or its agents to qualify for a reduced rate of withholding or deduction in any jurisdiction from or through which Seller or its agents receive payments and (C) to enable Seller or its agents to satisfy reporting and other obligations under the Code and Treasury Regulations and under any other applicable Laws, and shall update or replace such tax forms or certifications as appropriate or in accordance with their terms or subsequent amendments, and acknowledges that the failure to provide, update or replace any such tax forms or certifications may result in the imposition of withholding or back-up withholding upon payments to Administrative Agent and Buyers.

Section 2.12 Indemnity. Without limiting, and in addition to, the provisions of Section 11.02, Seller agrees to indemnify Administrative Agent and each Buyer and to hold Administrative Agent and each Buyer harmless from any loss or expense that Administrative Agent or Buyers may sustain or incur as a consequence of (i) a default by Seller in payment when due of the Repurchase Price or Price Differential or (ii) a default by Seller in making any prepayment of Repurchase Price after Seller has given a notice thereof in accordance with Section 2.03.

Section 2.13 Additional Balance. Subject to Section 2.01, in the event that Seller wishes an increase in the VFN Principal Balance, Seller shall deliver to Administrative Agent a copy of the VFN Note Balance Adjustment Request that is delivered under the Indenture. If all the Funding Conditions required pursuant to Section 5.02 hereof and the Indenture have been satisfied, then upon approval in writing by Administrative Agent (at the direction of the Required

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Buyer) of such increase in the VFN Principal Balance (such increase, upon such approval, an “Additional Balance”), (i) the outstanding VFN Principal Balance set forth in the Asset Schedule hereof shall be automatically updated as set forth in the related Transaction Notice in accordance with Section 2.02 and (ii) if requested by Seller pursuant to Section 2.02, Administrative Agent shall thereupon deliver the Purchase Price set forth in Section 2.02(b), which Purchase Price shall equal the Buyer’s pro rata portion (based on the Buyer’s related Borrowing Capacity (as defined in the Indenture)) of the related aggregate purchase price of all Series 2020-SPIADVF1 Notes under all SPIADVF1 Repurchase Agreements.

Section 2.14 Fees. Seller Parties shall pay all Fees and Expenses as provided in the Fee Letters. Such payments shall be made in Dollars in immediately available funds, without deduction, set off or counterclaim, and, to the extent applicable, to Administrative Agent at such account designated in writing by Administrative Agent.

Section 2.15 Termination.

(a) Notwithstanding anything to the contrary set forth herein, if a Seller Termination Option occurs, Seller may, upon five (5) Business Days' prior written notice to Administrative Agent and each Buyer of such event, upon payment of the applicable Repurchase Price and satisfaction of the other termination conditions set forth in the Indenture terminate this Agreement and the Termination Date shall be deemed to have occurred (upon the expiration of such five (5) Business Day period).

(b) In the event that a Seller Termination Option as described in clause (a) of the definition thereof has occurred and Seller has notified Administrative Agent and each Buyer in writing of its option to terminate this Agreement, the affected Buyer shall have the right to withdraw its request for payment within three (3) Business Days of Seller's notice of its exercise of Seller Termination Option and Seller shall no longer have the right to terminate this Agreement.

(c) For the avoidance of doubt, Seller shall remain responsible for all costs actually incurred by Administrative Agent or Buyers pursuant to Sections 2.10 and 2.11 in connection with any related prepayment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Each Seller Party represents and warrants to Administrative Agent and Buyers as of the Closing Date and as of each Purchase Date for any Transaction that:

Section 3.01 Seller Party Existence. Each Seller Party has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of Delaware and in each other jurisdiction in which the transaction of its business makes such qualification necessary.

Section 3.02 Licenses. Each Seller Party is duly licensed or is otherwise qualified in each jurisdiction in which it transacts business for the business which it conducts and is not in default of any applicable federal, state or local laws, rules and regulations unless, in either instance, the failure to take such action is not reasonably likely (either individually or in the aggregate) to

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cause a Material Adverse Effect and is not in default of such state's applicable Laws, rules and regulations. Each Seller Party has the requisite power and authority and legal right to own, sell and grant a lien on all of its right, title and interest in and to the Note. Each Seller Party has the requisite power and authority and legal right to execute and deliver, engage in the transactions contemplated by, and perform and observe the terms and conditions of, this Agreement, each Program Agreement and any Transaction Notice.

Section 3.03 Power. Each Seller Party has all requisite corporate or other power and authority, and has all governmental licenses, authorizations, consents and

approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, except where the lack of such licenses, authorizations, consents and approvals would not be reasonably likely to have a Material Adverse Effect.

Section 3.04 Due Authorization. Each Seller Party has all necessary corporate or other power, authority and legal right to execute, deliver and perform its obligations under each of the Program Agreements, as applicable. This Agreement, any Transaction Notice and the Program Agreements have been (or, in the case of Program Agreements and any Transaction Notice not yet executed, will be, at the time of such execution) duly authorized, executed and delivered by such Seller Party, all requisite or other corporate action having been taken, and each is valid, binding and enforceable against such Seller Party in accordance with its terms except as such enforcement may be affected by bankruptcy, by other insolvency laws, or other similar laws affecting the enforcement of creditor's rights.

Section 3.05 Financial Statements.

(a) Parent has heretofore furnished to Administrative Agent and each Buyer a copy of (i) its balance sheet for the fiscal year of Parent ended December 31, 2022 and the related statements of income for Parent for such fiscal year, with the opinion thereon of Deloitte & Touche LLP and (ii) its balance sheet for the quarterly fiscal period Parent ended September 30, 2023 and the related statements of income for Parent for such quarterly fiscal period. All such financial statements are accurate, complete and correct and fairly present, in all material respects, the financial condition of Parent (subject to normal year-end adjustments) and the results of its operations as at such dates and for such fiscal periods, all in accordance with GAAP applied on a consistent basis, and to the best of Parent's knowledge, do not omit any material fact as of the date(s) thereof. Since December 31, 2022, there has been no material adverse change in the consolidated business, operations or financial condition of Parent from that set forth in said financial statements nor is any Seller Party aware of any state of facts which (with notice or the lapse of time) would or could result in any such material adverse change. No Seller Party has any liabilities, direct or indirect, fixed or contingent, matured or unmatured, known or unknown, or liabilities for taxes, long-term leases or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheet and related statements, and at the present time there are no material unrealized or anticipated losses from any loans, advances or other commitments of any Seller Party except as heretofore disclosed to Administrative Agent and each Buyer in writing.

(b) Parent has heretofore caused PNMAC to furnish to Administrative Agent and each Buyer a copy of (a) the balance sheet for the fiscal year of PNMAC ended December 31, 2022 and the related statements of income for PNMAC for such fiscal year and (b) its balance

sheet for the quarterly fiscal period of PNMAC ended September 30, 2023 and the related statements of income for PNMAC for such quarterly fiscal period. All such financial statements are accurate, complete and correct and fairly present, in all material respects, the financial condition of PNMAC (subject to normal year-end adjustments) and the results of its operations as at such dates and for such fiscal periods, all in accordance with GAAP applied on a consistent basis, and to the best of each Seller Party's knowledge, do not omit any material fact as of the date(s) thereof. Since December 31, 2022, there has been no

material adverse change in the consolidated business, operations or financial condition of PNNAC from that set forth in said financial statements nor is any Seller Party aware of any state of facts which (with notice or the lapse of time) would or could result in any such material adverse change. PNNAC has no liabilities, direct or indirect, fixed or contingent, matured or unmatured, known or unknown, or liabilities for taxes, long-term leases or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheet and related statements, and at the present time there are no material unrealized or anticipated losses from any loans, advances or other commitments of PNNAC except as heretofore disclosed to Administrative Agent and each Buyer in writing.

Section 3.06 No Event of Default. There exists no (a) Event of Default under **Section 7.01** hereof or (b) default under any mortgage, borrowing agreement or other instrument or agreement pertaining to indebtedness for borrowed money or to the repurchase of mortgage loans or securities or other instrument or contractual or legal obligation to which it is a party or by which it is bound in any respect that could reasonably be expected to result in a Material Adverse Effect.

Section 3.07 Solvency. As of the date hereof and immediately after giving effect to each Transaction, the fair value of its assets is greater than the fair value of its liabilities (including contingent liabilities if and to the extent required to be recorded as a liability on the financial statements of it in accordance with GAAP) and each Seller Party is solvent and will not be rendered insolvent by any Transaction and, after giving effect to such Transaction, will not be left with an unreasonably small amount of capital with which to engage in its business. No Seller Party intends to incur, nor believes that it has incurred, debts beyond its ability to pay such debts as they mature and is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of such entity or any of its assets. Seller is not selling and/or pledging any Repurchase Assets with any intent to hinder, delay or defraud any of its creditors.

Section 3.08 No Conflicts. The execution, delivery and performance by each Seller Party of this Agreement, any Transaction Notice hereunder and the Program Agreements do not constitute or will not result in (a) any breach of any term or provision of the Organizational Documents of any Seller Party, (b) a breach of any indenture, loan agreement, warehouse line of credit, repurchase agreement, mortgage, deed of trust, Ginnie Mae Contract or any other material contractual obligation of it; (c) a material default or an acceleration under any of the foregoing; (d) the violation of any Law applicable to any Seller Party or its property, which conflict would have a Material Adverse Effect; (e) require the creation or imposition of any Lien upon any of the properties or assets of any Seller Party (other than any Liens created under any of this Agreement, any Transaction Notice and the Program Agreements in favor of Administrative Agent for the benefit of Administrative Agent and Buyers), or (f) require any approval of stockholders, members or partners or any approval or consent of any Person under any material contractual

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obligation of it, except for such approvals or consents which have been obtained, on or before the Closing Date.

Section 3.09 True and Complete Disclosure. All information, reports, exhibits, schedules, financial statements or certificates of each Seller Party or any Affiliate thereof or any of their officers furnished or to be furnished to Administrative Agent in

connection with the initial or any ongoing due diligence of any Seller Party or any Affiliate or officer thereof, negotiation, preparation, or delivery of this Agreement or the other Program Agreements, included herein or therein or delivered pursuant hereto or thereto, when taken as a whole, are true and complete in all material respects and do not omit to disclose any material facts necessary to make the statements herein or therein, in light of the circumstances in which they are made, not misleading. All financial statements have been prepared in accordance with GAAP. There is no fact known to it that, after due inquiry, could reasonably be expected to have a Material Adverse Effect that has not been disclosed herein, in the other Program Agreements or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished in writing to Administrative Agent for use in connection with the transactions contemplated hereby or thereby.

Section 3.10 Approvals. No consent, approval, authorization or order of, registration or filing with, or notice to any governmental authority, court or other Person is required under applicable Law in connection with the execution, delivery and performance by Seller Parties of this Agreement, any Transaction Notice and the Program Agreements.

Section 3.11 Litigation. There is no action, proceeding or investigation pending with respect to which any Seller Party has received service of process or, to the best of each Seller Party's knowledge threatened or affecting it or any of its property against it before any court, administrative agency or other tribunal (A) asserting the invalidity of this Agreement, any Transaction, Transaction Notice or any Program Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, any Transaction Notice or any Program Agreement, (C) makes a claim individually or in the aggregate in an amount greater than 5.0% of PNMAC's Adjusted Tangible Net Worth, (D) which requires filing with the SEC in accordance with the 1934 Act or any rules thereunder, (E) which has resulted in the voluntary or involuntary suspension of a license, a cease and desist order, or such other action as could adversely impact any Seller Party's business, or (F) which might materially and adversely affect the validity of the Purchased Assets or the performance by it of its obligations under, or the validity or enforceability of, this Agreement, any Transaction Notice or any Program Agreement which could be reasonably likely to have a Material Adverse Effect.

Section 3.12 Material Adverse Change. There has been no event or circumstance since December 31, 2022 is reasonably likely to have a Material Adverse Effect on any Seller Party.

Section 3.13 Ownership.

(a) Each Seller Party has good, valid, insurable (in the case of real property) and marketable title to all of its properties and other assets, whether real or personal, tangible or intangible, reflected on the financial statements delivered to Administrative Agent, except for such properties and other assets that have been disposed of in the ordinary course of business of its

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business, and all such properties and other assets are free and clear of all liens except as disclosed in such financial statements.

(b) Seller has good title to all of the Repurchase Assets, free and clear of all mortgages, security interests, restrictions, Liens and encumbrances of any kind other

than the Liens created hereby or contemplated herein, and any Transaction shall convey all of Seller's right, title and interest in and to the related Purchased Assets to the applicable Buyers.

(c) Each item of the Repurchase Assets was acquired by Seller in the ordinary course of its business, in good faith, for value and without notice of any defense against or claim to it on the part of any Person.

(d) There are no agreements or understandings between any Seller Party and any other party which would modify, release, terminate or delay the attachment of the security interests granted to Administrative Agent under this Agreement.

(e) The provisions of this Agreement are effective to create in favor of Administrative Agent a valid security interest in all right, title and interest of Seller in, to and under the Repurchase Assets.

(f) Upon the filing of financing statements on Form UCC-1 naming Administrative Agent as "Secured Party" and Seller as "Debtor", and describing the Repurchase Assets, in the recording offices of the Secretary of State of Delaware the security interests granted hereunder in the Repurchase Assets will constitute fully perfected first priority security interests under the Uniform Commercial Code in all right, title and interest of each Seller Party in, to and under such Repurchase Assets which can be perfected by filing under the Uniform Commercial Code.

Section 3.14 The Note. Seller has (i) delivered the Note to Administrative Agent, (ii) duly endorsed the Note to Administrative Agent or Administrative Agent's designee, (iii) notified the Indenture Trustee of such transfer and (iv) completed all documents required to effect such transfer in the Note Register, including receipt by the Note Registrar of the Rule 144A Note Transfer Certificate and such other information and documents that may be required pursuant to the terms of the Indenture. In addition, Administrative Agent has received all other Program Agreements (including all exhibits and schedules referred to therein or delivered pursuant thereto), all amendments thereto, waivers relating thereto and other side letters or agreements affecting the terms thereof and all agreements and other material documents relating thereto, and Seller hereby certifies that the copies delivered to Administrative Agent by Seller are true and complete. None of such documents has been amended, supplemented or otherwise modified (including waivers) since the respective dates thereof, except by amendments, copies of which have been delivered to Administrative Agent. Each such document to which any Seller Party is a party has been duly executed and delivered by such Seller Party and is in full force and effect, and no default or material breach has occurred and is continuing thereunder.

Section 3.15 Taxes. Each Seller Party and its respective Subsidiaries have timely filed all tax returns that are required to be filed by them and have paid all taxes, assessments, fees and other governmental charges levied upon it or its property or income (whether or not shown on

such tax returns) that are due and payable, including interest and penalties, except for any such taxes, assessments, fees and other governmental charges as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to

which adequate reserves have been provided. The charges, accruals and reserves on the books of each Seller Party and its respective Subsidiaries in respect of taxes and other governmental charges are, in the opinion of Seller Parties, adequate. Any taxes, fees and other governmental charges payable by it in connection with a Transaction and the execution and delivery of this Agreement, any Transaction Notice and the Program Agreements have been paid.

Section 3.16 Investment Company. No Seller Party is required to register as an “investment company” within the meaning of the 1940 Act, no one acting on any Seller Party’s behalf has taken any action that would require registration of any Seller Party or any of their respective Subsidiaries under the Investment Company Act, and no one acting on any Seller Party’s behalf has authorized or will authorize any Person to act in such manner; provided, however, that any entity that is under the management of PNMAC Capital Management LLC in its capacity as an “investment adviser” within the meaning of the Investment Advisers Act of 1940 and is otherwise not directly or indirectly owned or controlled by Seller shall not be deemed a “Subsidiary” for the purposes of this **Section 3.16**. No Transaction represents an “ownership interest” in Seller for purposes of the “Volcker Rule” (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act). Seller is structured so as not to constitute a “covered fund” as defined in the final regulations issued December 10, 2013, implementing the “Volcker Rule” (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

Section 3.17 Chief Executive Office; Jurisdiction of Organization. On the Closing Date, each Seller Party’s chief executive office, is, and has been, located at 3043 Townsgate Road, Westlake Village, CA 91361. On the Closing Date, each Seller Party’s jurisdiction of organization is the State of Delaware. No Seller Party has a trade name. During the preceding five (5) years, no Seller Party has been known by or done business under any other name, corporate or fictitious, and has not filed or had filed against it any bankruptcy receivership or similar petitions nor has it made any assignments for the benefit of creditors.

Section 3.18 Location of Books and Records. The location where Seller Parties keeps their books and records, including all computer tapes and records relating to the Repurchase Assets is its chief executive office.

Section 3.19 ERISA. Except as could not reasonably be expected to result in a Material Adverse Effect (i) each Seller Party, its respective ERISA Affiliates, and each Plan are in compliance in all respects with the requirements of ERISA and the Code, (ii) no Reportable Event has occurred with respect to any Plan, (iii) no Plan is considered to be an “at-risk” plan within the meaning of Section 430 of the Code or Section 303 of ERISA, (iv) each Seller Party and its respective Subsidiaries and their respective ERISA Affiliates do not provide any material medical or health benefits to former employees other than as required by the Consolidated Omnibus Budget Reconciliation Act, as amended, or similar state or local law (collectively, “COBRA”), (v) each Seller Party and its respective Subsidiaries and their respective ERISA Affiliates have made all required contributions to each Plan, and to each Multiemployer Plan to which it is obligated to contribute, and (vi) no event or condition described in **Section 6.21(a)(iii)(6)** has occurred or exists,

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other than an event or condition with respect to which notice has been provided in accordance with **Section 6.21(a)(iii)(6)**.

Section 3.20 Financing of Note and Additional Balances. Each Transaction will be used to purchase the Note and one or more Additional Balances relating thereto, which Note will be conveyed and/or sold by Seller to Buyers.

Section 3.21 Agreements. Neither Seller Parties nor any Subsidiary of a Seller Party is a party to any agreement, instrument, or indenture or subject to any restriction materially and adversely affecting its business, operations, assets or financial condition, except as disclosed in the financial statements described in **Section 3.05** hereof. Neither Seller Parties nor any Subsidiary of a Seller Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement, instrument, or indenture which default could have a material adverse effect on the business, operations, properties, or financial condition of any Seller Party. No holder of any indebtedness of any Seller Party or of any of its respective Subsidiaries has given notice of any asserted default thereunder.

Section 3.22 Other Indebtedness. All Indebtedness (other than Indebtedness evidenced by this Agreement) of each Seller Party existing on the Closing Date is listed on **Exhibit B** hereto (the “**Existing Indebtedness**”).

Section 3.23 No Reliance. Each Seller Party has made its own independent decisions to enter into the Program Agreements and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including legal counsel and accountants) as it has deemed necessary. Seller Parties are not relying upon any advice from Administrative Agent or Buyers as to any aspect of the Transactions, including the legal, accounting or tax treatment of such Transactions.

Section 3.24 Plan Assets. No Seller Party is an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code, and the Purchased Assets are not “plan assets” within the meaning of 29 CFR § 2510.3-101 as amended by Section 3(42) of ERISA, in any Seller Party’s hands, and transactions by or with any Seller Party are not subject to any state or local statute regulating investments or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

Section 3.25 Anti-Money Laundering Laws. Each Seller Party has complied with all applicable anti-money laundering laws and regulations, including the Patriot Act (collectively, the “Anti-Money Laundering Laws”); each Seller Party has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws.

Section 3.26 Anti-Terrorism; OFAC.

(a) No Seller Party nor any Person controlling or controlled by a Seller Party nor any Person having a direct beneficial interest in a Seller Party nor any Person for whom it is acting as agent or nominee in connection with this transaction (1) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the “**Executive**”

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Order”), (2) engages in any dealings or transactions prohibited by Section 2 of the Executive Order, or is otherwise associated with any such Person in any manner violative of Section 2 of the Executive Order, or (3) is a Person on the list of Specially Designated Nationals and Blocked Persons or is in violation of the limitations or prohibitions under any other OFAC regulation or executive order.

(b) No part of the proceeds of the Purchase Price will be used, directly or to its knowledge indirectly, by any Person for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(c) Each Seller Party acknowledges by executing this Agreement and the other Program Agreements to which such Seller Party is a party that Administrative Agent and each Buyer has notified it that, pursuant to the requirements of the Patriot Act, Administrative Agent and each Buyer is required to obtain, verify and record such information as may be necessary to identify such Seller Party, and confirm that the administrator of such Seller Party (or the administrator of the applicable direct or indirect owner of Equity Interests of it) has obtained, verified and recorded such information as may be necessary to identify any Person owning ten percent (10%) or more of the direct Equity Interests of it (including the name and address of such Person), in each case in accordance with writing, by submitting an email to the Patriot Act.

(d) None CLO, or his designee.

All transaction pre-clearance requests must be submitted in advance of Seller Parties the proposed transaction. The CLO and his designees are under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction. If a person seeks transaction pre-clearance and permission to engage in such transaction is denied, then he or she must refrain from initiating any director, officer, agent transaction in securities of the Company or employee PMT, as applicable, and should not inform any other person of the restriction.

When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be in possession of any Seller Parties, has used material, nonpublic information about the Company or to its knowledge indirectly used any of the proceeds of any Transaction (i) for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) to make any direct or indirect unlawful payment to any government official or employee from corporate funds, (iii) to violate any provision of the U.S. Foreign Corrupt Practices Act of 1977 or similar law of a jurisdiction in which any Seller Party conducts its business and to which they are lawfully subject or (iv) to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

Section 3.27 **Compliance with 1933 Act.** No Seller Party nor anyone acting on its behalf has offered, transferred, pledged, sold or otherwise disposed of the Note, any interest in the Note or any other similar security to, or solicited any offer to buy or accept a transfer, pledge or other disposition of the Note, any interest in the Note or any other similar security from, or otherwise approached or negotiated with respect to the Note, any interest in the Note or any other similar security with, any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action which would constitute a distribution of the Note under the 1933 Act or which would render the disposition of the Note a violation of Section 5 of the 1933 Act or require registration pursuant thereto.

Section 3.28 **Compliance with Laws.** No Seller Party is in violation of any of its Organizational Documents, of any provision of any applicable Law, or of any judgment, award, rule, regulation, order, decree, writ or injunction of any court or public regulatory body or authority that could reasonably be expected to result in a Material Adverse Effect.

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Section 3.29 The Ginnie Mae Contract. Parent has delivered to Administrative Agent a copy of the Ginnie Mae Contract which was executed on Ginnie Mae's standard forms, and Parent hereby represents and warrants that there has been no amendment to such Ginnie Mae Contract that would grant additional or more favorable rights to terminate the servicer from those rights specified in the Ginnie Mae Guide, and copies delivered to Administrative Agent by Parent are true, correct and complete. Each such document to which Parent is a party has been duly executed and delivered by Parent and is in full force and effect, and no default or event of default (howsoever defined) has occurred and is continuing thereunder, except where the occurrence and continuance of such default or event of default would not reasonably be expected to result in a Material Adverse Effect. The Ginnie Mae Contract is in full force and effect, and Parent has not been terminated as the servicer under the Ginnie Mae Contract.

Section 3.30 Ginnie Mae Approvals. Parent is approved by Ginnie Mae as an approved issuer, and, to the extent necessary, approved by the Secretary of HUD pursuant to Sections 203 and 211 of the National Housing Act, as amended. In each such case, Parent is in good standing, with no event having occurred, including a change in insurance coverage which would either make Parent unable to comply with the eligibility requirements for maintaining all such applicable approvals or require notification to Ginnie Mae or to HUD, FHA or VA.

Section 3.31 No Adverse Actions. To the extent approved by a Specified Governmental Entity, Parent has not received from any Specified Governmental Entity a notice of extinguishment or a notice indicating material breach, default or material non-compliance which could be reasonably likely to cause such Specified Governmental Entity to terminate, suspend, sanction or levy penalties against it, or a notice from any Specified Governmental Entity indicating any adverse fact or circumstance in respect of it which could be reasonably likely to cause such Specified Governmental Entity, to revoke any of its approvals or otherwise terminate, suspend it as an approved issuer, seller or servicer, **PMT**, as applicable, or with respect to which such adverse fact or circumstance has caused any Specified Governmental Entity to terminate it.

Section 3.32 Use of Proceeds. Seller Parties will only use the proceeds of the Purchase Price as permitted under **Section 2.08**. No part of the proceeds of the Purchase Price will be used directly or indirectly to purchase or carry Margin Stock, or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, in violation of any of the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System. Seller Parties are not engaged in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. At no time would more than 25% of the value of the assets of any Seller Party that are subject to any "arrangement" (as such term is used in Section 221.2(g) of such Regulation U) hereunder be represented by Margin Stock. Seller Parties shall not use the proceeds of any Transaction to purchase any asset or securities from, or otherwise transfer the proceeds of the Purchase Price to, an "affiliate" of Administrative Agent or any Buyer, as such term is defined in 12 C.F.R. Part 223.

Section 3.33 Separateness. Seller is in compliance with the requirements of **Section 6.33** hereof.

ARTICLE IV
CONVEYANCE; REPURCHASE ASSETS; SECURITY INTEREST

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Section 4.01 Ownership. Upon payment of the Purchase Price and, delivery of the Note to Administrative Agent on behalf of Buyers, Buyers shall become the sole owners of the Purchased Assets, free and clear of all liens and encumbrances.

Section 4.02 Security Interest.

(a) Although the parties intend (other than for U.S. federal tax purposes) that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, and in any event, Seller hereby pledges to Administrative Agent, for the benefit of Administrative Agent and Buyers, as security for the performance by Seller of its Obligations and hereby grants, assigns and pledges to Administrative Agent, for the benefit of Buyers, a fully perfected first priority security interest in all of Seller's right, title and interest in, to and under all its personal property and other assets, whether now owned or hereafter acquired, now existing or hereafter created and wherever located (collectively, the "Primary Repurchase Assets"), including the following:

- (i) the Note identified on the Asset Schedule;
- (ii) all rights to reimbursement or payment of the Note and/or amounts due in respect thereof under the Note identified on the Asset Schedule;
- (iii) all records, instruments or other documentation evidencing any of the foregoing;
- (iv) all "general intangibles", "accounts", "chattel paper", "contracts", "documents", "goods", "instruments", "deposit accounts", "letter of credit rights", "equipment", "securities accounts", "investment property", "deposit accounts" and "money", in each case as defined in the Uniform Commercial Code, including to the extent relating to or constituting any and all of the foregoing (including all of Seller's rights, title and interest in and under the Base Indenture and the Series 2020-SPIADVF1 Indenture Supplement); and
- (v) any and all replacements, substitutions, distributions on or proceeds of any and all of the foregoing.

(b) Buyers and Seller hereby agree that in order to further secure Seller's Obligations hereunder, Seller hereby assigns, pledges, conveys and grants to Administrative Agent, for the benefit of Administrative Agent and Buyers, a security interest in (i) as of the Closing Date, Seller's rights (but not its obligations) under the Program Agreements including any rights to receive payments thereunder or any rights to collateral thereunder whether now owned or hereafter acquired, now existing or hereafter created (collectively, the "Repurchase Rights") and (ii) all collateral however defined or described under the Program Agreements to the extent not otherwise included under the definitions of Primary Repurchase Assets or Repurchase Rights (such collateral, "Additional Repurchase Assets," and collectively with the Primary Repurchase Assets and the Repurchase Rights, the "Repurchase Assets") to secure the Obligations.

(c) The foregoing provisions of this Section 4.02 are intended to constitute a security agreement or other arrangement or other credit enhancement related to this Agreement

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and the Transactions hereunder as defined under Sections 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code.

Section 4.03 Further Documentation. At any time and from time to time, upon the written request of Administrative Agent, and at the sole expense of Seller, Seller will promptly and duly execute and deliver, or will promptly cause to be executed and delivered, such further instruments and documents and take such further action as Administrative Agent may reasonably request (x) to obtain, preserve, perfect, protect or more fully evidence Administrative Agent's security interest in the Purchased Assets, (y) for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted or (z) to enable Administrative Agent to exercise or enforce any of its rights hereunder or under any other Program Agreement, including the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any applicable jurisdiction with respect to the Liens created hereby or amendments thereto or assignments thereof and such other instruments or notices, as Administrative Agent may reasonably require. Seller also hereby authorizes Administrative Agent to file any such financing or continuation statement, and amendments thereto and assignments thereof to the extent permitted by applicable Law.

Section 4.04 Changes in Locations, Name, etc. Seller shall not (a) change the location of its chief executive office/chief place of business from that specified in Section 3.17 or (b) change its name or corporate structure (or the equivalent) or jurisdiction of organization from the jurisdiction referred to in Section 3.17, unless it shall have given Administrative Agent at least thirty (30) days' prior written notice thereof and shall have delivered to Administrative Agent all Uniform Commercial Code financing statements and amendments thereto as Administrative Agent shall request and taken all other actions deemed necessary by Administrative Agent to continue its perfected status in the Repurchase Assets with the same or better priority.

Section 4.05 Performance by Administrative Agent of Seller's Obligations. If Seller fails to perform or comply with any of its agreements contained in the Program Agreements and Administrative Agent may itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable (under the circumstances) out-of-pocket expenses of Administrative Agent actually incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal request, affirmatively disclose to the Pricing Rate shall be payable by Seller to Administrative Agent on demand and shall constitute Obligations. Such interest shall be computed on the basis of the actual number of days CLO, or his designee, that he or she is not in each Price Differential Period and a 360-day year.

Section 4.06 Proceeds. If an Event of Default shall occur and be continuing, (a) all proceeds of Repurchase Assets received by Seller consisting of cash, checks and other liquid assets readily convertible to cash items shall be held by Seller in trust for Administrative Agent, segregated from other funds of Seller, and shall forthwith upon receipt by Seller be turned over to Administrative Agent in the exact form received by Seller (duly endorsed by Seller to Administrative Agent, if required) and (b) any and all

such proceeds received by Administrative Agent (whether from Seller or otherwise) may, in the sole discretion of Administrative Agent, be held by Administrative Agent as collateral security for, and/or then or at any time thereafter may be applied by Administrative Agent against, the Obligations (whether matured or unmatured), such application to be in such order as Administrative Agent shall elect. Any balance of such proceeds

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remaining after the Obligations shall have been paid in full and this Agreement shall have been terminated shall be paid over to Seller or to whomsoever may be lawfully entitled to receive the same.

Section 4.07 Remedies. If an Event of Default shall occur and be continuing, Administrative Agent may exercise (and at the direction of the Required Buyer shall exercise), in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code (including Administrative Agent's rights to a strict foreclosure under Section 9-620 of the Uniform Commercial Code). Without limiting the generality of the foregoing, Administrative Agent may seek (and at the direction of the Required Buyer shall seek) the appointment of a receiver, liquidator, conservator, trustee, or similar official in respect of Seller or any of Seller's property. Administrative Agent without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required under this Agreement or by law referred to below) to or upon Seller or any other Person (each and all of which demands, presentments, protests, advertisements and notices are hereby waived), may (and at the direction of the Required Buyer shall) in such circumstances forthwith collect, receive, appropriate and realize upon the Repurchase Assets, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Repurchase Assets or any part thereof (or contract to do any of the foregoing), in one or more parcels or as an entirety at public or private sale or sales, at any exchange, broker's board or office of Administrative Agent or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Administrative Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Repurchase Assets so sold, free of any right or equity of redemption in Seller, which right or equity is hereby waived or released. Seller further agrees, at Administrative Agent's request, to assemble the Repurchase Assets and make them available to Administrative Agent at places which Administrative Agent shall reasonably select, whether at Seller's premises or elsewhere. Administrative Agent shall apply the net proceeds possession of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable (under the circumstances) out-of-pocket costs and expenses of every kind actually incurred therein or incidental to the care or safekeeping of any of the Repurchase Assets or in any way relating to the Repurchase Assets or the rights of Administrative Agent hereunder, including reasonable attorneys' fees and disbursements of Administrative Agent or Buyers, to the payment in whole or in part of the Obligations, in such order as Administrative Agent may elect may (or shall elect at the direction of the Required Buyer), and material, nonpublic information.

All transaction pre-clearance approvals will remain effective only after such application and after the payment by Administrative Agent of any other amount required or

permitted by any provision of law, including Section 9-615 of the Uniform Commercial Code, need Administrative Agent account for the surplus, if any, to Seller. To the extent permitted by applicable Law, Seller waives all claims, damages and demands it may acquire against Administrative Agent arising out of the exercise by Administrative Agent of any of its rights hereunder, other than those claims, damages and demands arising from the gross negligence or willful misconduct of Administrative Agent. If any notice of a proposed sale or other disposition of Repurchase Assets shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. Seller shall remain liable for any deficiency (plus accrued interest thereon as contemplated herein) if the proceeds of any sale or other disposition of the Repurchase Assets are

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insufficient to pay the Obligations and the fees and disbursements in amounts reasonable under the circumstances, of any attorneys employed by Administrative Agent to collect such deficiency.

Section 4.08 Limitation on Duties Regarding Preservation of Repurchase Assets. Administrative Agent's duty with respect to the custody, safekeeping and physical preservation of the Repurchase Assets in its possession, under Section 9-207 of the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as Administrative Agent deals with similar property for its own account. Neither Administrative Agent nor any of its directors, officers or employees shall be liable for failure to demand, collect or realize upon all or any part of the Repurchase Assets or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Repurchase Assets upon the request of Seller or otherwise.

Section 4.09 Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Repurchase Assets are irrevocable and powers coupled with an interest.

Section 4.10 Release of Security Interest. Upon the latest to occur of (a) the repayment to Administrative Agent and Buyers of all Obligations hereunder, and (b) the occurrence of the Termination Date, Administrative Agent shall release its security interest in any remaining Repurchase Assets hereunder and shall promptly execute and deliver to Seller such documents or instruments as Seller shall reasonably request to evidence such release.

Section 4.11 Reinstatement. All security interests created by this Article IV shall continue to be effective, or be reinstated, as the case may be, if at any time any payment, or any part thereof, of any Obligation of Seller is rescinded or must otherwise be restored or returned by Administrative Agent or Buyers upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Seller or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Seller or any substantial part of its property, or otherwise, all as if such release had not been made.

Section 4.12 Subordination. Seller shall not seek in any Insolvency Event of the Issuer to be treated as part of the same class of creditors as Administrative Agent and Buyers and shall not oppose any pleading or motion by

Administrative Agent and Buyers advocating that Administrative Agent and Buyers should be treated as a separate class of creditors from Seller. Seller acknowledges and agrees that its rights with respect to the Repurchase Assets are and shall continue to be at all times while the obligations are outstanding junior and subordinate to the rights of Administrative Agent and Buyers under this Agreement.

ARTICLE V CONDITIONS PRECEDENT

Section 5.01 Initial Transaction. The obligation of Administrative Agent and Buyers to enter into Transactions with Seller hereunder is subject to the satisfaction, immediately prior to or concurrently with the entering into such Transaction, of the condition precedent that Administrative Agent shall have received all of the following items, each of which shall be satisfactory to Administrative Agent and its counsel in form and substance:

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(a) **Program Agreements and Note.** The Program Agreements and Note, in all instances duly executed and delivered by the parties thereto and being in full force and effect, free of any modification, breach or waiver.

(b) **Security Interest.** Evidence that all other actions necessary or, in the opinion of Administrative Agent, desirable to perfect and protect Administrative Agent's interest in the Repurchase Assets have been taken, including duly authorized and filed Uniform Commercial Code financing statements on Form UCC-1.

(c) **Organizational Documents.** A certificate of the corporate secretary of Seller and each VFN Guarantor in form and substance acceptable to Administrative Agent, attaching certified copies of Seller and each VFN Guarantor's certificate of formation, operating agreement and corporate resolutions approving the Program Agreements and transactions thereunder (either specifically or by general resolution) and all documents evidencing other necessary corporate action or governmental approvals as may be required in connection with the Program Agreements.

(d) **Good Standing Certificate.** A certified copy of a good standing certificate from the jurisdiction of organization of Seller and each VFN Guarantor, dated as of no earlier than the date ten (10) Business Days prior to the Closing Date.

(e) **Incumbency Certificate.** An incumbency certificate of the corporate secretary of Seller and each VFN Guarantor, certifying the names, true signatures and titles of the representatives duly authorized to request transactions hereunder and to execute the Program Agreements.

(f) **Fees.** Administrative Agent and Buyers shall have received payment in full of all Fees and Expenses which are payable hereunder to Administrative Agent and Buyers on or before such date.

Section 5.02 All Transactions. The obligation of Administrative Agent and Buyers to enter into each Transaction pursuant to this Agreement is subject to the following conditions precedent:

(a) **Transaction Notice and Asset Schedule.** In accordance with Section 2.02 hereof, Administrative Agent shall have received from Seller a Transaction Notice with an updated Asset Schedule which includes the Note and any Additional Balance, if applicable, related to a proposed Transaction hereunder on such Business Day.

(b) **No Margin Deficit.** After giving effect to each new Transaction, the aggregate outstanding amount of the Purchase Price shall not exceed the Margin Asset Value of the Note then in effect.

(c) **No Default.** No Default or Event of Default exists or shall have occurred and be continuing immediately after giving effect to such new Transaction.

(d) **Requirements of Law.** None of Administrative Agent or any Buyer shall have determined that the introduction of or change in any Requirement of Law or in the interpretation or administration of any Requirement of Law applicable to Administrative Agent or

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such Buyer has made it unlawful, and no Governmental Authority shall have asserted that it is unlawful, for Administrative Agent or such Buyer to enter into any Transaction.

(e) **Representations and Warranties.** Both immediately prior to the related Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller and each VFN Guarantor in each Program Agreement shall be true, correct and complete on and as of such Purchase Date in all material respects with the same force and effect as if made on and as of such date (or, (i) if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date and (ii) if any such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be true and correct in all respects, as written).

(f) **Note.** Administrative Agent shall have received the Note and evidence of the Additional Balances relating to any Purchased Assets, which is in form and substance satisfactory to Administrative Agent in its sole discretion.

(g) **No Material Adverse Change.** Since the Closing Date, there has been no Material Adverse Change.

(h) **Fees.** Administrative Agent and Buyers shall have received payment in full of all fees and Expenses which are payable hereunder to Administrative Agent and Buyers on or before such date.

Section 5.03 Closing Subject to Conditions Precedent. The obligation of Buyers to purchase the Note is subject to the satisfaction on or prior to the Closing Date of the following conditions (any or all of which may be waived by Administrative Agent at the direction of the Required Buyer):

(a) **Performance by the Parties.** All the terms, covenants, agreements and conditions of the Transaction Documents and the Acknowledgment

Agreement to be complied with, satisfied, observed and performed by the Issuer, Seller or any VFN Guarantor on or before the Closing Date shall have been complied with, satisfied, observed and performed in all material respects.

(b) **Representations and Warranties.** Each of the representations and warranties of the Issuer, Seller or any VFN Guarantor made in the Transaction Documents and the Acknowledgment Agreement shall be true and correct in all material respects as of the Closing Date (or, (i) if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date and (ii) if any such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be true and correct in all respects).

(c) **Officer's Certificate.** Administrative Agent, Buyers and the Indenture Trustee shall have received in form and substance reasonably satisfactory to Administrative Agent an officer's certificate from PLS and a certificate of a Responsible Officer of the Issuer, dated the Closing Date, each certifying to the satisfaction of the conditions set forth in the preceding paragraphs (a) and (b), in each case together with incumbency, by-laws, resolutions and good standing.

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(d) **Opinions of Counsel to the Issuer and PLS.** Counsel to the Issuer and PLS shall have delivered to Administrative Agent, Buyers and the Indenture Trustee favorable opinions, dated the Closing Date and satisfactory in form and substance to Administrative Agent and its counsel, relating to corporate matters, enforceability, security interest, safe harbor and perfection and an opinion as to which state's law applies to security interest and perfection matters. In addition to the foregoing, PLS, as servicer, shall have caused its counsel to deliver to the Issuer, Buyers, as purchaser of the Note hereunder, Administrative Agent and the Indenture Trustee an opinion as to certain tax matters dated as of the Closing Date, satisfactory in form and substance to Administrative Agent, Buyers and their respective counsel.

(e) **Filings and Recordations.** Administrative Agent, Buyers and the Indenture Trustee shall have received evidence reasonably satisfactory to Administrative Agent of (i) the completion of all recordings, registrations and filings as may be necessary or, in the reasonable opinion of Administrative Agent, desirable to perfect or evidence: (A) the assignment by PLS, as Seller, to the Issuer of the ownership interest in the Purchased Assets conveyed pursuant to the PC Repurchase Agreement and the proceeds thereof and (ii) the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of Administrative Agent, desirable to perfect or evidence the grant of a first priority perfected security interest in the Issuer's ownership interest in the Purchased Assets in favor of the Indenture Trustee, subject to no Liens prior to the Lien created by the Base Indenture.

(f) **Documents.** Administrative Agent, Buyers and the Indenture Trustee shall have received a duly executed counterpart of each of the Transaction Documents (including the Pricing Side Letter related to the Note), in form acceptable to Administrative Agent, the Acknowledgment Agreement, the Note and each and every document or certification delivered by any party in connection with any such

Transaction Documents, the Acknowledgment Agreement or the Note, and each such document shall be in full force and effect.

(g) **Actions or Proceedings.** No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted to restrain or prohibit the consummation of, or to invalidate, any of the transactions contemplated by the Transaction Documents, the Acknowledgment Agreement, the Note and the documents related thereto in any material respect.

(h) **Approvals and Consents.** All Governmental Actions of all Governmental Authorities required with respect to the transactions contemplated by the Transaction Documents, the Acknowledgment Agreement, the Note and the documents related thereto shall have been obtained or made.

(i) **Fees, Costs and Expenses.** Administrative Agent and Buyers shall have received payment in full of all Fees and Expenses which are payable hereunder to Administrative Agent and Buyers on or before the Closing Date, and the fees, costs and expenses payable by the Issuer and PLS on or prior to the Closing Date pursuant to this Agreement or any other Transaction Document shall have been paid in full.

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(j) **Other Documents.** PLS shall have furnished to Administrative Agent, Buyers and the Indenture Trustee such other opinions, information, certificates and documents as Administrative Agent may reasonably request.

(k) **Advance Verification Agent.** PLS shall have engaged the Advance Verification Agent pursuant to an agreement reasonably satisfactory to Administrative Agent.

(l) **Proceedings in Contemplation of Sale of the Note.** All actions and proceedings undertaken by the Issuer and the Seller Parties in connection with the issuance and sale of the Note as herein contemplated shall be satisfactory in all respects to Administrative Agent, Buyers and their respective counsel.

(m) **SPIA Advance Receivable Advance Rate Reduction Event, Servicer Termination Events, Events of Default and Funding Interruption Events.** No SPIA Advance Receivable Advance Rate Reduction Event, Servicer Termination Event, Event of Default or Funding Interruption Event shall then be occurring.

(n) **Satisfaction of Conditions.** Each of the Funding Conditions and the SPIADVF1 Funding Conditions shall have been satisfied. The Administrator shall include the SPIADVF1 Funding Conditions in each Funding Certification in addition to the Funding Conditions and present a “yes” or “no” answer beside such SPIADVF1 Funding Conditions indicating whether such SPIADVF1 Funding Conditions have been satisfied, as set forth in Section 4.3 of the Base Indenture.

If any condition specified in this Section 5.03 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by Administrative Agent and Buyers by notice to PLS at any time at or prior to the Closing Date, and neither Administrative Agent nor any Buyer shall incur any liability as a result of such termination.

ARTICLE VI COVENANTS

Each Seller Party covenants and agrees that until the payment and satisfaction in full of all Obligations, whether now existing or arising hereafter, shall have occurred:

Section 6.01 Litigation. Each Seller Party will promptly, and in any event within three (3) Business Days after any Seller Party has actual knowledge, give to Administrative Agent notice of any action, suit or proceeding instituted by or against any Seller Party or any of its respective Subsidiaries in any federal or state court or before any commission or other regulatory body (federal, state or local, foreign or domestic), or any such action, suit or proceeding threatened against any Seller Party, in any case, if such action, suit or proceeding (x) involves a potential liability, on an individual or aggregate basis, with respect to which there is a reasonable likelihood that such action, suit or proceeding will result in a liability equal to or greater than 5.0% of PNMAC's Adjusted Tangible Net Worth, (y) is reasonably likely to result in a Material Adverse Effect or (z) questions or challenges the validity or enforceability of any of the Program Agreements. Seller Parties will promptly provide notice of any judgment, which with the passage of time, could cause an Event of Default hereunder.

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Section 6.02 Prohibition of Fundamental Changes. No Seller Party shall (a) enter into any transaction of merger or consolidation or amalgamation with any Person; (b) liquidate, wind up or dissolve itself (or suffer any liquidation, winding up or dissolution); (c) sell, lease or otherwise dispose of, or agree to do any of the foregoing at any future time, all or substantially all of its assets; (d) enter into any transaction or series of transactions to adopt, file, effect or consummate a Division, or otherwise permits any such Division to be adopted, filed, effected or consummated; or (e) form or enter into any partnership, joint venture, syndicate or other combination which could be reasonably likely to result in a Material Adverse Effect; provided, that Parent may merge or consolidate with any Person if Parent is the surviving entity if after giving effect thereto, no Default would exist hereunder.

Section 6.03 No Adverse Claims. Each Seller Party warrants and will defend the right, title and interest of Administrative Agent and Buyers in and to all Purchased Assets against all adverse claims and demands.

Section 6.04 Assignment. Except as permitted herein, no Seller Party shall sell, assign, transfer or otherwise dispose of, or grant any option with respect to, or pledge, hypothecate or grant a security interest in or lien on or otherwise encumber (except pursuant to the Program Agreements), any of the Purchased Assets or any interest therein, provided that this Section 6.04 shall not prevent any transfer of Purchased Assets in accordance with the Program Agreements.

Section 6.05 Security Interest. Seller Parties shall do all things necessary to preserve the Purchased Assets so that they remain subject to a first priority perfected security interest hereunder. Without limiting the foregoing, Seller Parties will comply with all rules, regulations and other laws of any Governmental Authority and cause the Purchased Assets to comply with all applicable rules,

regulations and other laws. Seller Parties will not allow any default for which any Seller Party is responsible to occur under any Purchased Assets or any Program Agreement and Seller Parties shall fully perform or cause to be performed when due all of its obligations under any Purchased Assets and any Program Agreement.

Section 6.06 Records.

(a) Seller Parties shall collect and maintain or cause to be collected and maintained all Records relating to the Purchased Assets in accordance with industry custom and practice for assets similar to the Purchased Assets, including those maintained pursuant to Section 6.07, and all such Records shall be in Parent's possession (or on the possession of an Approved Subservicer) unless Administrative Agent otherwise approves. Seller Parties will maintain all such Records in good and complete condition in accordance with industry practices for assets similar to the Purchased Assets and preserve them against loss.

(b) For so long as Administrative Agent and Buyers have an interest in or lien on any Purchased Assets, Seller Parties will hold or cause to be held all related Records in trust for Administrative Agent and Buyers. Seller Parties shall notify, or cause to be notified, every other party holding any such Records of the interests and liens in favor of Administrative Agent granted hereby.

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(c) Upon reasonable advance notice from Administrative Agent, Seller Parties shall (x) make any and all Records available to Administrative Agent to examine any such Records, either by its own officers or employees, or by agents or contractors (including Approved Subservicers), or both, and make copies of all or any portion thereof, and (y) permit Administrative Agent or its authorized agents to discuss the affairs, finances and accounts of Seller Parties with their respective chief operating officer and chief financial officer and to discuss the affairs, finances and accounts of any Seller Party with its independent certified public accountants.

Section 6.07 Books. Seller Parties shall keep or cause to be kept in reasonable detail books and records of account of its assets and business in which complete entries will be made in accordance with GAAP consistently applied, and shall clearly reflect therein the transfer of Purchased Assets to Buyers.

Section 6.08 Approvals. Seller Parties shall maintain all licenses, permits or other approvals necessary for each such Seller Party to conduct its business and to perform its obligations under the Program Agreements, and each Seller Party shall conduct its business strictly in accordance with applicable Law.

Section 6.09 Insurance. Seller Parties shall maintain or cause to be maintained, at its own expense, insurance coverage as is customary, reasonable and prudent in light of the size and nature of such Seller Party's business as of any date after the Closing Date. Seller Parties shall be deemed to have complied with this provision if one of its Affiliates has such policy coverage and, by the terms of any such policies, the coverage afforded thereunder extends to each such Seller Party. Upon the request of Administrative Agent at any time subsequent to the Closing Date and in no event more than once per calendar year unless an Event of Default shall have occurred and be continuing, Seller Parties shall cause to be delivered to

Administrative Agent, a certification evidencing each Seller Party's coverage under any such policies.

Section 6.10 Distributions. If a Default has occurred and is continuing, Seller Parties shall not pay any dividends with respect to any capital stock or other equity interests in such entity, whether now or hereafter outstanding, or make any other distribution in respect thereof, or redeem, purchase, retire, or otherwise acquire any of its Equity Interests, or set apart any money for a sinking or other analogous fund for any dividend or other distribution on its Equity Interests or for any redemption, purchase, retirement, or other acquisition either directly or indirectly, whether in cash or property or in obligations of any Seller Party.

Section 6.11 Applicable Law. Seller Parties shall comply with the requirements of all applicable Laws, rules, regulations and orders of any Governmental Authority and Parent shall maintain its status with Ginnie Mae as an approved issuer in accordance with applicable Law and all rules, policies, procedures and standards of Ginnie Mae.

Section 6.12 Existence; Ginnie Mae Approvals.

(a) Each Seller Party shall preserve and maintain its legal existence and all of its governmental licenses, authorizations, consents and approvals necessary for each Seller Party to conduct its business and to perform its obligations under the Transaction Documents and, with respect to the Parent, the Acknowledgment Agreement.

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(b) Parent shall maintain adequate financial standing, procedures, and experienced personnel necessary for the sound servicing (or for the prudent oversight of subservicers to ensure the sound servicing) of mortgage loans of the same types as may from time to time constitute Mortgage Loans and in accordance, in all material respects, with Accepted Servicing Practices and the terms of the Ginnie Mae Contract.

(c) Each Seller Party shall comply in all material respects with the requirements of all applicable Laws, rules, regulations and orders of Governmental Authorities (including truth in lending, real estate settlement procedures and all environmental laws) if the failure to comply with such requirements would be reasonably likely (either individually or in the aggregate) to have a Material Adverse Effect.

(d) Parent shall maintain its status with Ginnie Mae as an approved issuer, and shall be in good standing with Ginnie Mae in accordance with applicable Law and all rules, policies, procedures and standards of Ginnie Mae (collectively, "Ginnie Mae Approvals").

(e) Parent shall and shall cause any subservicer to service all MSRs in accordance with the Ginnie Mae Requirements.

(f) Should any Seller Party, (x) receive written notice of any material default or notice of termination of servicing for cause under the Ginnie Mae Contract, or (y) for any reason, cease to possess all applicable Ginnie Mae

Approvals, or should notification from Ginnie Mae or HUD, FHA or VA as described in Section 3.31 be received, Seller shall so notify Administrative Agent in writing within three (3) Business Days. Notwithstanding the preceding sentence, Parent shall take all necessary action to maintain all of its Ginnie Mae Approvals at all times during the term of this Agreement.

Section 6.13 Change in Organizational Documents. Seller Parties shall not amend, modify or otherwise change any of its Organizational Documents in any material respect, or except any such amendments, modifications or changes or any such new agreements or arrangements that could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; provided that Seller Parties shall deliver written notice to Administrative Agent within thirty (30) days of any material amendment to its Organizational Documents.

Section 6.14 Taxes. Each Seller Party shall timely file all tax returns that are required to be filed by it and shall timely pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained in accordance with GAAP.

Section 6.15 Transactions with Affiliates. Other than the purchase of the Note, Seller Parties will not, directly or indirectly, enter into any transaction, including any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction (a) does not result in a Default hereunder, (b) is in the ordinary course of such Seller Party's business and (c) is upon fair and reasonable terms no less favorable to such Seller Party

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than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate, or make a payment that is not otherwise permitted by this Section 6.15 to any Affiliate.

Section 6.16 True and Correct Information. All information, reports, exhibits, schedules, financial statements or certificates of Seller Parties, any Affiliate thereof or any of their officers furnished to Administrative Agent hereunder and during Administrative Agent's diligence of Seller Parties are and will be true and complete in all material respects and do not omit to disclose any material facts necessary to make the statements herein or therein, in light of the circumstances in which they are made, not misleading. All required financial statements, information and reports delivered by any Seller Party to Administrative Agent pursuant to this Agreement shall be prepared in accordance with U.S. GAAP, or, if applicable, to SEC filings, the appropriate SEC accounting regulations.

Section 6.17 No Pledge. Except as contemplated herein, no Seller Party shall pledge, grant a security interest or assign any existing or future rights to service any of the Repurchase Assets or pledge or grant to any other Person any security interest in the Note.

Section 6.18 Plan Assets. Seller Parties shall not be an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code and Seller Parties shall not use “plan assets” within the meaning of 29 CFR § 2510.3 101, as amended by Section 3(42) of ERISA to engage in this Agreement or any Transaction hereunder. Transactions to or with any Seller Party shall not be subject to any state or local statute regulating investments of or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

Section 6.19 Sharing of Information. Seller Parties shall allow Administrative Agent and Buyers to exchange information related to Seller Parties and the Transactions hereunder with third party lenders and Seller Parties shall permit each third party lender to share such information with Administrative Agent and Buyers.

Section 6.20 Modification of the Base Indenture and Series 2020-SPIADVF1 Indenture Supplement. Parent shall not consent with respect to any of the Base Indenture and the Series 2020-SPIADVF1 Indenture Supplement related to the Purchased Assets, to (i) the modification, amendment or termination of such Base Indenture and the Series 2020-SPIADVF1 Indenture Supplement, (ii) the waiver of any provision of the Base Indenture and the Series 2020-SPIADVF1 Indenture Supplement, or (iii) the resignation of PLS as servicer under the Base Indenture and the Series 2020-SPIADVF1 Indenture Supplement, or the assignment, transfer, or material delegation of any of its rights or obligations, under such the Base Indenture and the Series 2020-SPIADVF1 Indenture Supplement, without the prior written consent of Administrative Agent (at the direction of the Required Buyer in its sole discretion).

Section 6.21 Reporting Requirements.

(a) Seller Parties shall furnish to Administrative Agent (i) promptly (but in no event later than three (3) Business Days after any Seller Party has actual knowledge) copies of any material and adverse notices (including notices of defaults, breaches, potential defaults or potential breaches) and any material financial information that is not otherwise required to be provided by

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such Seller Party hereunder which is given to such Seller Party's lenders, (ii) immediately upon knowledge, notice of the occurrence of (1) any Default hereunder; (2) any default or material breach by any Seller Party of any obligation under any Program Agreement or any material contract or agreement of any Seller Party or (3) the occurrence of any event or circumstance that such party reasonably expects has resulted in, or will, with the passage of time, result in, a Material Adverse Effect or an Event of Default and (iii) the following:

(1) as soon as available and in any event within forty-five (45) calendar days after the end of each calendar month, the unaudited balance sheet of PLS, as at the end of such period and the related unaudited consolidated statements of income for PLS, including changes in shareholders' equity (or its equivalent), for such period and the portion of the fiscal year through the end of such period, accompanied by a certificate of a

Responsible Officer of PLS, which certificate shall state that said consolidated financial statements or financial statements, as applicable, fairly present in all material respects the consolidated financial condition or financial condition, as applicable, and results of operations of PLS in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end adjustments);

(2) as soon as available and in any event within forty-five (45) calendar days after the end of each calendar quarter, the unaudited cash flow statements of PLS and PNMAC, as at the end of such period and the portion of the fiscal year through the end of such period, accompanied by a certificate of a Responsible Officer of PLS, which certificate shall state that said consolidated financial statements or financial statements, as applicable, fairly present in all material respects the consolidated financial condition or financial condition, as applicable, and results of operations of PLS in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end adjustments);

(3) as soon as available and in any event within ninety (90) days after the end of each fiscal year, the balance sheet of PLS and PNMAC, as at the end of such fiscal year and the related consolidated statements of income and retained earnings and of cash flows for PLS and changes in shareholders' equity (or its equivalent) for such year, setting forth in comparative form the figures for the previous year, accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion and the scope of audit shall be acceptable to Administrative Agent and each Buyer in its sole discretion, shall have no "going concern" qualification and shall state that said consolidated financial statements or financial statements, as applicable, fairly present the consolidated financial condition or financial condition, as applicable, and results of operations of PLS as at the end of, and for, such fiscal year in accordance with GAAP;

(4) such other prepared statements that Administrative Agent or any Buyer (through Administrative Agent) may reasonably request;

(5) from time to time (x) such other information regarding the financial condition, operations, or business of Seller Parties as Administrative Agent or any Buyer (through Administrative Agent) may reasonably request and (y) information and documentation reasonably requested by Administrative Agent or any Buyer (through

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Administrative Agent) for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act;

(6) as soon as reasonably possible, and in any event within five (5) Business Days after any Seller Party has knowledge or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists (each, an "ERISA Event"), a statement signed by a senior financial officer of such Seller Party setting forth

details respecting such event or condition and the action, if any, that such Seller Party or any of its Subsidiaries or ERISA Affiliates, as applicable, propose to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by such Seller Party or any of its Subsidiaries or ERISA Affiliates with respect to such event or condition):

a. any Reportable Event or failure to meet minimum funding standards with respect to a Plan; provided that a failure to meet the minimum funding standard of Section 412 of the Code or Sections 302 or 303 of ERISA with respect to a Plan, including the failure to make on or before its due date a required installment under Section 430(j) of the Code or Section 303(j) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(c) of the Code or any request for a waiver under Section 412(c) of the Code for any Plan;

b. the distribution under Section 4041(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Seller Party or its respective Subsidiaries or ERISA Affiliates;

c. the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by any Seller Party or its respective Subsidiaries or ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

d. the complete or partial withdrawal from a Multiemployer Plan by any Seller Party or its respective Subsidiaries or ERISA Affiliates that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Seller Party or its respective Subsidiaries or ERISA Affiliates of notice from a Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

e. the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Seller Party or its respective Subsidiaries or ERISA Affiliates to enforce Section 515 of ERISA, which proceeding is not dismissed within thirty (30) calendar days; and

f. the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) and Section 436 of the Code, would result in the loss of tax-exempt status of the trust of which such Plan is a part if any Seller Party or its

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respective Subsidiaries or ERISA Affiliates fails to timely make a contribution or provide security to such Plan in accordance with the provisions of said Sections;

(7) as soon as reasonably possible (but in no event later than three (3) Business Days after any Seller Party has actual knowledge), notice of any of the following events:

a. any material dispute, litigation, investigation, proceeding or suspension between any Seller Party on the one hand, and any Governmental Authority or any Person;

b. any material change in accounting policies or financial reporting practices of any Seller Party;

c. any material issues raised upon examination of any Seller Party or any Seller Party's facilities by any Governmental Authority;

d. promptly upon receipt of notice or knowledge of any lien or security interest (other than security interests created hereby or by the other Program Agreements) on, or claim asserted against, any of the Purchased Assets;

e. the filing, recording or assessment of any federal, state or local tax lien against any Seller Party, or any Seller Party's assets, unless such filing, recording or assessment could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect with respect to any Seller Party;

f. any condition or event that constitutes an "event of default" under any Indebtedness with an outstanding principal amount greater than \$25,000,000 or that notice has been given to any party thereunder with respect thereto or any fact that could reasonably be expected to have a Material Adverse Effect;

g. any other action, event or condition of any nature that, with notice or lapse of time or both, would constitute a default under any agreement, instrument or indenture to which any Seller Party is a party or to which any Seller Party, its properties or assets may be subject that could reasonably be expected to lead to, or result in, a Material Adverse Effect;

h. (x) any material penalties, sanctions or charges levied, or threatened to be levied, against any Seller Party or any adverse change or threatened change made in writing in Parent's Ginnie Mae Approval status, (y) the commencement of any material non-routine investigation or the institution of any proceeding or the threat in writing of institution of any proceeding against any Seller Party by any Specified Governmental Entity or any supervisory or regulatory Governmental Authority supervising or regulating the origination or servicing of mortgage loans by, or the issuer or seller status of Parent or (z) the commencement of any material investigation, or the institution of any material proceeding or the threat in writing of institution of any material proceeding against any Seller Party by any city, county or municipal supervisory or regulatory Governmental Authority supervising or

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regulating the origination or servicing of mortgage loans by, or the issuer or seller status of any Seller Party;

i. (x) any material settlement with, or issuance of a consent order by, any Governmental Authority and (y) any settlement with, or issuance of a consent order by, any Governmental Authority; and

j. the occurrence of any event or change that has results in or could reasonably be expected to result in a Material Adverse Effect.

(8) Promptly upon the creation, incurrence, assumption or existence of any of the following, notice thereof:

a. any Guarantees, except (x) to the extent reflected in a Seller Party's financial statements or notes thereto and (y) to the extent the aggregate Guarantees of Seller do not exceed \$250,000; and

b. additional material Indebtedness other than (w) the Existing Indebtedness specified on Exhibit B hereto; (x) Indebtedness incurred with Buyers or their Affiliates; (y) Indebtedness incurred in connection with new or existing secured lending facilities; and (z) usual and customary accounts payable for a mortgage company.

Documents required to be delivered pursuant to Sections 6.21(a)(iii)(2) and (3) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which such documents are filed for public availability on the SEC's Electronic Data Gathering and Retrieval System.

(b) Officer's Certificates. PLS will furnish to Administrative Agent, at the time Seller Parties furnish each set of financial statements pursuant to Section 6.21(a)(iii)(1), (2) or (3) above, an Officer's Compliance Certificate.

(c) Monthly Reporting. Seller Parties shall at all times maintain a current list (which may be stored in electronic form) of the Note and Additional Balances. Seller Parties shall deliver to Administrative Agent and Ginnie Mae on the monthly Price Differential Payment Date (the "Monthly Report Date") a cumulative Asset Schedule, each of which, when so delivered, shall replace the current Asset Schedule and which may be delivered in electronic form acceptable to Administrative Agent. Each such updated Asset Schedule shall indicate the outstanding VFN Principal Balance of the Note as of the close of the preceding week. As of each Monthly Report Date, Seller Parties hereby certify, represent and warrant to Administrative Agent and Buyers that each market on the first business day following such updated Asset Schedule is true, complete and correct in all material respects.

(d) Other. Seller Parties shall deliver to Administrative Agent any other reports or information reasonably requested by Administrative Agent or any Buyer (through Administrative Agent) or as otherwise required pursuant to this Agreement and the Indenture (including all reports and information delivered approval by the Issuer, the Administrator CLO, or the Indenture Trustee relating to the Note). Each Seller Party understands and agrees that all reports and

information provided to Administrative Agent by or relating to any Seller Party may be disclosed to Administrative Agent's and Buyers' Affiliates.

(e) **Regulatory Reporting Compliance.** Seller Parties shall, on or before the last Business Day of the fifth (5th) month following the end of each Seller Party's fiscal years (December 31), beginning with the fiscal year ending in 2023, deliver to Administrative Agent a copy of the results of any Uniform Single Attestation Program for Mortgage Bankers or an Officer's Certificate that satisfies the requirements of Item 1122(a) of Regulation AB, an independent public accountant's report that satisfies the requirements of Item 1123 of Regulation AB, or similar review conducted on such Seller Party by its accountants, and such other reports as such Seller Party may prepare relating to its servicing functions as a Seller Party.

Section 6.22 Liens on Substantially All Assets. No Seller Party shall grant a security interest to any Person other than Administrative Agent or an Affiliate of Administrative Agent in substantially all assets of any Seller Party unless such Seller Party has entered into an amendment to this Agreement that grants to Administrative Agent a pari passu security interest on such assets.

Section 6.23 Litigation Summary. On each date on which the Officer's Compliance Certificate is delivered, Seller Parties shall provide to Administrative Agent a true and correct summary of all material actions, notices, proceedings and investigations pending with respect to which any Seller Party has received service of process or other form of notice or, to the best of each Seller Party's knowledge, threatened against it, before any court, administrative or governmental agency or other regulatory body or tribunal.

Section 6.24 Material Change in Business. No Seller Party shall make any material change in the nature of its business as carried on at the Closing Date other than lines of business typical for companies engaged in mortgage or consumer finance.

Section 6.25 Ginnie Mae Contract.

(a) Within five (5) Business Days after (x) a Responsible Officer of Parent becomes aware of an amendment to the Ginnie Mae Contract or (y) a Responsible Officer of Parent becomes aware of an amendment to the Acknowledgment Agreement that, in each case, could reasonably be expected to materially and adversely affect Parent, the Purchased Assets or Administrative Agent's or any Buyer's interest therein or to result in a Material Adverse Effect, to the extent permitted by Ginnie Mae, Parent shall deliver to Administrative Agent copies of any such amendments; provided that Parent shall cooperate with any requests by Administrative Agent to deliver copies of each amendment, restatement, supplement or other modification to the Ginnie Mae Contract or the Acknowledgment Agreement, to the extent permitted by Ginnie Mae.

(b) Parent shall not execute any amendments with respect to the Acknowledgment Agreement without the prior consent of Administrative Agent (at the direction of the Required Buyer).

(c) Should Parent for any reason cease to possess the Ginnie Mae Approvals, or should notification to Ginnie Mae be required, Parent shall immediately notify Administrative Agent in writing.

(d) Parent shall promptly, and in no event later than five (5) days after Parent has knowledge thereof, notify Administrative Agent of any Servicer Termination Event or event of default under any Ginnie Mae Contract or its receipt of a notice of actual termination of Parent's right to service under any Ginnie Mae Contract which evidences an intent to transfer such servicing to a third party.

Section 6.26 Trigger Event MSR Asset Sale. Parent shall, within one (1) Business Day, notify Administrative Agent in the event that it has voluntarily relinquished or delivered notice of its intent to sell or transfer Ginnie Mae Contract rights constituting more than 50% of the aggregate Ginnie Mae Contract rights of Parent with respect to Ginnie Mae, in any event without Administrative Agent's prior express written consent.

Section 6.27 Termination of Servicing Notice. Parent shall give notice to Administrative Agent promptly but not later than two (2) Business Days after receipt of notice or knowledge by a Responsible Officer of (i) any material default, notice of termination of servicing for cause or notice of any other matter materially and adversely affecting the Purchased Assets under the Ginnie Mae Contract or (ii) any resignation of servicing, termination of servicing or notice of resignation of or termination of servicing, under the Ginnie Mae Contract, outside the ordinary course of business.

Section 6.28 Quality Control. In addition to maintaining its own internal monitoring program for servicing oversight operations, Parent shall and shall cause each Approved Subservicer to conduct quality control reviews of such Approved Subservicer's servicing operations in accordance with industry standards and Specified Governmental Entity requirements. Parent shall provide oversight of its Approved Subservicer to ensure the sound subservicing of the Mortgage Loans, in all material respects in accordance with Accepted Servicing Practices, the applicable Approved Subservicing Agreement and the Ginnie Mae Requirements.

Section 6.29 Ginnie Mae Audit and Approval Maintenance. Parent shall (i) at all times maintain copies of relevant portions of all Audits in which there are material adverse findings, including notices of defaults, notices of termination of approved status, notices of imposition of supervisory agreements or interim servicing agreements, and notices of probation, suspension, or non-renewal, (ii) to the extent not otherwise prohibited by reason of confidentiality or other non-disclosure restrictions, provide Administrative Agent with copies of such Audits promptly upon Administrative Agent request, and (iii) take all actions necessary to maintain its Ginnie Mae Approvals.

Section 6.30 Sale and Lease-Backs. No Seller Party shall enter into any arrangement, directly or indirectly, with any Person whereby any Seller Party shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred if any Default exists or will exist after giving effect thereto.

Section 6.31 Fiscal Year. No Seller Party shall change its fiscal year-end from December 31 or change its method of determining fiscal quarters.

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Section 6.32 Most Favored Status. Each Seller Party, Administrative Agent and Buyers agree that should any Seller Party or any Subsidiary or Affiliate thereof enter into a repurchase agreement, credit facility or other comparable agreement with any Person, other than Administrative Agent or a Buyer or an Affiliate of Administrative Agent or a Buyer, which by its terms provides any of the following (each, a “More Favorable Agreement”):

(a) more favorable terms with respect to any guaranties or financial covenants, including covenants covering the same or similar subject matter set forth or referred to in Section 6.10 hereof and Section 2 of the Pricing Side Letter;

(b) a security interest to any Person other than Administrative Agent or an Affiliate of Administrative Agent in substantially all assets of any Seller Party or any Affiliate thereof; or

(c) a requirement that any Seller Party has added or will add any Person other than Administrative Agent or an Affiliate of Administrative Agent as a loss payee under any Seller Party’s Fidelity Insurance,

the terms of this Agreement and/or the Pricing Side Letter shall be deemed automatically amended to include such more favorable terms contained in such More Favorable Agreement, such that such terms operate in favor of Administrative Agent and Buyers; provided, that in the event that such More Favorable Agreement is terminated, upon notice by such Seller Party to Administrative Agent of such termination, the original terms of this Agreement and/or Pricing Side Letter shall be deemed to be automatically reinstated. Seller Parties further agree to execute and deliver any new guaranties, agreements or amendments to this Agreement and/or Pricing Side letter evidencing such provisions, provided that the execution of such amendment shall not be a precondition to the effectiveness of such amendment but shall merely be for the convenience of the parties hereto. Upon any Seller Party or any Subsidiary or an Affiliate thereof entering into any such repurchase agreement, credit facility or other comparable agreement with any Person other than Administrative Agent or an Affiliate of Administrative Agent, such related Seller Party shall provide notice to Administrative Agent of such more favorable terms contained in such More Favorable Agreement (including a summary thereof) no later than the next date on which such Seller Party is required to deliver an Officer’s Compliance Certificate; which notice requirement may be satisfied by PNMAC including such information such Officer’s Compliance Certificate.

Section 6.33 Special Purpose Entity Provisions. Seller shall (a) own no assets, and will not engage in any business, other than the assets and transactions specifically contemplated by the Program Agreements; (b) not incur any Indebtedness or obligation, secured or unsecured, direct or indirect, absolute or contingent, other than pursuant to the Program Agreements; (c) not make any loans or advances to any Affiliate or third party, and shall not acquire obligations or securities of its Affiliates other than the assets and transactions specifically contemplated by the Program Agreements; (d) pay its debts and liabilities (including, as applicable, shared personnel expenses and overhead expenses) only from its own assets; (e) comply with the provisions of its organizational documents; (f) do all things necessary to observe organizational formalities and to preserve its

existence, and not amend, modify or otherwise change its governing documents, or suffer same to be amended, modified or otherwise changed, without Administrative Agent's (at the direction of the Required Buyer) prior written consent which shall not be

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unreasonably withheld; (g) maintain all of its books, records and financial statements separate from those of its Affiliates (except that such financial statements may be consolidated to the extent consolidation is required under GAAP or as a matter of applicable Law); provided, that (i) appropriate notation shall be made on such financial statements if prepared to indicate the separateness of Seller from such Affiliate and to indicate that Seller's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person and (ii) such assets shall also be listed on Seller's own separate balance sheet (if prepared) and (iii) Seller shall file its own tax returns if filed, except to the extent consolidation is required or permitted under applicable Law; (h) be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any Affiliate), correct any known misunderstanding regarding its status as a separate entity, conduct business in its own name and not identify itself or any of its Affiliates as a division or part of the other; (i) not enter into any transactions with any Affiliates except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's length transaction except as expressly permitted hereunder or under any other Program Agreement; (j) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities; (k) not engage in or suffer any dissolution (to the fullest extent contemplated by applicable Law), winding up, liquidation, consolidation or merger or transfer all or substantially all of its properties and assets to any Person (except as contemplated herein); (l) not commingle its funds or other assets with those of any Affiliate or any other Person and maintain its properties and assets in such manner that it would not be costly or difficult to identify, segregate or ascertain its properties and assets from those of others; (m) not hold itself out to be responsible for the debts or obligations of any other Person; (n) not form, acquire or hold any Subsidiary or own any equity interest in any other entity; (o) use separate stationery, invoices and checks bearing its own name; (p) allocate fairly and reasonably any overhead for shared office space and services performed by an employee of an Affiliate; and (q) not pledge its assets to secure the obligations of any other Person except as contemplated by the Program Agreements. Seller shall (i) be a Delaware limited liability company, (ii) have an Independent Manager, and (iii) not take any action that results in an Act of Insolvency with respect to itself.

ARTICLE VII

HIS DESIGNEE. DEFAULTS/RIGHTS AND REMEDIES OF BUYER UPON DEFAULT

Section 7.01 Events of Default. Each of the following events or circumstances shall constitute an "Event of Default":

(a) Failure of Seller to (i) make any payment of the Purchase Price beyond the applicable dates on which such payment is due, (ii) make any payment (which failure continues for a period of one (1) Business Day following the earlier of (x) written notice (which may be in electronic form) from Administrative Agent and

(y) the date upon which any Seller Party obtained knowledge of such failure) of Price Differential, on a Price Differential Payment Date or a Repurchase Date, (iii) make any payment (which failure continues for a period of two (2) Business Days following the earlier of (x) written notice (which may be in electronic form) from Administrative Agent and (y) the date upon which any Seller Party knowledge of such failure) of any other sum which has become due otherwise, whether by acceleration or otherwise, under the terms of any Program Agreement or (iv) cure any Margin Deficit when due pursuant to Section 2.05 hereof.

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(b) **Cross Default.** Any Seller Party or any Affiliates thereof shall be in default under (i) any Buyer Indebtedness, (ii) any Transaction Document; provided that any such default under the Indenture shall constitute an “Event of Default” only if it continues unremedied for a period of two (2) Business Days after a Responsible Officer of any Seller Party obtains actual knowledge of such failure, or receives written notice from Administrative Agent of such default or (iii) any Indebtedness, in the aggregate, in excess of \$100,000 of Seller, \$25,000,000 of Parent or any other Affiliate thereof (other than Seller) which default (1) involves the failure to pay a matured obligation, or (2) permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such Indebtedness.

(c) **Insolvency.** An Act of Insolvency shall have occurred with respect to any Seller Party or any Affiliate thereof.

(d) **Material Adverse Change.** A Material Adverse Effect shall occur, and, if susceptible to cure, such Material Adverse Effect continues for a period of ten (10) Business Days.

(e) **Immediate Breach of Representation or Covenant or Obligation.** A breach by any Seller Party of any of the representations, warranties or covenants or obligations set forth in Sections 3.01 (Seller Existence), Section 3.07 (Solvency), Section 3.12 (Material Adverse Change), Section 3.22 (Other Indebtedness), Section 6.02 (Prohibition of Fundamental Changes), Section 6.12 (Existence), Section 6.18 (Plan Assets) or Section 6.33 (Special Purpose Entity Provisions) of this Agreement.

(f) **Additional Breach of Covenant.** Any Seller Party shall fail to perform or observe (i) the covenants set forth in Section 4.04 (Changes in Locations, Name, etc.), Section 6.03 (No Adverse Claims), Section 6.04 (Assignment), Section 6.10 (Distributions), Section 6.13 (Change in Organizational Documents), Section 6.17 (No Pledge), Section 6.21 (Reporting Requirements), Section 6.22 (Liens on Substantially All Assets), Section 6.30 (Sales and Leaseback), Section 6.31 (Fiscal Year), Section 6.32 (Most Favored Status) or Section 2 of the Pricing Side Letter and such failure shall continue unremedied for five (5) Business Days after the earlier of (A) a written notice of such failure shall have been given to any Seller Party by Administrative Agent or (B) the date upon which any Seller Party obtained knowledge of such failure (and giving effect to any grace or other cure periods set forth therein), or (ii) except as set forth Section 7.01(e) or in clauses (i) hereof, any other term, covenant or agreement contained in this Agreement or in any other Transaction Document or the Acknowledgment Agreement, and, such failure shall continue unremedied for thirty (30) days after the earlier of (A) a written notice of

such failure shall have been given to any Seller Party by Administrative Agent or (B) the date upon which any Seller Party obtained knowledge of such failures.

(g) **Representations.** Except as set forth in clause (h) below, any representation or warranty made or deemed made by any Seller Party herein or in any other Program Agreement (after giving effect to any qualification as to materiality set forth therein, if any) shall prove to have been false and misleading when made or any Monthly Report or Officer's Compliance Certificate delivered hereunder shall prove to have been false and misleading in any material respect when made and such breach, if susceptible of cure, is not cured within ten (10) Business Days after the earlier of (i) written notice of such failure shall have been given to any Seller Party

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by Administrative Agent or (ii) the date upon which any Seller Party obtained knowledge of such failure.

(h) **1940 Act.** The representation and warranty in Section 3.16 shall be false or misleading at any time.

(i) **Change in Control.** The occurrence of a Change in Control.

(j) **Failure to Transfer.** Seller fails to transfer the Note or a material portion of the other Purchased Assets to Administrative Agent on the applicable Purchase Date (provided Administrative Agent has tendered the related Purchase Price on behalf of Buyers).

(k) **Judgment.** A final judgment or judgments for the payment of money in excess of the lesser of (x) 3.0% of PNMAC's Adjusted Tangible Net Worth, (y) \$25,000,000 shall be rendered against Parent or any of its Affiliates (other than Seller) and \$100,000 in the case of the Seller by one or more courts, administrative tribunals or other bodies having jurisdiction and the same shall not be satisfied, discharged (or provision shall not be made for such discharge) or bonded, or a stay of execution thereof shall not be procured, within forty-five (45) days from the date of entry thereof.

(l) **Government Action.** Any Governmental Authority or any person, agency or entity acting or purporting to act under governmental authority shall have taken any action to condemn, seize or appropriate, or to assume custody or control of, all or any substantial part of the Property of any Seller Party or any Affiliate thereof, or shall have taken any action to displace the management of any Seller Party or any Affiliate thereof or to curtail its authority in the conduct of the business of Seller or any Affiliate thereof, or takes any action in the nature of enforcement to remove, limit or restrict the approval of any Seller Party or Affiliate as an issuer, buyer or a seller/servicer of mortgage loans or securities backed thereby, and such action provided for in this subparagraph (l) shall not have been discontinued or stayed within sixty (60) days.

(m) **Inability to Perform.** A Responsible Officer of (a) any Seller Party shall admit its inability to, or its intention not to, perform any Obligations or (b) any VFN Guarantor shall admit its inability to, or its intention not to, perform any of its obligations hereunder or the under VFN Guaranty.

(n) Security Interest. This Agreement shall for any reason cease to create a valid, first priority security interest in any material portion of the Repurchase Assets purported to be covered hereby.

(o) Financial Statements. Any of PLS's audited annual financial statements or the notes thereto or other opinions or conclusions stated therein shall be qualified or limited by reference to the status of such Person as a "going concern" or a reference of similar import.

(p) Validity of Agreement. For any reason, this Agreement at any time shall not be in full force and effect in all material respects or shall not be enforceable in all material respects in accordance with its terms, or any Lien granted pursuant thereto shall fail to be perfected and of first priority, or any Seller Party or any Affiliate of any Seller Party shall seek to disaffirm,

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terminate, limit or reduce its obligations hereunder or any VFN Guarantor shall seek to disaffirm, terminate, limit or reduce its obligations under the VFN Guaranty.

(q) Guarantor Breach. A breach by any VFN Guarantor of any material representation, warranty or covenant set forth in the VFN Guaranty or any other Program Agreement, any "event of default" by any VFN Guarantor under the VFN Guaranty, any repudiation of the VFN Guaranty by any VFN Guarantor, or if the VFN Guaranty is not enforceable against any VFN Guarantor.

(r) Approved Issuer; Approved Servicer.

(i) Parent ceases to be a Ginnie Mae approved issuer;

(ii) Ginnie Mae suspends, rescinds, halts, eliminates, withdraws, annuls, repeals, voids or terminates the status of Ginnie Mae as a Ginnie Mae approved issuer.

(iii) As distinct from and in addition to any loss of approval or actions taken by Ginnie Mae, as applicable, described in (i)-(ii), a Servicer Termination Event shall occur with respect to Parent.

(s) ERISA Related Events.

(i) An ERISA Event occurs that, alone or together with all other ERISA Events that have occurred could reasonably be expected to result in a Material Adverse Effect, or

(ii) the assets of Seller or any VFN Guarantor become "plan assets" within the meaning of 29 C.F.R. Sections 25103-101, as modified by Section 3(42) of ERISA.

(t) Servicing. Greater than 25% of Parent's servicing portfolio consisting of Ginnie Mae loans is seized or terminated in any single event or series of events arising from the same or substantially similar circumstances or occurrences.

Section 7.02 No Waiver. An Event of Default shall be deemed to be continuing unless expressly waived in accordance with **Section 8.02**.

Section 7.03 Due and Payable. Upon the occurrence of any Event of Default which has not been waived in accordance with **Section 8.02**, Administrative Agent may (and at the direction of Required Buyer shall), by notice to Seller, declare all Obligations to be immediately due and payable, and any obligation of Buyers to enter into Transactions with Seller shall thereupon immediately terminate. Upon such declaration, the Obligations shall become immediately due and payable, both as to Purchase Price outstanding and Price Differential, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything contained herein or other evidence of such Obligations to the contrary notwithstanding, except with respect to any Event of Default set forth in **Section 7.01(c)**, in which case all Obligations shall automatically become immediately due and payable without the necessity of any notice or other demand, and any obligation of Buyers to enter into Transactions with Seller shall immediately terminate. Administrative Agent may (or at the direction of the Required Buyer shall) enforce payment of the same and exercise any or all of the rights, powers and remedies possessed

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by Administrative Agent or Buyers, whether under this Agreement or any other Program Agreement or afforded by applicable Law.

Section 7.04 Fees. The remedies provided for herein are cumulative and are not exclusive of any other remedies provided by law. Each Seller Party agrees to pay to Administrative Agent and Buyers reasonable attorneys' fees and reasonable legal expenses incurred in enforcing Administrative Agent's and Buyers' rights, powers and remedies under this Agreement and each other Program Agreement.

Section 7.05 Default Rate. Without regard to whether Administrative Agent has exercised any other rights or remedies hereunder, if an Event of Default shall have occurred and be continuing, the applicable Margin in respect of the Pricing Rate shall be increased, to the extent permitted by law, as set forth in clause (ii) of the definition of "Margin".

ARTICLE VIII

ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS; SEPARATE ACTIONS BY BUYERS

Section 8.01 Entire Agreement. This Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement of the parties hereto and supersedes any and all prior or contemporaneous agreements, written or oral, as to the matters contained herein, and no modification or waiver of any provision hereof or any of the Program Agreements, nor consent to the departure by any Seller Party therefrom, shall be effective unless the same is in writing, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which it is given.

Section 8.02 Amendments.

(a) Neither this Agreement nor any other Program Agreement nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Administrative Agent, Seller Parties and other parties thereto, with the consent of the Required Buyer; provided that no such waiver, amendment or modification shall (A) increase the Committed Amount of any Buyer without the written consent of such Buyer (including any such Buyer that is a Defaulting Buyer), (B) reduce or forgive any portion of the Repurchase Price or reduce the rate of interest thereon, or reduce or forgive any interest or fees payable to such Buyer hereunder, without the written consent of each Buyer (including any such Buyer that is a Defaulting Buyer) affected thereby, (C) (i) postpone any scheduled date of payment of the Repurchase Price, or any date for the payment of any interest, fees or other obligations payable to such Buyer hereunder, or reduce the amount of, waive or excuse any such payment, without the written consent of each Buyer (including any such Buyer that is a Defaulting Buyer) affected thereby or (ii) waive any breach of Section 2 of the Pricing Side Letter without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer), (D) change any of the provisions of an amendment section (including this Section 8.02) the definition of “Required Buyer” or any other provision of any Program Agreement specifying the number or percentage of Buyers required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer) directly affected thereby, (E) change Section 2.07

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without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer), or (F) release any VFN Guarantor without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer); provided, further, that no such agreement shall amend or modify the definition of “Margin Asset Value” or “Asset Value” or any constituent term thereof in a manner that is adverse to Buyers without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer); provided, further that no such agreement shall amend, modify or otherwise affect the rights or duties of Administrative Agent hereunder without the prior written consent of Administrative Agent.

(b) Buyers hereby irrevocably authorize Administrative Agent, at its option and in its sole discretion, to release any Liens granted to Administrative Agent by Seller Parties on any Repurchase Assets (i) upon the termination of the obligations set forth in Section 2.01 with respect to the Committed Amount and the repayment, satisfaction or discharge of all Obligations under the Program Agreements and other applicable Transaction Documents, (ii) constituting property being sold or disposed of if the sale or disposition is made in compliance with the terms of this Agreement, or (iii) as required to effect any sale or other disposition of such Repurchase Assets in connection with any exercise of remedies of Administrative Agent and Buyers pursuant to Article VII. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of any Seller Party in respect of) all interests retained by Seller Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Repurchase Assets. Any execution

and delivery by Administrative Agent of documents in connection with any such release shall be without recourse to or warranty by Administrative Agent.

Section 8.03 Waivers, Separate Actions by Buyers. Any amendment or waiver effected in accordance with this Article VIII shall be binding upon Administrative Agent, Buyers and Seller Parties; and Administrative Agent or a Buyer's failure to insist upon the strict performance of any term, condition or other provision of this Agreement or any of the Program Agreements, or of any Buyer or Administrative Agent to exercise any right or remedy hereunder or thereunder, shall not constitute a waiver by any Buyer or Administrative Agent of any such term, condition or other provision or Default or Event of Default in connection therewith, nor shall a single or partial exercise of any such right or remedy preclude any other or future exercise, or the exercise of any other right or remedy; and any waiver of any such term, condition or other provision or of any such Default or Event of Default shall not affect or alter this Agreement or any of the Program Agreements, and each and every term, condition and other provision of this Agreement and the Program Agreements shall, in such event, continue in full force and effect and shall be operative with respect to any other then existing or subsequent Default or Event of Default in connection therewith. An Event of Default hereunder or under any of the Program Agreements shall be deemed to be continuing unless and until waived in writing in accordance with this Agreement.

ARTICLE IX SUCCESSORS AND ASSIGNS

Section 9.01 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, any portion thereof, or any interest therein. Seller Parties shall not have the right to assign all or any

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part of this Agreement or any interest herein without the prior written consent of Administrative Agent and Buyers.

Section 9.02 Participations and Transfers.

(a) A Buyer may in accordance with applicable Law and with the consent of Administrative Agent (not to be unreasonably withheld, conditioned or delayed) at any time sell to one or more banks or other entities ("Participants") participating interests in all or a portion of such Buyer's rights and obligations under this Agreement and the other Program Agreements; provided, that (i) PLS has consented to such sale (such consent not to be unreasonably withheld, conditioned, or delayed), provided that PLS shall be deemed to have consented to any such sale unless it shall object thereto by written notice to such Buyer within 10 days after having received notice thereof; provided, however, PLS's consent shall not be required in the event that (A) such Participant is an Affiliate of such Buyer or (B) an Event of Default has occurred; (ii) each such sale shall represent an interest in a Transaction in a Purchase Price of \$1,000,000 or more and (iii) other than with respect to a participating interest consisting of a pro rata interest in all payments due to such Buyer under this Agreement and prior to an Event of Default such Buyer receives an opinion of a nationally recognized tax counsel experienced in such

matters that such sale will not result in the Issuer being subject to tax on its net income as an association (or publicly traded partnership) taxable as a corporation or a taxable mortgage pool taxable as a corporation, each for U.S. federal income tax purposes. Administrative Agent shall provide notice to Ginnie Mae within five (5) Business Days of any assignment, pledge or hypothecation made in accordance with this Section 9.02(b). In the event of any such sale by such Buyer of participating interests to a Participant, such Buyer shall remain a party to the Transaction for all purposes under this Agreement and the Program Agreements and Seller Parties shall continue to deal solely and directly with such Buyer in connection with such Buyer's rights and obligations under this Agreement and the Program Agreements.

(b) (i) A Buyer may in accordance with applicable Law and with the consent of Administrative Agent (acting in a commercially reasonable manner) at any time assign, pledge, hypothecate, or otherwise transfer to one or more banks, financial institutions, investment companies, investment funds or any other Person (each, a "Transferee") all or a portion of such Buyer's rights and obligations under this Agreement and (ii) if any Buyer is a Defaulting Buyer, Administrative Agent may, upon notice to such Buyer and in accordance with applicable Law, require such Buyer to assign and delegate to a Transferee chosen by Administrative Agent, all its interests, rights and obligations under this Agreement, in each case (1) so long as a Noteholder of an MBS Advance VFN continues to own interests in the outstanding Series of VFNs that are funded in an aggregate amount that equals or exceeds the amount required to avoid an Early Amortization Event under any outstanding Series of Term Notes and the other Program Agreements and (2) provided, that (A) PLS has consented to such assignment, pledge, hypothecation, or other transfer (such consent not to be unreasonably withheld, conditioned, or delayed); provided, however, PLS's consent shall not be required in the event that (x) such Transferee is an Affiliate of such Buyer or (y) an Event of Default has occurred; (B) absent an Event of Default, such Buyer (or in the case of clause (ii) above, Administrative Agent) shall give at least 10 days' prior notice thereof to PLS and PLS shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to Administrative Agent within 10 days after having received notice thereof; (C) that each such sale shall represent an interest in the

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Transactions in an aggregate Purchase Price of \$1,000,000 or more, (D) such Transferee shall have also acquired the same percentage interest in each other Series of Variable Funding Notes, unless Ginnie Mae has consented in writing to waive this requirement, and (E) other than with respect to an assignment, pledge, hypothecation or transfer consisting of a pro rata interest in all payments due to such Buyer under this Agreement and prior to an Event of Default, such Buyer received an opinion of a nationally recognized tax counsel experienced in such matters that such assignment, pledge, hypothecation or transfer will not result in the Issuer being subject to tax on its net income as an association (or publicly traded partnership) taxable as a corporation or a taxable mortgage pool taxable as a corporation, each for U.S. federal income tax purposes. Administrative Agent (acting as agent for Seller) shall maintain at its address referred to in Section a register (the "Register") for the recordation of the names and addresses of Transferees, and the Purchase Price outstanding and Price Differential in the

Transactions held by each thereof. The entries in the Register shall be prima facie conclusive and binding, and Seller may treat each Person whose name is recorded in the Register as the owner of the Transactions recorded therein for all purposes of this Agreement. No assignment shall be effective until it is recorded in the Register.

(c) All actions taken by a Buyer pursuant to this Section 9.02 shall be at the expense of such Buyer. A Buyer may distribute to any prospective assignee any document or other information delivered to such Buyer by any Seller Party.

(d) Notwithstanding any other provision of this Agreement to the contrary, any Buyer may pledge as collateral, or grant a security interest in, all or any portion of its rights in, to and under this Agreement to a Federal Reserve Bank to secure obligations to such Federal Reserve Bank, in each case without the consent of any Seller Party; provided that no such pledge or grant shall release such Buyer from its obligations under this Agreement; provided, further, that no such pledge or grant shall be to a competitor of Parent.

Section 9.03 Buyer and Participant Register.

(a) Subject to acceptance and recording thereof pursuant to paragraph (b) of this Section 9.03, from and after the effective date specified in each assignment and acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such assignment and acceptance, have the rights and obligations of a Buyer under this Agreement. Any assignment or transfer by a Buyer of rights or obligations under this Agreement that does not comply with this Section 9.03 shall be treated for purposes of this Agreement as a sale by such Buyer of a participation in such rights and obligations in accordance with Section 9.02. Administrative Agent shall provide notice to Ginnie Mae within five (5) Business Days of any participation made in accordance with this Section 9.03(a).

(b) Seller or an agent of Seller shall maintain a register (the "Transaction Register") on which it will record the Transactions entered into hereunder, and each assignment and acceptance and participation. The Transaction Register shall include the names and addresses of Buyers (including all assignees, successors and Participants), and the Purchase Price of the Transactions entered into by each Buyer. Failure to make any such recordation, or any error in such recordation shall not affect any Seller Party's obligations in respect of such Transactions. If a Buyer sells a participation in any Transaction, it shall provide Seller, or maintain as agent of Seller, the information described in this paragraph and permit Seller to review such information as

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reasonably needed for Seller to comply with its obligations under this Agreement or under any applicable Law or governmental regulation or procedure. The entries in the Transaction Register shall be *prima facie* conclusive and binding, and Seller may treat each Person whose name is recorded in the Transaction Register as the owner of the Transactions recorded therein for all purposes of this Agreement. No assignment shall be effective until it is recorded in the Transaction Register.

ARTICLE X AGENT PROVISIONS

Section 10.01 Appointment of Administrative Agent.

(a) Each Buyer hereby irrevocably appoints Goldman Sachs Bank USA, as Administrative Agent hereunder and under the other Program Agreements, and each Buyer hereby authorizes Goldman Sachs Bank USA, in such capacity, to act as its agent in accordance with the terms hereof. The provisions of this Article X are solely for the benefit of Administrative Agent and Buyers, and Seller Parties shall not have any rights as a third party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, Administrative Agent shall act solely as an agent of Buyers and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for any Seller Party.

(b) The Required Buyer may, to the extent permitted by applicable Law, and with the consent of PLS (such consent not to be required if an Event of Default has occurred and is continuing and not to be unreasonably withheld), by notice in writing to such Person remove for cause such Person as Administrative Agent and, with the consent of PLS (such consent not to be required if an Event of Default has occurred and is continuing and not to be unreasonably withheld), appoint a successor Administrative Agent. If no such successor Administrative Agent shall have been so appointed by the Required Buyer and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Buyer and PLS), then such removal shall nonetheless become effective in accordance with such notice on the date thirty (30) days (or such earlier day as shall be agreed by the Required Buyer and PLS) after Administrative Agent's receipt of such notice of removal.

Section 10.02 Powers and Duties.

Each Buyer irrevocably authorizes Administrative Agent to take such action on such Buyer's behalf and to exercise such powers, rights and remedies hereunder and under the other Program Agreements as are specifically delegated or granted to Administrative Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Administrative Agent shall have only those duties and responsibilities that are expressly specified herein and the other Program Agreements. Administrative Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. Administrative Agent shall not have, by reason hereof or any of the other Program Agreements, a fiduciary relationship in respect of any Buyer; and nothing herein or any of the other Program Agreements, expressed or implied, is intended to or shall be so construed as to impose upon Administrative Agent any obligations in respect hereof or any of the other Program Agreements except as expressly set forth herein or therein.

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Section 10.03 General Immunity.

(a) **No Responsibility for Certain Matters.** Except for Administrative Agent's failure to perform a specifically required task set forth herein (and which failure constitutes gross negligence, bad faith or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order), Administrative

Agent shall not be responsible for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Program Agreement or with respect to any other party for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by or on behalf of Buyers or any other party in connection with the Program Agreements and the transactions contemplated thereby or for the financial condition or business affairs of any Seller Party or any other Person liable for the payment of any Obligations, nor shall Administrative Agent be required (except as set forth herein or in the Program Agreements) to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Program Agreements or as to the use of the proceeds of the Transactions or as to the existence or possible existence of any Event of Default or Default.

(b) **Exculpatory Provisions.** Neither Administrative Agent nor any of its officers, partners, directors, employees or agents shall be liable for any action taken or omitted by Administrative Agent under or in connection with any of the Program Agreements except to the extent caused by Administrative Agent's gross negligence, bad faith or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order. Administrative Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Program Agreements or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until Administrative Agent shall have received instructions in respect thereof from the Required Buyer and, upon receipt of such instructions from the Required Buyer, Administrative Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for Seller), accountants, experts and other professional advisors selected by it; (ii) no Buyer shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or (where so instructed) refraining from acting hereunder or any of the other Program Agreements in accordance with the instructions of the Required Buyer; and (iii) no action taken or omitted by Administrative Agent shall be considered to have resulted from Administrative Agent's gross negligence, bad faith or willful misconduct if such action or omission was done at the direction of the Required Buyer.

(c) **Administrative Agent to Act as Buyer.**

The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, Administrative Agent in its individual capacity as a Buyer. Administrative Agent shall have the same rights and powers as any other

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Buyer and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term “Buyer” shall, unless the context clearly otherwise indicates, include Administrative Agent in its individual capacity. Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with Seller Parties or any of their Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from Seller Parties for services in connection herewith and otherwise without having to account for the same to Buyers.

(d) Buyer's Representations, Warranties and Acknowledgment.

(i) Each Buyer represents and warrants that it has made its own independent investigation of the financial condition and affairs of Seller Parties in connection with the Transactions hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of Seller Parties. Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Buyers or to provide any Buyer with any credit or other information with respect thereto, whether coming into its possession before the making of the Transactions or at any time or times thereafter, and Administrative Agent shall not have any responsibility with respect to the accuracy of or the completeness of any information provided to any Buyer.

(ii) Unless otherwise agreed to by Buyers and Seller Parties, each Buyer, by delivering its signature page to this Agreement and entering into Transactions with Seller hereunder shall be deemed to have acknowledged receipt of, and consented to and approved, each Program Agreement and each other document required to be approved by Administrative Agent or Buyers, as applicable on the Closing Date or such other funding date. Each Buyer acknowledges that by agreeing to remit its Pro Rata Share of the Purchase Price on any Purchase Date, such Buyer agrees that all conditions precedent to entering into such Transaction have been met on such Purchase Date.

(e) Right to Indemnity.

(i) Each Buyer, in accordance with its Pro Rata Share, severally, but not jointly, shall, and hereby agrees to indemnify Administrative Agent, any Affiliate of Administrative Agent, and their respective directors, officers, agents and employees (each, an “Indemnatee Agent Party”), and hold such Indemnatee Agent Party harmless to the extent that such Indemnatee Agent Party shall not have been reimbursed by any Seller Party, from and against any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it has resulted from the gross negligence or willful misconduct of such Indemnatee Agent Party) which may be imposed on, incurred by or asserted against such Indemnatee Agent Party in exercising its powers, rights and remedies or performing its duties hereunder or under the other Program Agreements or otherwise in its capacity as an Indemnatee Agent Party in any way relating to or arising out of this Agreement or the other Program Agreements, including amounts paid in settlement, court costs and reasonable fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or

proceeding or any advice rendered in connection with any of the foregoing. If any indemnity furnished to any Indemnatee Agent Party for any purpose shall, in the opinion of such Indemnatee Agent Party, be insufficient or become impaired, such Indemnatee Agent Party may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished.

(ii) Promptly after receipt by the Indemnatee Agent Party of notice of the commencement of any action regarding which a claim in respect thereof is to be made against Buyers, the Indemnatee Agent Party shall notify Buyers in writing of the commencement thereof, but the omission to so notify will not relieve Buyers from any liability which they may have under this Agreement or from any other liability which they may have, except to the extent that they have been prejudiced in any material respect by the failure by the Indemnatee Agent Party to provide prompt notice. Upon receipt of notice by Buyers, Buyers will be entitled to participate in the related action, and they may elect by written notice delivered to the Indemnatee Agent Party to assume the defense thereof. Upon receipt of notice by the Indemnatee Agent Party of Buyers' election to assume the defense of such action, Buyers shall not be liable to the Indemnatee Agent Party for legal expenses incurred by such party in connection with the defense thereof unless (i) Buyers shall not have employed counsel to represent the Indemnatee Agent Party within a reasonable time after receipt of notice of commencement of the action, (ii) Buyers have authorized in writing the employment of separate counsel for the Indemnatee Agent Party, or (iii) the Indemnatee Agent Party has previously engaged counsel and reasonable legal expenses are necessary (a) to transfer the file to Buyers' designated counsel, or (b) to pursue immediate legal action necessary to preserve the legal rights or defenses of the Indemnatee Agent Party as against a third party claimant, and such legal action must occur prior to said transfer. Buyers shall not settle any suit or claim without the Indemnatee Agent Party's written consent unless such settlement solely involves the payment of money by parties other than the Indemnatee Agent Party and includes unconditional release of the Indemnatee Agent Party from all liability on all matters that are the subject of such proceeding or claim.

Section 10.04 Successor Administrative Agent.

(a) Administrative Agent may resign at any time by giving sixty (60) days' prior written notice thereof to Buyers. Upon any such notice of resignation, Buyers shall have the right to appoint a successor administrative agent; provided, that the retiring Administrative Agent shall continue to hold the Repurchase Assets and all liens and security interest therein for the benefit of Buyers until a successor administrative agent is appointed.

(b) Upon the acceptance of any appointment as Administrative Agent hereunder by a successor administrative agent, that successor administrative agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall promptly (i) transfer to such successor administrative agent all sums and items of Repurchase Assets held under the Program Agreements, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor administrative agent under the Program Agreements, and (ii) execute and deliver to such successor administrative agent

such amendments to financing statements, and take such other actions, as may be necessary or appropriate in

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connection with the assignment to such successor administrative agent of the security interests created under the Program Agreements, whereupon such retiring Administrative Agent shall be discharged from its duties and obligations hereunder.

After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Section 11.02 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent hereunder.

(c) Notwithstanding anything herein to the contrary, Administrative Agent may assign its rights and duties as Administrative Agent hereunder to an Affiliate without written notice to, Buyers; provided, that Seller Parties and Buyers may deem and treat such assigning Administrative Agent as Administrative Agent for all purposes hereof, unless and until such assigning Administrative Agent provides written notice to Seller and Buyers of such assignment. Upon such assignment such Affiliate shall succeed to and become vested with all rights, powers, privileges and duties as Administrative Agent hereunder and under the other Program Agreements.

Section 10.05 Delegation of Duties. Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Program Agreement by or through (i) any one or more of its Affiliates or (ii) any one or more sub agents appointed by Administrative Agent with the prior consent of the Required Buyer. Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates and their respective officers, partners, directors, trustees, employees and agents. The exculpatory provisions of this Article X shall apply to any such Affiliate or sub agent and to such other parties as are listed above provided that notwithstanding this Section 10.05, no such delegation relieves Administrative Agent of its duties or obligations under this Agreement.

Section 10.06 Right to Realize on Repurchase Assets. Anything contained in any of the Program Agreements to the contrary notwithstanding, Seller Parties, Administrative Agent and each Buyer hereby agree that (i) no Buyer shall have any right individually to realize upon any of the Repurchase Assets, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by Administrative Agent, on behalf of Buyers in accordance with the terms hereof and all powers, rights and remedies under the Program Agreements may be exercised solely by Administrative Agent, and (ii) in the event of a foreclosure by Administrative Agent on any of the Repurchase Assets pursuant to a public or private sale, Administrative Agent or any Buyer may be the purchaser of any or all of such Repurchase Assets at any such sale and Administrative Agent, as agent for and representative of Buyers (but not any Buyer or Buyers in its or their respective individual capacities unless Buyers shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Repurchase Assets sold at any such

public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by Administrative Agent at such sale.

Section 10.07 Erroneous Payments.

(a) Each Buyer hereby agrees that if Administrative Agent notifies such Buyer or any Person who has received funds on behalf of such Buyer (any such Buyer or other recipient, a "Payment Recipient") that Administrative Agent has determined in its sole discretion that any

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funds received by such Payment Recipient from Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Buyer or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of Administrative Agent, and such Buyer shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two (2) Business Days thereafter, return to Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to Administrative Agent in same day funds at the greater of the overnight federal funds rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error. If a Payment Recipient receives any payment, prepayment or repayment of principal, interest, fees, distribution or otherwise and does not receive a corresponding payment notice or payment advice, such payment, prepayment or repayment shall be presumed to be in error absent written confirmation from Administrative Agent to the contrary.

(b) Each Buyer hereby authorizes Administrative Agent to set off, net and apply any and all amounts at any time owing to such Buyer under any Transaction Document, or otherwise payable or distributable by Administrative Agent to such Buyer from any source, against any amount due to Administrative Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement.

(c) Each Buyer and each Seller Party hereby agree or so long as an Erroneous Payment (or portion thereof) has not been returned by any Payment Recipient who received such Erroneous Payment (or portion thereof) (such unrecovered amount, an "Erroneous Payment Return Deficiency") to Administrative Agent after demand therefor in accordance with immediately preceding clause (a), (i) Administrative Agent may elect, in its sole discretion on written notice to such Buyer, that all rights and claims of such Buyer with respect to the Repurchase Price

or other Obligations owed to such Person up to the amount of the corresponding Erroneous Payment Return Deficiency in respect of such Erroneous Payment (the “Corresponding Repurchase Price”) shall immediately vest in Administrative Agent upon such election; after such election, Administrative Agent (x) may reflect its ownership interest in the related Repurchase Price in a principal amount equal to the Corresponding Repurchase Price on the Asset Schedule, and (y) upon five business days’ written notice to such Buyer, may sell such Repurchase Price (or portion thereof) in respect of the Corresponding Repurchase Price, and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by such Buyer shall be reduced by the net proceeds of the sale of such Repurchase Price (or portion thereof), and Administrative Agent shall retain all other rights, remedies and claims against such Buyer (and/or against any Payment Recipient that receives funds on its behalf), and (ii) each party hereto agrees that, except to the extent that Administrative Agent has sold such Repurchase Price, and irrespective of whether Administrative

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Agent may be equitably subrogated, Administrative Agent shall be contractually subrogated to all the rights and interests of such Buyer with respect to the Erroneous Payment Return Deficiency. For the avoidance of doubt, no vesting or sale pursuant to the foregoing clause (i) will reduce the Committed Amount of any Buyer and such Committed Amount shall remain available in accordance with the terms of this Agreement.

(d) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by any Seller Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by Administrative Agent from a Seller Party for the purpose of making such Erroneous Payment.

(e) No Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by Administrative Agent for the return of any Erroneous Payment received, including waiver of any defense based on “discharge for value” or any similar doctrine.

(f) Each party’s obligations, agreements and waivers under this Section 10.07 shall survive the resignation or replacement of Administrative Agent, any transfer of rights or obligations by, or the replacement of, Administrative Agent, the termination of the obligations set forth in Section 2.01 with respect to the Committed Amount and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Transaction Document.

ARTICLE XI MISCELLANEOUS

Section 11.01 Survival. This Agreement and the other Program Agreements and all covenants, agreements, representations and warranties herein and therein and in the certificates delivered pursuant hereto and thereto, shall

survive the entering into of the Transaction and shall continue in full force and effect so long as any Obligations are outstanding and unpaid.

Section 11.02 Indemnification. Seller Parties shall, jointly and severally, and hereby agree to, indemnify, defend and hold harmless Administrative Agent, each Buyer, any Affiliate of Administrative Agent or any Buyer and their respective directors, officers, agents, employees and counsel from and against any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it is finally judicially determined to have resulted from their own gross negligence or willful misconduct) as a consequence of, or arising out of or by reason of any litigation, investigations, claims or proceedings which arise out of or are in any way related to, (i) this Agreement or any other Program Agreement or the transactions contemplated hereby or thereby, (ii) Parent's servicing practices or procedures; (iii) any actual or proposed use by any Seller Party of the proceeds of the Purchase Price, and (iv) any Default, Event of Default or any other breach by any Seller Party of any of the provisions of this Agreement or any other Program Agreement, including amounts paid in settlement, court costs and reasonable fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding or any advice rendered in connection with any of the foregoing. If and to the extent that any Obligations are unenforceable for any

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reason, each Seller Party hereby agrees to make the maximum contribution to the payment and satisfaction of such Obligations which is permissible under applicable Law. Seller Parties' obligations set forth in this Section 11.02 shall survive any termination of this Agreement and each other Program Agreement and the payment in full of the Obligations, and are in addition to, and not in substitution of, any other of its obligations set forth in this Agreement or otherwise. In addition, Seller Parties shall, upon demand, pay to Buyers or Administrative Agent, as applicable, all costs and Expenses (including the reasonable fees and disbursements of counsel) paid or incurred by Buyers or Administrative Agent in (i) enforcing or defending its rights under or in respect of this Agreement or any other Program Agreement, (ii) collecting the Purchase Price outstanding, (iii) foreclosing or otherwise collecting upon any Repurchase Assets and (iv) obtaining any legal, accounting or other advice in connection with any of the foregoing.

Section 11.03 Nonliability of Buyers. The parties hereto agree that, notwithstanding any affiliation that may exist between any Seller Party and Buyers, the relationship between and among Administrative Agent, Seller Parties and Buyers shall be solely that of arms-length participants. Neither Administrative Agent nor any Buyer shall have any fiduciary responsibilities to any Seller Party. Each Seller Party (i) agrees that neither Administrative Agent nor any Buyer shall have any liability to any Seller Party (whether sounding in tort, contract or otherwise) for losses suffered by any Seller Party in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by this agreement, the other loan documents or any other agreement entered into in connection herewith or any act, omission or event occurring in connection therewith, unless it is determined by a judgment of a court that is binding on Administrative Agent and Buyers (which judgment shall be final and not subject to

review on appeal), that such losses were the result of acts or omissions on the part of Administrative Agent or Buyers constituting gross negligence or willful misconduct and (ii) waives, releases and agrees not to sue upon any claim against Administrative Agent or any Buyer (whether sounding in tort, contract or otherwise), except a claim based upon gross negligence or willful misconduct. Whether or not such damages are related to a claim that is subject to such waiver and whether or not such waiver is effective, neither any Buyer nor Administrative Agent shall have any liability with respect to, and each Seller Party hereby waives, releases and agrees not to sue upon any claim for, any special, indirect, consequential or punitive damages suffered by any Seller Party in connection with, arising out of, or in any way related to the transactions contemplated or the relationship established by this Agreement, the other loan documents or any other agreement entered into in connection herewith or therewith or any act, omission or event occurring in connection herewith or therewith, unless it is determined by a judgment of a court that is binding on Administrative Agent and Buyers (which judgment shall be final and not subject to review on appeal), that such damages were the result of acts or omissions on the part of Administrative Agent or Buyers, as applicable, constituting willful misconduct or gross negligence.

Section 11.04 Governing Law; Submission to Jurisdiction; Waivers.

(a) This Agreement shall be binding and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Seller Parties acknowledge that the obligations of Administrative Agent and Buyers hereunder or otherwise are not the subject of any VFN Repo Guaranty by, or recourse to, any direct or indirect parent or other Affiliate of Buyers. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER

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OR RELATED TO OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES HERETO, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO THE CONFLICT OF LAW PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) EACH OF THE PARTIES HERETO AND THE BUYERS, BY THEIR ACCEPTANCE OF THE NOTE, HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH HEREIN OR AT SUCH OTHER ADDRESS OF WHICH EACH OTHER PARTY HERETO SHALL HAVE BEEN NOTIFIED IN WRITING;

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(v) WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE INDENTURE OR THE TRANSACTIONS CONTEMPLATED THEREBY AND HEREBY.

Section 11.05 Notices. Any and all notices (with the exception of Transaction Notices, which shall be delivered via facsimile only), statements, demands or other communications hereunder may be given by a party to the other by mail, email, facsimile, messenger or otherwise to the address specified below, or so sent to such party at any other place

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specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

If to Seller:

PNMAC SPIA VFN Funding, LLC
3043 Townsgate Road
Westlake Village, CA 91361
Attention: Pamela Marsh/Richard Hetzel
Phone Number: (805) 330-6059/ (818) 746-2877 / (818) 224-7078
E-mail: pamela.marsh@pennymac.com;
richard.hetzel@pennymac.com;
mortgage.finance@pnmac.com;
josh.smith@pennymac.com

If to Parent,

PennyMac Loan Services, LLC
3043 Townsgate Road

Westlake Village, CA 91361
Attention: Pamela Marsh/Richard Hetzel
Phone Number: (805) 330-6059/ (818) 746-2877 / (818) 224-7078
E-mail: pamela.marsh@pennymac.com;
richard.hetzel@pennymac.com;
mortgage.finance@pnmac.com;
josh.smith@pennymac.com

with a copy to:

PennyMac Loan Services, LLC
3043 Townsgate Road
Westlake Village, CA 91361
Attention: Derek Stark
Phone Number: (818) 746-2289
E-mail: derek.stark@pennymac.com

If to Administrative Agent:

Goldman Sachs Bank USA
2001 Ross Avenue, Suite 2800
Dallas, TX 75201
Attention: Warehouse Lending
E-mail: gs-warehouse-am@gs.com; gs-
warehouselending@gs.com

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If to a Buyer:

at the address specified on the related signature page

Section 11.06 Severability. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement. In case any provision in or obligation under this Agreement or any other Program Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 11.07 Section Headings. The Article and Section headings in this Agreement are inserted for convenience of reference only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 11.08 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement. The parties agree that this Agreement, any addendum or amendment

hereto or any other document necessary for the consummation of the transactions contemplated by this Agreement may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 *et seq*, Official Text of the Uniform Electronic Transactions Act as approved by the National Conference of Commissioners on Uniform State Laws at its Annual Conference on July 29, 1999 and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service providers with appropriate document access tracking, electronic signature tracking and document retention as may be approved by Administrative Agent in its sole discretion.

Section 11.09 Periodic Due Diligence Review. Each Seller Party acknowledges that Administrative Agent has the right to perform continuing due diligence reviews with respect to Seller Parties and the Purchased Assets, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Seller Parties agree that upon reasonable (but no less than five (5) Business Days') prior written notice unless an Event of Default shall have occurred, in which case no notice is required, to Seller Parties, Administrative Agent or its authorized representatives will be permitted during normal business hours, and in a manner that does not unreasonably interfere with the ordinary conduct of any Seller Party's business, to examine, inspect, and make copies and extracts of, any and all documents, records, agreements, instruments or information relating to such Purchased Assets in the possession or under the control of any Seller Party. Each Seller Party also shall make available to Administrative Agent a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Purchased Assets. Without limiting the generality of the

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foregoing, each Seller Party acknowledges that Buyers may enter into a Transaction related to any Purchased Assets from Seller based solely upon the information provided by Seller to Administrative Agent in the Asset Schedule and the representations, warranties and covenants contained herein, and that Administrative Agent, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Purchased Assets related to a Transaction. Each Seller Party agrees to cooperate with Administrative Agent and Buyers and any third party underwriter in connection with such underwriting, including, but not limited to, providing Administrative Agent with access to any and all documents, records, agreements, instruments or information relating to such Purchased Assets in the possession, or under the control, of any Seller Party.

Section 11.10 Hypothecation or Pledge of Repurchase Assets. Buyers shall have free and unrestricted use of all Repurchase Assets and nothing in this Agreement shall preclude Buyers from engaging in repurchase transactions with all or a portion of the Repurchase Assets or otherwise pledging, repledging, transferring, hypothecating, or rehypothecating all or a portion of the Repurchase Assets; provided that prior to an Event of Default, such pledge, repledge, transfer, hypothecation or rehypothecation is treated as a financing or hedging transaction

for U.S. federal income tax purposes or a pro rata interest in all payments due to Buyers under this Agreement; provided, further that other than with respect to a pro rata interest in all payments due to Buyers under this Agreement and prior to an Event of Default Buyers receive an opinion of a nationally recognized tax counsel experienced in such matters that such repurchase transaction, pledge, repledge, transfer, hypothecation or rehypothecation will not result in the Issuer being subject to tax on its net income as an association (or publicly traded partnership) taxable as a corporation or a taxable mortgage pool taxable as a corporation, each for U.S. federal income tax purposes.

Section 11.11 Non-Confidentiality of Tax Treatment.

(a) This Agreement and its terms, provisions, supplements and amendments, and notices hereunder, are proprietary to Administrative Agent, Buyers or Seller Parties, as applicable and shall be held by each party hereto, as applicable in strict confidence and shall not be disclosed to any third party without the written consent of Administrative Agent, Buyers and PLS, except for (i) disclosure to Administrative Agent's, Buyer's or any Seller Party's direct and indirect Affiliates and Subsidiaries, attorneys or accountants, but only to the extent such disclosure is necessary and such parties agree to hold all information in strict confidence, or (ii) disclosure required by law, rule, regulation or order of a court or other regulatory body. Notwithstanding the foregoing or anything to the contrary contained herein or in any other Program Agreements, the parties hereto may disclose to any and all Persons of any kind, the federal, state and local tax treatment of the Transactions, any fact relevant to understanding the federal, state and local tax treatment of the Transactions, and all materials of any kind (including opinions or other tax analyses) relating to such federal, state and local tax treatment and that may be relevant to understanding such tax treatment; provided that Seller Parties may not disclose the name of or identifying information with respect to Buyers or any pricing terms (including the Pricing Rate, Purchase Price Percentage, Purchase Price) or other nonpublic business or financial information (including any sublimits) that is unrelated to the federal, state and local tax treatment of the Transactions and is not relevant to understanding the federal, state and local tax treatment of the Transactions, without the prior written consent of Administrative Agent and Buyers.

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(b) Notwithstanding anything in this Agreement to the contrary, each Seller Party shall comply with all applicable local, state and federal laws, including all privacy and data protection law, rules and regulations that are applicable to the Repurchase Assets and/or any applicable terms of this Agreement (the "Confidential Information"). Seller Parties understand that the Confidential Information may contain "nonpublic personal information", as that term is defined in Section 509(4) of the Gramm-Leach-Bliley Act (the "GLB Act"), and each Seller Party agrees to maintain such nonpublic personal information that it receives hereunder in accordance with the GLB Act and other applicable federal and state privacy laws. Each Seller Party shall implement such physical and other security measures as shall be necessary to (a) ensure the security and confidentiality of the "nonpublic personal information" of the "customers" and "consumers" (as those terms are defined in the GLB Act) of Administrative Agent, Buyers or any Affiliate of Administrative Agent or Buyers which any Seller Party holds, (b) protect against any

threats or hazards to the security and integrity of such nonpublic personal information, and (c) protect against any unauthorized access to or use of such nonpublic personal information. Each Seller Party represents and warrants that it has implemented appropriate measures to meet the objectives of Section 501(b) of the GLB Act and of the applicable standards adopted pursuant thereto, as now or hereafter in effect. Upon request, Seller Parties will provide evidence reasonably satisfactory to allow Administrative Agent to confirm that the providing party has satisfied its obligations as required under this Section 11.11. Without limitation, this may include Administrative Agent's review of audits, summaries of test results, and other equivalent evaluations of Seller Parties. Seller Parties shall notify Administrative Agent and Buyers immediately following discovery of any breach or compromise of the security, confidentiality, or integrity of nonpublic personal information of the customers and consumers of Administrative Agent or any Buyer or any Affiliate of Administrative Agent or any Buyer provided directly to any Seller Party by Administrative Agent or such Buyer or such Affiliate. Seller Parties shall provide such notice to Administrative Agent or such Buyer by personal delivery, by facsimile with confirmation of receipt, or by overnight courier with confirmation of receipt to the applicable requesting individual.

Section 11.12Set-off. In addition to any rights and remedies of Buyers hereunder and by law, Administrative Agent and Buyers shall have the right, without prior notice to any Seller Party, any such notice being expressly waived by Seller Parties to the extent permitted by applicable Law to set-off and appropriate and apply against any Obligation from Seller Parties or any Affiliate thereof to Administrative Agent, Buyers or any of their respective Affiliates any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other obligation (including to return funds to Seller Parties), credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by or due from Administrative Agent, Buyers or any Affiliate thereof to or for the credit or the account of Seller Parties or any Affiliate thereof. Administrative Agent agrees promptly to notify Seller Parties after any such set off and application made by a Buyer; provided that the failure to give such notice shall not affect the validity of such set off and application.

Section 11.13Intent.

(a) The parties recognize that each Transaction is a “master netting agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended and a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code,

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as amended and that all payments hereunder are deemed “margin payments” or “settlement payments” as defined in Title 11 of the United States Code.

(b) It is understood that either party's right to liquidate Purchased Assets delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Section 4.07, 7.03 or 11.12 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and Section 561 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an “insured depository institution,” as such term is defined in the Federal Deposit Insurance Act, as amended (“FDIA”), then each Transaction hereunder is a “qualified financial contract,” as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a “netting contract” as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a “covered contractual payment entitlement” or “covered contractual payment obligation”, respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a “financial institution” as that term is defined in FDICIA).

(e) This Agreement is intended to be a “securities contract,” within the meaning of Section 555 under the Bankruptcy Code, and a “master netting agreement,” within the meaning of Section 561 under the Bankruptcy Code.

(f) It is the intention of the parties that, for U.S. federal income tax purposes and for accounting purposes, each Transaction constitute a financing, and that Seller be (except to the extent that Administrative Agent shall have exercised its remedies following an Event of Default) the owner of the Purchased Assets for such purposes. Unless prohibited by applicable Law, Administrative Agent, Seller Parties and Buyers shall treat the Transactions as described in the preceding sentence (including on any and all filings with any U.S. federal, state, or local taxing authority and agree not to take any action inconsistent with such treatment).

Section 11.14 Acknowledgement Regarding Any Supported QFCs. To the extent that the Program Agreements provide support, through a guarantee or otherwise, for derivative contracts or any other agreement or instrument that is a QFC (such support “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regime”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Transaction Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or

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under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws

of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Program Agreements that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Program Agreements were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Buyer shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

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IN WITNESS WHEREOF, Administrative Agent, Seller, Parent and Buyers have caused this Amended and Restated Master Repurchase Agreement to be executed and delivered by their duly authorized officers or trustees as of the date first above written.

GOLDMAN SACHS BANK USA, as
Administrative Agent

By: /s/ Benjamin Case
Name: Benjamin Case
Title: Authorized Signatory

GOLDMAN SACHS BANK USA, as a Buyer

By: /s/ Benjamin Case
Name: Benjamin Case
Title: Authorized Signatory

Notice address:

Goldman Sachs Bank USA
2001 Ross Avenue, Suite 2800
Dallas, TX 75201
Attention: Warehouse Lending
E-mail: gs-warehouse-am@gs.com;

gs-warehouselending@gs.com

[Signature Page to SPIADV1 A&R Master Repurchase Agreement]

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**GOLDMAN SACHS BANK USA, as
Administrative Agent**

By: /s/ Benjamin Case

Name: Benjamin Case

Title: Authorized Signatory

[Signature Page to SPIADV1 A&R Master Repurchase Agreement]

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**PNMAC SPIA VFN FUNDING, LLC,
as Seller**

By: /s/ Pamela Marsh

Name: Pamela Marsh

Title: Senior Managing Director and Treasurer

**PENNYMAC LOAN SERVICES, LLC, as Parent
and a VFN Guarantor**

By: /s/ Pamela Marsh

Name: Pamela Marsh

Title: Senior Managing Director and Treasurer

PRIVATE NATIONAL MORTGAGE
ACCEPTANCE COMPANY LLC,as VFN
Guarantor

By: /s/ Pamela Marsh

Name: Pamela Marsh

Title: Senior Managing Director and Treasurer

[Signature Page to SPIADVF1 A&R Master Repurchase Agreement]

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SCHEDULE 1

RESPONSIBLE OFFICERS – SELLER PARTIES

SELLER AUTHORIZATIONS

Any of the persons whose signatures and titles appear below are authorized, acting singly, to act for Seller under this Agreement:

Responsible Officers for execution of Program Agreements and amendments:

Name	Title	Signature
Pamela Marsh	Senior Managing Director and Treasurer	

Responsible Officers for execution of Transaction Notices and day-to-day operational functions:

Name	Title	Signature
Pamela Marsh	Senior Managing Director and Treasurer	
Maurice Watkins	Senior Managing Director, Capital Markets Operations	
Thomas Rettinger	Senior Managing Director, Head of Secondary Marketing	
Kevin Chamberlain	Executive Vice President, Investor Relations	

Richard Hetzel

Senior Vice President,
Treasury

Adriana Villalobos

First Vice President,
Secondary Marketing
Operations

Angela Everest

Authorized Representative

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Ryan Huddleston

Authorized Representative

Adeshola Makinde

Authorized Representative

Virginia Movsessian

Authorized Representative

PARENT AUTHORIZATIONS

Any of the persons whose signatures and titles appear below are authorized, acting singly, to act for Parent under this Agreement:

Responsible Officers for execution of Program Agreements and amendments:

Name	Title	Signature
Pamela Marsh	Senior Managing Director and Treasurer	

Schedule 1-2

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SCHEDULE 2

ASSET SCHEDULE

Note	Initial Note Balance	Additional Balance(s)	Outstanding VFN Principal Balance	Maximum VFN Principal Balance



PNMAC GMSR Issuer Trust, Series 2020- SPIADV1 Variable Funding Note	\$0	\$0	\$0	\$[•]

Schedule 2-1

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SCHEDULE 3

ADMINISTRATIVE AGENT ACCOUNT

Bank Name: CITIBANK N.A.
ABA #: 021000089
Acct. Name: GOLDMAN SACHS BANK USA
Account #: 30627664
Reference: GSPENNYPLS MSR 069114239

Schedule 3-1

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EXHIBIT A

FORM OF TRANSACTION NOTICE

Purchase Date: []

GOLDMAN SACHS BANK USA
2001 Ross Ave, Suite 2800
Dallas, TX 75201
Attention: Warehouse Lending
E-mail: gs-warehouse-am@gs.com; gs-warehouselending@gs.com

TRANSACTION NOTICE

Ladies and Gentlemen:

We refer to the Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023 (the “Agreement”), among PNMACH SPIA VFN Funding, LLC (the “Seller”), PennyMac Loan Services, LLC (the “Parent”), Private National Mortgage Acceptance Company, LLC, as a guarantor, Buyers party thereto (“Buyers”) and Goldman Sachs Bank USA (“Administrative Agent”). Each capitalized term used but not defined herein shall have the meaning specified in the Agreement. This notice is being delivered by Seller pursuant to Section 2.02 of the Agreement.

Please be notified that Seller hereby irrevocably requests that the Buyer enter into the following Transaction(s) with Seller as follows:

	P&I	Escrow	Corp	Total
Beginning Receivables Balance	\$0.00	\$0.00	\$0.00	\$0.00
Ineligible Corporate Advances (Currents>25%)			\$0.00	\$0.00
Advance Reimbursement Amounts	\$0.00	\$0.00	\$0.00	\$0.00
Additional Receivables	\$0.00	\$0.00	\$0.00	\$0.00
Ending Receivables Balance	\$0.00	\$0.00	\$0.00	\$0.00
WA Advance Rates	%	%	%	
Total WA Advance Rate				%
Initial Note Balance/Purchase Price requested (i.e. Ending VFN Balance)				\$0.00
Purchase Price Percentage				%
Additional Balance/Purchase Price requested (i.e. New Purchase Price)				\$0.00
Current Purchase Price				\$0.00
Purchase Price Change				\$0.00
Effective Advance Rate				%

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Seller requests that the proceeds of the Purchase Price be deposited in Seller's account at _____, ABA Number _____, account number _____, References: _____, Attn: _____.

Seller hereby represents and warrants that each of the representations and warranties made by Seller in each of the Program Agreements to which it is a party is true and correct in all material respects, in each case, on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date. Attached hereto is a true and complete updated copy of the Asset Schedule.

Exhibit A-2

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PNMAC SPIA VFN FUNDING, LLC, as Seller

By: _____

Exhibit A-3
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Asset Schedule

Note	Initial Note Balance	Additional Balance(s)	Outstanding VFN Principal Balance	Maximum VFN Principal Balance
PNMAC GMSR Issuer Trust, Series 2020-SPIADVF1 Variable Funding Note	\$()	\$()	\$()	\$()

Exhibit A-4
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EXHIBIT B

EXISTING INDEBTEDNESS
[See Attached]

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Exhibit 10.98

AMENDED AND RESTATED MASTER REPURCHASE AGREEMENT

among

GOLDMAN SACHS BANK USA, as administrative agent (“Administrative Agent”)

and

PNMAC GMSR VFN FUNDING, LLC, as seller (“Seller”)

and

PENNYMAC LOAN SERVICES, LLC, as parent ("Parent")

and

PRIVATE NATIONAL MORTGAGE ACCEPTANCE COMPANY LLC, as a guarantor

and

Buyers from time to time party hereto

Dated as of December 20, 2023

PNMAC GMSR ISSUER TRUST
MSR COLLATERALIZED NOTES,
SERIES 2023-MSRVF1

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AMENDED AND RESTATED MASTER REPURCHASE AGREEMENT

This Amended and Restated Master Repurchase Agreement (this “**Agreement**”) is made as of December 20, 2023, among GOLDMAN SACHS BANK USA, as administrative agent (in such capacity, the “**Administrative Agent**”), Buyers (as defined below) from time to time party hereto, PNMAC GMSR VFN FUNDING, LLC, as seller (“**Seller**”), PENNYMAC LOAN SERVICES, LLC, as parent (“**Parent**” or “**PLS**”) and PRIVATE NATIONAL MORTGAGE ACCEPTANCE COMPANY LLC, as a guarantor.

WITNESSETH:

WHEREAS, from time to time the parties hereto may enter into transactions in which Seller agrees to transfer to Administrative Agent on behalf of the Buyers a certain Note (as defined below) against the transfer of funds by Buyers, with a simultaneous agreement by Buyers to transfer to Seller such Note at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a “**Transaction**” and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in any annexes identified herein, as applicable hereunder;

WHEREAS, pursuant to the Base Indenture (as defined below) and the Series 2023-MSRVF1 Indenture Supplement (as defined below), PNMAC GMSR

ISSUER TRUST (the “Issuer”) has duly authorized the issuance of a Series of Notes, as a single Class of Variable Funding Note, known as the “PNMAC GMSR ISSUER TRUST MSR Collateralized Notes, Series 2023-MSRVF1” (the “Note”);

WHEREAS, Seller is the owner of the Note;

WHEREAS, Seller wishes to sell the Note to Buyers, which will be held by Administrative Agent on behalf of Buyers, pursuant to the terms of this Agreement;

WHEREAS, Administrative Agent, Goldman Sachs Bank USA (“GS Bank”), as a buyer, and PLS, as seller, previously entered into a Master Repurchase Agreement dated as of February 7, 2023 (the “Original Agreement”); and

WHEREAS, Administrative Agent, GS Bank, Seller, PLS and PNMAC desire to amend and restate the Original Agreement in its entirety, on the terms and subject to the conditions as set forth herein;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Administrative Agent, Buyers, Seller, PLS and PNMAC hereby agree as follows.

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ARTICLE I

DEFINITIONS

Section 1.01 Certain Defined Terms. Capitalized terms used herein shall have the indicated meanings:

“1933 Act” means the Securities Act of 1933, as amended from time to time.

“1934 Act” means the Securities Exchange Act of 1934, as amended from time to time.

“Accepted Servicing Practices” means (a) with respect to any Mortgage Loan, the customary and usual standards of mortgage servicing practices of prudent mortgage banking institutions in the business servicing mortgage loans for itself or for other third-party portfolios of mortgage loans of the same type as such Mortgage Loan in the jurisdiction where the related mortgaged property is located; and (b) with respect to all MSRs, those practices required by Ginnie Mae; provided, however, that in all cases the accepted servicing practices must (i) comply with the terms of applicable Laws and the related loan documents and (ii) meet a standard of care not less than customary, reasonable and usual standards of practice for institutions that service loans that are similar to the Mortgage Loans.

“Act of Insolvency” means, with respect to any Person,

(a) such Person shall become insolvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any proceeding or file any petition under any bankruptcy, insolvency or

similar Law, which proceeding or petition seeks dissolution, liquidation or reorganization or the appointment of a receiver, trustee, custodian, conservator or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of an involuntary petition filed against it in any bankruptcy, insolvency or similar proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or such Person, or a substantial part of its property, assets or business, shall be subject to, consent to or acquiesce in the appointment of a receiver, trustee, custodian, conservator or liquidator for itself or a substantial property, assets or business;

(b) corporate action shall be taken by such Person for the purpose of effectuating any of the foregoing;

(c) an order for relief shall be entered in a case under the Bankruptcy Code in which such Person is a debtor; or

(d) involuntary proceedings or an involuntary petition shall be commenced or filed against such Person under any bankruptcy, insolvency or similar Law, which proceeding or petition seeks dissolution, liquidation or reorganization of such Person or the appointment of a receiver, trustee, custodian, conservator or liquidator for such Person or of a substantial part of the property, assets or business of such Person, or any writ, order, judgment, warrant of attachment,

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execution or similar process shall be issued or levied against a substantial part of the property, assets or business of such Person.

“Additional Balance” has the meaning set forth in Section 2.13.

“Additional Repurchase Assets” has the meaning set forth in Section 4.02(b).

“Adjusted Committed Amount” has the meaning given such term in the Pricing Side Letter.

“Adjusted Maximum Purchase Price” has the meaning given such term in the Pricing Side Letter.

“Adjusted Tangible Net Worth” has the meaning given such term in the Pricing Side Letter.

“Administrative Agent” has the meaning given to such term in the preamble to this Agreement.

“Administrative Agent Account” means the account identified on Schedule 3 hereto.

“Affiliate” means, with respect to any Person, any “affiliate” of such Person, as such term is defined in the Bankruptcy Code; provided, however, that in respect of Seller the term “Affiliate” shall include only PNMAC and its wholly owned subsidiaries.

“Aggregate Facility Transaction Limit” has the meaning assigned to such term in the Pricing Side Letter.

“Aggregate Outstandings” has the meaning assigned to such term in the Pricing Side Letter.

“Agreement” has the meaning given to such term in the preamble to this Agreement.

“Applicable Lending Office” means the “lending office” of Administrative Agent or a Buyer (or of an Affiliate of Administrative Agent or a Buyer) designated on the signature page hereof or such other office of Administrative Agent or a Buyer (or of an Affiliate of Administrative Agent or a Buyer) as Administrative Agent or the applicable Buyer may from time to time specify to Seller in writing as the office by which the Transactions are to be made and/or maintained.

“Approved Subservicer” means any subservicer approved in writing by Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed) and any Interim Servicer (as defined in the Base Indenture).

“Approved Subservicing Agreement” means any subservicing agreement approved in writing by Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed) with an Approved Subservicer, as the context may require.

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“Asset Schedule” means Schedule 2 attached hereto, which lists the Note and the terms thereof, as such schedule shall be updated from time to time in accordance with Section 2.02 hereof, including in connection with Administrative Agent’s approval of any Additional Balances pursuant to Section 2.13.

“Asset Value” has the meaning assigned to such term in the Pricing Side Letter.

“Bankruptcy Code” means the United States Bankruptcy Code of 1978, as amended.

“Base Indenture” means the Third Amended and Restated Base Indenture, dated as of April 1, 2020, among Issuer, Administrative Agent, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent and as securities intermediary, PLS, as administrator and as servicer, Administrative Agent, Atlas Securitized Products, L.P. (as successor to Credit Suisse First Boston Mortgage Capital LLC) and Nomura Corporate Funding Americas, LLC, each as an administrative agent, and the Credit Manager, including the schedules and exhibits thereto, as amended by Amendment No. 1 dated as of June 8, 2022, as further amended by Amendment No. 2, dated as of June 9, 2022, and by Amendment No. 3, dated February 7, 2023 as may be further amended, restated, supplemented or otherwise modified from time to time.

“Base Rate” has the meaning assigned to such term in the Pricing Side Letter.

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Business Day” means any day excluding Saturday, Sunday, any day which is a legal holiday under the laws of the State of New York, any day on which banking institutions located in any such state are authorized or required by law or other governmental action to close, and any day on which the New York Stock Exchange or the Federal Reserve Bank of New York is authorized or obligated by law or executive order to be closed.

“Buyer” means each Person listed on the signature pages to this Agreement as a Buyer, together with any successors, and any assignees, Participant (subject to the restrictions in Section 9.02) or Transferee in the Transaction.

“Buyer Indebtedness” means GS Indebtedness.

“Change in Control” means any of the following shall occur without the prior written consent of Administrative Agent:

(i) Parent ceases to own, directly or indirectly, 100% of the equity interests of Seller;

(ii) any transaction or event as a result of which PNMAC ceases to own, beneficially or of record, more than 50% of the Equity Interests of Parent or ceases to have the power to vote, directly, voting securities of Parent representing more than 50% of the voting power of the total outstanding voting securities of Parent;

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(iii) the sale, transfer, or other disposition of all or substantially all of Seller's, Parent's or PNMAC's assets (excluding any such action taken in connection with any securitization transaction);

(iv) the consummation of a merger or consolidation of Seller, Parent or PNMAC with or into another entity or any other corporate reorganization or series of related transactions, if after giving effect thereto, more than 50% of the combined voting power of the voting securities or majority voting control interest of the continuing or surviving entity's stock outstanding immediately after such merger, consolidation or such other reorganization is owned by Persons who were not stockholders of Seller, Parent or PNMAC immediately prior to such merger, consolidation or other reorganization;

(v) any transaction or event as a result of which PennyMac Financial Services, Inc. ceases to (a) be a public company or (b) own, directly or indirectly, 10% of the stock of PNMAC; or

(vi) any transaction or series of related transactions that has the effect of any one or more of the foregoing.

“Closing Date” has the meaning assigned to such term in the Pricing Side Letter.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitment” means, with respect to any Buyer, the obligation of such Buyer to enter into Transactions with Seller with an aggregate outstanding Purchase Price at any one time not to exceed such Buyer’s Adjusted Committed Amount.

“Committed Amount” has the meaning assigned to such term in the Pricing Side Letter.

“Commitment Period” means the period from and including the Closing Date to but not including the Termination Date or such earlier date on which the Commitment shall have terminated pursuant to this Agreement.

“Confidential Information” has the meaning set forth in [Section 11.11\(b\)](#).

“Contribution Agreement” means the Contribution Agreement, dated as of December 20, 2023, by and between Seller and Parent.

“Control”, “Controlling” or “Controlled” means the possession of the power to direct or cause the direction of the management or policies of a Person through the right to exercise voting power or by contract, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Covered Entity” shall mean any of the following:

(a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

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(b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Credit Manager” means Pentalpha Surveillance LLC and any successor thereto in such capacity.

“Default” means an event, condition or default that, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

“Default Rights” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Defaulting Buyer” has the meaning set forth in [Section 2.02\(c\)](#).

“Defaulting Buyer Deficiency” has the meaning set forth in [Section 2.02\(c\)](#).

“Division” means, with respect to any Person that is a limited liability company organized under the laws of the State of Delaware, that any such Person (a) divides into two or more Persons (whether or not the original Person or Subsidiary thereof survives such division) or (b) creates, or reorganizes into, one or more series, in each case, as contemplated under the laws of the State of Delaware, including Section 18-217 of the Delaware Limited Liability Company Act.

“Dollars” and “\$” means dollars in lawful currency of the United States of America.

“Equity Interests” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any person (as defined in Section 3(9) of ERISA) that together with Parent or PNMAC would be a member of the same “controlled group” or is treated as a single employer under Section 414(b) or (c) of the Code or solely for purposes of Section 302 of ERISA and Section 412 of the Code is treated as single employer described in Section 414 of the Code.

“ERISA Event” has the meaning assigned to such term in Section 6.21(a)(iii)(6).

“Event of Default” has the meaning assigned to such term in Section 7.01.

“Existing Indebtedness” has the meaning specified in Section 3.22.

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“Expenses” means all present and future expenses reasonably incurred by or on behalf of Administrative Agent and Buyers in connection with the negotiation, execution or enforcement of this Agreement or any of the other Program Agreements and any amendment, supplement or other modification or waiver related hereto or thereto, whether incurred heretofore or hereafter, which expenses shall include the reasonable and documented cost of title, lien, judgment and other record searches; reasonable and documented attorneys’ fees; any ongoing audits or due diligence costs in connection with valuation, entering into Transactions or determining whether a Margin Deficit may exist; and costs of preparing and recording any UCC financing statements or other filings necessary to perfect the security interest created hereby.

“FATCA” Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantially comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any U.S. or non-U.S. fiscal or regulatory legislation, guidance, notes, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

“Fee Letters” means the Pricing Side Letter and any other fee letter entered into from time to time between Administrative Agent and/or any Buyer on the one hand and one or more of Seller and/or the VFN Guarantors on the other hand.

“Fees” means any fees described in the Fee Letters.

“FHA” means the Federal Housing Administration, an agency within HUD, or any successor thereto, and including the Federal Housing Commissioner and the Secretary of HUD where appropriate.

“Fidelity Insurance” means insurance coverage with respect to employee errors, omissions, dishonesty, forgery, theft, disappearance and destruction, robbery and safe burglary, property (other than money and securities) and computer fraud in an aggregate amount acceptable to PLS's regulators.

“GAAP” means U.S. generally accepted accounting principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its successors, as in effect from time to time, and (ii) applied consistently with principles applied to past financial statements of the applicable Person and its subsidiaries; provided, that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in generally accepted accounting principles) that such principles have been properly applied in preparing such financial statements.

“Ginnie Mae” means the Government National Mortgage Association, its successors and assigns.

“Ginnie Mae Contract” means (i) 12 U.S.C. § 1721(g) and the implementing regulations governing the Ginnie Mae MBS Program, 24 C.F.R. Part 300; (ii) applicable guaranty

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agreements and contractual agreements between Ginnie Mae and Parent; and (iii) the Ginnie Mae Guide and other applicable guides and amendments.

“Ginnie Mae Facility Outstandings” has the meaning assigned to such term in the Pricing Side Letter.

“Ginnie Mae Guide” means the Ginnie Mae Mortgage-Backed Securities Guide, Handbook 5500.3, Rev. 1, as amended from time to time, and any related announcements, directives and correspondence issued by Ginnie Mae.

“Ginnie Mae Requirements” means all rights, powers, interests and prerogatives of Ginnie Mae in and to the MSRs arising under the Ginnie Mae Contract, the Acknowledgment Agreement or any other agreement between Seller and Ginnie Mae.

“GLB Act” has the meaning set forth in Section 11.11(b).

“Governmental Actions” means any and all consents, approvals, permits, orders, authorizations, waivers, exceptions, variances, exemptions or licenses of, or registrations, declarations or filings with, any Governmental Authority required under any Governmental Rules.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions over Administrative Agent, any Seller Party or any Buyer, as applicable.

“Governmental Rules” means any and all laws, statutes, codes, rules, regulations, ordinances, orders, writs, decrees and injunctions, of any Governmental Authority and any and all legally binding conditions, standards, prohibitions, requirements and judgments of any Governmental Authority.

“GS Bank” has the meaning given to such term in the recitals to this Agreement.

“GS Indebtedness” means Indebtedness (other than hereunder), entered into between (i) GS Bank or one of its Affiliates, and (ii) any one or more of PNMAC or any of its Subsidiaries.

“Guarantee” means, as to any Person, any obligation of such Person directly or indirectly guaranteeing any Indebtedness of any other Person or in any manner providing for the payment of any Indebtedness of any other Person or otherwise protecting the holder of such Indebtedness against loss (whether by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, or to take-or-pay or otherwise); provided that the term **“Guarantee”** shall not include (i) endorsements for collection or deposit in the ordinary course of business, or (ii) obligations to make servicing advances for delinquent taxes and insurance or other obligations in respect of a mortgaged property. The amount of any Guarantee of a Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The terms **“Guarantee”** and **“Guaranteed”** used as verbs shall have correlative meanings.

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“Indebtedness” has the meaning assigned to such term in the Pricing Side Letter.

“Indenture” means the Base Indenture, together with the Series 2023-MSRVF1 Indenture Supplement thereto.

“Indenture Trustee” means Citibank, N.A., its permitted successors and assigns.

“Independent Manager” means the independent manager appointed in accordance with the Organizational Documents of Seller.

“Issuer” has the meaning given to such term in the recitals to this Agreement.

“Laws” means any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority.

“Lien” means, with respect to any property or asset of any Person (a) any mortgage, lien, pledge, charge or other security interest or encumbrance of any kind in respect of such property or asset or (b) the interest of a vendor or lessor arising out of the acquisition of or agreement to acquire such property or asset under any conditional sale agreement, lease purchase agreement or other title retention agreement.

“Margin” has the meaning assigned to such term in the Pricing Side Letter.

“Margin Asset Value” has the meaning assigned to such term in the Pricing Side Letter.

“Margin Call” has the meaning set forth in [Section 2.05\(a\)](#).

“Margin Deadlines” has the meaning set forth in [Section 2.05\(b\)](#).

“Margin Deficit” has the meaning set forth in [Section 2.05\(a\)](#).

“Margin Stock” shall have the meaning set forth in Regulation U.

“Material Adverse Change” means the occurrence of an event or a change in circumstances that had or is reasonably likely to have a Material Adverse Effect.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, assets, condition (financial or otherwise) or prospects of any Seller Party or any Affiliate that is a party to any Program Agreement; (b) a material impairment of the ability of any Seller Party or any Affiliate that is a party to any Program Agreement to perform under any Program Agreement and to avoid any Event of Default; (c) a material adverse effect upon the legality, validity, binding effect or enforceability of any Program Agreement against any Seller Party or any Affiliate that is a party to any Program Agreement or (d) a material adverse effect upon the existence, perfection, priority or enforceability of Administrative Agent’s security interest in a material portion of the Repurchase Assets.

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“Maximum Purchase Price” has the meaning assigned to such term in the Pricing Side Letter.

“Monthly Report Date” has the meaning set forth in [Section 6.21\(c\)](#).

“Multiemployer Plan” means a “multiemployer plan” as defined in [Section 4001\(a\)\(3\)](#) of ERISA to which PLS or any of its ERISA Affiliates has contributed, or has been obligated to contribute.

“Non-Excluded Taxes” has the meaning set forth in [Section 2.11\(a\)](#).

“Note” has the meaning given to such term in the recitals to this Agreement.

“Notice” or **“Notices”** means all requests, demands and other communications, in writing (including facsimile transmissions and e-mails), sent by overnight delivery service, facsimile transmission, electronic transmission or hand-delivery to the intended recipient at the address specified in [Section 11.05](#) or, as to any party, at such other address as shall be designated by such party in a written notice to the other party.

“Obligations” means (a) all of Seller’s indebtedness, obligations to pay the outstanding principal balance of the Purchase Price, together with interest thereon on the Termination Date, outstanding interest due on each Price Differential

Payment Date, and other obligations and liabilities, to Administrative Agent, Buyers or their respective Affiliates arising under, or in connection with, the Program Agreements, whether on account of principal, interest, reimbursement obligations, fees, indemnities, out-of-pocket costs, and expenses (including all fees, charges and disbursements of counsel to Administrative Agent or any Buyer that are required to be paid by Seller pursuant hereto or under any other Program Agreement) or otherwise, whether now existing or hereafter arising; (b) any and all sums reasonably incurred and paid by Administrative Agent or Buyers or on behalf of Administrative Agent or Buyers in order to preserve any Repurchase Asset or its interest therein; (c) all Servicing Diligence Agent Fees; (d) in the event of any proceeding for the collection or enforcement of any of Seller's indebtedness, obligations or liabilities referred to in this definition, the reasonable expenses of retaking, holding, collecting, preparing for sale, selling or otherwise disposing of or realizing on any Repurchase Asset, or of any exercise by Administrative Agent or Buyers of their respective rights under the Program Agreements, including reasonable attorneys' fees and disbursements and court costs' and (e) all of Seller's indemnity obligations to Administrative Agent and Buyers pursuant to the Program Agreements.

"OFAC" means the United States Treasury Department's Office of Foreign Assets Control.

"Officer's Compliance Certificate" has the meaning assigned to such term in the Pricing Side Letter.

"Organizational Documents" means the corporate charter and by-laws, the articles of organization and operating agreement and the partnership certificate and partnership agreement, as applicable of a Person.

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"Other Taxes" has the meaning set forth in Section 2.11(b).

"Parent" has the meaning assigned to such term in the preamble to this Agreement.

"Participant" has the meaning set forth in Section 9.02(a).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Pension Protection Act" means the Pension Protection Act of 2006, as amended from time to time.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA that is subject to Title IV of ERISA or Section 412 of the Code (other than a Multiemployer Plan) and that is maintained and contributed to by (or to which there is an obligation to contribute), or at any time during the five (5) calendar years preceding the date of this Agreement was maintained or contributed

to by (or to which there was an obligation to contribute), PLS or any Subsidiary thereof or any of their respective ERISA Affiliates.

“PLS” has the meaning given to such term in the preamble to this Agreement.

“PNMAC” means Private National Mortgage Acceptance Company, LLC, its permitted successors and assigns.

“Price Differential” means with respect to any Transaction as of any date of determination, an amount equal to the product of (A) the Pricing Rate for such Transaction and (B) the Purchase Price for such Transaction, calculated daily on the basis of a 360 day year for the actual number of days during the Price Differential Period.

“Price Differential Payment Date” means, for as long as any Obligations shall remain owing by Seller to Administrative Agent or Buyers, each Payment Date (as defined in the Indenture).

“Price Differential Period” means, the period from and including a Price Differential Payment Date, up to but excluding the next Price Differential Payment Date.

“Price Differential Statement Date” has the meaning set forth in Section 2.04.

“Pricing Rate” means Base Rate plus the applicable Margin.

“Pricing Side Letter” means the letter agreement captioned “Amended and Restated MSR Pricing Side Letter” dated as of December 20, 2023, among Administrative Agent, Buyers, Seller, Parent and PNMAC, as amended, restated, supplemented or otherwise modified from time to time.

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“Primary Repurchase Assets” has the meaning set forth in Section 4.02(a).

“Proceeds” means “proceeds” as defined in Section 9-102(a)(64) of the UCC.

“Program Agreements” means this Agreement, the Fee Letters, the VFN Guaranty, the Contribution Agreement, the Base Indenture, the Servicing Diligence Agreement (as defined in the Pricing Side Letter) and the Series 2023-MSRVF1 Indenture Supplement, as each of the same may hereafter be amended, restated, supplemented or otherwise modified from time to time; provided, however, that the Program Agreements shall not include any rights created pursuant to an Indenture Supplement other than the Series 2023-MSRVF1 Indenture Supplement, or any rights under the Base Indenture or any other Program Agreements relating to such other Indenture Supplements.

“Property” means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“Pro Rata Share” means, with respect to each Buyer, a percentage equal to a fraction, the numerator of which is the amount of such Buyer’s Committed

Amount at such time and the denominator of which is the aggregate Committed Amount of each Buyer at such time; provided that, with respect to the application of payments pursuant to Section 2.07, “Pro Rata Share” means, with respect to each Buyer, a percentage equal to a fraction, the numerator of which is equal to such Buyer’s aggregate outstanding Purchase Price and the denominator of which is the aggregate Purchase Price outstanding hereunder.

“Purchase Date” means, subject to the satisfaction of the conditions precedent set forth in Article V hereof, each Funding Date (as defined in the Indenture) on which a Transaction is entered into by Administrative Agent (as agent for Buyers) pursuant to Section 2.02 or such other mutually agreed upon date as more particularly set forth on Exhibit A hereto.

“Purchase Price” means on any date of determination:

(i) the price at which each Purchased Asset (or portion thereof) is transferred by Seller to Buyers (or Administrative Agent, as agent and bailee for Buyers), which shall equal the Asset Value of such Purchased Asset on the related Purchase Date, *minus*

(ii) the sum of (a) any Purchase Price paid with respect to such Purchased Asset pursuant to Section 2.03, *plus* (b) any Additional Note Payment made with respect to such Purchased Asset pursuant to Section 4.4(b) or Section 4.5(e) of the Indenture, *plus* (c) any Redemption Amount paid pursuant to Section 13.1 of the Indenture, *plus* (d) any amounts paid or applied with respect to such Purchased Asset pursuant to Section 2.05.

“Purchase Price Percentage” has the meaning assigned to such term in the Pricing Side Letter.

“Purchased Assets” means, collectively, the Note and all outstanding Additional Balances together with the Repurchase Assets related to such Note and Additional Balances transferred by Seller to Administrative Agent, as agent and bailee for Buyers, in a Transaction hereunder, as listed on the related Asset Schedule attached to the related Transaction Notice.

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“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“Records” means all instruments, agreements and other books, records, and reports and data generated by other media for the storage of information maintained by any Seller Party, or any other Person with respect to the Purchased Assets.

“Register” has the meaning set forth in Section 9.02(b).

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA with respect to a Plan as to which the PBGC has not waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event.

“Repurchase Assets” has the meaning set forth in Section 4.02(b).

“Repurchase Rights” has the meaning set forth in Section 4.02(b).

“Repurchase Date” means the earlier of (i) the Termination Date or (ii) the date requested by Seller on which the Repurchase Price is paid pursuant to **Section 2.03**.

“Repurchase Price” means the price at which Purchased Assets are to be transferred by or on behalf of Buyers to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the accrued but unpaid Price Differential as of the date of such determination.

“Required Buyer” means GS Bank.

“Requirement of Law” means, with respect to any Person, any law, treaty, rule or regulation or determination of an arbitrator, a court or other Governmental Authority, applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” means as to any Person, the chief executive officer or, with respect to financial matters, the chief financial officer or treasurer of such Person. The Responsible Officers of each Seller Parties as of the Closing Date are listed on **Schedule 1** hereto.

“SEC” means the Securities and Exchange Commission, or any successor thereto.

“Seller” has the meaning assigned to such term in the preamble to this Agreement.

“Seller Parties” means Seller and Parent.

“Seller Termination Option” means (a) a Buyer has or shall incur material costs in connection with those matters provided for in **Section 2.10** or **2.11** and (b) Administrative Agent on behalf of a Buyer requests that Seller pay to such Buyer those costs in connection therewith.

“Series 2020-SPIADVF1 GS Repurchase Agreement” means the Amended and Restated Series 2020-SPIADVF1 Repurchase Agreement, dated as of December 20, 2023, among

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PNMAC SPIA VFN Funding, LLC, Parent, PNMAC, Goldman Sachs Bank USA, as administrative agent, and the buyers from time to time party thereto.

“Series 2020-SPIADVF1 Indenture Supplement” means the Amended and Restated Series 2020-SPIADVF1 Indenture Supplement, dated as of February 7, 2023, among the Issuer, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent and as securities intermediary, PLS, as administrator and as servicer, Goldman Sachs Bank USA, as an administrative agent and Atlas Securitized Products, L.P., as an administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“Series 2023-MBSADV1 GS Indenture Supplement” means the Series 2023-MBSADV1 Indenture Supplement, dated as of February 7, 2023, among the Issuer, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent

and as securities intermediary, PLS, as administrator and as servicer, and Goldman Sachs Bank USA, as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“**Series 2023-MBSADV1 GS Note Purchase Agreement**” means the Amended and Restated Series 2023-MBSADV1 Note Purchase Agreement, dated as of February 7, 2023, among the Issuer, Goldman Sachs Bank USA, as administrative agent and as a purchaser, and the other purchasers from time to time party thereto.

“**Series 2023-MSRVF1 Indenture Supplement**” means the Series 2023-MSRVF1 Indenture Supplement, dated as of February 7, 2023, among the Issuer, Citibank, N.A., as indenture trustee, as calculation agent, as paying agent and as securities intermediary, PLS, as administrator and as servicer, and Goldman Sachs Bank USA, as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“**Servicing Diligence Agent Agreement**” means the Servicing Diligence Agent Agreement dated as of February 7, 2023, among PLS, Weston Portfolio Group, LLC, as servicing diligence agent and Administrative Agent.

“**Servicing Diligence Agent Fees**” has the meaning assigned to such term in the Pricing Side Letter.

“**Specified Governmental Entity**” means The Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Ginnie Mae, HUD, the FHA, the VA or the United States Department of Agriculture Rural Development and, in each case any successor thereto.

“**Subsidiary**” has the meaning assigned to such term in the Pricing Side Letter.

“**Taxes**” has the meaning assigned to such term in [Section 2.11\(a\)](#).

“**Termination Date**” has the meaning assigned to such term in the Pricing Side Letter.

“**Transaction**” has the meaning assigned to such term in the recitals to this Agreement.

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“**Transaction Documents**” means, collectively, (i) the Indenture, the Series 2023-MBSADV1 GS Note Purchase Agreement, the PC Repurchase Agreement, this Agreement, the Series 2020-SPIADV1 GS Repurchase Agreement, the Contribution Agreement, the Participation Agreements, the PC Guaranty, the PMT Guaranty, the Pricing Side Letter, the Participation Certificate Schedule, all Notes, the Trust Agreement, the Administration Agreement, the Series 2023-MSRVF1 Indenture Supplement, the Series 2020-SPIADV1 Indenture Supplement, the Series 2023-MBSADV1 GS Indenture Supplement, the Credit Management Agreement, the Advance Verification Agent Agreement, the Servicing Diligence Agent Agreement and the MSR Valuation Agent Agreement and (ii) each of the other documents, instruments and agreements entered into on the date hereof and thereafter in connection with any of the foregoing or the transactions contemplated thereby, each as amended, supplemented, restated, or otherwise modified from time to time; provided, that clause (ii) shall not be deemed to include (a) any repurchase

agreement or financing arrangement relating to any variable funding note or any Indenture Supplement where Goldman Sachs Bank USA is not the applicable administrative agent, or (b) any related rights pursuant to any document referenced in part (a) stemming therefrom.

“Transaction Notice” has the meaning assigned to such term in Section 2.02(a).

“Transaction Register” has the meaning assigned to such term in Section 9.03(b).

“Transferee” has the meaning set forth in Section 9.02(b).

“Uniform Commercial Code” or “UCC” means the Uniform Commercial Code as in effect on the Closing Date in the State of New York or the Uniform Commercial Code as in effect in the applicable jurisdiction.

“VA” means the U.S. Department of Veterans Affairs, an agency of the United States of America, or any successor thereto including the Secretary of Veterans Affairs.

“VFN Guarantor” means PNMAC, PLS and PNMAC SPIA VFN Funding, LLC, each in its capacity as guarantor under the VFN Guaranty.

“VFN Guaranty” means the Amended and Restated Guaranty, dated as of the Closing Date, pursuant to which each VFN Guarantor fully and unconditionally guarantees the obligations of Seller hereunder.

Section 1.02 Other Defined Terms.

(a) Any capitalized terms used and not defined herein shall have the meaning set forth in the Base Indenture or the Series 2023-MSRVF1 Indenture Supplement, as applicable.

(b) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified herein, the term “or” has the inclusive meaning represented by the term “and/or” and the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references to Sections,

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subsections, Articles and Exhibits shall be to Sections, subsections, and Articles of, and Exhibits to, this Agreement unless otherwise specifically provided.

(c) Reference to and the definition of any document (including this Agreement) shall be deemed a reference to such document as it may be amended, restated, supplemented or otherwise modified from time to time and any reference to a statute, rule or regulation is to that statute, rule or regulation as now enacted or as the same may from time to time be amended, re-enacted or expressly replaced.

(d) In the computation of periods of time from a specified date to a later specified date, unless otherwise specified herein the words “commencing on”

mean “commencing on and including,” the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.”

ARTICLE II

GENERAL TERMS

Section 2.01 Transactions.

(a) Subject to the terms and conditions hereof, each Buyer, severally and not jointly, agrees to enter into Transactions with Seller for a Purchase Price outstanding at any one time not to exceed the Adjusted Maximum Purchase Price at such time. During the Commitment Period, Seller may utilize the Commitment by requesting Transactions with Buyers that would not cause the portion of the Purchase Price for all outstanding Transactions of any Buyer to exceed such Buyer's Adjusted Committed Amount, Seller may pay the Repurchase Price in whole or in part at any time during such period without penalty, and additional Transactions may be entered into in accordance with the terms and conditions hereof. Buyer's obligation to enter into Transactions pursuant to the terms of this Agreement shall terminate on the Termination Date. All Transactions shall be effected by Buyers simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Buyer shall be responsible for any default by any other Buyer in such other Buyer's obligation to enter into a Transaction nor shall any Pro Rata Share of any Buyer be increased or decreased as a result of a default by any other Buyer in such other Buyer's obligation to enter into a Transaction hereunder, except to the extent agreed to by the non-Defaulting Buyer pursuant to Section 2.02(e).

(b) GS Bank may, in its sole and absolute discretion, enter into Transactions with Seller for a Purchase Price outstanding that would cause the aggregate Purchase Price outstanding to be in excess of the Adjusted Maximum Purchase Price at such time (each such transaction, an “Uncommitted Transaction”) so long as (i) the Ginnie Mae Facility Outstandings would not exceed the Maximum Purchase Price and (ii) the Aggregate Outstandings at such time would not exceed the Aggregate Facility Transaction Limit. Notwithstanding the foregoing, GS Bank shall not have any commitment or obligation to enter into Transactions in connection with the Note to the extent the aggregate Purchase Price of such Transactions exceeds the Adjusted Maximum Purchase Price or the aggregate Purchase Price of such Transaction attributable to such Buyer exceeds the Adjusted Committed Amount of such Buyer.

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(c) In the event that GS Bank shall elect, in its sole and absolute discretion, to enter into an Uncommitted Transaction, GS Bank shall advise Administrative Agent whether it is willing to provide an amount equal to, less than or more than its Pro Rata Share. If GS Bank elects, in its sole and absolute discretion, not to enter into such Uncommitted Transaction or to provide less than its Pro Rata Share thereof, the other Buyers, on a pro rata basis or such other basis as may be agreed by such other Buyers, may agree to provide all or a portion of such Uncommitted Transaction.

Section 2.02 Procedure for Entering into Transactions.

(a) Seller may enter into Transactions with Buyers under this Agreement during the Commitment Period on any Purchase Date; provided, that Seller shall have given Administrative Agent irrevocable notice (each, a “Transaction Notice”), which notice (i) shall be substantially in the form of Exhibit A, (ii) shall be signed by a Responsible Officer of Seller and be received by Administrative Agent prior to 1:00 p.m. (New York time) one (1) Business Day prior to the related Purchase Date on a Purchase Date that shall not occur more than once per calendar week without consent of Administrative Agent, and (iii) shall specify: (A) (i) the Maximum VFN Principal Balance of the Note, (ii) with respect to the first Purchase Date, the Initial Note Balance of the Note, and, with respect to any other Purchase Date, the Additional Balance (if any), and (iii) after taking into account the Additional Balance (if any), the outstanding VFN Principal Balance of the Note; (B) the Dollar amount of the requested Purchase Price; (C) the requested Purchase Date; (D) the Repurchase Date; (E) the Pricing Rate and Repurchase Price applicable to the Transaction; and (F) any additional terms or conditions of the Transaction not inconsistent with this Agreement. Each Transaction Notice on any Purchase Date shall be in an amount equal to at least \$500,000.

(b) If Seller shall deliver a Transaction Notice to Administrative Agent that satisfies the requirements of Section 2.02(a) and all applicable conditions precedent set forth in Article V have been satisfied or waived by Administrative Agent on or prior to the Purchase Date, then subject to the foregoing, on the Purchase Date, each Buyer shall remit its Pro Rata Share of the requested Purchase Price in U.S. Dollars and in immediately available funds to Administrative Agent at the account specified in Schedule 3 (or such other account designated in writing by Administrative Agent) no later than 11:00 a.m. (New York time) on the date specified in the Transaction Notice as the Purchase Date, and upon satisfaction or waiver of all applicable conditions set forth herein, Administrative Agent shall deposit such proceeds into the account of Parent specified in Schedule 5 of the Base Indenture (or such other account designated by Seller in the Transaction Notice) not later than 3:00 p.m. (New York time) on the Purchase Date.

(c) The failure of any Buyer to advance the proceeds of its Pro Rata Share of any Transaction required to be advanced hereunder shall not relieve any other Buyer of its obligation to advance the proceeds of its Pro Rata Share of any such Transaction required to be advanced hereunder.

(d) If a Buyer does not intend to fund its Pro Rata Share of the requested Purchase Price, such Buyer shall, within one (1) Business Day of the related Purchase Date, notify Administrative Agent, the other Buyers and Seller of its intent not to fund together with a description of the reason for not remitting its Pro Rata Share of the requested Purchase Price.

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(e) The liabilities and obligations of each Buyer hereunder shall be several and not joint, and neither Administrative Agent nor any Buyer shall be responsible for the performance by any other Buyer of its obligations hereunder. Each Buyer shall be liable to Seller only for the amount of its respective Committed Amount. If a Buyer does not perform its obligations hereunder with respect to its Committed Amount (such Buyer a “Defaulting Buyer”), all or any part of such Defaulting Buyer’s participation in any Transaction (“Defaulting Buyer Deficiency”) shall be reallocated among the non Defaulting Buyers in accordance with their

respective Pro Rata Shares, but only to the extent that (x) such non Defaulting Buyer has consented to such reallocation, (y) such reallocation does not cause the aggregate Committed Amount held by any non Defaulting Buyer to exceed such non Defaulting Buyer's Committed Amount and (z) to the extent required in writing by Administrative Agent, Seller shall confirm that the conditions set forth in this Section 2.02 are satisfied at the time of such reallocation.

(f) To the extent that the Defaulting Buyer thereafter funds such Defaulting Buyer Deficiency with Price Differential thereon, if applicable, then upon the agreement between Seller and Administrative Agent, such Buyer shall no longer be a Defaulting Buyer. If Seller and Administrative Agent agree in writing that a Buyer is no longer a Defaulting Buyer, Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Buyer will, to the extent applicable, purchase at par that portion of outstanding Purchase Price of the other Buyers or take such other actions as Administrative Agent may determine to be necessary to cause the Purchase Prices to be held on a pro rata basis by the Buyers in accordance with their Committed Amount, whereupon such Buyer will cease to be a Defaulting Buyer; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Seller while that Buyer was a Defaulting Buyer; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Buyer to Buyer will constitute a waiver or release of any claim of any party hereunder arising from that Buyer's having been a Defaulting Buyer.

(g) Upon entering into each Transaction hereunder, the Asset Schedule shall be automatically updated and replaced with the Asset Schedule attached to the related Transaction Notice.

Section 2.03 Repurchase; Payment of Repurchase Price.

(a) Seller hereby promises to repurchase the Purchased Assets and pay all outstanding Obligations on the Termination Date.

(b) By notifying Administrative Agent in writing at least one (1) Business Day in advance, Seller shall be permitted, at its option, to prepay, subject to Section 2.12, the Purchase Price in whole or in part at any time and accrued and unpaid Price Differential on the amount so prepaid.

Section 2.04 Price Differential. On each Price Differential Payment Date, Seller hereby promises to pay to Administrative Agent (on behalf of Buyers) all accrued and unpaid Price Differential on the Transactions, as invoiced by Administrative Agent to Seller three (3) Business Days prior to the related Price Differential Payment Date (the "Price Differential Statement Date");

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provided, that on each Price Differential Payment Date prior to the occurrence and continuation of an Event of Default, the estimated Price Differential owed hereunder shall be subject to a true up of the amount determined by Administrative Agent and agreed by Seller one (1) Business Day prior to the related Price Differential Payment Date. If Administrative Agent fails to deliver such invoice on the Price Differential Statement Date, on such Price Differential Payment Date Seller shall pay the amount

which Seller calculates as the Price Differential due and upon delivery of the statement, Seller shall remit to Administrative Agent any shortfall, or Administrative Agent shall refund to Seller any excess, in the Price Differential paid. Price Differential shall accrue each day on the Purchase Price at a rate per annum equal to the Pricing Rate. The Price Differential shall be computed on the basis of the actual number of days in each Price Differential Period and a 360-day year.

Section 2.05 Margin Maintenance.

(a) If at any time the aggregate outstanding amount of the Purchase Price of the Note is greater than the related Margin Asset Value or the Maximum Purchase Price (such excess, a “Margin Deficit”), then Administrative Agent shall, unless waived by all Buyers, by notice to Seller require Seller to transfer to Administrative Agent, for the benefit of Buyers, cash in an amount at least equal to the Margin Deficit (such requirement, a “Margin Call”).

(b) Notice delivered pursuant to Section 2.05(a) may be given by any written or electronic means. With respect to a Margin Call, any notice given before 5:00 p.m. (New York City time) on a Business Day shall be met, and the related Margin Call satisfied, no later than 5:00 p.m. (New York City time) on the following Business Day. With respect to a Margin Call, any notice given after 5:00 p.m. (New York City time) on a Business Day shall be met, and the related Margin Call satisfied, no later than 5:00 p.m. (New York City time) on the second (2nd) Business Day following the date of such notice. The foregoing time requirements for satisfaction of a Margin Call are referred to as the “Margin Deadlines”. The failure of Administrative Agent, on any one or more occasions, to exercise the rights of Buyers hereunder, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Administrative Agent to do so at a later date. Seller Parties, Administrative Agent and Buyers each agree that a failure or delay by Administrative Agent to exercise the rights of Buyers hereunder shall not limit or waive Administrative Agent’s rights under this Agreement or otherwise existing by law or in any way create additional rights for any Seller Party.

(c) In the event that a Margin Deficit exists, Administrative Agent may retain any funds received by it to which Seller would otherwise be entitled hereunder, which funds (i) may be held by Administrative Agent, for the benefit of Buyers, against the related Margin Deficit or (ii) may be applied by Administrative Agent against the Purchase Price. Notwithstanding the foregoing, Administrative Agent retains the right, in its sole discretion (unless otherwise subject to a right of waiver by all Buyers under this Section 2.05), to make a Margin Call in accordance with the provisions of this Section 2.05.

Section 2.06 Payment Procedure. Seller absolutely, unconditionally, and irrevocably, shall make, or cause to be made, all payments required to be made by Seller hereunder. Seller shall deposit or cause to be deposited all amounts constituting collection, payments and proceeds of the Note (including all fees and proceeds of sale) to Administrative Agent Account.

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Section 2.07 Application of Payments.

(a) On each Price Differential Payment Date prior to the occurrence of an Event of Default, all amounts deposited into Administrative Agent Account

(including in accordance with Section 4.5 of the Base Indenture) from and after the immediately preceding Price Differential Payment Date (or the Closing Date in connection with the initial Price Differential Payment Date) or received by Administrative Agent from the Issuer in Administrative Agent's capacity as VFN Noteholder on behalf of Buyers, shall be applied by Administrative Agent as follows:

(i) first, to each Buyer, in accordance with its Pro Rata Share, to the payment of any accrued and unpaid Price Differential owing;

(ii) second, to each Buyer, in accordance with its Pro Rata Share, to the payment of Purchase Price outstanding to satisfy any Margin Deficit owing;

(iii) third, to payment of all other Fees and Expenses payable first to Administrative Agent and then ratably to any Buyer or any other Person pursuant to this Agreement; and

(iv) fourth, any remainder to Seller.

(b) Notwithstanding the preceding provisions, if an Event of Default shall have occurred hereunder, all funds related to the Note shall be applied by Administrative Agent as follows:

(i) first, to each Buyer, in accordance with its Pro Rata Share, to the payment of any accrued and unpaid Price Differential owing;

(ii) second, to each Buyer, in accordance with its Pro Rata Share, to the payment of Purchase Price until reduced to zero;

(iii) third to payment of all other Fees and Expenses payable first, to Administrative Agent and then ratably to any Buyer or any other Person pursuant to this Agreement;

(iv) fourth, to the payment of any other Obligations; and

(v) fifth, any remainder to Seller.

(c) To the extent any Collections (as defined in the Base Indenture) are paid to reduce the outstanding purchase price under any other repurchase transaction relating to MSR VFNs (as defined in the Base Indenture), Seller Parties shall ensure that Collections are paid to reduce the outstanding Purchase Price hereunder concurrently on a pro rata basis with such outstanding purchase price under such other repurchase transaction.

Section 2.08 Use of Purchase Price and Transaction Requests. The Purchase Price shall be used by Seller Parties for general corporate purposes.

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Section 2.09 Recourse. Notwithstanding anything else to the contrary contained or implied herein or in any other Program Agreement, Administrative Agent and Buyers shall have full, unlimited recourse against each Seller Party and its assets in order to satisfy the Obligations.

Section 2.10 Requirements of Law.

(a) If any Requirement of Law or any change in the interpretation or application thereof or compliance by a Buyer with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the Closing Date:

(i) shall subject such Buyer to any tax of any kind whatsoever with respect to this Agreement or the Transactions (excluding income taxes, branch profits taxes, franchise taxes or similar taxes imposed on such Buyer as a result of any present or former connection between such Buyer and the United States, other than any such connection arising solely from such Buyer having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement) or change the basis of taxation of payments to such Buyer in respect thereof;

(ii) shall impose, modify or hold any reserve, special deposit, compulsory loan or similar requirement against assets held by deposits or other liabilities in or for the account of, advances, or other extensions of credit by, or any other acquisition of funds by, any office of such Buyer which is not otherwise included in the determination of the Price Differential hereunder; or

(iii) shall impose on such Buyer any other condition;

and the result of any of the foregoing is to increase the cost to such Buyer, by an amount which such Buyer deems to be material, of entering, continuing or maintaining this Agreement or any other Program Agreement, the Transactions or to reduce any amount due or owing hereunder in respect thereof, then, in any such case, Seller shall promptly pay such Buyer such additional amount or amounts as calculated by such Buyer in good faith as will compensate such Buyer for such increased cost or reduced amount receivable.

(b) If a Buyer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Buyer or any corporation Controlling such Buyer with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the Closing Date shall have the effect of reducing the rate of return on such Buyer's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Buyer or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Buyer's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Buyer to be material, then from time to time, Seller shall promptly pay to such Buyer such additional amount or amounts as will compensate such Buyer for such reduction.

(c) If a Buyer becomes entitled to claim any additional amounts pursuant to this Section 2.10, it shall promptly notify Seller of the event by reason of which it has become so

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entitled. A certificate as to any additional amounts payable pursuant to this Section 2.10 submitted by such Buyer to Seller shall be conclusive in the absence of manifest error.

Section 2.11 Taxes.

(a) Any and all payments by or on behalf of Seller under or in respect of this Agreement or any other Program Agreements to which Seller is a party shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities (including penalties, interest and additions to tax) with respect thereto, whether now or hereafter imposed, levied, collected, withheld or assessed by any taxation authority or other Governmental Authority (collectively, "Taxes"), unless required by law. If Seller shall be required under any applicable Requirement of Law to deduct or withhold any Taxes from or in respect of any sum payable under or in respect of this Agreement or any of the other Program Agreements to Administrative Agent and Buyers (including for purposes of Section 2.10 and this Section 2.11, any assignee, successor or participant), (i) Seller shall make all such deductions and withholdings in respect of Taxes, (ii) Seller shall pay the full amount deducted or withheld in respect of Taxes to the relevant taxation authority or other Governmental Authority in accordance with any applicable Requirement of Law, and (iii) the sum payable by Seller shall be increased as may be necessary so that after Seller has made all required deductions and withholdings (including deductions and withholdings applicable to additional amounts payable under this Section 2.11) Administrative Agent and Buyers receive an amount equal to the sum it would have received had no such deductions or withholdings been made in respect of Non-Excluded Taxes. For purposes of this Agreement the term "Non-Excluded Taxes" are Taxes other than, in the case of Administrative Agent and Buyers, Taxes that are (i) imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the jurisdiction under the laws of which Administrative Agent or such Buyer is organized or of its Applicable Lending Office, or any political subdivision thereof, unless such Taxes are imposed as a result of Administrative Agent or such Buyer having executed, delivered or performed its obligations or received payments under, or enforced, this Agreement or any of the other Program Agreements (in which case such Taxes will be treated as Non-Excluded Taxes) and (ii) imposed pursuant to FATCA.

(b) In addition, Seller hereby agrees to pay any present or future stamp, recording, documentary, excise, property or value-added taxes, or similar taxes, charges or levies that arise from any payment made under or in respect of this Agreement or any other Program Agreement or from the execution, delivery or registration of, any performance under, or otherwise with respect to, this Agreement or any other Program Agreement (collectively, "Other Taxes").

(c) Seller hereby agrees to indemnify Administrative Agent and Buyers for, and to hold each of them harmless against, the full amount of Non-Excluded Taxes and Other Taxes, and the full amount of Taxes of any kind imposed by any jurisdiction on amounts payable by Seller under this Section 2.11 imposed on or paid by Administrative Agent or such Buyer and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. The indemnity by Seller provided for in this Section 2.11 shall apply and be made whether or not the Non-Excluded Taxes or Other Taxes for which indemnification hereunder is sought have been correctly or legally asserted. Amounts payable by Seller under the indemnity

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set forth in this Section 2.11(c) shall be paid within ten (10) days from the date on which Administrative Agent or such Buyer makes written demand therefor.

(d) Without prejudice to the survival of any other agreement of Seller hereunder, the agreements and obligations of Seller contained in this Section 2.11 shall survive the termination of this Agreement and the other Program Agreements. Nothing contained in Section 2.10 or this Section 2.11 shall require any Administrative Agent or any Buyer to make available any of its tax returns or any other information that it deems to be confidential or proprietary.

(e) Administrative Agent and Buyers will timely furnish Seller, or any agent of Seller, any tax forms or certifications (such as an applicable IRS Form W-8, IRS Form W-9 or any successors to such IRS forms) that it is legally entitled to provide and that Seller or its agents may reasonably request (A) to permit Seller or its agents to make payments to it without, or at a reduced rate of, deduction or withholding, (B) to enable Seller or its agents to qualify for a reduced rate of withholding or deduction in any jurisdiction from or through which Seller or its agents receive payments and (C) to enable Seller or its agents to satisfy reporting and other obligations under the Code and Treasury Regulations and under any other applicable Laws, and shall update or replace such tax forms or certifications as appropriate or in accordance with their terms or subsequent amendments, and acknowledges that the failure to provide, update or replace any such tax forms or certifications may result in the imposition of withholding or back-up withholding upon payments to Administrative Agent and Buyers.

Section 2.12 Indemnity. Without limiting, and in addition to, the provisions of Section 11.02, Seller agrees to indemnify Administrative Agent and each Buyer and to hold Administrative Agent and each Buyer harmless from any loss or expense that Administrative Agent or Buyers may sustain or incur as a consequence of (i) a default by Seller in payment when due of the Repurchase Price or Price Differential or (ii) a default by Seller in making any prepayment of Repurchase Price after Seller has given a notice thereof in accordance with Section 2.03.

Section 2.13 Additional Balance. Subject to Section 2.01, in the event that Seller wishes an increase in the VFN Principal Balance, Seller shall deliver to Administrative Agent a copy of the VFN Note Balance Adjustment Request that is delivered under the Indenture. If all the Funding Conditions required pursuant to Section 5.02 hereof and the Indenture have been satisfied, then upon approval in writing by Administrative Agent (at the direction of the Required Buyer) of such increase in the VFN Principal Balance (such increase, upon such approval, an “Additional Balance”), the outstanding VFN Principal Balance set forth in the Asset Schedule hereof shall be automatically updated as set forth in the related Transaction Notice in accordance with Section 2.02.

Section 2.14 Fees. Seller Parties shall pay all Fees and Expenses as provided in the Fee Letters. Such payments shall be made in Dollars in immediately available funds, without deduction, set off or counterclaim, and, to the extent applicable, to Administrative Agent at such account designated in writing by Administrative Agent.

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Section 2.15 Termination.

(a) Notwithstanding anything to the contrary set forth herein, if a Seller Termination Option occurs, Seller may, upon five (5) Business Days' prior written notice to Administrative Agent and each Buyer of such event, upon payment of the applicable Repurchase Price and satisfaction of the other termination conditions set forth in the Indenture terminate this Agreement and the Termination Date shall be deemed to have occurred (upon the expiration of such five (5) Business Day period).

(b) In the event that a Seller Termination Option as described in clause (a) of the definition thereof has occurred and Seller has notified Administrative Agent and each Buyer in writing of its option to terminate this Agreement, the affected Buyer shall have the right to withdraw its request for payment within three (3) Business Days of Seller's notice of its exercise of Seller Termination Option and Seller shall no longer have the right to terminate this Agreement.

(c) For the avoidance of doubt, Seller shall remain responsible for all costs actually incurred by Administrative Agent or Buyers pursuant to Sections 2.10 and 2.11 in connection with any related prepayment.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Seller Party represents and warrants to Administrative Agent and Buyers as of the Closing Date and as of each Purchase Date for any Transaction that:

Section 3.01 Seller Party Existence. Each Seller Party has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of Delaware and in each other jurisdiction in which the transaction of its business makes such qualification necessary.

Section 3.02 Licenses. Each Seller Party is duly licensed or is otherwise qualified in each jurisdiction in which it transacts business for the business which it conducts and is not in default of any applicable federal, state or local laws, rules and regulations unless, in either instance, the failure to take such action is not reasonably likely (either individually or in the aggregate) to cause a Material Adverse Effect and is not in default of such state's applicable Laws, rules and regulations. Each Seller Party has the requisite power and authority and legal right to own, sell and grant a lien on all of its right, title and interest in and to the Note. Each Seller Party has the requisite power and authority and legal right to execute and deliver, engage in the transactions contemplated by, and perform and observe the terms and conditions of, this Agreement, each Program Agreement and any Transaction Notice.

Section 3.03 Power. Each Seller Party has all requisite corporate or other power and authority, and has all governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, except where the lack of such licenses, authorizations, consents and approvals would not be reasonably likely to have a Material Adverse Effect.

Section 3.04 Due Authorization. Each Seller Party has all necessary corporate or other power, authority and legal right to execute, deliver and perform its obligations under each of the Program Agreements, as applicable. This Agreement, any Transaction Notice and the Program Agreements have been (or, in the case of Program Agreements and any Transaction Notice not yet executed, will be, at the time of such execution) duly authorized, executed and delivered by such Seller Party, all requisite or other corporate action having been taken, and each is valid, binding and enforceable against such Seller Party in accordance with its terms except as such enforcement may be affected by bankruptcy, by other insolvency laws, or other similar laws affecting the enforcement of creditor's rights.

Section 3.05 Financial Statements.

(a) Parent has heretofore furnished to Administrative Agent and each Buyer a copy of (i) its balance sheet for the fiscal year of Parent ended December 31, 2022 and the related statements of income for Parent for such fiscal year, with the opinion thereon of Deloitte & Touche LLP and (ii) its balance sheet for the quarterly fiscal period Parent ended September 30, 2023 and the related statements of income for Parent for such quarterly fiscal period. All such financial statements are accurate, complete and correct and fairly present, in all material respects, the financial condition of Parent (subject to normal year-end adjustments) and the results of its operations as at such dates and for such fiscal periods, all in accordance with GAAP applied on a consistent basis, and to the best of Parent's knowledge, do not omit any material fact as of the date(s) thereof. Since December 31, 2022, there has been no material adverse change in the consolidated business, operations or financial condition of Parent from that set forth in said financial statements nor is any Seller Party aware of any state of facts which (with notice or the lapse of time) would or could result in any such material adverse change. No Seller Party has any liabilities, direct or indirect, fixed or contingent, matured or unmatured, known or unknown, or liabilities for taxes, long-term leases or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheet and related statements, and at the present time there are no material unrealized or anticipated losses from any loans, advances or other commitments of any Seller Party except as heretofore disclosed to Administrative Agent and each Buyer in writing.

(b) Parent has heretofore caused PNMAC to furnish to Administrative Agent and each Buyer a copy of (a) the balance sheet for the fiscal year of PNMAC ended December 31, 2022 and the related statements of income for PNMAC for such fiscal year, and (b) its balance sheet for the quarterly fiscal period of PNMAC ended September 30, 2023 and the related statements of income for PNMAC for such quarterly fiscal period. All such financial statements are accurate, complete and correct and fairly present, in all material respects, the financial condition of PNMAC (subject to normal year-end adjustments) and the results of its operations as at such dates and for such fiscal periods, all in accordance with GAAP applied on a consistent basis, and to the best of each Seller Party's knowledge, do not omit any material fact as of the date(s) thereof. Since December 31, 2022, there has been no material adverse change in the consolidated business, operations or financial condition of PNMAC from that set forth in said financial statements nor is any Seller Party aware of any state of facts which (with notice or the lapse of time) would or could result in any such material adverse change. PNMAC has no liabilities, direct or indirect, fixed or contingent, matured or unmatured, known or unknown, or liabilities for taxes, long-term leases or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheet and related statements, and at the present time there

are no material unrealized or anticipated losses from any loans, advances or other commitments of PNMAC except as heretofore disclosed to Administrative Agent and each Buyer in writing.

Section 3.06 No Event of Default. There exists no (a) Event of Default under Section 7.01 hereof or (b) default under any mortgage, borrowing agreement or other instrument or agreement pertaining to indebtedness for borrowed money or to the repurchase of mortgage loans or securities or other instrument or contractual or legal obligation to which it is a party or by which it is bound in any respect that could reasonably be expected to result in a Material Adverse Effect.

Section 3.07 Solvency. As of the date hereof and immediately after giving effect to each Transaction, the fair value of its assets is greater than the fair value of its liabilities (including contingent liabilities if and to the extent required to be recorded as a liability on the financial statements of it in accordance with GAAP) and each Seller Party is solvent and will not be rendered insolvent by any Transaction and, after giving effect to such Transaction, will not be left with an unreasonably small amount of capital with which to engage in its business. No Seller Party intends to incur, nor believes that it has incurred, debts beyond its ability to pay such debts as they mature and is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of such entity or any of its assets. Seller is not selling and/or pledging any Repurchase Assets with any intent to hinder, delay or defraud any of its creditors.

Section 3.08 No Conflicts. The execution, delivery and performance by each Seller Party of this Agreement, any Transaction Notice hereunder and the Program Agreements do not constitute or will not result in (a) any breach of any term or provision of the Organizational Documents of any Seller Party, (b) a breach of any indenture, loan agreement, warehouse line of credit, repurchase agreement, mortgage, deed of trust, Ginnie Mae Contract or any other material contractual obligation of it; (c) a material default or an acceleration under any of the foregoing; (d) the violation of any Law applicable to any Seller Party or its property, which conflict would have a Material Adverse Effect; (e) require the creation or imposition of any Lien upon any of the properties or assets of any Seller Party (other than any Liens created under any of this Agreement, any Transaction Notice and the Program Agreements in favor of Administrative Agent for the benefit of Administrative Agent and Buyers), or (f) or require any approval of stockholders, members or partners or any approval or consent of any Person under any material contractual obligation of it, except for such approvals or consents which have been obtained on or before the Closing Date.

Section 3.09 True and Complete Disclosure. All information, reports, exhibits, schedules, financial statements or certificates of each Seller Party or any Affiliate thereof or any of their officers furnished or to be furnished to Administrative Agent in connection with the initial or any ongoing due diligence of any Seller Party or any Affiliate or officer thereof, negotiation, preparation, or delivery of this Agreement or the other Program Agreements, included herein or therein or delivered pursuant hereto or thereto, when taken as a whole, are true and complete in all material respects and do not omit to disclose any material facts necessary to make the statements herein or therein, in light of the circumstances in which they are made, not misleading. All financial statements have been prepared in accordance with GAAP. There is no fact known to it that, after due inquiry, could reasonably be expected to have a Material Adverse Effect that has

not been disclosed herein, in the other Program Agreements or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished in writing to Administrative Agent for use in connection with the transactions contemplated hereby or thereby.

Section 3.10 Approvals. No consent, approval, authorization or order of, registration or filing with, or notice to any governmental authority, court or other Person is required under applicable Law in connection with the execution, delivery and performance by Seller Parties of this Agreement, any Transaction Notice and the Program Agreements.

Section 3.11 Litigation. There is no action, proceeding or investigation pending with respect to which any Seller Party has received service of process or, to the best of each Seller Party's knowledge threatened or affecting it or any of its property against it before any court, administrative agency or other tribunal (A) asserting the invalidity of this Agreement, any Transaction, Transaction Notice or any Program Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, any Transaction Notice or any Program Agreement, (C) makes a claim individually or in the aggregate in an amount greater than 5.0% of PNMAC's Adjusted Tangible Net Worth, (D) which requires filing with the SEC in accordance with the 1934 Act or any rules thereunder, (E) which has resulted in the voluntary or involuntary suspension of a license, a cease and desist order, or such other action as could adversely impact any Seller Party's business, or (F) which might materially and adversely affect the validity of the Purchased Assets or the performance by it of its obligations under, or the validity or enforceability of, this Agreement, any Transaction Notice or any Program Agreement which could be reasonably likely to have a Material Adverse Effect.

Section 3.12 Material Adverse Change. There has been no event or circumstance since December 31, 2022 is reasonably likely to have a Material Adverse Effect on any Seller Party.

Section 3.13 Ownership.

(a) Each Seller Party has good, valid, insurable (in the case of real property) and marketable title to all of its properties and other assets, whether real or personal, tangible or intangible, reflected on the financial statements delivered to Administrative Agent, except for such properties and other assets that have been disposed of in the ordinary course of business of its business, and all such properties and other assets are free and clear of all liens except as disclosed in such financial statements.

(b) Seller has good title to all of the Repurchase Assets, free and clear of all mortgages, security interests, restrictions, Liens and encumbrances of any kind other than the Liens created hereby or contemplated herein, and any Transaction shall convey all of Seller's right, title and interest in and to the related Purchased Assets to the applicable Buyers.

(c) Each item of the Repurchase Assets was acquired by Seller in the ordinary course of its business, in good faith, for value and without notice of any defense against or claim to it on the part of any Person.

(d) There are no agreements or understandings between any Seller Party and any other party which would modify, release, terminate or delay the attachment of the security interests granted to Administrative Agent under this Agreement.

(e) The provisions of this Agreement are effective to create in favor of Administrative Agent a valid security interest in all right, title and interest of Seller in, to and under the Repurchase Assets.

(f) Upon the filing of financing statements on Form UCC-1 naming Administrative Agent as "Secured Party" and Seller as "Debtor", and describing the Repurchase Assets, in the recording offices of the Secretary of State of Delaware the security interests granted hereunder in the Repurchase Assets will constitute fully perfected first priority security interests under the Uniform Commercial Code in all right, title and interest of each Seller Party in, to and under such Repurchase Assets which can be perfected by filing under the Uniform Commercial Code.

Section 3.14 The Note. Seller has (i) delivered the Note to Administrative Agent, (ii) duly endorsed the Note to Administrative Agent or Administrative Agent's designee, (iii) notified the Indenture Trustee of such transfer and (iv) completed all documents required to effect such transfer in the Note Register, including receipt by the Note Registrar of the Rule 144A Note Transfer Certificate and such other information and documents that may be required pursuant to the terms of the Indenture. In addition, Administrative Agent has received all other Program Agreements (including all exhibits and schedules referred to therein or delivered pursuant thereto), all amendments thereto, waivers relating thereto and other side letters or agreements affecting the terms thereof and all agreements and other material documents relating thereto, and Seller hereby certifies that the copies delivered to Administrative Agent by Seller are true and complete. None of such documents has been amended, supplemented or otherwise modified (including waivers) since the respective dates thereof, except by amendments, copies of which have been delivered to Administrative Agent. Each such document to which any Seller Party is a party has been duly executed and delivered by such Seller Party and is in full force and effect, and no default or material breach has occurred and is continuing thereunder.

Section 3.15 Taxes. Each Seller Party and its respective Subsidiaries have timely filed all tax returns that are required to be filed by them and have paid all taxes, assessments, fees and other governmental charges levied upon it or its property or income (whether or not shown on such tax returns) that are due and payable, including interest and penalties, except for any such taxes, assessments, fees and other governmental charges as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided. The charges, accruals and reserves on the books of each Seller Party and its respective Subsidiaries in respect of taxes and other governmental charges are, in the opinion of Seller Parties, adequate. Any taxes, fees and other governmental charges payable by it in connection with a Transaction and the execution and delivery of this Agreement, any Transaction Notice and the Program Agreements have been paid.

Section 3.16 Investment Company. No Seller Party is required to register as an “investment company” within the meaning of the 1940 Act, no one acting on any Seller Party’s behalf has taken any action that would require registration of any Seller Party or any of their

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respective Subsidiaries under the Investment Company Act, and no one acting on any Seller Party’s behalf has authorized or will authorize any Person to act in such manner; provided, however, that any entity that is under the management of PNMAC Capital Management LLC in its capacity as an “investment adviser” within the meaning of the Investment Advisers Act of 1940 and is otherwise not directly or indirectly owned or controlled by Seller shall not be deemed a “Subsidiary” for the purposes of this **Section 3.16**. No Transaction represents an “ownership interest” in Seller for purposes of the “Volcker Rule” (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act). Seller is structured so as not to constitute a “covered fund” as defined in the final regulations issued December 10, 2013, implementing the “Volcker Rule” (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

Section 3.17 Chief Executive Office; Jurisdiction of Organization. On the Closing Date, each Seller Party’s chief executive office, is, and has been, located at 3043 Townsgate Road, Westlake Village, CA 91361. On the Closing Date, each Seller Party’s jurisdiction of organization is the State of Delaware. No Seller Party has a trade name. During the preceding five (5) years, no Seller Party has been known by or done business under any other name, corporate or fictitious, and has not filed or had filed against it any bankruptcy receivership or similar petitions nor has it made any assignments for the benefit of creditors.

Section 3.18 Location of Books and Records. The location where Seller Parties keeps their books and records, including all computer tapes and records relating to the Repurchase Assets is its chief executive office.

Section 3.19 ERISA. Except as could not reasonably be expected to result in a Material Adverse Effect (i) each Seller Party, its respective ERISA Affiliates, and each Plan are in compliance in all respects with the requirements of ERISA and the Code, (ii) no Reportable Event has occurred with respect to any Plan, (iii) no Plan is considered to be an “at-risk” plan within the meaning of Section 430 of the Code or Section 303 of ERISA, (iv) each Seller Party and its respective Subsidiaries and their respective ERISA Affiliates do not provide any material medical or health benefits to former employees other than as required by the Consolidated Omnibus Budget Reconciliation Act, as amended, or similar state or local law (collectively, “COBRA”), (v) each Seller Party and its respective Subsidiaries and their respective ERISA Affiliates have made all required contributions to each Plan, and to each Multiemployer Plan to which it is obligated to contribute, and (vi) no event or condition described in **Section 6.21(a)(iii)(6)** has occurred or exists, other than an event or condition with respect to which notice has been provided in accordance with **Section 6.21(a)(iii)(6)**.

Section 3.20 Financing of Note and Additional Balances. Each Transaction will be used to purchase the Note and one or more Additional Balances relating thereto, which Note will be conveyed and/or sold by Seller to Buyers.

Section 3.21 Agreements. Neither Seller Parties nor any Subsidiary of a Seller Party is a party to any agreement, instrument, or indenture or subject to any restriction materially and adversely affecting its business, operations, assets or financial condition, except as disclosed in the financial statements described in **Section 3.05** hereof. Neither Seller Parties nor any Subsidiary of a Seller Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement, instrument, or indenture

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which default could have a material adverse effect on the business, operations, properties, or financial condition of any Seller Party. No holder of any indebtedness of any Seller Party or of any of its respective Subsidiaries has given notice of any asserted default thereunder.

Section 3.22 Other Indebtedness. All Indebtedness (other than Indebtedness evidenced by this Agreement) of each Seller Party existing on the Closing Date is listed on **Exhibit B** hereto (the “**Existing Indebtedness**”).

Section 3.23 No Reliance. Each Seller Party has made its own independent decisions to enter into the Program Agreements and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including legal counsel and accountants) as it has deemed necessary. Seller Parties are not relying upon any advice from Administrative Agent or Buyers as to any aspect of the Transactions, including the legal, accounting or tax treatment of such Transactions.

Section 3.24 Plan Assets. No Seller Party is an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code, and the Purchased Assets are not “plan assets” within the meaning of 29 CFR § 2510.3 101 as amended by Section 3(42) of ERISA, in any Seller Party's hands, and transactions by or with any Seller Party are not subject to any state or local statute regulating investments or fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

Section 3.25 Anti-Money Laundering Laws. Each Seller Party has complied with all applicable anti-money laundering laws and regulations, including the Patriot Act (collectively, the “**Anti-Money Laundering Laws**”); each Seller Party has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws.

Section 3.26 Anti-Terrorism; OFAC.

(a) No Seller Party nor any Person controlling or controlled by a Seller Party nor any Person having a direct beneficial interest in a Seller Party nor any Person for whom it is acting as agent or nominee in connection with this transaction (1) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the “**Executive Order**”), (2) engages in any dealings or transactions prohibited by Section 2 of the Executive Order, or is otherwise associated with any such Person in any manner violative of Section 2 of the Executive Order, or (3) is a Person on the

list of Specially Designated Nationals and Blocked Persons or is in violation of the limitations or prohibitions under any other OFAC regulation or executive order.

(b) No part of the proceeds of the Purchase Price will be used, directly or to its knowledge indirectly, by any Person for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

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(c) Each Seller Party acknowledges by executing this Agreement and the other Program Agreements to which such Seller Party is a party that Administrative Agent and each Buyer has notified it that, pursuant to the requirements of the Patriot Act, Administrative Agent and each Buyer is required to obtain, verify and record such information as may be necessary to identify such Seller Party, and confirm that the administrator of such Seller Party (or the administrator of the applicable direct or indirect owner of Equity Interests of it) has obtained, verified and recorded such information as may be necessary to identify any Person owning ten percent (10%) or more of the direct Equity Interests of it (including the name and address of such Person), in each case, in accordance with the Patriot Act.

(d) None of Seller Parties or any director, officer, agent or employee of any Seller Parties, has used or to its knowledge indirectly used any of the proceeds of any Transaction (i) for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) to make any direct or indirect unlawful payment to any government official or employee from corporate funds, (iii) to violate any provision of the U.S. Foreign Corrupt Practices Act of 1977 or similar law of a jurisdiction in which any Seller Party conducts its business and to which they are lawfully subject or (iv) to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

Section 3.27 Compliance with 1933 Act. No Seller Party nor anyone acting on its behalf has offered, transferred, pledged, sold or otherwise disposed of the Note, any interest in the Note or any other similar security to, or solicited any offer to buy or accept a transfer, pledge or other disposition of the Note, any interest in the Note or any other similar security from, or otherwise approached or negotiated with respect to the Note, any interest in the Note or any other similar security with, any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action which would constitute a distribution of the Note under the 1933 Act or which would render the disposition of the Note a violation of Section 5 of the 1933 Act or require registration pursuant thereto.

Section 3.28 Compliance with Laws. No Seller Party is in violation of any of its Organizational Documents, of any provision of any applicable Law, or of any judgment, award, rule, regulation, order, decree, writ or injunction of any court or public regulatory body or authority that could reasonably be expected to result in a Material Adverse Effect.

Section 3.29 The Ginnie Mae Contract. Parent has delivered to Administrative Agent a copy of the Ginnie Mae Contract which was executed on

Ginnie Mae's standard forms, and Parent hereby represents and warrants that there has been no amendment to such Ginnie Mae Contract that would grant additional or more favorable rights to terminate the servicer from those rights specified in the Ginnie Mae Guide, and copies delivered to Administrative Agent by Parent are true, correct and complete. Each such document to which Parent is a party has been duly executed and delivered by Parent and is in full force and effect, and no default or event of default (howsoever defined) has occurred and is continuing thereunder, except where the occurrence and continuance of such default or event of default would not reasonably be expected to result in a Material Adverse Effect. The Ginnie Mae Contract is in full force and effect, and Parent has not been terminated as the servicer under the Ginnie Mae Contract.

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Section 3.30 Ginnie Mae Approvals. Parent is approved by Ginnie Mae as an approved issuer, and, to the extent necessary, approved by the Secretary of HUD pursuant to Sections 203 and 211 of the National Housing Act, as amended. In each such case, Parent is in good standing, with no event having occurred, including a change in insurance coverage which would either make Parent unable to comply with the eligibility requirements for maintaining all such applicable approvals or require notification to Ginnie Mae or to HUD, FHA or VA.

Section 3.31 No Adverse Actions. To the extent approved by a Specified Governmental Entity, Parent has not received from any Specified Governmental Entity a notice of extinguishment or a notice indicating material breach, default or material non-compliance which could be reasonably likely to cause such Specified Governmental Entity to terminate, suspend, sanction or levy penalties against it, or a notice from any Specified Governmental Entity indicating any adverse fact or circumstance in respect of it which could be reasonably likely to cause such Specified Governmental Entity, to revoke any of its approvals or otherwise terminate, suspend it as an approved issuer, seller or servicer, as applicable, or with respect to which such adverse fact or circumstance has caused any Specified Governmental Entity to terminate it.

Section 3.32 Use of Proceeds. Seller Parties will only use the proceeds of the Purchase Price as permitted under Section 2.08. No part of the proceeds of the Purchase Price will be used directly or indirectly to purchase or carry Margin Stock, or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, in violation of any of the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System. Seller Parties are not engaged in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. At no time would more than 25% of the value of the assets of any Seller Party that are subject to any "arrangement" (as such term is used in Section 221.2(g) of such Regulation U) hereunder be represented by Margin Stock. Seller Parties shall not use the proceeds of any Transaction to purchase any asset or securities from, or otherwise transfer the proceeds of the Purchase Price to, an "affiliate" of Administrative Agent or any Buyer, as such term is defined in 12 C.F.R. Part 223.

Section 3.33 Separateness. Seller is in compliance with the requirements of Section 6.33 hereof.

ARTICLE IV

CONVEYANCE; REPURCHASE ASSETS; SECURITY INTEREST

Section 4.01 Ownership. Upon payment of the Purchase Price and delivery of the Note to Administrative Agent on behalf of Buyers, Buyers shall become the sole owners of the Purchased Assets, free and clear of all liens and encumbrances.

Section 4.02 Security Interest.

(a) Although the parties intend (other than for U.S. federal tax purposes) that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, and in any event, Seller hereby pledges to Administrative Agent, for the benefit of Administrative Agent and Buyers, as security for the performance by Seller of its

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Obligations and hereby grants, assigns and pledges to Administrative Agent, for the benefit of Buyers, a fully perfected first priority security interest in all of Seller's right, title and interest in, to and under all its personal property and other assets, whether now owned or hereafter acquired, now existing or hereafter created and wherever located (collectively, the "Primary Repurchase Assets"), including the following:

- (i) the Note identified on the Asset Schedule;
- (ii) all rights to reimbursement or payment of the Note and/or amounts due in respect thereof under the Note identified on the Asset Schedule;
- (iii) all records, instruments or other documentation evidencing any of the foregoing;
- (iv) all "general intangibles", "accounts", "chattel paper", "contracts", "documents", "goods", "instruments", "deposit accounts", "letter of credit rights", "equipment", "securities accounts", "investment property", "deposit accounts" and "money", in each case as defined in the Uniform Commercial Code, including to the extent relating to or constituting any and all of the foregoing (including all of Seller's rights, title and interest in and under the Base Indenture and the Series 2023-MSRVF1 Indenture Supplement); and
- (v) any and all replacements, substitutions, distributions on or proceeds of any and all of the foregoing.

(b) Buyers and Seller hereby agree that in order to further secure Seller's Obligations hereunder, Seller hereby assigns, pledges, conveys and grants to Administrative Agent, for the benefit of Administrative Agent and Buyers a security interest in (i) as of the Closing Date, Seller's rights (but not its obligations) under the Program Agreements including any rights to receive payments thereunder or any rights to collateral thereunder whether now owned or hereafter acquired, now existing or hereafter created (collectively, the "Repurchase Rights") and (ii) all collateral however defined or described under the Program Agreements to the extent not otherwise included under the definitions of Primary Repurchase Assets

or Repurchase Rights (such collateral, “Additional Repurchase Assets,” and collectively with the Primary Repurchase Assets and the Repurchase Rights, the “Repurchase Assets”) to secure the Obligations.

(c) The foregoing provisions of this Section 4.02 are intended to constitute a security agreement or other arrangement or other credit enhancement related to this Agreement and the Transactions hereunder as defined under Sections 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code.

Section 4.03 Further Documentation. At any time and from time to time, upon the written request of Administrative Agent, and at the sole expense of Seller, Seller will promptly and duly execute and deliver, or will promptly cause to be executed and delivered, such further instruments and documents and take such further action as Administrative Agent may reasonably request (x) to obtain, preserve, perfect, protect or more fully evidence Administrative Agent's security interest in the Purchased Assets, (y) for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted or (z) to enable

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Administrative Agent to exercise or enforce any of its rights hereunder or under any other Program Agreement, including the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any applicable jurisdiction with respect to the Liens created hereby or amendments thereto or assignments thereof and such other instruments or notices, as Administrative Agent may reasonably require. Seller also hereby authorizes Administrative Agent to file any such financing or continuation statement, and amendments thereto and assignments thereof to the extent permitted by applicable Law.

Section 4.04 Changes in Locations, Name, etc. Seller shall not (a) change the location of its chief executive office/chief place of business from that specified in Section 3.17 or (b) change its name or corporate structure (or the equivalent) or jurisdiction of organization from the jurisdiction referred to in Section 3.17, unless it shall have given Administrative Agent at least thirty (30) days' prior written notice thereof and shall have delivered to Administrative Agent all Uniform Commercial Code financing statements and amendments thereto as Administrative Agent shall request and taken all other actions deemed necessary by Administrative Agent to continue its perfected status in the Repurchase Assets with the same or better priority.

Section 4.05 Performance by Administrative Agent of Seller's Obligations. If Seller fails to perform or comply with any of its agreements contained in the Program Agreements and Administrative Agent may itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable (under the circumstances) out-of-pocket expenses of Administrative Agent actually incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the Pricing Rate shall be payable by Seller to Administrative Agent on demand and shall constitute Obligations. Such interest shall be computed on the basis of the actual number of days in each Price Differential Period and a 360-day year.

Section 4.06 Proceeds. If an Event of Default shall occur and be continuing, (a) all proceeds of Repurchase Assets received by Seller consisting of cash, checks and other liquid assets readily convertible to cash items shall be held by Seller in trust for Administrative Agent, segregated from other funds of Seller, and shall forthwith upon receipt by Seller be turned over to Administrative Agent in the exact form received by Seller (duly endorsed by Seller to Administrative Agent, if required) and (b) any and all such proceeds received by Administrative Agent (whether from Seller or otherwise) may, in the sole discretion of Administrative Agent, be held by Administrative Agent as collateral security for, and/or then or at any time thereafter may be applied by Administrative Agent against, the Obligations (whether matured or unmatured), such application to be in such order as Administrative Agent shall elect. Any balance of such proceeds remaining after the Obligations shall have been paid in full and this Agreement shall have been terminated shall be paid over to Seller or to whomsoever may be lawfully entitled to receive the same.

Section 4.07 Remedies. If an Event of Default shall occur and be continuing, Administrative Agent may exercise (and at the direction of the Required Buyer shall exercise), in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code (including Administrative Agent's rights to a strict foreclosure under Section 9-620 of the Uniform Commercial Code). Without limiting the

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generality of the foregoing, Administrative Agent may seek (and at the direction of the Required Buyer shall seek) the appointment of a receiver, liquidator, conservator, trustee, or similar official in respect of Seller or any of Seller's property.

Administrative Agent without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required under this Agreement or by law referred to below) to or upon Seller or any other Person (each and all of which demands, presentments, protests, advertisements and notices are hereby waived), may (and at the direction of the Required Buyer shall) in such circumstances forthwith collect, receive, appropriate and realize upon the Repurchase Assets, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Repurchase Assets or any part thereof (or contract to do any of the foregoing), in one or more parcels or as an entirety at public or private sale or sales, at any exchange, broker's board or office of Administrative Agent or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Administrative Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Repurchase Assets so sold, free of any right or equity of redemption in Seller, which right or equity is hereby waived or released.

Seller further agrees, at Administrative Agent's request, to assemble the Repurchase Assets and make them available to Administrative Agent at places which Administrative Agent shall reasonably select, whether at Seller's premises or elsewhere. Administrative Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all

reasonable (under the circumstances) out-of-pocket costs and expenses of every kind actually incurred therein or incidental to the care or safekeeping of any of the Repurchase Assets or in any way relating to the Repurchase Assets or the rights of Administrative Agent hereunder, including reasonable attorneys' fees and disbursements of Administrative Agent or Buyers, to the payment in whole or in part of the Obligations, in such order as Administrative Agent may elect may (or shall elect at the direction of the Required Buyer), and only after such application and after the payment by Administrative Agent of any other amount required or permitted by any provision of law, including Section 9-615 of the Uniform Commercial Code, need Administrative Agent account for the surplus, if any, to Seller. To the extent permitted by applicable Law, Seller waives all claims, damages and demands it may acquire against Administrative Agent arising out of the exercise by Administrative Agent of any of its rights hereunder, other than those claims, damages and demands arising from the gross negligence or willful misconduct of Administrative Agent. If any notice of a proposed sale or other disposition of Repurchase Assets shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. Seller shall remain liable for any deficiency (plus accrued interest thereon as contemplated herein) if the proceeds of any sale or other disposition of the Repurchase Assets are insufficient to pay the Obligations and the fees and disbursements in amounts reasonable under the circumstances, of any attorneys employed by Administrative Agent to collect such deficiency.

Section 4.08 Limitation on Duties Regarding Preservation of Repurchase Assets. Administrative Agent's duty with respect to the custody, safekeeping and physical preservation of the Repurchase Assets in its possession, under Section 9-207 of the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as Administrative Agent deals with similar property for its own account. Neither Administrative Agent nor any of its directors, officers or employees shall be liable for failure to demand, collect or realize upon all or any part of the

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Repurchase Assets or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Repurchase Assets upon the request of Seller or otherwise.

Section 4.09 Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Repurchase Assets are irrevocable and powers coupled with an interest.

Section 4.10 Release of Security Interest. Upon the latest to occur of (a) the repayment to Administrative Agent and Buyers of all Obligations hereunder, and (b) the occurrence of the Termination Date, Administrative Agent shall release its security interest in any remaining Repurchase Assets hereunder and shall promptly execute and deliver to Seller such documents or instruments as Seller shall reasonably request to evidence such release.

Section 4.11 Reinstatement. All security interests created by this Article IV shall continue to be effective, or be reinstated, as the case may be, if at any time any payment, or any part thereof, of any Obligation of Seller is rescinded or must otherwise be restored or returned by Administrative Agent or Buyers upon the

insolvency, bankruptcy, dissolution, liquidation or reorganization of Seller or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Seller or any substantial part of its property, or otherwise, all as if such release had not been made.

Section 4.12 Subordination. Seller shall not seek in any Insolvency Event of the Issuer to be treated as part of the same class of creditors as Administrative Agent and Buyers and shall not oppose any pleading or motion by Administrative Agent and Buyers advocating that Administrative Agent and Buyers should be treated as a separate class of creditors from Seller. Seller acknowledges and agrees that its rights with respect to the Repurchase Assets are and shall continue to be at all times while the obligations are outstanding junior and subordinate to the rights of Administrative Agent and Buyers under this Agreement.

ARTICLE V

CONDITIONS PRECEDENT

Section 5.01 Initial Transaction. The obligation of Administrative Agent and Buyers to enter into Transactions with Seller hereunder is subject to the satisfaction, immediately prior to or concurrently with the entering into such Transaction, of the condition precedent that Administrative Agent shall have received all of the following items, each of which shall be satisfactory to Administrative Agent and its counsel in form and substance:

(a) **Program Agreements and Note.** The Program Agreements and Note, in all instances duly executed and delivered by the parties thereto and being in full force and effect, free of any modification, breach or waiver.

(b) **Security Interest.** Evidence that all other actions necessary or, in the opinion of Administrative Agent, desirable to perfect and protect Administrative Agent's interest in the Repurchase Assets have been taken, including duly authorized and filed Uniform Commercial Code financing statements on Form UCC-1.

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(c) **Organizational Documents.** A certificate of the corporate secretary of Seller and each VFN Guarantor in form and substance acceptable to Administrative Agent, attaching certified copies of Seller and each VFN Guarantor's certificate of formation, operating agreement and corporate resolutions approving the Program Agreements and transactions thereunder (either specifically or by general resolution) and all documents evidencing other necessary corporate action or governmental approvals as may be required in connection with the Program Agreements.

(d) **Good Standing Certificate.** A certified copy of a good standing certificate from the jurisdiction of organization of Seller and each VFN Guarantor, dated as of no earlier than the date ten (10) Business Days prior to the Closing Date.

(e) **Incumbency Certificate.** An incumbency certificate of the corporate secretary of Seller and each VFN Guarantor, certifying the names, true signatures and titles of the representatives duly authorized to request transactions hereunder and to execute the Program Agreements.

(f) **Fees.** Administrative Agent and Buyers shall have received payment in full of all Fees and Expenses which are payable hereunder to Administrative Agent and Buyers on or before such date.

Section 5.02 All Transactions. The obligation of Administrative Agent and Buyers to enter into each Transaction pursuant to this Agreement is subject to the following conditions precedent:

(a) **Transaction Notice and Asset Schedule.** In accordance with **Section 2.02** hereof, Administrative Agent shall have received from Seller a Transaction Notice with an updated Asset Schedule which includes the Note and any Additional Balance, if applicable, related to a proposed Transaction hereunder on such Business Day.

(b) **No Margin Deficit.** After giving effect to each new Transaction, the aggregate outstanding amount of the Purchase Price shall not exceed the Margin Asset Value of the Note then in effect.

(c) **No Default.** No Default or Event of Default exists or shall have occurred and be continuing immediately after giving effect to such new Transaction.

(d) **Requirements of Law.** None of Administrative Agent or any Buyer shall have determined that the introduction of or change in any Requirement of Law or in the interpretation or administration of any Requirement of Law applicable to Administrative Agent or such Buyer has made it unlawful, and no Governmental Authority shall have asserted that it is unlawful, for Administrative Agent or such Buyer to enter into any Transaction.

(e) **Representations and Warranties.** Both immediately prior to the related Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller and each VFN Guarantor in each Program Agreement shall be true, correct and complete on and as of such Purchase Date in all material respects with the same force and effect as if made on and as of such date (or, (i) if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date and (ii) if any

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such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be true and correct in all respects, as written).

(f) **Note.** Administrative Agent shall have received the Note and evidence of the Additional Balances relating to any Purchased Assets, which is in form and substance satisfactory to Administrative Agent in its sole discretion.

(g) **No Material Adverse Change.** Since the Closing Date, there has been no Material Adverse Change.

(h) **Fees.** Administrative Agent and Buyers shall have received payment in full of all fees and Expenses which are payable hereunder to Administrative Agent and Buyers on or before such date.

Section 5.03 Closing Subject to Conditions Precedent. The obligation of Buyers to purchase the Note is subject to the satisfaction on or prior to the Closing

Date of the following conditions (any or all of which may be waived by Administrative Agent at the direction of the Required Buyer):

(a) **Performance by the Parties.** All the terms, covenants, agreements and conditions of the Transaction Documents and the Acknowledgment Agreement to be complied with, satisfied, observed and performed by the Issuer, Seller or any VFN Guarantor on or before the Closing Date shall have been complied with, satisfied, observed and performed in all material respects.

(b) **Representations and Warranties.** Each of the representations and warranties of the Issuer, Seller or any VFN Guarantor made in the Transaction Documents and the Acknowledgment Agreement shall be true and correct in all material respects as of the Closing Date (or, (i) if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date and (ii) if any such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be true and correct in all respects).

(c) **Officer's Certificate.** Administrative Agent, Buyers and the Indenture Trustee shall have received in form and substance reasonably satisfactory to Administrative Agent an officer's certificate from PLS and a certificate of a Responsible Officer of the Issuer, dated the Closing Date, each certifying to the satisfaction of the conditions set forth in the preceding paragraphs (a) and (b), in each case together with incumbency, by-laws, resolutions and good standing.

(d) **Opinions of Counsel to the Issuer and PLS.** Counsel to the Issuer and PLS shall have delivered to Administrative Agent, Buyers and the Indenture Trustee favorable opinions, dated the Closing Date and satisfactory in form and substance to Administrative Agent and its counsel, relating to corporate matters, enforceability, security interest, safe harbor and perfection and an opinion as to which state's law applies to security interest and perfection matters. In addition to the foregoing, PLS, as servicer, shall have caused its counsel to deliver to the Issuer, Buyers, as purchaser of the Note hereunder, Administrative Agent and the Indenture Trustee an

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opinion as to certain tax matters dated as of the Closing Date, satisfactory in form and substance to Administrative Agent, Buyers and their respective counsel.

(e) **Filings and Recordations.** Administrative Agent, Buyers and the Indenture Trustee shall have received evidence reasonably satisfactory to Administrative Agent of (i) the completion of all recordings, registrations and filings as may be necessary or, in the reasonable opinion of Administrative Agent, desirable to perfect or evidence: (A) the assignment by PLS, as Seller, to the Issuer of the ownership interest in the Purchased Assets conveyed pursuant to the PC Repurchase Agreement and the proceeds thereof and (ii) the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of Administrative Agent, desirable to perfect or evidence the grant of a first priority perfected security interest in the Issuer's ownership interest in the Purchased Assets in favor of the Indenture Trustee, subject to no Liens prior to the Lien created by the Base Indenture.

(f) **Documents.** Administrative Agent, Buyers and the Indenture Trustee shall have received a duly executed counterpart of each of the Transaction Documents (including the Pricing Side Letter related to the Note), in form acceptable to Administrative Agent, the Acknowledgment Agreement, the Note and each and every document or certification delivered by any party in connection with any such Transaction Documents, the Acknowledgment Agreement or the Note, and each such document shall be in full force and effect.

(g) **Actions or Proceedings.** No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted to restrain or prohibit the consummation of, or to invalidate, any of the transactions contemplated by the Transaction Documents, the Acknowledgment Agreement, the Note and the documents related thereto in any material respect.

(h) **Approvals and Consents.** All Governmental Actions of all Governmental Authorities required with respect to the transactions contemplated by the Transaction Documents, the Acknowledgment Agreement, the Note and the documents related thereto shall have been obtained or made.

(i) **Fees, Costs and Expenses.** Administrative Agent and Buyers shall have received payment in full of all Fees and Expenses which are payable hereunder to Administrative Agent and Buyers on or before the Closing Date, and the fees, costs and expenses payable by the Issuer and PLS on or prior to the Closing Date pursuant to this Agreement or any other Transaction Document shall have been paid in full.

(j) **Other Documents.** PLS shall have furnished to Administrative Agent, Buyers and the Indenture Trustee such other opinions, information, certificates and documents as Administrative Agent may reasonably request.

(k) **MSR Valuation Agent.** PLS shall have engaged the MSR Valuation Agent pursuant to an agreement reasonably satisfactory to Administrative Agent.

(l) **Proceedings in Contemplation of Sale of the Note.** All actions and proceedings undertaken by the Issuer and the Seller Parties in connection with the issuance and

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sale of the Note as herein contemplated shall be satisfactory in all respects to Administrative Agent, Buyers and their respective counsel.

(m) **Advance Rate Reduction Event, Servicer Termination Events, Events of Default and Funding Interruption Events.** No Advance Rate Reduction Event, Servicer Termination Event, Event of Default or Funding Interruption Event shall then be occurring.

(n) **Satisfaction of Conditions.** Each of the Funding Conditions shall have been satisfied.

If any condition specified in this Section 5.03 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by Administrative Agent and Buyers by notice to PLS at any time at or prior to the

Closing Date, and neither Administrative Agent nor any Buyer shall incur any liability as a result of such termination.

ARTICLE VI

COVENANTS

Each Seller Party covenants and agrees that until the payment and satisfaction in full of all Obligations, whether now existing or arising hereafter, shall have occurred:

Section 6.01 Litigation. Each Seller Party will promptly, and in any event within three (3) Business Days after any Seller Party has actual knowledge, give to Administrative Agent notice of any action, suit or proceeding instituted by or against any Seller Party or any of its respective Subsidiaries in any federal or state court or before any commission or other regulatory body (federal, state or local, foreign or domestic), or any such action, suit or proceeding threatened against any Seller Party, in any case, if such action, suit or proceeding (x) involves a potential liability, on an individual or aggregate basis, with respect to which there is a reasonable likelihood that such action, suit or proceeding will result in a liability equal to or greater than 5.0% of PNMAC's Adjusted Tangible Net Worth, (y) is reasonably likely to result in a Material Adverse Effect or (z) questions or challenges the validity or enforceability of any of the Program Agreements. Seller Parties will promptly provide notice of any judgment, which with the passage of time, could cause an Event of Default hereunder.

Section 6.02 Prohibition of Fundamental Changes. No Seller Party shall (a) enter into any transaction of merger or consolidation or amalgamation with any Person; (b) liquidate, wind up or dissolve itself (or suffer any liquidation, winding up or dissolution); (c) sell, lease or otherwise dispose of, or agree to do any of the foregoing at any future time, all or substantially all of its assets; (d) enter into any transaction or series of transactions to adopt, file, effect or consummate a Division, or otherwise permits any such Division to be adopted, filed, effected or consummated; or (e) form or enter into any partnership, joint venture, syndicate or other combination which could be reasonably likely to result in a Material Adverse Effect; provided, that Parent may merge or consolidate with any Person if Parent is the surviving entity if after giving effect thereto, no Default would exist hereunder.

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Section 6.03 No Adverse Claims. Each Seller Party warrants and will defend the right, title and interest of Administrative Agent and Buyers in and to all Purchased Assets against all adverse claims and demands.

Section 6.04 Assignment. Except as permitted herein, no Seller Party shall sell, assign, transfer or otherwise dispose of, or grant any option with respect to, or pledge, hypothecate or grant a security interest in or lien on or otherwise encumber (except pursuant to the Program Agreements), any of the Purchased Assets or any interest therein, provided that this Section 6.04 shall not prevent any transfer of Purchased Assets in accordance with the Program Agreements.

Section 6.05 Security Interest. Seller Parties shall do all things necessary to preserve the Purchased Assets so that they remain subject to a first priority perfected security interest hereunder. Without limiting the foregoing, Seller

Parties will comply with all rules, regulations and other laws of any Governmental Authority and cause the Purchased Assets to comply with all applicable rules, regulations and other laws. Seller Parties will not allow any default for which any Seller Party is responsible to occur under any Purchased Assets or any Program Agreement and Seller Parties shall fully perform or cause to be performed when due all of its obligations under any Purchased Assets and any Program Agreement.

Section 6.06 Records.

(a) Seller Parties shall collect and maintain or cause to be collected and maintained all Records relating to the Purchased Assets in accordance with industry custom and practice for assets similar to the Purchased Assets, including those maintained pursuant to Section 6.07, and all such Records shall be in Parent's possession (or on the possession of an Approved Subservicer) unless Administrative Agent otherwise approves. Seller Parties will maintain all such Records in good and complete condition in accordance with industry practices for assets similar to the Purchased Assets and preserve them against loss.

(b) For so long as Administrative Agent and Buyers have an interest in or lien on any Purchased Assets, Seller Parties will hold or cause to be held all related Records in trust for Administrative Agent and Buyers. Seller Parties shall notify, or cause to be notified, every other party holding any such Records of the interests and liens in favor of Administrative Agent granted hereby.

(c) Upon reasonable advance notice from Administrative Agent, Seller Parties shall (x) make any and all Records available to Administrative Agent to examine any such Records, either by its own officers or employees, or by agents or contractors (including Approved Subservicers), or both, and make copies of all or any portion thereof, and (y) permit Administrative Agent or its authorized agents to discuss the affairs, finances and accounts of Seller Parties with their respective chief operating officer and chief financial officer and to discuss the affairs, finances and accounts of any Seller Party with its independent certified public accountants.

Section 6.07 Books. Seller Parties shall keep or cause to be kept in reasonable detail books and records of account of its assets and business in which complete entries will be made in accordance with GAAP consistently applied, and shall clearly reflect therein the transfer of Purchased Assets to Buyers.

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Section 6.08 Approvals. Seller Parties shall maintain all licenses, permits or other approvals necessary for each such Seller Party to conduct its business and to perform its obligations under the Program Agreements, and each Seller Party shall conduct its business strictly in accordance with applicable Law.

Section 6.09 Insurance. Seller Parties shall maintain or cause to be maintained, at its own expense, insurance coverage as is customary, reasonable and prudent in light of the size and nature of such Seller Party's business as of any date after the Closing Date. Seller Parties shall be deemed to have complied with this provision if one of its Affiliates has such policy coverage and, by the terms of any such policies, the coverage afforded thereunder extends to each such Seller Party. Upon the request of Administrative Agent at any time subsequent to the Closing Date and in no event more than once per calendar year unless an Event of Default shall have occurred and be continuing, Seller Parties shall cause to be delivered to

Administrative Agent, a certification evidencing each Seller Party's coverage under any such policies.

Section 6.10 Distributions. If a Default has occurred and is continuing, Seller Parties shall not pay any dividends with respect to any capital stock or other equity interests in such entity, whether now or hereafter outstanding, or make any other distribution in respect thereof, or redeem, purchase, retire, or otherwise acquire any of its Equity Interests, or set apart any money for a sinking or other analogous fund for any dividend or other distribution on its Equity Interests or for any redemption, purchase, retirement, or other acquisition either directly or indirectly, whether in cash or property or in obligations of any Seller Party.

Section 6.11 Applicable Law. Seller Parties shall comply with the requirements of all applicable Laws, rules, regulations and orders of any Governmental Authority and Parent shall maintain its status with Ginnie Mae as an approved issuer in accordance with applicable Law and all rules, policies, procedures and standards of Ginnie Mae.

Section 6.12 Existence; Ginnie Mae Approvals.

(a) Each Seller Party shall preserve and maintain its legal existence and all of its governmental licenses, authorizations, consents and approvals necessary for each Seller Party to conduct its business and to perform its obligations under the Transaction Documents and, with respect to the Parent, the Acknowledgment Agreement.

(b) Parent shall maintain adequate financial standing, procedures, and experienced personnel necessary for the sound servicing (or for the prudent oversight of subservicers to ensure the sound servicing) of mortgage loans of the same types as may from time to time constitute Mortgage Loans and in accordance, in all material respects, with Accepted Servicing Practices and the terms of the Ginnie Mae Contract.

(c) Each Seller Party shall comply in all material respects with the requirements of all applicable Laws, rules, regulations and orders of Governmental Authorities (including truth in lending, real estate settlement procedures and all environmental laws) if the failure to comply with such requirements would be reasonably likely (either individually or in the aggregate) to have a Material Adverse Effect.

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(d) Parent shall maintain its status with Ginnie Mae as an approved issuer, and shall be in good standing with Ginnie Mae in accordance with applicable Law and all rules, policies, procedures and standards of Ginnie Mae (collectively, "Ginnie Mae Approvals").

(e) Parent shall and shall cause any subservicer to service all MSRs in accordance with the Ginnie Mae Requirements.

(f) Should any Seller Party, (x) receive written notice of any material default or notice of termination of servicing for cause under the Ginnie Mae Contract, or (y) for any reason, cease to possess all applicable Ginnie Mae Approvals, or should notification from Ginnie Mae or HUD, FHA or VA as described in Section 3.31 be received, Seller shall so notify Administrative Agent in writing

within three (3) Business Days. Notwithstanding the preceding sentence, Parent shall take all necessary action to maintain all of its Ginnie Mae Approvals at all times during the term of this Agreement.

Section 6.13 Change in Organizational Documents. Seller Parties shall not amend, modify or otherwise change any of its Organizational Documents in any material respect, or except any such amendments, modifications or changes or any such new agreements or arrangements that could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; provided that Seller Parties shall deliver written notice to Administrative Agent within thirty (30) days of any material amendment to its Organizational Documents.

Section 6.14 Taxes. Each Seller Party shall timely file all tax returns that are required to be filed by it and shall timely pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained in accordance with GAAP.

Section 6.15 Transactions with Affiliates. Other than the purchase of the Note, Seller Parties will not, directly or indirectly, enter into any transaction, including any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction (a) does not result in a Default hereunder, (b) is in the ordinary course of such Seller Party's business and (c) is upon fair and reasonable terms no less favorable to such Seller Party than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate, or make a payment that is not otherwise permitted by this Section 6.15 to any Affiliate.

Section 6.16 True and Correct Information. All information, reports, exhibits, schedules, financial statements or certificates of Seller Parties, any Affiliate thereof or any of their officers furnished to Administrative Agent hereunder and during Administrative Agent's diligence of Seller Parties are and will be true and complete in all material respects and do not omit to disclose any material facts necessary to make the statements herein or therein, in light of the circumstances in which they are made, not misleading. All required financial statements, information and reports delivered by any Seller Party to Administrative Agent pursuant to this Agreement shall be prepared in accordance with U.S. GAAP, or, if applicable, to SEC filings, the appropriate SEC accounting regulations

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Section 6.17 No Pledge. Except as contemplated herein, no Seller Party shall pledge, grant a security interest or assign any existing or future rights to service any of the Repurchase Assets or pledge or grant to any other Person any security interest in the Note.

Section 6.18 Plan Assets. Seller Parties shall not be an employee benefit plan as defined in Section 3 of Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code and Seller Parties shall not use "plan assets" within the meaning of 29 CFR § 2510.3 101, as amended by Section 3(42) of ERISA to engage in this Agreement or any Transaction hereunder. Transactions to or with any Seller Party shall not be subject to any state or local statute regulating investments of or

fiduciary obligations with respect to governmental plans within the meaning of Section 3(32) of ERISA.

Section 6.19 Sharing of Information. Seller Parties shall allow Administrative Agent and Buyers to exchange information related to Seller Parties and the Transactions hereunder with third party lenders and Seller Parties shall permit each third party lender to share such information with Administrative Agent and Buyers.

Section 6.20 Modification of the Base Indenture and Series 2023-MSRVF1 Indenture Supplement. Parent shall not consent with respect to any of the Base Indenture and the Series 2023-MSRVF1 Indenture Supplement related to the Purchased Assets, to (i) the modification, amendment or termination of such Base Indenture and the Series 2023-MSRVF1 Indenture Supplement, (ii) the waiver of any provision of the Base Indenture and the Series 2023-MSRVF1 Indenture Supplement, or (iii) the resignation of PLS as servicer under the Base Indenture and the Series 2023-MSRVF1 Indenture Supplement, or the assignment, transfer, or material delegation of any of its rights or obligations, under such the Base Indenture and the Series 2023-MSRVF1 Indenture Supplement, without the prior written consent of Administrative Agent (at the direction of the Required Buyer in its sole discretion).

Section 6.21 Reporting Requirements.

(a) Seller Parties shall furnish to Administrative Agent (i) promptly (but in no event later than three (3) Business Days after any Seller Party has actual knowledge) copies of any material and adverse notices (including notices of defaults, breaches, potential defaults or potential breaches) and any material financial information that is not otherwise required to be provided by such Seller Party hereunder which is given to such Seller Party's lenders, (ii) immediately upon knowledge, notice of the occurrence of (1) any Default hereunder; (2) any default or material breach by any Seller Party of any obligation under any Program Agreement or any material contract or agreement of any Seller Party or (3) the occurrence of any event or circumstance that such party reasonably expects has resulted in, or will, with the passage of time, result in, a Material Adverse Effect or an Event of Default and (iii) the following:

(1) as soon as available and in any event within forty-five (45) calendar days after the end of each calendar month, the unaudited balance sheet of PLS, as at the end of such period and the related unaudited consolidated statements of income for PLS, including changes in shareholders' equity (or its equivalent), for such period and the portion of the fiscal year through the end of such period, accompanied by a certificate of a Responsible Officer of PLS, which certificate

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shall state that said consolidated financial statements or financial statements, as applicable, fairly present in all material respects the consolidated financial condition or financial condition, as applicable, and results of operations of PLS in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end adjustments);

(2) as soon as available and in any event within forty-five (45) calendar days after the end of each calendar quarter, the unaudited cash flow statements of PLS and PNMAC, as at the end of such period and the portion of the fiscal year through the end of such period, accompanied by a certificate of a Responsible Officer of PLS, which certificate shall state that said consolidated financial statements or financial statements, as applicable, fairly present in all material respects the consolidated financial condition or financial condition, as applicable, and results of operations of PLS in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end adjustments)

(3) as soon as available and in any event within ninety (90) days after the end of each fiscal year, the balance sheet of PLS and PNMAC, as at the end of such fiscal year and the related consolidated statements of income and retained earnings and of cash flows for PLS and changes in shareholders' equity (or its equivalent) for such year, setting forth in comparative form the figures for the previous year, accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion and the scope of audit shall be acceptable to Administrative Agent and each Buyer in its sole discretion, shall have no "going concern" qualification and shall state that said consolidated financial statements or financial statements, as applicable, fairly present the consolidated financial condition or financial condition, as applicable, and results of operations of PLS as at the end of, and for, such fiscal year in accordance with GAAP;

(4) such other prepared statements that Administrative Agent or any Buyer (through Administrative Agent) may reasonably request;

(5) from time to time (x) such other information regarding the financial condition, operations, or business of Seller Parties as Administrative Agent or any Buyer (through Administrative Agent) may reasonably request and (y) information and documentation reasonably requested by Administrative Agent or any Buyer (through Administrative Agent) for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act;

(6) as soon as reasonably possible, and in any event within five (5) Business Days after any Seller Party has knowledge or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists (each, an "ERISA Event"), a statement signed by a senior financial officer of such Seller Party setting forth details respecting such event or condition and the action, if any, that such Seller Party or

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any of its Subsidiaries or ERISA Affiliates, as applicable, propose to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by such Seller Party or any of its

Subsidiaries or ERISA Affiliates with respect to such event or condition):

a. any Reportable Event or failure to meet minimum funding standards with respect to a Plan; provided that a failure to meet the minimum funding standard of Section 412 of the Code or Sections 302 or 303 of ERISA with respect to a Plan, including the failure to make on or before its due date a required installment under Section 430(j) of the Code or Section 303(j) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(c) of the Code or any request for a waiver under Section 412(c) of the Code for any Plan;

b. the distribution under Section 4041(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Seller Party or its respective Subsidiaries or ERISA Affiliates;

c. the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by any Seller Party or its respective Subsidiaries or ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

d. the complete or partial withdrawal from a Multiemployer Plan by any Seller Party or its respective Subsidiaries or ERISA Affiliates that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Seller Party or its respective Subsidiaries or ERISA Affiliates of notice from a Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

e. the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Seller Party or its respective Subsidiaries or ERISA Affiliates to enforce Section 515 of ERISA, which proceeding is not dismissed within thirty (30) calendar days; and

f. the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) and Section 436 of the Code, would result in the loss of tax-exempt status of the trust of which such Plan is a part if any Seller Party or its respective Subsidiaries or ERISA Affiliates fails to timely make a contribution or provide security to such Plan in accordance with the provisions of said Sections;

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(7) as soon as reasonably possible (but in no event later than three (3) Business Days after any Seller Party has actual knowledge), notice of any of the following events:

a. any material dispute, litigation, investigation, proceeding or suspension between any Seller Party on the one hand, and any Governmental Authority or any Person;

b. any material change in accounting policies or financial reporting practices of any Seller Party;

c. any material issues raised upon examination of any Seller Party or any Seller Party's facilities by any Governmental Authority;

d. promptly upon receipt of notice or knowledge of any lien or security interest (other than security interests created hereby or by the other Program Agreements) on, or claim asserted against, any of the Purchased Assets;

e. the filing, recording or assessment of any federal, state or local tax lien against any Seller Party, or any Seller Party's assets, unless such filing, recording or assessment could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect with respect to any Seller Party;

f. any condition or event that constitutes an "event of default" under any Indebtedness with an outstanding principal amount greater than \$25,000,000 or that notice has been given to any party thereunder with respect thereto or any fact that could reasonably be expected to have a Material Adverse Effect;

g. any other action, event or condition of any nature that, with notice or lapse of time or both, would constitute a default under any agreement, instrument or indenture to which any Seller Party is a party or to which any Seller Party, its properties or assets may be subject that could reasonably be expected to lead to, or result in, a Material Adverse Effect;

h. (x) any material penalties, sanctions or charges levied, or threatened to be levied, against any Seller Party or any adverse change or threatened change made in writing in Parent's Ginnie Mae Approval status, (y) the commencement of any material non-routine investigation or the institution of any proceeding or the threat in writing of institution of any proceeding against any Seller Party by any Specified Governmental Entity or any supervisory or regulatory Governmental Authority supervising or regulating the origination or servicing of mortgage loans by, or the issuer or seller status of Parent or (z) the commencement of any material investigation, or the institution of any material proceeding or the threat in writing of institution of any material proceeding against any Seller Party by

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any city, county or municipal supervisory or regulatory Governmental Authority supervising or regulating the origination

or servicing of mortgage loans by, or the issuer or seller status of any Seller Party;

i. (x) any material settlement with, or issuance of a consent order by, any Governmental Authority and (y) any settlement with, or issuance of a consent order by, any Governmental Authority; and

j. the occurrence of any event or change that has results in or could reasonably be expected to result in a Material Adverse Effect.

(8) Promptly upon the creation, incurrence, assumption or existence of any of the following, notice thereof:

a. any Guarantees, except (x) to the extent reflected in a Seller Party's financial statements or notes thereto and (y) to the extent the aggregate Guarantees of Seller do not exceed \$250,000; and

b. additional material Indebtedness other than (w) the Existing Indebtedness specified on Exhibit B hereto; (x) Indebtedness incurred with Buyers or their Affiliates; (y) Indebtedness incurred in connection with new or existing secured lending facilities; and (z) usual and customary accounts payable for a mortgage company.

Documents required to be delivered pursuant to Sections 6.21(a)(iii)(2) and (3) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which such documents are filed for public availability on the SEC's Electronic Data Gathering and Retrieval System.

(b) **Officer's Certificates.** PLS will furnish to Administrative Agent, at the time Seller Parties furnish each set of financial statements pursuant to Section 6.21(a)(iii)(1), (2) or (3) above, an Officer's Compliance Certificate.

(c) **Monthly Reporting.** Seller Parties shall at all times maintain a current list (which may be stored in electronic form) of the Note and Additional Balances. Seller Parties shall deliver to Administrative Agent and Ginnie Mae on the monthly Price Differential Payment Date (the "**Monthly Report Date**") a cumulative Asset Schedule, each of which, when so delivered, shall replace the current Asset Schedule and which may be delivered in electronic form acceptable to Administrative Agent. Each such updated Asset Schedule shall indicate the outstanding VFN Principal Balance of the Note as of the close of the preceding week. As of each Monthly Report Date, Seller Parties hereby certify, represent and warrant to Administrative Agent and Buyers that each such updated Asset Schedule is true, complete and correct in all material respects.

(d) **Hedging Reports.** Seller Parties shall deliver to Administrative Agent a monthly summary hedge report (data elements to be agreed upon by Seller Parties and Administrative Agent). To the extent any Seller Party retains any Person(s) to perform hedging services on behalf of such Seller Party, such Seller Party hereby grants Administrative Agent authority to contact, request and receive hedging reports directly from such Person(s) at no cost to

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Administrative Agent or any Buyer. Further, such Seller Party shall instruct such Person(s), upon reasonable notice from Administrative Agent and during normal business hours, to answer candidly and fully, at no cost to Administrative Agent or any Buyer, any and all questions that Administrative Agent may address to them in reference to the hedging reports of such Seller Party.

(e) **Other.** Seller Parties shall deliver to Administrative Agent any other reports or information reasonably requested by Administrative Agent or any Buyer (through Administrative Agent) or as otherwise required pursuant to this Agreement and the Indenture (including all reports and information delivered by the Issuer, the Administrator or the Indenture Trustee relating to the Note). Each Seller Party understands and agrees that all reports and information provided to Administrative Agent by or relating to any Seller Party may be disclosed to Administrative Agent's and Buyers' Affiliates.

(f) **Regulatory Reporting Compliance.** Seller Parties shall, on or before the last Business Day of the fifth (5th) month following the end of each Seller Party's fiscal years (December 31), beginning with the fiscal year ending in 2023, deliver to Administrative Agent a copy of the results of any Uniform Single Attestation Program for Mortgage Bankers or an Officer's Certificate that satisfies the requirements of Item 1122(a) of Regulation AB, an independent public accountant's report that satisfies the requirements of Item 1123 of Regulation AB, or similar review conducted on such Seller Party by its accountants, and such other reports as such Seller Party may prepare relating to its servicing functions as a Seller Party.

Section 6.22 Liens on Substantially All Assets. No Seller Party shall grant a security interest to any Person other than Administrative Agent or an Affiliate of Administrative Agent in substantially all assets of any Seller Party unless such Seller Party has entered into an amendment to this Agreement that grants to Administrative Agent a pari passu security interest on such assets.

Section 6.23 Litigation Summary. On each date on which the Officer's Compliance Certificate is delivered, Seller Parties shall provide to Administrative Agent a true and correct summary of all material actions, notices, proceedings and investigations pending with respect to which any Seller Party has received service of process or other form of notice or, to the best of each Seller Party's knowledge, threatened against it, before any court, administrative or governmental agency or other regulatory body or tribunal.

Section 6.24 Material Change in Business. No Seller Party shall make any material change in the nature of its business as carried on at the Closing Date other than lines of business typical for companies engaged in mortgage or consumer finance.

Section 6.25 Ginnie Mae Contract.

(a) Within five (5) Business Days after (x) a Responsible Officer of Parent becomes aware of an amendment to the Ginnie Mae Contract or (y) a Responsible Officer of Parent becomes aware of an amendment to the Acknowledgment Agreement that, in each case, could reasonably be expected to materially and adversely affect Parent, the Purchased Assets or Administrative Agent's or any Buyer's interest therein or to result in a Material Adverse Effect, to the extent permitted by Ginnie Mae, Parent shall deliver to Administrative Agent copies of any

such amendments; provided that Parent shall cooperate with any requests by Administrative Agent to deliver copies of each amendment, restatement, supplement or other modification to the Ginnie Mae Contract or the Acknowledgment Agreement, to the extent permitted by Ginnie Mae.

(b) Parent shall not execute any amendments with respect to the Acknowledgment Agreement without the prior consent of Administrative Agent (at the direction of the Required Buyer).

(c) Should Parent for any reason cease to possess the Ginnie Mae Approvals, or should notification to Ginnie Mae be required, Parent shall immediately notify Administrative Agent in writing.

(d) Parent shall promptly, and in no event later than five (5) days after Parent has knowledge thereof, notify Administrative Agent of any Servicer Termination Event or event of default under any Ginnie Mae Contract or its receipt of a notice of actual termination of Parent's right to service under any Ginnie Mae Contract which evidences an intent to transfer such servicing to a third party.

Section 6.26 Trigger Event MSR Asset Sale. Parent shall, within one (1) Business Day, notify Administrative Agent in the event that it has voluntarily relinquished or delivered notice of its intent to sell or transfer Ginnie Mae Contract rights constituting more than 50% of the aggregate Ginnie Mae Contract rights of Parent with respect to Ginnie Mae, in any event without Administrative Agent's prior express written consent.

Section 6.27 Termination of Servicing Notice. Parent shall give notice to Administrative Agent promptly but not later than two (2) Business Days after receipt of notice or knowledge by a Responsible Officer of (i) any material default, notice of termination of servicing for cause or notice of any other matter materially and adversely affecting the Purchased Assets under the Ginnie Mae Contract or (ii) any resignation of servicing, termination of servicing or notice of resignation of or termination of servicing, under the Ginnie Mae Contract, outside the ordinary course of business.

Section 6.28 Quality Control. In addition to maintaining its own internal monitoring program for servicing oversight operations, Parent shall and shall cause each Approved Subservicer to conduct quality control reviews of such Approved Subservicer's servicing operations in accordance with industry standards and Specified Governmental Entity requirements. Parent shall provide oversight of its Approved Subservicer to ensure the sound subservicing of the Mortgage Loans, in all material respects in accordance with Accepted Servicing Practices, the applicable Approved Subservicing Agreement and the Ginnie Mae Requirements.

Section 6.29 Ginnie Mae Audit and Approval Maintenance. Parent shall (i) at all times maintain copies of relevant portions of all Audits in which there are material adverse findings, including notices of defaults, notices of termination of approved status, notices of imposition of supervisory agreements or interim servicing agreements, and notices of probation, suspension, or non-renewal, (ii) to the extent not otherwise prohibited by reason of confidentiality or other non-disclosure restrictions, provide Administrative Agent with copies of such Audits

promptly upon Administrative Agent request, and (iii) take all actions necessary to maintain its Ginnie Mae Approvals.

Section 6.30 Sale and Lease-Backs. No Seller Party shall enter into any arrangement, directly or indirectly, with any Person whereby any Seller Party shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred if any Default exists or will exist after giving effect thereto.

Section 6.31 Fiscal Year. No Seller Party shall change its fiscal year-end from December 31 or change its method of determining fiscal quarters.

Section 6.32 Most Favored Status. Each Seller Party, Administrative Agent and Buyers agree that should any Seller Party or any Subsidiary or Affiliate thereof enter into a repurchase agreement, credit facility or other comparable agreement with any Person, other than Administrative Agent or a Buyer or an Affiliate of Administrative Agent or a Buyer, which by its terms provides any of the following (each, a “More Favorable Agreement”):

(a) more favorable terms with respect to any guaranties or financial covenants, including covenants covering the same or similar subject matter set forth or referred to in Section 6.10 hereof and Section 2 of the Pricing Side Letter;

(b) a security interest to any Person other than Administrative Agent or an Affiliate of Administrative Agent in substantially all assets of any Seller Party or any Affiliate thereof; or

(c) a requirement that any Seller Party has added or will add any Person other than Administrative Agent or an Affiliate of Administrative Agent as a loss payee under any Seller Party’s Fidelity Insurance,

the terms of this Agreement and/or the Pricing Side Letter shall be deemed automatically amended to include such more favorable terms contained in such More Favorable Agreement, such that such terms operate in favor of Administrative Agent and Buyers; provided, that in the event that such More Favorable Agreement is terminated, upon notice by such Seller Party to Administrative Agent of such termination, the original terms of this Agreement and/or Pricing Side Letter shall be deemed to be automatically reinstated. Seller Parties further agree to execute and deliver any new guaranties, agreements or amendments to this Agreement and/or Pricing Side letter evidencing such provisions, provided that the execution of such amendment shall not be a precondition to the effectiveness of such amendment but shall merely be for the convenience of the parties hereto. Upon any Seller Party or any Subsidiary or an Affiliate thereof entering into any such repurchase agreement, credit facility or other comparable agreement with any Person other than Administrative Agent or an Affiliate of Administrative Agent, such related Seller Party shall provide notice to Administrative Agent of such more favorable terms contained in such More Favorable Agreement (including a summary thereof) no later than the next date on which such Seller Party is required to deliver an Officer’s Compliance Certificate; which notice requirement may be satisfied by PNMAC including such information such Officer’s Compliance Certificate.

Section 6.33 Special Purpose Entity Provisions. Seller shall (a) own no assets, and will not engage in any business, other than the assets and transactions specifically contemplated by the Program Agreements; (b) not incur any Indebtedness or obligation, secured or unsecured, direct or indirect, absolute or contingent, other than pursuant to the Program Agreements; (c) not make any loans or advances to any Affiliate or third party, and shall not acquire obligations or securities of its Affiliates other than the assets and transactions specifically contemplated by the Program Agreements; (d) pay its debts and liabilities (including, as applicable, shared personnel expenses and overhead expenses) only from its own assets; (e) comply with the provisions of its organizational documents; (f) do all things necessary to observe organizational formalities and to preserve its existence, and not amend, modify or otherwise change its governing documents, or suffer same to be amended, modified or otherwise changed, without Administrative Agent's (at the direction of the Required Buyer) prior written consent which shall not be unreasonably withheld; (g) maintain all of its books, records and financial statements separate from those of its Affiliates (except that such financial statements may be consolidated to the extent consolidation is required under GAAP or as a matter of applicable Law); provided, that (i) appropriate notation shall be made on such financial statements if prepared to indicate the separateness of Seller from such Affiliate and to indicate that Seller's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person and (ii) such assets shall also be listed on Seller's own separate balance sheet (if prepared) and (iii) Seller shall file its own tax returns if filed, except to the extent consolidation is required or permitted under applicable Law; (h) be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any Affiliate), correct any known misunderstanding regarding its status as a separate entity, conduct business in its own name and not identify itself or any of its Affiliates as a division or part of the other; (i) not enter into any transactions with any Affiliates except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's length transaction except as expressly permitted hereunder or under any other Program Agreement; (j) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities; (k) not engage in or suffer any dissolution (to the fullest extent contemplated by applicable Law), winding up, liquidation, consolidation or merger or transfer all or substantially all of its properties and assets to any Person (except as contemplated herein); (l) not commingle its funds or other assets with those of any Affiliate or any other Person and maintain its properties and assets in such manner that it would not be costly or difficult to identify, segregate or ascertain its properties and assets from those of others; (m) not hold itself out to be responsible for the debts or obligations of any other Person; (n) not form, acquire or hold any Subsidiary or own any equity interest in any other entity; (o) use separate stationery, invoices and checks bearing its own name; (p) allocate fairly and reasonably any overhead for shared office space and services performed by an employee of an Affiliate; and (q) not pledge its assets to secure the obligations of any other Person except as contemplated by the Program Agreements. Seller shall (i) be a Delaware limited liability company, (ii) have an Independent Manager, and (iii) not take any action that results in an Act of Insolvency with respect to itself.

ARTICLE VII

DEFAULTS/RIGHTS AND REMEDIES OF BUYER UPON DEFAULT

Section 7.01 Events of Default. Each of the following events or circumstances shall constitute an “Event of Default”:

(a) **Failure of Seller to** (i) make any payment of the Purchase Price beyond the applicable dates on which such payment is due, (ii) make any payment (which failure continues for a period of one (1) Business Day following the earlier of (x) written notice (which may be in electronic form) from Administrative Agent and (y) the date upon which any Seller Party obtained knowledge of such failure) of Price Differential, on a Price Differential Payment Date or a Repurchase Date, (iii) make any payment (which failure continues for a period of two (2) Business Days following the earlier of (x) written notice (which may be in electronic form) from Administrative Agent and (y) the date upon which any Seller Party knowledge of such failure) of any other sum which has become due otherwise, whether by acceleration or otherwise, under the terms of any Program Agreement or (iv) cure any Margin Deficit when due pursuant to Section 2.05 hereof.

(b) **Cross Default.** Any Seller Party or any Affiliates thereof shall be in default under (i) any Buyer Indebtedness, (ii) any Transaction Document; provided that any such default under the Indenture shall constitute an “Event of Default” only if it continues unremedied for a period of two (2) Business Days after a Responsible Officer of any Seller Party obtains actual knowledge of such failure, or receives written notice from Administrative Agent of such default or (iii) any Indebtedness, in the aggregate, in excess of \$100,000 of Seller, \$25,000,000 of Parent or any other Affiliate thereof (other than Seller) which default (1) involves the failure to pay a matured obligation, or (2) permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such Indebtedness.

(c) **Insolvency.** An Act of Insolvency shall have occurred with respect to any Seller Party or any Affiliate thereof.

(d) **Material Adverse Change.** A Material Adverse Effect shall occur, and, if susceptible to cure, such Material Adverse Effect continues for a period of ten (10) Business Days.

(e) **Immediate Breach of Representation or Covenant or Obligation.** A breach by any Seller Party of any of the representations, warranties or covenants or obligations set forth in Sections 3.01 (Seller Existence), Section 3.07 (Solvency), Section 3.12 (Material Adverse Change), Section 3.22 (Other Indebtedness), Section 6.02 (Prohibition of Fundamental Changes), Section 6.12 (Existence), Section 6.18 (Plan Assets) or Section 6.33 (Special Purpose Entity Provisions) of this Agreement.

(f) **Additional Breach of Covenant.** Any Seller Party shall fail to perform or observe (i) the covenants set forth in Section 4.04 (Changes in Locations, Name, etc.), Section 6.03 (No Adverse Claims), Section 6.04 (Assignment), Section 6.10 (Distributions), Section 6.13 (Change in Organizational Documents), Section 6.17 (No Pledge), Section 6.21 (Reporting Requirements), Section 6.22 (Liens on Substantially All Assets), Section 6.30 (Sales and Leaseback), Section 6.31 (Fiscal Year), Section 6.32 (Most Favored Status) or Section 2 of the

Pricing Side Letter and such failure shall continue unremedied for five (5) Business Days after the earlier of (A) a written notice of such failure shall have been given to any Seller Party by Administrative Agent or (B) the date upon which any Seller Party obtained knowledge of such failure (and giving effect to any grace or other cure periods set forth therein), or (ii) except as set forth Section 7.01(e) or in clauses (i) hereof, any other term, covenant or agreement contained in this Agreement or in any other Transaction Document or the Acknowledgment Agreement, and, such failure shall continue unremedied for thirty (30) days after the earlier of (A) a written notice of such failure shall have been given to any Seller Party by Administrative Agent or (B) the date upon which any Seller Party obtained knowledge of such failures.

(g) **Representations.** Except as set forth in clause (h) below, any representation or warranty made or deemed made by any Seller Party herein or in any other Program Agreement (after giving effect to any qualification as to materiality set forth therein, if any) shall prove to have been false and misleading when made or any Monthly Report or Officer's Compliance Certificate delivered hereunder shall prove to have been false and misleading in any material respect when made and such breach, if susceptible of cure, is not cured within ten (10) Business Days after the earlier of (i) written notice of such failure shall have been given to any Seller Party by Administrative Agent or (ii) the date upon which any Seller Party obtained knowledge of such failure.

(h) **1940 Act.** The representation and warranty in Section 3.16 shall be false or misleading at any time.

(i) **Change in Control.** The occurrence of a Change in Control.

(j) **Failure to Transfer.** Seller fails to transfer the Note or a material portion of the other Purchased Assets to Administrative Agent on the applicable Purchase Date (provided Administrative Agent has tendered the related Purchase Price on behalf of Buyers).

(k) **Judgment.** A final judgment or judgments for the payment of money in excess of the lesser of (x) 3.0% of PNMAC's Adjusted Tangible Net Worth, (y) \$25,000,000 shall be rendered against Parent or any of its Affiliates (other than Seller) and \$100,000 in the case of the Seller by one or more courts, administrative tribunals or other bodies having jurisdiction and the same shall not be satisfied, discharged (or provision shall not be made for such discharge) or bonded, or a stay of execution thereof shall not be procured, within forty-five (45) days from the date of entry thereof.

(l) **Government Action.** Any Governmental Authority or any person, agency or entity acting or purporting to act under governmental authority shall have taken any action to condemn, seize or appropriate, or to assume custody or control of, all or any substantial part of the Property of any Seller Party or any Affiliate thereof, or shall have taken any action to displace the management of any Seller Party or any Affiliate thereof or to curtail its authority in the conduct of the business of Seller or any Affiliate thereof, or takes any action in the nature of enforcement to remove, limit or restrict the approval of any Seller Party or Affiliate as an issuer, buyer or a seller/servicer of mortgage loans or securities backed thereby, and such action provided for in this subparagraph (l) shall not have been discontinued or stayed within sixty (60) days.

(m) **Inability to Perform.** A Responsible Officer of (a) any Seller Party shall admit its inability to, or its intention not to, perform any Obligations or (b) any VFN Guarantor shall admit its inability to, or its intention not to, perform any of its obligations hereunder or the under VFN Guaranty.

(n) **Security Interest.** This Agreement shall for any reason cease to create a valid, first priority security interest in any material portion of the Repurchase Assets purported to be covered hereby.

(o) **Financial Statements.** Any of PLS's audited annual financial statements or the notes thereto or other opinions or conclusions stated therein shall be qualified or limited by reference to the status of such Person as a "going concern" or a reference of similar import.

(p) **Validity of Agreement.** For any reason, this Agreement at any time shall not be in full force and effect in all material respects or shall not be enforceable in all material respects in accordance with its terms, or any Lien granted pursuant thereto shall fail to be perfected and of first priority, or any Seller Party or any Affiliate of any Seller Party shall seek to disaffirm, terminate, limit or reduce its obligations hereunder or any VFN Guarantor shall seek to disaffirm, terminate, limit or reduce its obligations under the VFN Guaranty.

(q) **Guarantor Breach.** A breach by any VFN Guarantor of any material representation, warranty or covenant set forth in the VFN Guaranty or any other Program Agreement, any "event of default" by any VFN Guarantor under the VFN Guaranty, any repudiation of the VFN Guaranty by any VFN Guarantor, or if the VFN Guaranty is not enforceable against any VFN Guarantor.

(r) **Approved Issuer; Approved Servicer.**

(i) Parent ceases to be a Ginnie Mae approved issuer;

(ii) Ginnie Mae suspends, rescinds, halts, eliminates, withdraws, annuls, repeals, voids or terminates the status of Ginnie Mae as a Ginnie Mae approved issuer.

(iii) As distinct from and in addition to any loss of approval or actions taken by Ginnie Mae, as applicable, described in (i)-(ii), a Servicer Termination Event shall occur with respect to Parent.

(s) **ERISA Related Events.**

(i) An ERISA Event occurs that, alone or together with all other ERISA Events that have occurred could reasonably be expected to result in a Material Adverse Effect, or

(ii) the assets of Seller or any VFN Guarantor become "plan assets" within the meaning of 29 C.F.R. Sections 25103-101, as modified by Section 3(42) of ERISA.

(t) **Servicing.** Greater than 25% of Parent's servicing portfolio consisting of Ginnie Mae loans is seized or terminated in any single event or series of events arising from the same or substantially similar circumstances or occurrences.

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Section 7.02 No Waiver. An Event of Default shall be deemed to be continuing unless expressly waived in accordance with **Section 8.02**.

Section 7.03 Due and Payable. Upon the occurrence of any Event of Default which has not been waived in accordance with **Section 8.02**, Administrative Agent may (and at the direction of Required Buyer shall), by notice to Seller, declare all Obligations to be immediately due and payable, and any obligation of Buyers to enter into Transactions with Seller shall thereupon immediately terminate. Upon such declaration, the Obligations shall become immediately due and payable, both as to Purchase Price outstanding and Price Differential, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything contained herein or other evidence of such Obligations to the contrary notwithstanding, except with respect to any Event of Default set forth in **Section 7.01(c)**, in which case all Obligations shall automatically become immediately due and payable without the necessity of any notice or other demand, and any obligation of Buyers to enter into Transactions with Seller shall immediately terminate. Administrative Agent may (or at the direction of the Required Buyer shall) enforce payment of the same and exercise any or all of the rights, powers and remedies possessed by Administrative Agent or Buyers, whether under this Agreement or any other Program Agreement or afforded by applicable Law.

Section 7.04 Fees. The remedies provided for herein are cumulative and are not exclusive of any other remedies provided by law. Each Seller Party agrees to pay to Administrative Agent and Buyers reasonable attorneys' fees and reasonable legal expenses incurred in enforcing Administrative Agent's and Buyers' rights, powers and remedies under this Agreement and each other Program Agreement.

Section 7.05 Default Rate. Without regard to whether Administrative Agent has exercised any other rights or remedies hereunder, if an Event of Default shall have occurred and be continuing, the applicable Margin in respect of the Pricing Rate shall be increased, to the extent permitted by law, as set forth in clause (ii) of the definition of "Margin".

ARTICLE VIII

ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS; SEPARATE ACTIONS BY BUYERS

Section 8.01 Entire Agreement. This Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement of the parties hereto and supersedes any and all prior or contemporaneous agreements, written or oral, as to the matters contained herein, and no modification or waiver of any provision hereof or any of the Program Agreements, nor consent to the departure by any Seller Party therefrom, shall be effective unless the same is in writing, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which it is given.

Section 8.02 Amendments.

(a) Neither this Agreement nor any other Program Agreement nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement

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or agreements in writing entered into by Administrative Agent, Seller Parties and other parties thereto, with the consent of the Required Buyer; provided that no such waiver, amendment or modification shall (A) increase the Committed Amount of any Buyer without the written consent of such Buyer (including any such Buyer that is a Defaulting Buyer), (B) reduce or forgive any portion of the Repurchase Price or reduce the rate of interest thereon, or reduce or forgive any interest or fees payable to such Buyer hereunder, without the written consent of each Buyer (including any such Buyer that is a Defaulting Buyer) affected thereby, (C) (i) postpone any scheduled date of payment of the Repurchase Price, or any date for the payment of any interest, fees or other obligations payable to such Buyer hereunder, or reduce the amount of, waive or excuse any such payment, without the written consent of each Buyer (including any such Buyer that is a Defaulting Buyer) affected thereby or (ii) waive any breach of Section 2 of the Pricing Side Letter without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer), (D) change any of the provisions of an amendment section (including this Section 8.02) the definition of “Required Buyer” or any other provision of any Program Agreement specifying the number or percentage of Buyers required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer) directly affected thereby, (E) change Section 2.07 without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer), or (F) release any VFN Guarantor without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer); provided, further, that no such agreement shall amend or modify the definition of “Margin Asset Value” or “Asset Value” or any constituent term thereof in a manner that is adverse to Buyers without the written consent of each Buyer (other than a Buyer that is a Defaulting Buyer); provided, further that no such agreement shall amend, modify or otherwise affect the rights or duties of Administrative Agent hereunder without the prior written consent of Administrative Agent.

(b) Buyers hereby irrevocably authorize Administrative Agent, at its option and in its sole discretion, to release any Liens granted to Administrative Agent by Seller Parties on any Repurchase Assets (i) upon the termination of the obligations set forth in Section 2.01 with respect to the Committed Amount and the repayment, satisfaction or discharge of all Obligations under the Program Agreements and other applicable Transaction Documents, (ii) constituting property being sold or disposed of if the sale or disposition is made in compliance with the terms of this Agreement, or (iii) as required to effect any sale or other disposition of such Repurchase Assets in connection with any exercise of remedies of Administrative Agent and Buyers pursuant to Article VII. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of any Seller Party in respect of) all interests retained by Seller Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Repurchase Assets. Any execution and delivery by Administrative Agent of documents in connection with any such release shall be without recourse to or warranty by Administrative Agent.

Section 8.03 Waivers, Separate Actions by Buyers. Any amendment or waiver effected in accordance with this Article VIII shall be binding upon Administrative Agent, Buyers and Seller Parties; and Administrative Agent or a Buyer's failure to insist upon the strict performance of any term, condition or other provision of this Agreement or any of the Program Agreements, or of any Buyer or Administrative Agent to exercise any right or remedy hereunder or thereunder, shall not constitute a waiver by any Buyer or Administrative Agent of any such

term, condition or other provision or Default or Event of Default in connection therewith, nor shall a single or partial exercise of any such right or remedy preclude any other or future exercise, or the exercise of any other right or remedy; and any waiver of any such term, condition or other provision or of any such Default or Event of Default shall not affect or alter this Agreement or any of the Program Agreements, and each and every term, condition and other provision of this Agreement and the Program Agreements shall, in such event, continue in full force and effect and shall be operative with respect to any other then existing or subsequent Default or Event of Default in connection therewith. An Event of Default hereunder or under any of the Program Agreements shall be deemed to be continuing unless and until waived in writing in accordance with this Agreement.

ARTICLE IX

SUCCESSORS AND ASSIGNS

Section 9.01 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, any portion thereof, or any interest therein. Seller Parties shall not have the right to assign all or any part of this Agreement or any interest herein without the prior written consent of Administrative Agent and Buyers.

Section 9.02 Participations and Transfers.

(a) A Buyer may in accordance with applicable Law and with the consent of Administrative Agent (not to be unreasonably withheld, conditioned or delayed) at any time sell to one or more banks or other entities ("Participants") participating interests in all or a portion of such Buyer's rights and obligations under this Agreement and the other Program Agreements; provided, that (i) PLS has consented to such sale (such consent not to be unreasonably withheld, conditioned, or delayed), provided that PLS shall be deemed to have consented to any such sale unless it shall object thereto by written notice to such Buyer within 10 days after having received notice thereof; provided, however, PLS's consent shall not be required in the event that (A) such Participant is an Affiliate of such Buyer or (B) an Event of Default has occurred; (ii) each such sale shall represent an interest in a Transaction in a Purchase Price of \$1,000,000 or more and (iii) other than with respect to a participating interest consisting of a pro rata interest in all payments due to such Buyer under this Agreement and prior to an Event of Default such Buyer receives an opinion of a nationally recognized tax counsel experienced in such matters that such sale will not result in the Issuer being subject to tax on its net income as an association (or publicly traded partnership) taxable as a corporation or a taxable mortgage pool taxable as a corporation, each for U.S. federal income tax purposes. Administrative Agent shall provide notice to Ginnie Mae within five (5) Business Days of any assignment, pledge or hypothecation made in accordance with this Section 9.02(b). In the event of any such sale by such Buyer of participating interests to a Participant, such Buyer shall remain a party to the Transaction for all purposes under this Agreement and the Program Agreements and Seller Parties shall continue to deal solely and directly with such Buyer in connection with such Buyer's rights and obligations under this Agreement and the Program Agreements.

(b) (i) A Buyer may in accordance with applicable Law and with the consent of Administrative Agent (acting in a commercially reasonable manner) at any time assign, pledge, hypothecate, or otherwise transfer to one or more banks, financial institutions, investment companies, investment funds or any other Person (each, a “Transferee”) all or a portion of such Buyer's rights and obligations under this Agreement and (ii) if any Buyer is a Defaulting Buyer, Administrative Agent may, upon notice to such Buyer and in accordance with applicable Law, require such Buyer to assign and delegate to a Transferee chosen by Administrative Agent, all its interests, rights and obligations under this Agreement, in each case (1) so long as a Noteholder of an MBS Advance VFN continues to own interests in the outstanding Series of VFNs that are funded in an aggregate amount that equals or exceeds the amount required to avoid an Early Amortization Event under any outstanding Series of Term Notes and the other Program Agreements and (2) provided, that (A) PLS has consented to such assignment, pledge, hypothecation, or other transfer (such consent not to be unreasonably withheld, conditioned, or delayed); provided, however, PLS's consent shall not be required in the event that (x) such Transferee is an Affiliate of such Buyer or (y) an Event of Default has occurred; (B) absent an Event of Default, such Buyer (or in the case of clause (ii) above, Administrative Agent) shall give at least 10 days' prior notice thereof to PLS and PLS shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to Administrative Agent within 10 days after having received notice thereof; (C) that each such sale shall represent an interest in the Transactions in an aggregate Purchase Price of \$1,000,000 or more, (D) such Transferee shall have also acquired the same percentage interest in each other Series of Variable Funding Notes, unless Ginnie Mae has consented in writing to waive this requirement, and (E) other than with respect to an assignment, pledge, hypothecation or transfer consisting of a pro rata interest in all payments due to such Buyer under this Agreement and prior to an Event of Default, such Buyer received an opinion of a nationally recognized tax counsel experienced in such matters that such assignment, pledge, hypothecation or transfer will not result in the Issuer being subject to tax on its net income as an association (or publicly traded partnership) taxable as a corporation or a taxable mortgage pool taxable as a corporation, each for U.S. federal income tax purposes. Administrative Agent (acting as agent for Seller) shall maintain at its address referred to in Section a register (the “Register”) for the recordation of the names and addresses of Transferees, and the Purchase Price outstanding and Price Differential in the Transactions held by each thereof. The entries in the Register shall be *prima facie* conclusive and binding, and Seller may treat each Person whose name is recorded in the Register as the owner of the Transactions recorded therein for all purposes of this Agreement. No assignment shall be effective until it is recorded in the Register.

(c) All actions taken by a Buyer pursuant to this Section 9.02 shall be at the expense of such Buyer. A Buyer may distribute to any prospective assignee any document or other information delivered to such Buyer by any Seller Party.

(d) Notwithstanding any other provision of this Agreement to the contrary, any Buyer may pledge as collateral, or grant a security interest in, all or any portion of its rights in, to and under this Agreement to a Federal Reserve Bank to secure obligations to such Federal Reserve Bank, in each case without the consent of any Seller Party; provided that no such pledge or grant shall release

such Buyer from its obligations under this Agreement; provided, further, that no such pledge or grant shall be to a competitor of Parent.

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Section 9.03 Buyer and Participant Register.

(a) Subject to acceptance and recording thereof pursuant to paragraph (b) of this Section 9.03, from and after the effective date specified in each assignment and acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such assignment and acceptance, have the rights and obligations of a Buyer under this Agreement. Any assignment or transfer by a Buyer of rights or obligations under this Agreement that does not comply with this Section 9.03 shall be treated for purposes of this Agreement as a sale by such Buyer of a participation in such rights and obligations in accordance with Section 9.02. Administrative Agent shall provide notice to Ginnie Mae within five (5) Business Days of any participation made in accordance with this Section 9.03(a).

(b) Seller or an agent of Seller shall maintain a register (the "Transaction Register") on which it will record the Transactions entered into hereunder, and each assignment and acceptance and participation. The Transaction Register shall include the names and addresses of Buyers (including all assignees, successors and Participants), and the Purchase Price of the Transactions entered into by each Buyer. Failure to make any such recordation, or any error in such recordation shall not affect any Seller Party's obligations in respect of such Transactions. If a Buyer sells a participation in any Transaction, it shall provide Seller, or maintain as agent of Seller, the information described in this paragraph and permit Seller to review such information as reasonably needed for Seller to comply with its obligations under this Agreement or under any applicable Law or governmental regulation or procedure. The entries in the Transaction Register shall be *prima facie* conclusive and binding, and Seller may treat each Person whose name is recorded in the Transaction Register as the owner of the Transactions recorded therein for all purposes of this Agreement. No assignment shall be effective until it is recorded in the Transaction Register.

ARTICLE X

AGENT PROVISIONS

Section 10.01 Appointment of Administrative Agent.

(a) Each Buyer hereby irrevocably appoints Goldman Sachs Bank USA, as Administrative Agent hereunder and under the other Program Agreements, and each Buyer hereby authorizes Goldman Sachs Bank USA, in such capacity, to act as its agent in accordance with the terms hereof. The provisions of this Article X are solely for the benefit of Administrative Agent and Buyers, and Seller Parties shall not have any rights as a third party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, Administrative Agent shall act solely as an agent of Buyers and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for any Seller Party.

(b) The Required Buyer may, to the extent permitted by applicable Law, and with the consent of PLS (such consent not to be required if an Event of

Default has occurred and is continuing and not to be unreasonably withheld), by notice in writing to such Person remove for cause such Person as Administrative Agent and, with the consent of PLS (such consent not to be required if an Event of Default has occurred and is continuing and not to be unreasonably

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withheld), appoint a successor Administrative Agent. If no such successor Administrative Agent shall have been so appointed by the Required Buyer and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Buyer and PLS), then such removal shall nonetheless become effective in accordance with such notice on the date thirty (30) days (or such earlier day as shall be agreed by the Required Buyer and PLS) after Administrative Agent's receipt of such notice of removal.

Section 10.02 Powers and Duties. Each Buyer irrevocably authorizes Administrative Agent to take such action on such Buyer's behalf and to exercise such powers, rights and remedies hereunder and under the other Program Agreements as are specifically delegated or granted to Administrative Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Administrative Agent shall have only those duties and responsibilities that are expressly specified herein and the other Program Agreements. Administrative Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. Administrative Agent shall not have, by reason hereof or any of the other Program Agreements, a fiduciary relationship in respect of any Buyer; and nothing herein or any of the other Program Agreements, expressed or implied, is intended to or shall be so construed as to impose upon Administrative Agent any obligations in respect hereof or any of the other Program Agreements except as expressly set forth herein or therein.

Section 10.03 General Immunity.

(a) **No Responsibility for Certain Matters.** Except for Administrative Agent's failure to perform a specifically required task set forth herein (and which failure constitutes gross negligence, bad faith or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order), Administrative Agent shall not be responsible for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Program Agreement or with respect to any other party for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by or on behalf of Buyers or any other party in connection with the Program Agreements and the transactions contemplated thereby or for the financial condition or business affairs of any Seller Party or any other Person liable for the payment of any Obligations, nor shall Administrative Agent be required (except as set forth herein or in the Program Agreements) to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Program Agreements or as to the use of the proceeds of the Transactions or as to the existence or possible existence of any Event of Default or Default.

(b) **Exculpatory Provisions.** Neither Administrative Agent nor any of its officers, partners, directors, employees or agents shall be liable for any action

taken or omitted by Administrative Agent under or in connection with any of the Program Agreements except to the extent caused by Administrative Agent's gross negligence, bad faith or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order. Administrative Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Program Agreements or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until Administrative Agent shall have received instructions in respect thereof from the Required Buyer

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and, upon receipt of such instructions from the Required Buyer, Administrative Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for Seller), accountants, experts and other professional advisors selected by it; (ii) no Buyer shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or (where so instructed) refraining from acting hereunder or any of the other Program Agreements in accordance with the instructions of the Required Buyer; and (iii) no action taken or omitted by Administrative Agent shall be considered to have resulted from Administrative Agent's gross negligence, bad faith or willful misconduct if such action or omission was done at the direction of the Required Buyer.

(c) **Administrative Agent to Act as Buyer.** The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, Administrative Agent in its individual capacity as a Buyer. Administrative Agent shall have the same rights and powers as any other Buyer and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Buyer" shall, unless the context clearly otherwise indicates, include Administrative Agent in its individual capacity. Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with Seller Parties or any of their Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from Seller Parties for services in connection herewith and otherwise without having to account for the same to Buyers.

(d) **Buyer's Representations, Warranties and Acknowledgment.**

(i) Each Buyer represents and warrants that it has made its own independent investigation of the financial condition and affairs of Seller Parties in connection with the Transactions hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of Seller Parties. Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Buyers or to provide any Buyer with any credit or other information with respect thereto, whether coming into

its possession before the making of the Transactions or at any time or times thereafter, and Administrative Agent shall not have any responsibility with respect to the accuracy of or the completeness of any information provided to any Buyer.

(ii) Unless otherwise agreed to by Buyers and Seller Parties, each Buyer, by delivering its signature page to this Agreement and entering into Transactions with Seller hereunder shall be deemed to have acknowledged receipt of, and consented to and approved, each Program Agreement and each other document required to be approved by Administrative Agent or Buyers, as applicable on the Closing Date or such other funding date. Each Buyer acknowledges that by agreeing to remit its Pro Rata Share of the Purchase

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Price on any Purchase Date, such Buyer agrees that all conditions precedent to entering into such Transaction have been met on such Purchase Date.

(e) **Right to Indemnity.**

(i) Each Buyer, in accordance with its Pro Rata Share, severally, but not jointly, shall, and hereby agrees to indemnify Administrative Agent, any Affiliate of Administrative Agent, and their respective directors, officers, agents and employees (each, an "Indemnitee Agent Party"), and hold such Indemnitee Agent Party harmless to the extent that such Indemnitee Agent Party shall not have been reimbursed by any Seller Party, from and against any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it has resulted from the gross negligence or willful misconduct of such Indemnitee Agent Party) which may be imposed on, incurred by or asserted against such Indemnitee Agent Party in exercising its powers, rights and remedies or performing its duties hereunder or under the other Program Agreements or otherwise in its capacity as an Indemnitee Agent Party in any way relating to or arising out of this Agreement or the other Program Agreements, including amounts paid in settlement, court costs and reasonable fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding or any advice rendered in connection with any of the foregoing. If any indemnity furnished to any Indemnitee Agent Party for any purpose shall, in the opinion of such Indemnitee Agent Party, be insufficient or become impaired, such Indemnitee Agent Party may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished.

(ii) Promptly after receipt by the Indemnitee Agent Party of notice of the commencement of any action regarding which a claim in respect thereof is to be made against Buyers, the Indemnitee Agent Party shall notify Buyers in writing of the commencement thereof, but the omission to so notify will not relieve Buyers from any liability which they may have under this Agreement or from any other liability which they may have, except to the extent that they have been prejudiced in any material respect by the failure by the Indemnitee Agent Party to provide prompt notice. Upon receipt of notice by Buyers, Buyers will be entitled to participate in the related action, and they may elect by written notice delivered to the Indemnitee Agent Party to assume the defense thereof. Upon receipt of notice by the Indemnitee Agent Party of Buyers' election to assume the defense of such action, Buyers shall not be liable to the Indemnitee Agent Party for legal expenses incurred

by such party in connection with the defense thereof unless (i) Buyers shall not have employed counsel to represent the Indemnatee Agent Party within a reasonable time after receipt of notice of commencement of the action, (ii) Buyers have authorized in writing the employment of separate counsel for the Indemnatee Agent Party, or (iii) the Indemnatee Agent Party has previously engaged counsel and reasonable legal expenses are necessary (a) to transfer the file to Buyers' designated counsel, or (b) to pursue immediate legal action necessary to preserve the legal rights or defenses of the Indemnatee Agent Party as against a third party claimant, and such legal action must occur prior to said transfer. Buyers shall not settle any suit or claim without the Indemnatee Agent Party's written consent unless such settlement solely involves the payment of money by parties

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other than the Indemnatee Agent Party and includes unconditional release of the Indemnatee Agent Party from all liability on all matters that are the subject of such proceeding or claim.

Section 10.04 Successor Administrative Agent.

(a) Administrative Agent may resign at any time by giving sixty (60) days' prior written notice thereof to Buyers. Upon any such notice of resignation, Buyers shall have the right to appoint a successor administrative agent; provided, that the retiring Administrative Agent shall continue to hold the Repurchase Assets and all liens and security interest therein for the benefit of Buyers until a successor administrative agent is appointed.

(b) Upon the acceptance of any appointment as Administrative Agent hereunder by a successor administrative agent, that successor administrative agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall promptly (i) transfer to such successor administrative agent all sums and items of Repurchase Assets held under the Program Agreements, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor administrative agent under the Program Agreements, and (ii) execute and deliver to such successor administrative agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor administrative agent of the security interests created under the Program Agreements, whereupon such retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Section 11.02 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent hereunder.

(c) Notwithstanding anything herein to the contrary, Administrative Agent may assign its rights and duties as Administrative Agent hereunder to an Affiliate without written notice to, Buyers; provided, that Seller Parties and Buyers may deem and treat such assigning Administrative Agent as Administrative Agent for all purposes hereof, unless and until such assigning Administrative Agent provides written notice to Seller and Buyers of such assignment. Upon such assignment such Affiliate shall succeed to and become vested with all rights,

powers, privileges and duties as Administrative Agent hereunder and under the other Program Agreements.

Section 10.05 Delegation of Duties. Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Program Agreement by or through (i) any one or more of its Affiliates or (ii) any one or more sub agents appointed by Administrative Agent with the prior consent of the Required Buyer. Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates and their respective officers, partners, directors, trustees, employees and agents. The exculpatory provisions of this Article X shall apply to any such Affiliate or sub agent and to such other parties as are listed above provided that notwithstanding this Section 10.05, no such delegation relieves Administrative Agent of its duties or obligations under this Agreement.

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Section 10.06 Right to Realize on Repurchase Assets. Anything contained in any of the Program Agreements to the contrary notwithstanding, Seller Parties, Administrative Agent and each Buyer hereby agree that (i) no Buyer shall have any right individually to realize upon any of the Repurchase Assets, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by Administrative Agent, on behalf of Buyers in accordance with the terms hereof and all powers, rights and remedies under the Program Agreements may be exercised solely by Administrative Agent, and (ii) in the event of a foreclosure by Administrative Agent on any of the Repurchase Assets pursuant to a public or private sale, Administrative Agent or any Buyer may be the purchaser of any or all of such Repurchase Assets at any such sale and Administrative Agent, as agent for and representative of Buyers (but not any Buyer or Buyers in its or their respective individual capacities unless Buyers shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Repurchase Assets sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by Administrative Agent at such sale.

Section 10.07 Erroneous Payments.

(a) Each Buyer hereby agrees that if Administrative Agent notifies such Buyer or any Person who has received funds on behalf of such Buyer (any such Buyer or other recipient, a “Payment Recipient”) that Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient from Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Buyer or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an “Erroneous Payment”) and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of Administrative Agent, and such Buyer shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two (2) Business Days thereafter, return to Administrative Agent the amount of any such Erroneous

Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to Administrative Agent in same day funds at the greater of the overnight federal funds rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error. If a Payment Recipient receives any payment, prepayment or repayment of principal, interest, fees, distribution or otherwise and does not receive a corresponding payment notice or payment advice, such payment, prepayment or repayment shall be presumed to be in error absent written confirmation from Administrative Agent to the contrary.

(b) Each Buyer hereby authorizes Administrative Agent to set off, net and apply any and all amounts at any time owing to such Buyer under any Transaction Document, or otherwise payable or distributable by Administrative Agent to such Buyer from any source, against

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any amount due to Administrative Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement.

(c) Each Buyer and each Seller Party hereby agree or so long as an Erroneous Payment (or portion thereof) has not been returned by any Payment Recipient who received such Erroneous Payment (or portion thereof) (such unrecovered amount, an “Erroneous Payment Return Deficiency”) to Administrative Agent after demand therefor in accordance with immediately preceding clause (a), (i) Administrative Agent may elect, in its sole discretion on written notice to such Buyer, that all rights and claims of such Buyer with respect to the Repurchase Price or other Obligations owed to such Person up to the amount of the corresponding Erroneous Payment Return Deficiency in respect of such Erroneous Payment (the “Corresponding Repurchase Price”) shall immediately vest in Administrative Agent upon such election; after such election, Administrative Agent (x) may reflect its ownership interest in the related Repurchase Price in a principal amount equal to the Corresponding Repurchase Price on the Asset Schedule, and (y) upon five business days’ written notice to such Buyer, may sell such Repurchase Price (or portion thereof) in respect of the Corresponding Repurchase Price, and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by such Buyer shall be reduced by the net proceeds of the sale of such Repurchase Price (or portion thereof), and Administrative Agent shall retain all other rights, remedies and claims against such Buyer (and/or against any Payment Recipient that receives funds on its behalf), and (ii) each party hereto agrees that, except to the extent that Administrative Agent has sold such Repurchase Price, and irrespective of whether Administrative Agent may be equitably subrogated, Administrative Agent shall be contractually subrogated to all the rights and interests of such Buyer with respect to the Erroneous Payment Return Deficiency. For the avoidance of doubt, no vesting or sale pursuant to the foregoing clause (i) will reduce the Committed Amount of any Buyer and such Committed Amount shall remain available in accordance with the terms of this Agreement.

(d) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by any Seller Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by Administrative Agent from a Seller Party for the purpose of making such Erroneous Payment.

(e) No Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by Administrative Agent for the return of any Erroneous Payment received, including waiver of any defense based on “discharge for value” or any similar doctrine.

(f) Each party’s obligations, agreements and waivers under this Section 10.07 shall survive the resignation or replacement of Administrative Agent, any transfer of rights or obligations by, or the replacement of, Administrative Agent, the termination of the obligations set forth in Section 2.01 with respect to the Committed Amount and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Transaction Document.

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ARTICLE XI

MISCELLANEOUS

Section 11.01 Survival. This Agreement and the other Program Agreements and all covenants, agreements, representations and warranties herein and therein and in the certificates delivered pursuant hereto and thereto, shall survive the entering into of the Transaction and shall continue in full force and effect so long as any Obligations are outstanding and unpaid.

Section 11.02 Indemnification. Seller Parties shall, jointly and severally, and hereby agree to, indemnify, defend and hold harmless Administrative Agent, each Buyer, any Affiliate of Administrative Agent or any Buyer and their respective directors, officers, agents, employees and counsel from and against any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it is finally judicially determined to have resulted from their own gross negligence or willful misconduct) as a consequence of, or arising out of or by reason of any litigation, investigations, claims or proceedings which arise out of or are in any way related to, (i) this Agreement or any other Program Agreement or the transactions contemplated hereby or thereby, (ii) Parent’s servicing practices or procedures; (iii) any actual or proposed use by any Seller Party of the proceeds of the Purchase Price, and (iv) any Default, Event of Default or any other breach by any Seller Party of any of the provisions of this Agreement or any other Program Agreement, including amounts paid in settlement, court costs and reasonable fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding or any advice rendered in connection with any of the foregoing. If and to the extent that any Obligations are unenforceable for any reason, each Seller Party hereby agrees to make the maximum contribution to the payment and satisfaction of such Obligations which is permissible under applicable Law. Seller Parties’ obligations set forth in

this Section 11.02 shall survive any termination of this Agreement and each other Program Agreement and the payment in full of the Obligations, and are in addition to, and not in substitution of, any other of its obligations set forth in this Agreement or otherwise. In addition, Seller Parties shall, upon demand, pay to Buyers or Administrative Agent, as applicable, all costs and Expenses (including the reasonable fees and disbursements of counsel) paid or incurred by Buyers or Administrative Agent in (i) enforcing or defending its rights under or in respect of this Agreement or any other Program Agreement, (ii) collecting the Purchase Price outstanding, (iii) foreclosing or otherwise collecting upon any Repurchase Assets and (iv) obtaining any legal, accounting or other advice in connection with any of the foregoing.

Section 11.03 Nonliability of Buyers. The parties hereto agree that, notwithstanding any affiliation that may exist between any Seller Party and Buyers, the relationship between and among Administrative Agent, Seller Parties and Buyers shall be solely that of arms-length participants. Neither Administrative Agent nor any Buyer shall have any fiduciary responsibilities to any Seller Party. Each Seller Party (i) agrees that neither Administrative Agent nor any Buyer shall have any liability to any Seller Party (whether sounding in tort, contract or otherwise) for losses suffered by any Seller Party in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by this agreement, the other loan documents or any other agreement entered into in connection herewith or any act, omission or event occurring in connection therewith, unless it is determined by a judgment of a court that is binding on Administrative Agent and Buyers (which judgment

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shall be final and not subject to review on appeal), that such losses were the result of acts or omissions on the part of Administrative Agent or Buyers constituting gross negligence or willful misconduct and (ii) waives, releases and agrees not to sue upon any claim against Administrative Agent or any Buyer (whether sounding in tort, contract or otherwise), except a claim based upon gross negligence or willful misconduct. Whether or not such damages are related to a claim that is subject to such waiver and whether or not such waiver is effective, neither any Buyer nor Administrative Agent shall have any liability with respect to, and each Seller Party hereby waives, releases and agrees not to sue upon any claim for, any special, indirect, consequential or punitive damages suffered by any Seller Party in connection with, arising out of, or in any way related to the transactions contemplated or the relationship established by this Agreement, the other loan documents or any other agreement entered into in connection herewith or therewith or any act, omission or event occurring in connection herewith or therewith, unless it is determined by a judgment of a court that is binding on Administrative Agent and Buyers (which judgment shall be final and not subject to review on appeal), that such damages were the result of acts or omissions on the part of Administrative Agent or Buyers, as applicable, constituting willful misconduct or gross negligence.

Section 11.04 Governing Law; Submission to Jurisdiction; Waivers.

(a) This Agreement shall be binding and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Seller Parties acknowledge that the obligations of Administrative Agent and Buyers hereunder or

otherwise are not the subject of any VFN Repo Guaranty by, or recourse to, any direct or indirect parent or other Affiliate of Buyers. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES HERETO, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO THE CONFLICT OF LAW PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) EACH OF THE PARTIES HERETO AND THE BUYERS, BY THEIR ACCEPTANCE OF THE NOTE, HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE

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VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH HEREIN OR AT SUCH OTHER ADDRESS OF WHICH EACH OTHER PARTY HERETO SHALL HAVE BEEN NOTIFIED IN WRITING;

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(v) WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE INDENTURE OR THE TRANSACTIONS CONTEMPLATED THEREBY AND HEREBY.

Section 11.05 Notices. Any and all notices (with the exception of Transaction Notices, which shall be delivered via facsimile only), statements, demands or other communications hereunder may be given by a party to the other by mail, email, facsimile, messenger or otherwise to the address specified below, or so sent to such party at any other place specified in a notice of change of address

hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

If to Seller:

PNMAC GMSR VFN Funding, LLC

3043 Townsgate Road

Westlake Village, CA 91361

Attention: Pamela Marsh/Richard Hetzel

Phone Number: (805) 330-6059/ (818) 746-2877 / (818) 224-7078

E-mail: pamela.marsh@pennymac.com;

richard.hetzel@pennymac.com;

mortgage.finance@pnmac.com;

josh.smith@pennymac.com

If to Parent,

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PennyMac Loan Services, LLC

3043 Townsgate Road

Westlake Village, CA 91361

Attention: Pamela Marsh/Richard Hetzel

Phone Number: (805) 330-6059/ (818) 746-2877 / (818) 224-7078

E-mail: pamela.marsh@pennymac.com;

richard.hetzel@pennymac.com;

mortgage.finance@pnmac.com;

josh.smith@pennymac.com

with a copy to:

PennyMac Loan Services, LLC

3043 Townsgate Road

Westlake Village, CA 91361

Attention: Derek Stark

Phone Number: (818) 746-2289

E-mail: derek.stark@pennymac.com

If to Administrative Agent:

Goldman Sachs Bank USA

2001 Ross Avenue, Suite 2800

Dallas, TX 75201

Attention: Warehouse Lending

E-mail: gs-warehouse-am@gs.com; gs-warehouseam@gs.com

warehouselending@gs.com

If to a Buyer:

at the address specified on the related signature page

Section 11.06 Severability. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement. In case any provision in or obligation under this Agreement or any other Program Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 11.07 Section Headings. The Article and Section headings in this Agreement are inserted for convenience of reference only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 11.08 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by

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facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement. The parties agree that this Agreement, any addendum or amendment hereto or any other document necessary for the consummation of the transactions contemplated by this Agreement may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 *et seq.*, Official Text of the Uniform Electronic Transactions Act as approved by the National Conference of Commissioners on Uniform State Laws at its Annual Conference on July 29, 1999 and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service providers with appropriate document access tracking, electronic signature tracking and document retention as may be approved by Administrative Agent in its sole discretion.

Section 11.09 Periodic Due Diligence Review. Each Seller Party acknowledges that Administrative Agent has the right to perform continuing due diligence reviews with respect to Seller Parties and the MSRs and Purchased Assets, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Seller Parties agree that upon reasonable (but no less than five (5) Business Days') prior written notice unless an Event of Default shall have occurred, in which case no notice is required, to Seller Parties, Administrative Agent or its authorized representatives will be permitted during normal business hours, and in a manner that does not unreasonably interfere with the ordinary conduct of any Seller Party's business, to examine, inspect, and make copies and extracts of, any and all documents, records, agreements, instruments or information relating to such MSR and Purchased Assets in the possession or under the control of any Seller Party. Each Seller Party also shall make available to Administrative Agent a knowledgeable financial or accounting officer for the purpose of answering questions respecting the MSRs and Purchased

Assets. Without limiting the generality of the foregoing, each Seller Party acknowledges that Buyers may enter into a Transaction related to any Purchased Assets from Seller based solely upon the information provided by Seller to Administrative Agent in the Asset Schedule and the representations, warranties and covenants contained herein, and that Administrative Agent, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Purchased Assets related to a Transaction. Each Seller Party agrees to cooperate with Administrative Agent and Buyers and any third party underwriter in connection with such underwriting, including, but not limited to, providing Administrative Agent with access to any and all documents, records, agreements, instruments or information relating to such MSRs and Purchased Assets in the possession, or under the control, of any Seller Party.

Section 11.10 Hypothecation or Pledge of Repurchase Assets. Buyers shall have free and unrestricted use of all Repurchase Assets and nothing in this Agreement shall preclude Buyers from engaging in repurchase transactions with all or a portion of the Repurchase Assets or otherwise pledging, repledging, transferring, hypothecating, or rehypothecating all or a portion of the Repurchase Assets; provided that prior to an Event of Default, such pledge, repledge, transfer, hypothecation or rehypothecation is treated as a financing or hedging transaction for U.S. federal income tax purposes or a pro rata interest in all payments due to Buyers under this Agreement; provided, further that other than with respect to a pro rata interest in all payments due to Buyers under this Agreement and prior to an Event of Default Buyers receive an opinion of a nationally

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recognized tax counsel experienced in such matters that such repurchase transaction, pledge, repledge, transfer, hypothecation or rehypothecation will not result in the Issuer being subject to tax on its net income as an association (or publicly traded partnership) taxable as a corporation or a taxable mortgage pool taxable as a corporation, each for U.S. federal income tax purposes.

Section 11.11 Non-Confidentiality of Tax Treatment.

(a) This Agreement and its terms, provisions, supplements and amendments, and notices hereunder, are proprietary to Administrative Agent, Buyers or Seller Parties, as applicable and shall be held by each party hereto, as applicable in strict confidence and shall not be disclosed to any third party without the written consent of Administrative Agent, Buyers and PLS, except for (i) disclosure to Administrative Agent's, Buyer's or any Seller Party's direct and indirect Affiliates and Subsidiaries, attorneys or accountants, but only to the extent such disclosure is necessary and such parties agree to hold all information in strict confidence, or (ii) disclosure required by law, rule, regulation or order of a court or other regulatory body. Notwithstanding the foregoing or anything to the contrary contained herein or in any other Program Agreements, the parties hereto may disclose to any and all Persons of any kind, the federal, state and local tax treatment of the Transactions, any fact relevant to understanding the federal, state and local tax treatment of the Transactions, and all materials of any kind (including opinions or other tax analyses) relating to such federal, state and local tax treatment and that may be relevant to understanding such tax treatment; provided that Seller Parties may not disclose the name of or identifying information with respect to Buyers or

any pricing terms (including the Pricing Rate, Purchase Price Percentage, Purchase Price) or other nonpublic business or financial information (including any sublimits) that is unrelated to the federal, state and local tax treatment of the Transactions and is not relevant to understanding the federal, state and local tax treatment of the Transactions, without the prior written consent of Administrative Agent and Buyers.

(b) Notwithstanding anything in this Agreement to the contrary, each Seller Party shall comply with all applicable local, state and federal laws, including all privacy and data protection law, rules and regulations that are applicable to the Repurchase Assets and/or any applicable terms of this Agreement (the “Confidential Information”). Seller Parties understand that the Confidential Information may contain “nonpublic personal information”, as that term is defined in Section 509(4) of the Gramm-Leach-Bliley Act (the “GLB Act”), and each Seller Party agrees to maintain such nonpublic personal information that it receives hereunder in accordance with the GLB Act and other applicable federal and state privacy laws. Each Seller Party shall implement such physical and other security measures as shall be necessary to (a) ensure the security and confidentiality of the “nonpublic personal information” of the “customers” and “consumers” (as those terms are defined in the GLB Act) of Administrative Agent, Buyers or any Affiliate of Administrative Agent or Buyers which any Seller Party holds, (b) protect against any threats or hazards to the security and integrity of such nonpublic personal information, and (c) protect against any unauthorized access to or use of such nonpublic personal information. Each Seller Party represents and warrants that it has implemented appropriate measures to meet the objectives of Section 501(b) of the GLB Act and of the applicable standards adopted pursuant thereto, as now or hereafter in effect. Upon request, Seller Parties will provide evidence reasonably satisfactory to allow Administrative Agent to confirm that the providing party has satisfied its obligations as required under this Section 11.11. Without limitation, this may include Administrative Agent’s review of audits, summaries of test results, and other equivalent

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evaluations of Seller Parties. Seller Parties shall notify Administrative Agent and Buyers immediately following discovery of any breach or compromise of the security, confidentiality, or integrity of nonpublic personal information of the customers and consumers of Administrative Agent or any Buyer or any Affiliate of Administrative Agent or any Buyer provided directly to any Seller Party by Administrative Agent or such Buyer or such Affiliate. Seller Parties shall provide such notice to Administrative Agent or such Buyer by personal delivery, by facsimile with confirmation of receipt, or by overnight courier with confirmation of receipt to the applicable requesting individual.

Section 11.12Set-off. In addition to any rights and remedies of Buyers hereunder and by law, Administrative Agent and Buyers shall have the right, without prior notice to any Seller Party, any such notice being expressly waived by Seller Parties to the extent permitted by applicable Law to set-off and appropriate and apply against any Obligation from Seller Parties or any Affiliate thereof to Administrative Agent, Buyers or any of their respective Affiliates any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other obligation (including to return funds to Seller Parties), credits, indebtedness or claims, in any currency, in each case whether direct or indirect,

absolute or contingent, matured or unmatured, at any time held or owing by or due from Administrative Agent, Buyers or any Affiliate thereof to or for the credit or the account of Seller Parties or any Affiliate thereof. Administrative Agent agrees promptly to notify Seller Parties after any such set off and application made by a Buyer; provided that the failure to give such notice shall not affect the validity of such set off and application.

Section 11.13Intent.

(a) The parties recognize that each Transaction is a “master netting agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended and a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code, as amended and that all payments hereunder are deemed “margin payments” or “settlement payments” as defined in Title 11 of the United States Code.

(b) It is understood that either party’s right to liquidate Purchased Assets delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Section 4.07, 7.03 or 11.12 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and Section 561 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an “insured depository institution,” as such term is defined in the Federal Deposit Insurance Act, as amended (“FDIA”), then each Transaction hereunder is a “qualified financial contract,” as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a “netting contract” as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a “covered contractual payment entitlement” or “covered contractual payment obligation”, respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a “financial institution” as that term is defined in FDICIA).

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(e) This Agreement is intended to be a “securities contract,” within the meaning of Section 555 under the Bankruptcy Code, and a “master netting agreement,” within the meaning of Section 561 under the Bankruptcy Code.

(f) It is the intention of the parties that, for U.S. federal income tax purposes and for accounting purposes, each Transaction constitute a financing, and that Seller be (except to the extent that Administrative Agent shall have exercised its remedies following an Event of Default) the owner of the Purchased Assets for such purposes. Unless prohibited by applicable Law, Administrative Agent, Seller Parties and Buyers shall treat the Transactions as described in the preceding sentence (including on any and all filings with any U.S. federal, state, or local taxing authority and agree not to take any action inconsistent with such treatment).

Section 11.14Acknowledgement Regarding Any Supported QFCs. To the extent that the Program Agreements provide support, through a guarantee or

otherwise, for derivative contracts or any other agreement or instrument that is a QFC (such support “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regime”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Transaction Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Program Agreements that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Program Agreements were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Buyer shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

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IN WITNESS WHEREOF, Administrative Agent, Seller, Parent and Buyers have caused this Amended and Restated Master Repurchase Agreement to be executed and delivered by their duly authorized officers or trustees as of the date first above written.

GOLDMAN SACHS BANK USA, as
Administrative Agent

By: /s/ Benjamin Case

Name: Benjamin Case

Title: Authorized Signatory

GOLDMAN SACHS BANK USA, as a Buyer

By: /s/ Benjamin Case

Name: Benjamin Case

Title: Authorized Signatory

Notice address:

Goldman Sachs Bank USA

2001 Ross Avenue, Suite 2800

Dallas, TX 75201

Attention: Warehouse Lending

E-mail: gs-warehouse-am@gs.com;

gs-warehouselending@gs.com

[Signature Page to MSRVF1 A&R Master Repurchase Agreement]

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**GOLDMAN SACHS BANK USA, as
Administrative Agent**

By: /s/ Benjamin Case

Name: Benjamin Case

Title: Authorized Signatory

[Signature Page to MSRVF1 A&R Master Repurchase Agreement]

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**PNMAC GMSR VFN FUNDING, LLC,
as Seller**

By: /s/ Pamela Marsh

Name: Pamela Marsh

Title: Senior Managing Director and
Treasurer

PENNYMAC LOAN SERVICES, LLC, as
Parent and a VFN Guarantor

By: /s/ Pamela Marsh
Name: Pamela Marsh
Title: Senior Managing Director and
Treasurer

PRIVATE NATIONAL MORTGAGE
ACCEPTANCE COMPANY LLC, as a VFN
Guarantor

By: /s/ Pamela Marsh
Name: Pamela Marsh
Title: Senior Managing Director and
Treasurer

[Signature Page to MSRVF1 A&R Master Repurchase Agreement]

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SCHEDULE 1

RESPONSIBLE OFFICERS – SELLER PARTIES

SELLER AUTHORIZATIONS

Any of the persons whose signatures and titles appear below are authorized, acting
singly, to act for Seller under this Agreement:

Responsible Officers for execution of Program Agreements and amendments:

Name	Title	Signature
Pamela Marsh	Senior Managing Director and Treasurer	

Responsible Officers for execution of Transaction Notices and day-to-day operational functions:

Name	Title	Signature
Pamela Marsh	Senior Managing Director and Treasurer	
Maurice Watkins	Senior Managing Director, Capital Markets Operations	
Thomas Rettinger	Senior Managing Director, Head of Secondary Marketing	
Kevin Chamberlain	Executive Vice President, Investor Relations	
Richard Hetzel	Senior Vice President, Treasury	
Adriana Villalobos	First Vice President, Secondary Marketing Operations	

Schedule 1-1

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Angela Everest	Authorized Representative
Ryan Huddleston	Authorized Representative
Adeshola Makinde	Authorized Representative
Virginia Movsessian	Authorized Representative

PARENT AUTHORIZATIONS

Any of the persons whose signatures and titles appear below are authorized, acting singly, to act for Parent under this Agreement:

Responsible Officers for execution of Program Agreements and amendments:

Name	Title	Signature
Pamela Marsh	Senior Managing Director and Treasurer	

Schedule 1-2
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SCHEDULE 2

ASSET SCHEDULE

Note	Initial Note Balance	Additional Balance(s)	Outstanding VFN Principal Balance	Maximum VFN Principal Balance
PNMAC GMSR ISSUER TRUST, Class A-MSRVF1 Variable Funding Note	\$120,000,000	\$0	\$120,000,000	\$2,000,000,000

Schedule 2-1
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SCHEDULE 3

ADMINISTRATIVE AGENT ACCOUNT

Bank Name: CITIBANK N.A.
ABA #: 021000089
Acct. Name: GOLDMAN SACHS BANK USA
Account #: 30627664
Reference: GSPENNYPLS MSR 069114239

Schedule 3-1
753772846 22720164

EXHIBIT A

FORM OF TRANSACTION NOTICE

Dated: []

Goldman Sachs Bank USA
2001 Ross Avenue, Suite 2800
Dallas, TX 75201
Attention: Warehouse Lending
Email: gs-warehouse-am@gs.com; gs-warehouselending@gs.com

TRANSACTION NOTICE

Ladies and Gentlemen:

We refer to the Amended and Restated Master Repurchase Agreement, dated as of December 20, 2023 (the "Agreement"), among PNMAC GMSR VFN Funding, LLC (the "Seller"), PennyMac Loan Services, LLC (the "Parent"), Private National Mortgage Acceptance Company, LLC, as a guarantor, Buyers party thereto ("Buyers") and Goldman Sachs Bank USA ("Administrative Agent"). Each capitalized term used but not defined herein shall have the meaning specified in the Agreement. This notice is being delivered by Seller pursuant to Section 2.02 of the Agreement.

Please be notified that Seller hereby irrevocably requests that Buyers enter into the following Transaction(s) with Seller as follows:

1. Maximum VFN Principal Balance: [\$]
2. Initial Note Balance/Purchase Price requested: [\$]
3. Additional Balance/Purchase Price requested: [\$]
4. Purchase Date: []
5. Repurchase Date: []
6. Pricing Rate / Repurchase Price: [\$]

Seller requests that the proceeds of the Purchase Price be deposited in Seller's account at , ABA Number , account number , References: , Attn: .

Seller hereby represents and warrants that each of the representations and warranties made by Seller in each of the Program Agreements to which it is a party is true and correct in all material respects, in each case, on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date. Attached hereto is a true and complete updated copy of the Asset Schedule.

Exhibit A-1

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Exhibit A-2

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PENNYMAC LOAN SERVICES GMSR VFN
FUNDING, LLC, as Seller

By:

Exhibit A-3
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Asset Schedule

Note	Initial Note Balance	Additional Balance(s)	Outstanding VFN Principal Balance	Maximum VFN Principal Balance
PNMAC GMSR ISSUER TRUST, Class A-MSRVF1 Variable Funding Note	\$()	\$()	\$()	\$()

Exhibit A-4
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EXHIBIT B

EXISTING INDEBTEDNESS

[See Attached]

Exhibit B-1
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Exhibit 21.1

LIST OF PENNYMAC FINANCIAL SERVICES, INC. SIGNIFICANT SUBSIDIARIES
(as defined in Rule 1-02(w) of Regulations S-X)

as of **December 31, 2023** **December 31, 2024**

Entity	Entity Type	State or Other Jurisdiction of Incorporation or Organization
Private National Mortgage Acceptance Company, LLC	Limited Liability Company	Delaware
PNMAC Capital Management, LLC	Limited Liability Company	Delaware
PennyMac Loan Services, LLC	Limited Liability Company	Delaware
PNMAC Holdings, Inc.	Corporation	Delaware
Townsgate Insurance Services, LLC	Limited Liability Company	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-188929, 333-213602, 333-218388, 333-225582, 333-232081, 333-238967, 333-256900, 333-265323, **333-272661** and **333-272661** **333-279948** on Form S-8 and Registration Statement No. 333-191522 on Form S-3 of our reports dated **February 21, 2024** **February 18, 2025** relating to the consolidated financial statements of PennyMac Financial Services, Inc., and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended **December 31, 2023** **December 31, 2024**.

/s/ Deloitte & Touche LLP

Los Angeles, California
February **21, 2024** **19, 2025**

Exhibit 31.1

CERTIFICATION

I, David A. Spector, certify that:

1. I have reviewed this Annual Report on Form 10-K of PennyMac Financial Services, Inc.;
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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-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 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: February 21, 2024 February 19, 2025

/s/ David A. Spector

David A. Spector

Chairman and Chief Executive Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31.2

CERTIFICATION

I, Daniel S. Perotti, certify that:

1. I have reviewed this Annual Report on Form 10-K of PennyMac Financial Services, Inc.;

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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-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 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: **February 21, 2024** **February 19, 2025**

/s/ Daniel S. Perotti

Daniel S. Perotti

Senior Managing Director and

Chief Financial Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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 Annual Report on Form 10-K of PennyMac Financial Services, Inc. (the "Company") for the year ended **December 31, 2023** **December 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David A. Spector, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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: **February 21, 2024** **February 19, 2025**

/s/ David A. Spector

David A. Spector

Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to PennyMac Financial Services, Inc. and will be retained by PennyMac Financial Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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 Annual Report on Form 10-K of PennyMac Financial Services, Inc. (the "Company") for the year ended **December 31, 2023** **December 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel S. Perotti, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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: **February 21, 2024** **February 19, 2025**

/s/ Daniel S. Perotti

Daniel S. Perotti

Senior Managing Director and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the

electronic version of this written statement required by Section 906, has been provided to PennyMac Financial Services, Inc. and will be retained by PennyMac Financial Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 97

PENNYMAC FINANCIAL SERVICES, INC.

RECOUPMENT OF INCENTIVE COMPENSATION POLICY FOR EXECUTIVE OFFICERS

Adopted as of September 12, 2023

PennyMac Financial Services, Inc., a Delaware corporation (the “Company”), has adopted a Recoupment of Incentive Compensation Policy for Executive Officers (this “Policy”) as described below.

1. Overview

The Policy sets forth the circumstances and procedures under which the Company shall recover Erroneously Awarded Compensation from Covered Persons (as defined below) in accordance with rules issued by the United States Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the New York Stock Exchange. Capitalized terms used and not otherwise defined herein shall have the meanings given in Section 3 below.

2. Compensation Recovery Requirement

In the event the Company is required to prepare a Financial Restatement, the Company shall recover reasonably promptly all Erroneously Awarded Compensation with respect to such Financial Restatement.

3. Definitions

- a. “Applicable Recovery Period” means the three completed fiscal years immediately preceding the Restatement Date for a Financial Restatement. In addition, in the event the Company has changed its fiscal year: (i) any transition period of less than nine months occurring within or immediately following such three completed fiscal years shall also be part of such Applicable Recovery Period, and (ii) any transition period of nine to 12 months will be deemed to be a completed fiscal year.
- b. “Applicable Rules” means any rules or regulations adopted by the Exchange pursuant to Rule 10D-1 under the Exchange Act and any applicable rules or regulations adopted by the SEC pursuant to Section 10D of the Exchange Act.
- c. “Board” means the Board of Directors of the Company.
- d. “Committee” means the Compensation Committee of the Board or, in the absence of such committee, a majority of independent directors serving on the Board.

- e. **"Covered Person"** means any Executive Officer. A person's status as a Covered Person with respect to Erroneously Awarded Compensation shall be determined as of the time of receipt of such Erroneously Awarded Compensation regardless of the person's current role or status with the Company (e.g., if a person began service as an Executive

Officer after the beginning of an Applicable Recovery Period, that person would not be considered a Covered Person with respect to Erroneously Awarded Compensation received before the person began service as an Executive Officer, but would be considered a Covered Person with respect to Erroneously Awarded Compensation received after the person began service as an Executive Officer where such person served as an Executive Officer at any time during the performance period for such Erroneously Awarded Compensation).

- f. **"Effective Date"** means October 2, 2023.

- g. **"Erroneously Awarded Compensation"** means the amount of any Incentive-Based Compensation received by a Covered Person on or after the Effective Date and during the Applicable Recovery Period that exceeds the amount that otherwise would have been received by the Covered Person had such compensation been determined based on the restated amounts in a Financial Restatement, computed without regard to any taxes paid. Calculation of Erroneously Awarded Compensation with respect to Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Financial Restatement, shall be based on a reasonable estimate of the effect of the Financial Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, and the Company shall maintain documentation of the determination of such reasonable estimate and provide such documentation to the Exchange in accordance with the Applicable Rules. Incentive-Based Compensation is deemed received, earned, or vested when the Financial Reporting Measure is attained, not when the actual payment, grant, or vesting occurs.

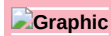
- h. **"Exchange"** means the New York Stock Exchange.

- i. **"Executive Officer"** means each individual who (i) is currently or was previously designated as an "officer" of the Company as defined in Rule 16a-1(f) under the Exchange Act or as an "executive officer" pursuant to Item 401(b) of Regulation S-K as well as the principal financial officer and principal accounting officer (or, if there is no principal accounting officer, the controller), and (ii) received Incentive-Based Compensation for service in such role during any applicable performance period.

- j. **"Financial Reporting Measures"** mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, any measures that are derived wholly or in part from such measures (including, for example, a non-GAAP financial measure), and stock price and total shareholder return.

- k. "Incentive-Based Compensation" means any compensation provided, directly or indirectly, by the Company or any of its subsidiaries that is granted, earned, or vested based, in whole or in part, upon the attainment of a Financial Reporting Measure.

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- l. "Financial Restatement" means a restatement of previously issued financial statements of the Company due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required restatement to correct an error in previously-issued financial statements that is material to the previously-issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

- m. "Restatement Date" means, with respect to a Financial Restatement, the earlier to occur of: (i) the date the Board, a committee of the Board or the officer or officers of the Company authorized to take such action if Board action is not required concludes, or reasonably should have concluded, that the Company is required to prepare the Financial Restatement or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare the Financial Restatement.

4. Exception to Compensation Recovery Requirement

The Company may elect not to recover Erroneously Awarded Compensation pursuant to this Policy if the Committee determines that recovery would be impracticable, and one or more of the following conditions, together with any further requirements set forth in the Applicable Rules, are met: (i) the direct expense paid to a third party, including outside legal counsel, to assist in enforcing this Policy would exceed the amount to be recovered, and the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation; or (ii) recovery would likely cause an otherwise tax-qualified retirement plan to fail to be so qualified under applicable regulations.

6. Tax Considerations

To the extent that, pursuant to this Policy, the Company is entitled to recover any Erroneously Awarded Compensation that is received by a Covered Person, the gross amount received (i.e., the amount the Covered Person received, or was entitled to receive, before any deductions for tax withholding or other payments) shall be returned by the Covered Person.

7. Method of Compensation Recovery

The Committee shall determine, in its sole discretion, the method for recovering Erroneously Awarded Compensation hereunder, which may include, without limitation, any one or more of the following:

- a. requiring reimbursement of cash Incentive-Based Compensation previously paid;

- b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards;
- c. cancelling or rescinding some or all outstanding vested or unvested equity-based awards;
- d. adjusting or withholding from unpaid compensation or other set-off;

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- e. cancelling or offsetting against planned future grants of equity-based awards; and/or
- f. any other method permitted by applicable law or contract.

Notwithstanding the foregoing, a Covered Person will be deemed to have satisfied such person's obligation to return Erroneously Awarded Compensation to the Company if such Erroneously Awarded Compensation is returned in the exact same form in which it was received; provided that equity withheld to satisfy tax obligations will be deemed to have been received in cash in an amount equal to the tax withholding payment made.

8. Policy Interpretation

This Policy shall be interpreted in a manner that is consistent with the Applicable Rules and any other applicable law. The Committee shall take into consideration any applicable interpretations and guidance of the SEC in interpreting this Policy, including, for example, in determining whether a financial restatement qualifies as a Financial Restatement hereunder. To the extent the Applicable Rules require recovery of Incentive-Based Compensation in additional circumstances besides those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules.

9. Policy Administration

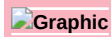
This Policy shall be administered by the Committee. The Committee shall have such powers and authorities related to the administration of this Policy as are consistent with the governing documents of the Company and applicable law. The Committee shall have full power and authority to take, or direct the taking of, all actions and to make all determinations required or provided for under this Policy and shall have full power and authority to take, or direct the taking of, all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of this Policy that the Committee deems to be necessary or appropriate to the administration of this Policy. The interpretation and construction by the Committee of any provision of this Policy and all determinations made by the Committee under this policy shall be final, binding and conclusive.

10. Compensation Recovery Repayments not Subject to Indemnification

Notwithstanding anything to the contrary set forth in any agreement with, or the organizational documents of, the Company or any of its subsidiaries, Covered

Persons are not entitled to indemnification for Erroneously Awarded Compensation or for any claim or losses arising out of or in any way related to Erroneously Awarded Compensation recovered under this Policy.

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ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Recoupment of Incentive Compensation Policy For Executive Officers (the "Policy"). The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy, notwithstanding the provisions of any agreement between the undersigned and the Company. This Policy supersedes any prior Recoupment of Incentive Compensation Policy entered into by the Executive Officer.

Date:

Signature:

Print Name:

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