

PHH CORP  
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April 21, 2017

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**PHH CORPORATION**

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(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.

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

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**INVITATION TO SPECIAL MEETING**

[ • ], 2017

To our Stockholders:

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

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

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

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

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

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

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

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

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

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

Sincerely,

Glen A. Messina  
*President and Chief Executive Officer*

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

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

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NOTICE OF SPECIAL MEETING

TO BE HELD ON [ • ], 2017

**PHH CORPORATION**

3000 Leadenhall Road  
Mt. Laurel, New Jersey 08054

To our Stockholders:

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

1.

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

A.

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

B.

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

2.

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

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

3.

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

4.

To consider and vote upon such other business as may properly come before the special meeting and any adjournment or postponement thereof.

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

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

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

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

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

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

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

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

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

BY ORDER OF THE BOARD OF DIRECTORS

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

Date: [ • ], 2017

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

<http://www.proxyvote.com>

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**PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS**

**PHH CORPORATION**

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

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

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

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

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

1.

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

A.

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

B.

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



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

2.

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

3.

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

4.

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

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

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**SUMMARY TERM SHEET**

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

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

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

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

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

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**THE MSR SALE**

**The Parties to the MSR Sale**

***PHH Corporation***

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

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

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

***PHH Mortgage Corporation***

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

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

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

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

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

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

***New Residential Mortgage LLC***

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

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

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

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

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

**Sale Dates (See page [ • ])**

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

**Consideration (See page [ • ])**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

the release of any liens on the MSR's;

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

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

the receipt of any required approvals under the HSR Act;

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

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

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

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

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

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

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

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

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

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

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Agreement and the Subservicing Agreement;

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

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

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

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

the receipt of any required approvals under the HSR Act;

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

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

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

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

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

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

by mutual consent of the parties;

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

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

New Residential may terminate the MSR Purchase Agreement if:

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

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

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

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



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

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

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

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

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

**Termination Fee (See page [ • ])**

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

**THE HOME LOANS TRANSACTIONS**

**The Parties to the Home Loans Transactions**

***PHH Corporation***

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

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***Realogy Holdings Corp.***

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

***PHH Home Loans, LLC***

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

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

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

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

***PHH Broker Partner Corporation***

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

***RMR Financial, LLC***

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

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***Guaranteed Rate Affinity, LLC***

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

***Guaranteed Rate, Inc.***

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

***Realogy Services Venture Partner LLC***

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

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

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

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

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

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

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

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

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

**Purchase Price (See page [ • ])**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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**Regulatory Approvals and Investor Approvals**

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

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

*Conditions to the First Closing.*

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

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

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

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

the receipt by GRA of certain specified licensing approvals; and

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

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

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

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

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



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

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

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

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

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

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

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

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

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

*Conditions to Subsequent Closings*

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

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

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

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

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

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

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

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

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

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

PHH may terminate the Asset Purchase Agreement if:

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

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

GRA may terminate the Asset Purchase Agreement if:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**PHH Guaranty (See page [ • ])**

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

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

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





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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**THE SPECIAL MEETING**

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

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

**Purpose (See page [ • ])**

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



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

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

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

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

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

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

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

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

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

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

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

**Special Meeting and Voting**

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

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

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

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

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

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

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

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

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

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

**Q.**

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

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

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

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

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

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

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

**Q.**

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

**A.**

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

**Q.**

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

**A.**

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

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

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

**Q.**

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

**A.**

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

**Q.**

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

**A.**

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

**Q.**

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

**A.**

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

**Q.**

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

**A.**

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

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

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

***Q***

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

**A.**

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

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

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

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

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

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

**Vote by Telephone:**

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

**Vote by Internet:**

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

**Vote by Mail:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Q.**

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

**A.**

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

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**Q.**

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

**A.**

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

**Q.**

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

**A.**

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

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

**Proposed MSR Sale and Home Loans Transactions**

**Q.**

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

**A.**

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

1.

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

2.

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

**Q.**

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

**A.**

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

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





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

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

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

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

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

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Q.

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

A.

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

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

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

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

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

the resolution of our outstanding legal and regulatory matters;

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

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

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

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**Q.**

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

**A.**

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

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

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

**Q.**

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

**A:**

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

**Q:**

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

**A:**

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

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Q.

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

A.

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

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

Q.

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

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

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

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

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

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

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

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

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

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

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

**Q.**

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

**A.**

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

**Q.**

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

**A.**

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

**Q.**

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

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

**General**

**Q.**

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

**A.**

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

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

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

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

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

all statements regarding financial projections for the MSR Portfolio;

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

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

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

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

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

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

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

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

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





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

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

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

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

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

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

the inability to retain key employees.

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

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**RISK FACTORS**

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

**Risks Related to the Transactions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

working capital and contingent cash requirements of the remaining business.

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

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

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

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

the potential disruption to business partners and other service providers;

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**THE SPECIAL MEETING**

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

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

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

**Record Date**

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

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

**Quorum; Vote Required**

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

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

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**Abstentions and Broker Non-Votes**

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

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

**Proxies and Revocation**

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

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

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

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

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

by submitting a later-dated proxy card;

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

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

**Other Business**

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

**Adjournments and Postponements**

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

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

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

**Solicitation of Proxies**

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

**Questions and Additional Information**

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



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

**Availability of Documents**

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

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

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

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

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

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

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

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

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

**BACKGROUND OF THE TRANSACTIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On July 29, 2016, the Company received:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

**Past Contacts, Transactions or Negotiations**

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

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

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

**General Description of the MSR Sale**

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

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

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

**The Parties to the MSR Sale**

***PHH Corporation***

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

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

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

***PHH Mortgage Corporation***

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

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

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

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

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

***New Residential Mortgage LLC***

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

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

**Reasons for Recommending the MSR Sale**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

**MSR Projections**

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

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

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

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

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

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

Set forth below is a summary of the MSR Projections:

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

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

**Opinion of Houlihan Lokey**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

Table of Contents**Other Matters**

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

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

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

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

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

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

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

**Certain Accounting Consequences of the MSR Sale**

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

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

**Vote Required**

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

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

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

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

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

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

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

*The following is a summary of the material terms and conditions of the MSR Purchase Agreement and the Subservicing Agreement. This summary does not purport to be complete and may not contain all of the information about the MSR Purchase Agreement and the Subservicing Agreement that is important to you. The description of the MSR Purchase Agreement and the Subservicing Agreement in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the MSR Purchase Agreement, a copy of which is attached to this proxy statement as Annex A and is incorporated by reference into this proxy statement, and the Subservicing Agreement, a copy of which is attached to this proxy statement as Annex B and is incorporated by reference into this proxy statement. We encourage you to read the MSR Purchase Agreement and the Subservicing Agreement carefully and in their entirety because they are the primary contractual documents that govern the transactions.*

*Additional information about PHH and New Residential may be found elsewhere in this proxy statement and in other public reports and documents filed with the SEC. Please see the section of this proxy statement entitled "Where You Can Find Additional Information", beginning on page [ • ].*

**THE MSR PURCHASE AGREEMENT**

**Explanatory Note Regarding the MSR Purchase Agreement**

The MSR Purchase Agreement and this summary of its terms have been included to provide you with information regarding the terms of the MSR Purchase Agreement. The MSR Purchase Agreement is not intended to be a source of factual, business or operational information about PHH or New Residential, and the following summary of the MSR Purchase Agreement and the copy thereof attached hereto as *Annex A* are not intended to modify or supplement any factual disclosure about PHH in any documents it publicly files with the SEC. The representations, warranties and covenants made in the MSR Purchase Agreement by PHH and New Residential were made solely for the benefit of the parties to the MSR Purchase Agreement and are qualified and subject to important limitations agreed to by PHH and New Residential in connection with negotiating the terms of the MSR Purchase Agreement. In particular, in your review of the representations and warranties contained in the MSR Purchase Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the MSR Purchase Agreement may have the right not to close the transactions if the representations and warranties of the other party prove to be untrue in any material respect, and allocating risk between the parties to the MSR Purchase Agreement, rather than establishing matters as facts.

The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by confidential disclosures that were made by each party to the other, which disclosures are not reflected in the MSR Purchase Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement, may have changed since the date of the MSR Purchase Agreement, and subsequent developments or new information that may affect the accuracy of a representation or warranty may or may not be fully reflected in this proxy statement or PHH's public disclosures. Accordingly, you should not rely on the representations and warranties as being accurate or complete or characterizations of the actual state of facts as of any specified date.

**Effects of the MSR Sale**

Pursuant to the MSR Purchase Agreement, PHH has agreed to sell to New Residential all of PHH's MSR Portfolio, together with all Advances. The MSR Sale may constitute a sale of substantially all of the assets of the Company.

Table of Contents**Sale Dates**

The mortgage loans related to the MSR's are owned by different investors, including Freddie Mac, Fannie Mae and private mortgage loan investors (each is referred to as an "**Investor**"), and the sale of the MSR Portfolio will take place on multiple closing dates (each is referred to as a "**Sale Date**") following the satisfaction or waiver of the conditions to closing, including the receipt of the required consents from the applicable Investor and/or origination source. A Sale Date will occur with respect to the MSR's relating to a specific Investor on the first "**Cut-off Date**" that occurs at least 25 calendar days after the satisfaction or waiver of the applicable conditions to closing (other than those conditions that by their terms cannot be satisfied until the date of transfer of such MSR), and the "Cut-off Date" for each Investor is as set forth in the underlying service agreements (including any pooling agreement, servicing agreement, custodial agreement, investor guide or other agreement or arrangement).

**Consideration**

The purchase price for the MSR's relating to each Investor will be calculated in accordance with the applicable fixed pricing formula set forth in the MSR Purchase Agreement. In addition, New Residential will pay PHH for all of the Advances acquired in the transaction in accordance with a fixed pricing formula determined in accordance with the MSR Purchase Agreement. The MSR Portfolio had a book value of \$541 million as of September 30, 2016 and related Advances of \$307 million as of October 31, 2016. As of December 31, 2016, the MSR Portfolio had a book value of \$579 million and related Advances of \$279 million. Based on the MSR Portfolio composition as of December 31, 2016 and market conditions as of the date of the MSR Purchase Agreement, and assuming all Investor and origination source consents are received, total proceeds are expected to be up to \$858 million, of which up to \$579 million was calculated from the applicable fixed purchase price percentage of the unpaid principal balance, or "**UPB**", of the MSR Portfolio, and up to \$279 million was calculated from the fixed purchase price percentage for the Advances. Actual proceeds will be based on the MSR Portfolio composition at each transfer date and may vary from our expectations primarily due to run-off from the MSR Portfolio resulting in a reduction of the MSR Portfolio's UPB or the failure to receive certain Investor and origination source consents. As of December 31, 2016, our MSR asset was recorded at fair value with the assessment of value incorporating the pricing associated with the New Residential agreement. Therefore, there is no expected gain or loss on the MSR Sale as of that date. The MSR Sale proceeds exclude estimated transaction fees and expenses of approximately 5% of MSR value, and represent a valuation of 84 basis points on total unpaid principal balance of \$70 billion as of December 31, 2016. We expect that substantially all of the proceeds from the MSR Sale will be used to repay PHH's 7.375% Senior Notes due 2019 and PHH's 6.375% Senior Notes due 2021 (or, collectively, our "**Senior Notes**"), to repay borrowings under the PHH Servicer Advance Receivables Trust ("**PSART**") servicing advance facility (which had a principal balance of \$99 million as of December 31, 2016) and to pay taxes. In connection with the asset sales consummated pursuant to the MSR Purchase Agreement, we believe we are required to make an offer to purchase the \$615 million outstanding principal amount of our Senior Notes pursuant to the existing terms of the indentures of the Senior Notes. However, we cannot estimate the probable amount of debt that may be retired, or the total cash outflows required for the repayment of the Senior Notes. For additional information about our anticipated use of proceeds from the MSR Sale, see "*Proposal 1: The Sale of Substantially All of the Assets of the Company Anticipated Use of Proceeds from the Transactions.*"

**Payment Procedures; Holdbacks**

No later than seven business days prior to each Sale Date, PHH will deliver to New Residential a loan level report of all MSR's to be sold on such Sale Date, or the "**Settlement Report**". The Settlement Report will include, among other information, an estimated purchase price for such MSR's to be sold. New Residential may review and either approve or object (in writing) to the Settlement Report within two business days of receipt of such Settlement Report. On the fifth business day following each Sale

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Date, PHH will furnish to New Residential a final report which will include, among other information, the final purchase price for the related MSRs.

On each Sale Date, New Residential will pay to PHH an amount equal to the estimated aggregate purchase price applicable to the MSRs sold as of such Sale Date, minus certain amounts that will be held in escrow by an escrow agent for a period after the closing to satisfy PHH's indemnification obligations under the MSR Purchase Agreement (we refer to such amount as the "**Liability Holdback**") or to be held by New Residential pending receipt of documentation required to be delivered with respect to MSRs relating to Freddie Mac or Fannie Mae mortgage loans (we refer to such amount as the "**Document Holdback**"). The "Liability Holdback" for MSRs relating to a specific Investor will be an amount equal to the Liability Cap for such MSRs (see " *Indemnification; Limitations on Indemnification Obligations*" beginning on page [ • ]). The "**Document Holdback**" for any given MSRs will be an amount equal to 5% of the estimated aggregate purchase price applicable to the MSRs for the Fannie Mae mortgage loans and Freddie Mac mortgage loans to be sold to New Residential on any Sale Date, subject to certain revisions. The Liability Holdback will be held in escrow until the third anniversary of the final Sale Date and the resolution of all indemnification claims that were timely submitted pursuant to the MSR Purchase Agreement. The Document Holdback will be released to PHH in monthly installments following each Sale Date depending on the amount of MSRs for which the legal documents have been delivered to the document custodian during the relevant month. When the Document Holdback is reduced to 20% of the original Document Holdback Amount, the MSR Purchase Agreement requires PHH Mortgage and New Residential to mutually agree upon a process to cure any remaining legal documents and servicing file documents in the possession of PHH Mortgage comprising part of the applicable mortgage file, or the "**Legal Documents**", or, if any Legal Documents cannot be cured, to agree upon settlement terms for Legal Documents that cannot be cured.

**Representations and Warranties**

The MSR Purchase Agreement contains representations and warranties made by PHH and New Residential to each other.

The representations and warranties made by PHH Mortgage and PHH (we refer to PHH Mortgage and PHH collectively as the "**Seller Parties**") to New Residential relate to, among other things, the following:

due organization, valid existence, good standing and corporate authority to carry on its business;

corporate authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the MSR Purchase Agreement and the enforceability of the MSR Purchase Agreement;

our Board of Directors' approval and recommendation of the MSR Purchase Agreement and the transactions contemplated thereby;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of the Seller Parties as a result of execution of the MSR Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with the Seller Parties' execution of the MSR Purchase Agreement or consummation of the transactions thereby;

the absence of legal proceedings, claims, demands or governmental investigations in respect of the MSR Portfolio and the Advances;

the solvency of PHH;



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the MSR Portfolio and the related mortgage loans, including the following:

compliance with contractual requirements and applicable laws in the servicing of the mortgage loans related to the MSRs, and absence of breaches of representations and warranties to the Investors, in each case other than any noncompliance or breach for which PHH is not responsible;

maintenance of required mortgage, hazard, title insurance and/or guaranty certificate;

title to the MSRs;

validity and enforceability of the servicing agreements;

compliance with servicing agreements and other applicable requirements in connection with the making of the Advances and loan modifications;

accuracy of certain information relating to the MSR Portfolio and the related mortgage loans and Advances, and completeness of the mortgage files;

payment of the required taxes, governmental assessment, insurance premiums and other charges;

transferability of tax service contracts and flood certification contracts;

no "high cost" mortgage loan or "covered" mortgage loan, and inapplicability of the Home Ownership and Equity Protection Act of 1994 (as amended) to the mortgage loans;

broker's fees or commissions; and

liabilities for any amounts due to Fannie Mae, Freddie Mac, the Federal Housing Administration, the United States Department of Housing and Urban Development, the United States Department of Veterans Affairs or the United States Department of Agriculture (each is referred to as an "**Agency**") as a result of breaches of servicing obligations, underperformance, or inability to transfer selling or servicing representations and warranties.

Many of the Seller Parties' representations and warranties are qualified as to, among other things, "materiality" or "material adverse effect". For purposes of the MSR Purchase Agreement, "material adverse effect" means any fact, circumstance, event, change or occurrence that, individually or in the aggregate with all other facts, circumstances, events, changes or occurrences, has or would reasonably be expected to (1) have a material adverse effect on the business, condition (financial or otherwise), operations, performance or properties of PHH or PHH Mortgage; (2) have a material adverse effect upon the legality, validity, binding effect or enforceability of the MSR Purchase Agreement against PHH or PHH Mortgage; (3) have a material adverse effect upon a material portion of the MSR Portfolio; or (4) prevent or materially impede the ability of the Seller Parties to consummate the transactions contemplated by the MSR Purchase Agreement. However, the following facts, circumstances, events, changes or occurrences, alone or in combination, are excluded in determining whether there has been or will be a material adverse effect:

any changes in general economic conditions or securities, banking, credit, financial or capital markets conditions (whether in the United States or any other country or in any international market), including changes in interest rates or currency

exchange rates;

any changes in conditions generally affecting any of the industries in which PHH operates;

any failure, in and of itself, of PHH to meet any internal or published projections or other financial or operating metrics for any period;

the execution and delivery of the MSR Purchase Agreement or the public announcement of the transactions contemplated thereby;

the performance by the Seller Parties of their obligations under the MSR Purchase Agreement;

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any change in applicable Law or GAAP, or authoritative interpretations thereof;

any hurricane, tornado, flood, earthquake or other natural disaster,

any increase or decreases in the Advances;

any adverse effect on the MSRs or Advances that is cured prior to the applicable Sale Date; or

any item or items set forth on the disclosure letter delivered by PHH to New Residential.

In addition, the following facts, circumstances, events, changes or occurrences are excluded in determining whether there has been or will be a material adverse effect, but will be taken into account to the extent such following facts, circumstances, events, changes or occurrences has a disproportionate effect on PHH relative to other participants in the industries in which PHH operates:

regulatory, legislative or political conditions, in each case in the United States or any foreign jurisdiction; or

certain geopolitical conditions.

The representations and warranties made by New Residential relate to, among other things, the following:

due organization, valid existence, good standing and corporate authority to carry on its business;

authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, the MSR Purchase Agreement and the enforceability of the MSR Purchase Agreement;

the absence of violations of, conflicts with or defaults under, applicable law and the organization documents and material agreements of New Residential as a result of execution of the MSR Purchase Agreement and the consummation of the transactions contemplated thereby;

governmental and third party consents, approvals, filings or notifications required in connection with New Residential's execution of the MSR Purchase Agreement or consummation of the transactions thereby;

New Residential being an approved servicer for Fannie Mae and Freddie Mac and an investing mortgagee approved by the Federal Housing Administration;

the absence of legal proceedings, claims, demands or governmental investigations that would reasonably be expected to prevent or materially delay or impede New Residential's ability to consummate the transactions contemplated by the MSR Purchase Agreement;

sufficiency of funds to consummate the transactions contemplated by the MSR Purchase Agreement, including payment of the purchase price and the transaction expenses; and

broker's fees or commissions.

**Indemnification; Limitations on Indemnification Obligations**

PHH and PHH Mortgage have agreed to jointly and severally indemnify, defend and hold New Residential harmless from and will reimburse New Residential and its officers, directors, stockholders, partners, members, owners, employees and agents for any losses suffered or incurred by them that result from or arise out of:

any breach of a representation or warranty by PHH made in the MSR Purchase Agreement;

any breach of any covenant, agreement or other obligation of PHH contained in the MSR Purchase Agreement;

in the event PHH breaches its covenant regarding nonsolicitation of mortgagors, and any affected mortgage loan is refinanced or prepaid in full;

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in the event that PHH, any originator or prior servicer or New Residential is required to repurchase any mortgage loan from an Investor due to any breach by PHH, such originator or prior servicer of the applicable legal and/or contractual requirements;

in the event of a breach of any of the Seller Parties' representations or warranties in the MSR Purchase Agreement and the aggregate unpaid principal balance of the affected mortgage loans exceed certain dollar threshold, PHH and PHH Mortgage will be obligated to repay the purchase price for the applicable MSRs;

any contested enforcement action with respect to the MSRs or the related mortgage loans, to the extent relating to any period prior to the Sale Date for such MSRs;

any contested litigation with respect to the MSRs or the related mortgage loans, to the extent commenced prior to the Sale Date for such MSRs;

any breach by PHH, any originator or any prior servicer of applicable legal and/or contractual requirements; or

certain matters set forth on the disclosure letter delivered by PHH to New Residential.

Notwithstanding the foregoing, PHH will not have any indemnification obligation for that portion, if any, of the losses that arises out of or results from New Residential's or its designee's failure to service any of the mortgage loans or MSRs after each Sale Date in compliance with applicable legal and/or contractual requirements.

PHH's aggregate liability for any losses relating to Fannie Mae or Freddie Mac mortgage loans and the related servicing rights and Advances will not exceed 5% of the purchase price for such Fannie Mae or Freddie Mac MSRs, and PHH's aggregate liability for any losses relating to private label mortgage loans and the related servicing rights and Advances will not exceed an amount equal to 5% of the purchase price for such private label MSRs (we refer to such amount as the "**Liability Cap**"). To the extent that any losses relate to more than one type of MSR, such claim will be allocated among the affected MSR types to the related Liability Cap on a pro rata basis.

PHH Mortgage will have the option, in certain circumstances, to repurchase mortgage loans from the applicable Investor and the related servicing rights from New Residential. Once such repurchases exceed 0.5% of the aggregate unpaid principal balance of the mortgage loans as of the applicable Sale Dates, PHH Mortgage must obtain New Residential's consent to further repurchases by PHH Mortgage.

New Residential has agreed to defend and hold PHH harmless from and will reimburse PHH and its officers, directors, stockholders, partners, members, owners, employees and agents for any losses suffered or incurred by them that result from or arise out of:

any breach of a representation or warranty by New Residential made in the MSR Purchase Agreement;

any breach of any covenant, agreement or other obligation of New Residential contained in the MSR Purchase Agreement;  
or

subject to certain exceptions, any claim that is brought against PHH after the relevant Sale Date that relates to the MSRs or the related mortgage loans.

Other than to seek to compel performance of a party's obligations under the MSR Purchase Agreement, from and after the applicable Sale Date, the indemnification obligations described above will be the sole and exclusive remedies of each party and its officers, directors, stockholders, partners, members, owners, employees and agents arising out of the transactions contemplated by the MSR Purchase Agreement.



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Notwithstanding anything to the contrary in the MSR Purchase Agreement, neither party will be liable to the other for any punitive, consequential, indirect or special damages, in each case whether in contract, tort or any other legal or equitable principal, except that such limitation will not apply to any such damages paid to a third party as a result of any third party claim that is subject to indemnification under the MSR Purchase Agreement.

The representations and warranties in the MSR Purchase Agreement and the right to assert any claim with respect to such representations and warranties will survive the applicable Sale Date and continue for a period of three years after such Sale Date. The covenants and agreements contained in the MSR Purchase Agreement that by their terms are to be performed or complied with after the Sale Date and the right to assert a claim with respect to any such covenants and agreements will survive the applicable Sale Date and continue for a period of three years after such Sale Date; all other covenants and agreements contained in the MSR Purchase Agreement will terminate on the applicable Sale Date.

**Nonsolicitation of Competing Proposals**

Under the MSR Purchase Agreement, the Seller Parties have agreed that, subject to certain exceptions described below, none of the Seller Parties or any of their respective subsidiaries will, and they will not authorize any of their respective officers, directors, representatives or other intermediaries or subsidiaries to:

solicit, initiate or knowingly facilitate the submission of any inquiries, proposals or offers from any person relating to any Competing Proposal, or agree to or recommend any Competing Proposal;

enter into any agreement to consummate any Competing Proposal, to approve any Competing Proposal or to abandon, terminate or fail to consummate the transactions contemplated by the MSR Purchase Agreement;

enter into or participate in any discussions or negotiations with respect to any Competing Proposal, or furnish any non-public information with respect to the MSR Portfolio in connection with any Competing Proposal; or

agree or resolve to take any of the actions described above.

A "**Competing Proposal**" is any offer to acquire, in one transaction or a series of related transactions (however structured), directly or indirectly, 20% or more of the MSR Portfolio or the control thereover, provided that any such inquiry, proposal or offer will constitute a Competing Proposal only if and to the extent it would prohibit or prevent PHH Mortgage or PHH from consummating the transactions contemplated by the MSR Purchase Agreement.

Notwithstanding the nonsolicitation obligations described above, prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, the Seller Parties may engage in negotiations or discussions with any person and its representatives that has made an unsolicited written Competing Proposal not resulting from or arising out of a material breach by the Seller Parties of their nonsolicitation obligations and/or furnish to such person information relating to the MSR Portfolio pursuant to an acceptable confidentiality agreement if, prior to taking these actions, our Board of Directors has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Competing Proposal constitutes or could reasonably be expected to lead to a Superior Proposal.

A "**Superior Proposal**" is any Competing Proposal to acquire 50% or more of the MSR Portfolio subject to the MSR Purchase Agreement or the control thereover that our Board of Directors determines in good faith, after consultation with legal and financial advisors and taking into account any changes to the MSR Purchase Agreement proposed by New Residential in response to one or more Competing Proposals, is more favorable to PHH and/or its stockholders than the transactions contemplated by the MSR Purchase Agreement (taking into consideration, among other things, all legal, financial, regulatory and other aspects of the proposal deemed relevant by our Board of Directors, including financing terms and the likelihood of consummation).

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PHH has agreed to notify New Residential promptly (but in any event within 48 hours) after receipt of any bona fide Competing Proposal and the material terms and conditions of any such Competing Proposal, and to keep New Residential reasonably informed of the status and material details of any such Competing Proposal.

**Changes in the Recommendation of our Board of Directors; Fiduciary Termination**

Subject to compliance with the obligations described in the next paragraph, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, withdraw, modify or amend in any manner adverse to New Residential its approval or recommendation of the MSR Purchase Agreement, recommend a Competing Proposal, and/or enter into an acquisition agreement with respect to a Competing Proposal (each of these actions is referred to as a "**Change of Recommendation**"). If our Board of Directors effects a Change of Recommendation, New Residential may terminate the MSR Purchase Agreement and upon such termination, PHH will be obligated to pay a termination fee (see " *Termination Fee*" beginning on page [ • ]). In addition, our Board of Directors may, at any time prior to obtaining stockholder approval of the transactions contemplated by the MSR Purchase Agreement, following receipt of an unsolicited written Competing Proposal that did not result in a material breach of the Seller Parties' nonsolicitation obligations and which our Board of Directors determines in good faith (after consulting with its financial and legal advisors) constitutes or could reasonably be expected to lead to a Superior Proposal, terminate the MSR Purchase Agreement and enter into a definitive acquisition agreement with respect to such Superior Proposal, subject to the payment of a termination fee (see " *Termination Fee*" beginning on page [ • ]).

The Board may take the actions described in the immediately preceding paragraph if and only if it has determined in good faith, after consulting with its financial and legal advisors, that failure to take such actions would be inconsistent with its fiduciary duties under applicable law. Additionally, prior to making a Change of Recommendation, PHH must provide New Residential with at least four business days' prior written notice advising New Residential that it intends to make a Change of Recommendation and specifying the reasons for the Change of Recommendation and all material information with respect to such Change of Recommendation. If requested by New Residential, during such four-business day period, PHH must negotiate in good faith with New Residential to enable New Residential to propose an offer in writing to make such adjustments to the MSR Purchase Agreement so that our Board of Directors could determine in good faith (after consulting with its financial and legal advisors) that the failure to make a Change of Recommendation would not be inconsistent with its fiduciary duties. Similarly, prior to entering into a definitive acquisition agreement with respect to a Superior Proposal, PHH must provide New Residential with at least four business days' prior written notice (and material amendment to the amount or form of consideration payable under any Competing Proposal will require a new notice and an additional two-business day period) advising New Residential that our Board of Directors intends to enter into a definitive acquisition agreement, specifying the material terms thereof and that the relevant Seller Party will, if requested by New Residential, during such four- or two-business day period, negotiate with New Residential to enable New Residential to make such adjustments to the MSR Purchase Agreement such that the Competing Proposal is no longer a Superior Proposal.

**Stockholder Meeting**

PHH has agreed under the MSR Purchase Agreement to hold a special meeting of its stockholders to consider and take action upon the approval of the MSR Purchase Agreement and the transactions contemplated thereby as soon as reasonably practicable after this proxy statement is cleared by the SEC.



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**Nonsolicitation of Mortgagors**

With respect to the mortgage loans related to the MSR Portfolio, without New Residential's consent, PHH Mortgage has agreed that except as otherwise contemplated in an agreement between the parties, from and after the applicable Sale Date, it will not, and will cause all subsidiaries of PHH and its and their respective officers, directors, employees, brokers, correspondent lenders, agents and independent contractors not to, directly or indirectly, solicit any of the mortgagors (i.e., any obligor under a mortgage note or a mortgage instrument) during the remaining term of each such mortgage loan. The foregoing restriction does not prohibit PHH Mortgage or its affiliates from taking applications from those mortgagors who initiate refinance actions on their own, engaging in any mass advertising program or soliciting mortgagors in any other manner otherwise agreed upon by PHH and New Residential.

**Efforts to Obtain HSR Approval**

The MSR Purchase Agreement requires each of the parties to submit any required filings under the HSR Act. If such filings are required, the MSR Purchase Agreement requires each of the parties to use their respective reasonable best efforts to resolve as promptly as practicable such objections, if any, that may be asserted by any governmental entity with respect to the transactions contemplated by the MSR Purchase Agreement under the HSR Act. If any governmental entity seeks any injunction or the entry of any governmental order prohibiting the transactions contemplated by the MSR Purchase Agreement, each party must defend claims seeking such an injunction or entry of such governmental order and use its reasonable best effort to avoid the entry of and seek to have lifted or vacated any such governmental order. Based on their analysis, the parties have determined that the MSR Sale is exempt from the reporting obligations under the HSR Act.

**Required Consents**

The purchase and sale of the MSR Portfolio and the appointment of PHH as the servicer for the related mortgage loans are subject to approval by the applicable Investors (i.e., Freddie Mac, Fannie Mae or any other owner of the mortgage loans) and origination sources (i.e., any person who, in connection with the origination of a mortgage loan, retained the right to consent to the transfer of servicing of such mortgage loan and/or the sale of the related MSR) on or before the applicable Sale Date. PHH has agreed to undertake commercially reasonable efforts to obtain these consents in a timely manner, and to pay for all fees and costs charged by each Investor or origination source in connection with such consents. New Residential has agreed to provide such assistance to PHH and enter into such letter agreements and certifications as reasonably requested by PHH, including the provision of any information regarding New Residential and its business required by any applicable Investor or origination source.

**Assignments and Related Matters**

PHH has agreed to prepare and record all prior intervening assignments of mortgage instruments, assignments of mortgage instruments from PHH to New Residential and endorse the mortgage notes in blank without recourse or as otherwise required by the applicable Investor, in each case if and only if (i) expressly required by applicable law or other contractual obligation, (ii) determined by New Residential to be advisable or (iii) the nominal title is held in the name of PHH Mortgage or one of its affiliates.

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**Payment of Costs**

PHH will be responsible for all costs, fees, expenses and other amounts payable with respect to:

the required consents from applicable Investors and origination sources described above under " Required Consents";

the transfer of the MSRs;

the delivery of mortgage files;

preparing and recording the assignments described above under " Assignments and Related Matters";

with respect to any mortgage loans as to which the Mortgage Electronic Registration System, or "*MERS*", is the mortgagee of record or as nominee or agent for the holder thereof, processing transfers of servicing from PHH to New Residential with MERS;

the electronic notification of the United States Department of Housing and Urban Development of the transfer of any MSRs, if applicable;

its advisors, consultants, accountants, attorneys and document custodian; and

PHH's obligations under the MSR Purchase Agreement.

New Residential be responsible for all costs, fees, expenses and other amounts payable with respect to:

its advisors, consultants, accountants, attorneys and document custodian; and

New Residential's obligations under the MSR Purchase Agreement.

**Termination of Seller's Right as Servicer under the Subservicing Agreement**

Prior to the initial Sale Date, New Residential may terminate the right of PHH Mortgage to act as a servicer under the Subservicing Agreement upon the occurrence of certain events that would allow New Residential to terminate the Subservicing Agreement if it had occurred after the effectiveness of the Subservicing Agreement. Upon New Residential's exercise of such termination right, the Seller Parties may elect to either effect the sale of the MSR Portfolio pursuant to the MSR Purchase Agreement and transfer the servicing to New Residential or its designee, or terminate the MSR Purchase Agreement. If the Seller Parties elect to effect the sale of the MSR Portfolio, New Residential will seek to obtain a replacement subservicer as soon as reasonably practicable on substantially same terms as the Subservicing Agreement, and all Sale Dates will be postponed until New Residential obtains such replacement. PHH Mortgage will be responsible for all servicing transfer costs incurred by New Residential in connection with the transfer of servicing to the replacement subservicer. If the Seller Parties elect to terminate the MSR Purchase Agreement, PHH will pay New Residential a break-up fee equal to \$10 million.

**Conditions to the Transactions**

The obligations of New Residential to effect the transactions contemplated by the MSR Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

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the representations and warranties made by PHH Mortgage (other than those with respect to the MSR Portfolio and the related mortgage loans) are true and correct in all material respects as of the applicable Sale Date;

PHH Mortgage's compliance with and performance of all terms and covenants of the MSR Purchase Agreement in all material respects as of the applicable Sale Date;

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the required consents of the applicable Investors and origination sources have been issued by all appropriate persons, and the related sale of the MSR's and transfer of servicing do not otherwise violate the terms of their underlying servicing agreements;

the approval by Fannie Mae and Freddie Mac of bifurcation of liability with respect to the MSR's and the related mortgage loans;

the absence of any order or injunction enjoining, restraining or otherwise prohibiting the MSR Purchase Agreement or the transactions contemplated by the MSR Purchase Agreement;

to the extent any Advances are subject to any security interest, execution and delivery by PHH of escrow agreements with respect to such Advances;

the receipt by New Residential of a certificate signed by the CEO or another senior officer of PHH that the conditions to New Residential's obligations have been satisfied;

the absence of any litigation, proceeding or investigation pending, threatened or contemplated that (i) would reasonably be expected to have a material adverse effect with respect to PHH, PHH Mortgage, a material portion of the MSR's or a material portion of the related mortgage loans or (ii) enjoins, restrains or prohibits the MSR Purchase Agreement or the consummation of the transactions contemplated by the MSR Purchase Agreement;

the release of any liens on the MSR's;

the receipt by New Residential of an assignment agreement conveying the applicable MSR's on the relevant Sale Date, along with a cross receipt;

the receipt of the approval of PHH's stockholders of the transactions contemplated by the MSR Purchase Agreement;

the receipt of any required approvals under the HSR Act;

the receipt by New Residential of a true sale opinion from PHH's counsel relating to the sale of the MSR's;

with respect to the private label mortgage loans, receipt by New Residential of the applicable serving agreements;

the receipt by New Residential of a non-exclusive portfolio retention agreement;

in the event the Subservicing Agreement with respect to the applicable MSR's has been terminated by New Residential in accordance with the terms of the MSR Purchase Agreement, New Residential's entry into a replacement subservicing agreement with a replacement servicer in accordance with the terms of the MSR Purchase Agreement, and receipt of all required approvals from the applicable Investors and origination sources with respect thereto.

The obligations of PHH to effect the transactions contemplated by the MSR Purchase Agreement are subject to the satisfaction or waiver of each of the following conditions:

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the representations and warranties made by New Residential are true and correct in all material respects as of the applicable Sale Date;

New Residential's compliance with and performance of all terms and covenants of the MSR Purchase Agreement in all material respects as of the applicable Sale Date;

the required consents of the applicable Investors and origination sources have been issued by all appropriate persons, and the related sale of the MSRs and transfer of servicing do not otherwise violate the terms of their underlying servicing agreements;