

New Residential Investment Corp.  
Form 424B5  
April 07, 2015  
[Table of Contents](#)

**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-196060**

**The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has become effective under the Securities Act of 1933. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we and the Selling Stockholder are not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, Dated April 7, 2015**

**Preliminary Prospectus Supplement  
(To Prospectus dated May 16, 2014)**

**40,000,000 Shares**

**New Residential Investment Corp.**

**Common Stock**

We are offering 11,713,020 shares of our common stock, \$0.01 par value per share, and Home Loan Servicing Solutions, Ltd. (the Selling Stockholder or HLSS ) is offering 28,286,980 shares of our common stock, by this prospectus supplement and the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol NRZ. On April 6, 2015, the last reported sale price of our common stock was \$15.37 per share.

**Investing in our common stock involves a high degree of risk. Before making a decision to invest in our common stock, you should read the discussion of material risks of investing in our common stock in Risk Factors on page S-19 of this prospectus supplement and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2014, which has been filed with the Securities and Exchange Commission and is incorporated by reference in this prospectus supplement and the accompanying prospectus.**

**Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to us, before expenses	\$	\$
Proceeds to the Selling Stockholder, before expenses	\$	\$

The underwriter may also purchase up to an additional 6,000,000 shares of our common stock from us at the public offering price, less underwriting discounts and commissions payable by us, within 30 days from the date of this prospectus supplement. If the underwriter exercises the option to purchase additional shares of our common stock, the total public offering price will be \$ , the total underwriting discounts and commissions will be \$ and the total proceeds to us, before expenses, will be \$ .

The underwriter is offering the shares of our common stock as set forth under Underwriting. Delivery of the shares of our common stock will be made on or about , 2015.

**Citigroup**

**The date of this prospectus supplement is , 2015.**

**Table of Contents**

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated herein and therein by reference. We and the Selling Stockholder have not, and the underwriter has not, authorized anyone to provide you with additional or different information. We and the Selling Stockholder are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate only as of the date of this prospectus supplement or the accompanying prospectus, as the case may be, regardless of the time of delivery of this prospectus supplement or of any sale of shares of our common stock.

**TABLE OF CONTENTS**

	Page
<u>CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS</u>	S-ii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-19
<u>USE OF PROCEEDS</u>	S-33
<u>UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION</u>	S-34
<u>PRICE RANGE OF OUR COMMON STOCK</u>	S-47
<u>DISTRIBUTION POLICY</u>	S-48
<u>SELLING STOCKHOLDER</u>	S-49
<u>UNDERWRITING</u>	S-50
<u>INCORPORATION BY REFERENCE</u>	S-54
<u>LEGAL MATTERS</u>	S-55
<u>EXPERTS</u>	S-55

**Table of Contents**

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated and deemed incorporated herein and therein by reference contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Such forward-looking statements relate to, among other things, the operating performance of our investments, the stability of our earnings, our financing needs and the size and attractiveness of market opportunities. Forward-looking statements are generally identifiable by use of forward-looking terminology such as may, will, should, potential, intend, expect, endeavor, seek, anticipate, estimate, overestimate, underestimate, believe, could, continue or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations, liquidity or financial condition or state other forward-looking information. Our ability to predict results or the actual outcome of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to:

unanticipated difficulties and/or expenditures relating to the Acquisition;

litigation relating to the Acquisition;

the impact of the Acquisition on each company's relationships with employees and third parties;

adverse developments involving HLSS or its affiliates or Ocwen Financial Corporation and its subsidiaries (collectively, Ocwen );

the inability to obtain, or delays in obtaining, cost savings and synergies from the Acquisition;

changes in global, national and local economic conditions, including, but not limited to, a prolonged economic slowdown and a downturn in the real estate market;

reductions in cash flows received from our investments;

the quality and size of the investment pipeline and our ability to take advantage of investment opportunities at attractive risk-adjusted prices;

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servicer advances may not be recoverable or may take longer to recover than we expect, which could cause us to fail to achieve our targeted return on our investment in servicer advances;

our ability to deploy capital accretively and the timing of such deployment;

our counterparty concentration and default risks in Nationstar, Springleaf, Ocwen and other third-parties;

a lack of liquidity surrounding our investments, which could impede our ability to vary our portfolio in an appropriate manner;

the impact that risks associated with subprime mortgage loans and consumer loans, as well as deficiencies in servicing and foreclosure practices, may have on the value of our excess mortgage servicing rights ( Excess MSR<sub>s</sub> ), servicer advances, residential mortgage backed securities ( RMBS ) and loan portfolios;

the risks that default and recovery rates on our Excess MSR<sub>s</sub>, servicer advances, real estate securities, residential mortgage loans and consumer loans deteriorate compared to our underwriting estimates;

changes in prepayment rates on the loans underlying certain of our assets, including, but not limited to, our Excess MSR<sub>s</sub>;

S-ii

**Table of Contents**

the risk that projected recapture rates on the loan pools underlying our Excess MSR and are not achieved;

the relationship between yield on assets which are paid off and yields on assets in which such monies can be reinvested;

the relative spreads between the yield on the assets we invest in and the cost of financing;

changes in economic conditions generally and the real estate and bond markets specifically;

adverse changes in the financing markets we access affecting our ability to finance our investments on attractive terms, or at all;

changing risk assessments by lenders that potentially lead to increased margin calls, not extending our repurchase agreements or other financings in accordance with their current terms or not entering into new financings with us;

changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;

impairments in the value of the collateral underlying our investments and the relation of any such impairments to our judgments as to whether changes in the market value of our securities or loans are temporary or not and whether circumstances bearing on the value of such assets warrant changes in carrying values;

the availability and terms of capital for future investments;

competition within the finance and real estate industries;

the legislative/regulatory environment, including, but not limited to, the impact of the Dodd-Frank Act, U.S. government programs intended to stabilize the economy, the federal conservatorship of Fannie Mae and Freddie Mac and legislation that permits modification of the terms of loans;

our ability to maintain our qualification as a real estate investment trust ( REIT ) for U.S. federal income tax purposes and the potentially onerous consequences that any failure to maintain such qualification would have on us;

the ability to favorably resolve the alleged events of default under the Sixth Amended and Restated Indenture, dated as of January 17, 2014, by and among HLSS Servicer Advance Receivables Trust, Deutsche Bank National Trust Company, HLSS Holdings, LLC ( HLSS Holdings ), Ocwen Loan Servicing, LLC, Wells Fargo Securities, LLC and Credit Suisse AG, New York Branch;

our ability to maintain our exclusion from registration under the Investment Company Act of 1940, as amended (the Investment Company Act ) and the fact that maintaining such exclusion imposes limits on our operations; and

other risks detailed from time to time below, particularly under the heading Risk Factors, and in our other reports filed with or furnished to the Securities and Exchange Commission (the SEC ).

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. The factors noted above could cause our actual results to differ significantly from those contained in any forward-looking statement.

We encourage you to read this prospectus supplement and the accompanying prospectus, as well as the information that is incorporated by reference in this prospectus supplement and the accompanying prospectus, in their entireties. In evaluating forward-looking statements, you should consider discussion regarding risks and uncertainties under Risk Factors of this prospectus supplement and in our reports filed with the SEC. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views only as of the date of this prospectus supplement. We are under no duty to update any of the forward-looking statements after the date of this prospectus supplement to conform these statements to actual results.

**Table of Contents**

All references to we, our, us, the Company and New Residential in this prospectus supplement and the accompanying prospectus mean New Residential Investment Corp. and its consolidated subsidiaries, except where it is made clear that the term means only the parent company. All references in this prospectus supplement to HLSS or the Selling Stockholder mean Home Loan Servicing Solutions, Ltd. All references in this prospectus to the Acquisition mean the acquisition by us of the assets of HLSS, as described in the Acquisition of HLSS below.

S-iv



**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary does not contain all of the information you should consider before making a decision to invest in our common stock. You should read this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, including our Current Report on Form 8-K filed on April 7, 2015 which includes historical financial information of HLSS and our pro forma financial information, carefully before making an investment decision, especially the risks of investing in our common stock discussed under Risk Factors herein and therein and our consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein and therein.*

**NEW RESIDENTIAL INVESTMENT CORP.**

**General**

New Residential is a publicly traded REIT primarily focused on opportunistically investing in, and actively managing, investments related to residential real estate. Our stock is traded on the New York Stock Exchange ( NYSE ) under the symbol NRZ. We are externally managed and advised by an affiliate of Fortress Investment Group LLC (our Manager ) pursuant to a management agreement.

Our goal is to drive strong risk-adjusted returns primarily through investments in mortgage servicing related assets and other related opportunistic investments. We generally target assets that generate significant current cash flows and/or have the potential for meaningful capital appreciation. We aim to generate attractive returns for our stockholders without the excessive use of financial leverage.

We currently conduct our business through the following segments:

**Servicing Related Assets**

*Excess MSRs:* We have acquired Excess MSRs on residential mortgage loans with an aggregate unpaid principal balance ( UPB ) as of December 31, 2014 of \$248.7 billion. As of December 31, 2014, the carrying value of our Excess MSRs was approximately \$748.6 million (and \$1,584.0 million as of December 31, 2014 after giving effect to the Acquisition), representing 9.2% of our total assets or 46.9% of our equity.

*Servicer Advances:* We have made investments in servicer advances, including the basic fee component of the related MSRs. Certain of these investments were made through a joint venture entity of which we are the managing member (the Buyer ), and which we consolidate in our financial statements. As of December 31, 2014, the carrying value of our servicer advances, including the basic fee component of the related MSRs, was approximately \$3.3 billion (and \$9.2 billion as of December 31, 2014 after giving effect to the Acquisition), representing 40.4% of our total assets, or 6.3% of our equity, net of financing and interests held by third party investors in the Buyer.

**Residential Securities and Loans**

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*Real Estate Securities:* We acquire and manage a diversified portfolio of credit sensitive real estate securities, including Non-Agency and Agency RMBS. As of December 31, 2014, the carrying value of our real estate securities was approximately \$2.5 billion (\$1.7 billion for Agency RMBS and \$0.7 billion for Non-Agency RMBS), representing 30.4% of our total assets, or 12.5% of our equity, net of financing. In addition, we own call rights with respect to approximately 780 securitization entities which are collateralized by mortgage loans with a UPB of approximately \$95.3 billion.

S-1

## **Table of Contents**

*Real Estate Loans:* We have acquired residential mortgage loans, including performing, non-performing, re-performing, reverse mortgage loans and Government National Mortgage Association ( GNMA ) buy-out ( EBO ) loans. As of December 31, 2014, the carrying value of our residential mortgage loans (including loans on which the borrower has defaulted and the lender has foreclosed on the underlying property) was \$1.2 billion, representing 15.3% of our total assets, or 18.0% of our equity, net of financing.

### Other Investments

*Consumer Loans:* In April 2013, we acquired an interest in a pool of consumer loans, including unsecured and homeowner loans, held in an unconsolidated entity. In October 2014, we refinanced this entity and received a distribution in excess of our basis such that, as of December 31, 2014, the carrying value of our investment in consumer loans had been reduced to zero. We continue to own an interest in this entity, from which we expect to receive significant future cash flows.

In addition, as of December 31, 2014, we had cash and cash equivalents, restricted cash, derivative assets, and other assets of \$0.4 billion, representing 4.6% of our total assets, or 16.3% of our equity, net of dividends and other payables.

## **Acquisition of HLSS**

### *Description of the Acquisition*

#### *Initial Merger Agreement*

As previously disclosed, on February 22, 2015, we entered into an Agreement and Plan of Merger (the Initial Merger Agreement ) with HLSS, and Hexagon Merger Sub, Ltd., a Cayman Islands exempted company and a wholly owned subsidiary of the Company ( Merger Sub ), as filed as Exhibit 2.1 to the Company s Current Report on Form 8-K filed with the SEC on February 24, 2015. As described in more detail below, on April 6, 2015, the parties terminated the Initial Merger Agreement pursuant to the Termination Agreement (as defined below) and simultaneously entered into the Acquisition Agreement (as defined below).

The Initial Merger Agreement provided that, upon the terms and subject to the conditions set forth therein, Merger Sub would have merged with and into HLSS, with HLSS continuing as the surviving company and a wholly owned subsidiary of the Company, and at the effective time of the merger, each ordinary share of HLSS issued and outstanding immediately prior to the effective time (except as otherwise set forth in the Initial Merger Agreement), would have been automatically converted into the right to receive \$18.25 in cash, without interest (the Initial Merger ).

#### *Conditions to the Consummation of the Initial Merger*

Each party s obligation to consummate the Initial Merger was subject to various conditions, including, without limitation, the accuracy of the other party s representations and warranties, both as of the date of signing and closing. Among other representations and warranties to the Company, HLSS would have been required to represent as of the closing of the Initial Merger that it had filed all reports required to be filed with the SEC (including, for example, its Annual Report on Form 10-K for the year ended December 31, 2014 (the Annual Report )).

Each party s obligation to consummate the Initial Merger was also subject to the other party s compliance with its covenants and agreements contained in the Initial Merger Agreement. Among other covenants and agreements, HLSS agreed to provide notice to the Company within twenty-four (24) hours of becoming aware that HLSS was reasonably

likely to receive a going concern qualification from its auditors with respect to its

S-2

**Table of Contents**

then-most recent fiscal year (a Going Concern Qualification ). The Initial Merger Agreement specified that, upon the receipt by HLSS of a Going Concern Qualification, the Company would have the right to immediately terminate the Initial Merger Agreement.

*Events following the Entry into the Initial Merger Agreement*

On March 3, 2015, HLSS filed a Form 12b-25 with the SEC, stating that HLSS required additional time to complete its Annual Report in order to complete an assessment of recent events related to HLSS's business and determine the impact on HLSS's financial statements and related disclosures. In this filing, HLSS also stated that it expected to file the Annual Report within the fifteen (15) day extension period under Rule 12b-25(b)(ii) of the Securities Exchange Act of 1934, as amended, or by March 17, 2015.

On March 18, 2015, HLSS filed a Current Report on Form 8-K with the SEC that disclosed that HLSS would need additional time to complete its Annual Report to prepare information relating to its ability to operate as a going concern. Also on March 18, 2015, The Nasdaq Stock Market LLC notified HLSS that it was no longer in compliance with Nasdaq Listing Rule 5250(c)(1) for continued listing because of the failure to timely file its Annual Report, and HLSS was given until May 18, 2015 to submit a plan to regain compliance.

While HLSS was preparing information relating to its ability to operate as a going concern, HLSS continued to work on a management plan that included the following elements:

Negotiating certain commitments from various lenders for replacement advance financing, though never consummated;

Selling its entire portfolio of re-performing loans for an immaterial gain and concurrently repaying the related borrowings in full;

Marketing its GNMA EBO loan portfolios and extending the maturity of the related borrowings to allow for continued marketing;

Working closely with its legal counsel to address BlueMountain's allegations of default (described below), which it believes are without merit, and any potential impact of such allegations on its advance financing facilities; and

Amending its senior secured term loan facility agreement to extend the deadline to furnish annual financial statements to April 10, 2015, to amend certain terms of cross default to its advance financing facilities and to permit an amendment to that certain Subservicing Agreement between HLSS Holdings and Ocwen Loan Servicing, LLC, dated as of October 1, 2012 (the Ocwen Subservicing Agreement ).

HLSS also began discussing with the Company whether an alternative transaction could be structured, if needed, to alleviate concerns about HLSS's ability to operate as a going concern. HLSS also stated that the termination of the Initial Merger Agreement, in the absence of an alternative transaction, would increase the likelihood that it would receive a Going Concern Qualification. HLSS discussed with the Company the potential material adverse effects of

receiving a Going Concern Qualification, including an event of default under both HLSS's Senior Secured Term Loan Facility Agreement, dated as of June 27, 2013 (the Term Loan), and HLSS's mortgage loan repurchase facility, each of which would, independently, cause an event of default and amortization under HLSS's advance financing facilities. The Company and HLSS, together with their respective legal and financial advisors, began to analyze and discuss a number of alternative transactions that could potentially be consummated in lieu of the Initial Merger.

On March 20, 2015, HLSS entered into an amendment to the Term Loan in order to extend to April 10, 2015 the deadline thereunder for HLSS to furnish its annual financial statements, and to amend certain terms of the cross-default to HLSS's advance financing facilities. In addition, consent was granted thereunder to permit certain amendments to the Ocwen Subservicing Agreement.

## **Table of Contents**

Throughout the period following HLSS's failure to timely file its Annual Report, HLSS and the Company, together with their respective advisors, engaged in extensive discussions and negotiations in an effort to find a mutually beneficial solution and in light of HLSS's ongoing consideration of its ability to continue as a going concern. On April 6, 2015, HLSS provided formal notice to the Company that it was reasonably likely to receive a Going Concern Qualification, unless the parties entered into an alternative transaction.

Based on the shared expectation of the Company and HLSS that HLSS could not satisfy the conditions to the consummation of the Initial Merger set forth in the Initial Merger Agreement, HLSS and the Company finalized the terms of an alternative transaction (described below). The alternative transaction enabled HLSS to file the Annual Report, including an unqualified opinion of its auditors, on April 6, 2015.

On April 6, 2015, with the approval of their respective Boards of Directors, New Residential and HLSS, together with certain of their respective subsidiaries, entered into the Termination Agreement (providing for the termination of the Initial Merger Agreement) and simultaneously entered into the Acquisition Agreement.

### *Termination Agreement*

As described above, on April 6, 2015, simultaneously with the execution of the Acquisition Agreement (as described below), the Company, HLSS and Merger Sub entered into a Termination Agreement (the "Termination Agreement") to terminate (the "Termination") the Initial Merger Agreement.

As a result of the Termination, in accordance with the terms of the Termination Agreement, (i) the Initial Merger Agreement was terminated (including provisions of the Initial Merger Agreement that by their terms would have otherwise survived a termination thereof) and (ii) the Company and Merger Sub, on the one hand, and HLSS, on the other hand, mutually released the other from any liability with respect to claims related to the Initial Merger Agreement or the transactions contemplated thereby.

### *Acquisition Agreement*

As described above, on April 6, 2015, the Company entered into a Share and Asset Purchase Agreement (the "Acquisition Agreement") with HLSS, HLSS Advances Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Company ("HLSS Advances"), and HLSS MSR-EBO Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of the Company (together with HLSS Advances, the "Buyers"). Pursuant to the Acquisition Agreement, the Buyers acquired from HLSS substantially all of the assets of HLSS (including all of the issued share capital of HLSS's first-tier subsidiaries) and assumed the liabilities of HLSS (together, the "Acquisition") with the exception of the Term Loan, which was paid off as described below, and the Retained Amount (as defined below). The aggregate consideration paid to HLSS (net of certain transaction expenses being reimbursed by HLSS), consisted of approximately \$1.007 billion in cash and 28,286,980 shares of the Company's common stock, par value \$0.01 per share (representing 19.9% of the number of shares outstanding immediately prior to issuance) ("Company Common Stock"), and was delivered to HLSS in a private placement (the "Share Transfer"). The closing of the Acquisition (the "Acquisition Closing") occurred simultaneously with the execution of the Acquisition Agreement. The Term Loan was paid off prior to closing the Acquisition.

The Acquisition Agreement includes certain customary post-closing covenants of the Company, the Buyers and HLSS. In addition, in connection with the Acquisition, the Board of Directors of HLSS also approved a wind down plan (the "Distribution and Liquidation Plan"), pursuant to which, as promptly as practicable after the date thereof, HLSS will endeavor to sell the shares of Company Common Stock received in the Acquisition and to distribute to HLSS shareholders the cash consideration from the Acquisition and the cash proceeds from the sale of shares of

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Company Common Stock; provided that under the terms of the Distribution and Liquidation Plan, HLSS will retain \$50,000,000 of cash (the Retained Amount ) for wind down costs (one or more such distributions, collectively, the Distribution ).

S-4



## **Table of Contents**

### *Registration Rights Agreement*

At the Acquisition Closing, the Company entered into a Registration Rights Agreement, dated as of April 6, 2015, with HLSS (the *Registration Rights Agreement*) providing HLSS with certain customary demand and piggyback registration rights in respect of Company Common Stock. Pursuant to the Registration Rights Agreement, HLSS may (i) during the period from the earlier of (x) the closing of the first underwritten offering of Company Common Stock following the Acquisition Closing, and (y) 10 business days after the Acquisition Closing, until the second anniversary of the Acquisition Closing, exercise up to two demands that the Company register under the Securities Act of 1933, as amended (the *Securities Act*), shares of Company Common Stock held by HLSS and (ii) cause the Company to include shares of Company Common Stock held by HLSS in certain public offerings of securities initiated by the Company or other stockholders of the Company, in each case subject to certain limitations and exceptions and customary provisions relating to indemnification and expenses.

### *Services Agreement*

At the Acquisition Closing, HLSS Advances entered into a Services Agreement, dated as of April 6, 2015, with HLSS (the *Services Agreement*). Pursuant to the Services Agreement, HLSS Advances has agreed to manage the assets and affairs of HLSS in accordance with terms and conditions set forth therein and, in all cases, in accordance with the Distribution and Liquidation Plan. The Services Agreement provides that HLSS Advances will be responsible for the operations of HLSS and will perform (or cause to be performed) such services and activities relating to the assets and operations of HLSS as may be appropriate, including, among other things, administering the Distribution and Liquidation Plan and handling all claims, disputes or controversies in which HLSS is a party or may otherwise be involved. HLSS Advances will not be compensated by HLSS for its services under the Services Agreement but will be reimbursed by HLSS for expenses incurred on behalf of HLSS. The Services Agreement provides for an initial one-year term and, unless terminated, will be deemed renewed automatically on each anniversary of the Acquisition Closing for successive one-year periods. HLSS Advances may elect not to renew the Services Agreement upon written notice at least 60 days prior to an anniversary date of the Services Agreement. HLSS may terminate the Services Agreement upon 30 days written notice to HLSS Advances in the event of any act of fraud, misappropriation of funds, or embezzlement against HLSS or other willful violation of the Services Agreement by HLSS Advances or in the event of any gross negligence on the part of HLSS Advances in the performance of its duties thereunder.

### *New Merger Agreement*

At the Acquisition Closing, the Company and Merger Sub entered into an Agreement and Plan of Merger, dated April 6, 2015, with HLSS (the *New Merger Agreement*), pursuant to which, upon the terms and subject to the conditions set forth therein (including the approval of HLSS's shareholders), HLSS (which at the time of the New Merger (as defined below) will have previously sold substantially all of its assets and transferred all liabilities (with the exception of the Term Loan, which was paid off prior to closing the Acquisition) to the Buyers, and is expected to have distributed the proceeds (other than the Retained Amount) received from such sale to HLSS shareholders and substantially wound-down its operations) will merge with and into Merger Sub, with Merger Sub continuing as the surviving company and a wholly owned subsidiary of the Company (the *New Merger*).

Pursuant to the New Merger Agreement, and upon the terms and conditions set forth therein, at the effective time of the New Merger (the *Effective Time*), each ordinary share of HLSS, par value \$0.01 per share, issued and outstanding immediately prior to the Effective Time, (other than those shares of HLSS owned by the Company or any direct or indirect wholly-owned subsidiary of the Company and shares of HLSS as to which dissenters' rights have been properly exercised), will be automatically converted into the right to receive (i) \$0.704059 per share in cash, without interest, if all of the shares of Company Common Stock received in the Share Transfer have not been sold by HLSS

pursuant to the Distribution and Liquidation Plan prior to the Effective Time, or (ii) (A) \$0.704059

S-5

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**Table of Contents**

per share in cash, without interest, plus (B) 93.91% of the value of the shares of Company Common Stock received in the Share Transfer that have not been sold by HLSS pursuant to the Distribution and Liquidation Plan prior to the Effective Time, if all or a portion of such shares have not been sold by HLSS prior to the Effective Time, pro rata per each outstanding share of HLSS.

The New Merger Agreement contains certain customary representations and warranties made by each party, which in the case of HLSS are qualified by the confidential disclosures provided to the Company in connection with the New Merger Agreement, as well as matters included in HLSS's reports filed with the SEC prior to the date of the New Merger Agreement. The Company and HLSS have agreed to various covenants regarding the conduct of HLSS's business prior to the closing of the New Merger (the New Merger Closing), including covenants that HLSS shall not conduct any business except (i) as required by applicable law, (ii) as expressly required by the Distribution and Liquidation Plan consistent with the Services Agreement or (iii) as required to comply with its obligations pursuant to the Acquisition Agreement.

The New Merger does not require the approval of the Company's shareholders and is not conditioned on the receipt of financing by the Company. However, consummation of the New Merger is subject to, among other things: (i) approval of the New Merger by the requisite vote of HLSS's shareholders (the HLSS Shareholder Approval), (ii) not more than 10% of HLSS's issued and outstanding shares properly exercise appraisal rights as of the time immediately before the New Merger Closing and (iii) certain other customary closing conditions. Moreover, each party's obligation to consummate the New Merger is subject to certain other conditions, including without limitation, (i) the accuracy of the other party's representations and warranties and (ii) the other party's compliance with its covenants and agreements contained in the New Merger Agreement (in each case subject to customary materiality qualifiers). In addition, the obligations of the Company and Merger Sub to consummate the New Merger are subject to the absence of any Company Material Adverse Effect (as defined in the New Merger Agreement).

The New Merger Agreement may be terminated by either party under certain circumstances, including, among others: (i) if the New Merger Closing has not occurred by the nine-month anniversary of the New Merger Agreement; (ii) if a court or other governmental entity has issued a final and non-appealable order prohibiting the New Merger Closing; (iii) if HLSS fails to obtain the HLSS Shareholder Approval; or (iv) upon a material uncured breach by the other party that would result in a failure of the conditions to the New Merger Closing to be satisfied.

***Description of the Assets of HLSS***

HLSS is a Cayman Islands exempted company focused on acquiring assets related to residential mortgages, including assets whereby HLSS and its wholly-owned subsidiaries, including HLSS Holdings, acquire (i) the rights to receive excess servicing fees and the basic fee component of the related mortgage servicing rights and the rights to obtain the necessary third-party consents and become the named servicer of the related servicing agreements (taken together, Rights to MSR's) in exchange for assuming the obligation to buy servicer advances and other consideration, (ii) whole loans held-for-investment and (iii) other residential mortgage-related assets (collectively, Residential Mortgage Assets). Pursuant to the Acquisition Agreement, we, through certain of our subsidiaries, acquired all of HLSS's investments, including all of the issued share capital of HLSS's first tier subsidiaries, on April 6, 2015. As of December 31, 2014, HLSS's asset base included Rights to MSR's with underlying UPB of \$160.8 billion, servicer advances of \$6.1 billion, and whole loans held-for-investment of \$815.7 million. Upon closing the Acquisition, HLSS Holdings became a wholly-owned subsidiary of NRZ.

HLSS and HLSS Holdings have relied on third-party residential mortgage loan servicers, such as Ocwen, to service the loans underlying their investments. As of December 31, 2014, all of HLSS's Rights to MSR's had been acquired from and are serviced by Ocwen, and HLSS's loans held-for-investment were serviced by Ocwen and

S-6

## Table of Contents

PennyMac Loan Services, LLC ( PennyMac ). We expect that Ocwen and PennyMac will continue to act as servicers for the assets we acquired in the Acquisition. Upon transfer of beneficial ownership of the underlying mortgage servicing rights from Ocwen to HLSS Holdings, HLSS Holdings acquired the right but not the obligation to become the named servicer under the servicing agreements related to the Rights to MSR's acquired by HLSS and HLSS Holdings. HLSS Holdings would need to obtain various licenses and third-party approvals to become a named servicer of residential mortgages. HLSS Holdings has agreed with Ocwen not to become the named servicer in respect of any such servicing agreements until April 6, 2017, except in certain limited circumstances.

With respect to the Rights to MSR's, prior to the transfer of legal ownership of the underlying mortgage servicing rights ( MSR's ) to HLSS Holdings, Ocwen remains obligated to service the underlying residential mortgage loans and remit to us or HLSS Holdings the servicing fees collected each month (Ocwen retains certain ancillary income such as late charges, modification fees, etc.). In the event of transfer of legal ownership of any mortgage servicing rights to HLSS Holdings, Ocwen will sub-service the underlying mortgage loans on behalf of HLSS Holdings and we and HLSS Holdings will receive the servicing fees (excluding certain ancillary income).

As compensation for its servicing activities, Ocwen receives from HLSS Holdings a monthly base fee equal to 12% of such servicing fees collected each month. Ocwen also earns a monthly performance-based incentive fee that fluctuates based on collections and excess servicer advance reduction criteria with respect to the underlying mortgage loans. The method used to calculate the fees that HLSS Holdings is required to pay to Ocwen with respect to the Rights to MSR's is the same as the method used to calculate the fees that HLSS Holdings would pay to Ocwen under a subservicing agreement with respect to any mortgage servicing rights should HLSS Holdings subsequently directly acquire legal ownership of the mortgage servicing rights. As a result, the compensation to be paid to Ocwen would not vary based on whether Ocwen or HLSS Holdings holds legal title to the underlying mortgage servicing rights.

HLSS records the purchase price paid to Ocwen for the Rights to MSR's as Notes receivable Rights to MSR's. Interest income on such Notes receivable Rights to MSR's is the primary source of income on the assets HLSS and HLSS Holdings acquired from Ocwen. The retained fee negotiated with Ocwen on the Notes receivable Rights to MSR's we acquired ranges from 13.0 to 32.5 basis points in accordance with a pre-determined schedule set forth in the applicable Sale Supplement (as defined below).

Substantially all of the Rights to MSR's and related servicer advances we acquired relate to subprime and Alt-A mortgage loans. The prepayment rate on subprime and Alt-A mortgage loans has demonstrated little correlation with interest rates in recent years.

Servicer advances were HLSS's largest asset class and comprised 75.2% of its total assets as of December 31, 2014. Servicer advances are relatively low risk assets because they are generally reimbursed out of the proceeds from the underlying mortgage loans and are recoverable from the related loan and, in many cases, from proceeds from other loans in the same pool of serviced loans. Servicer advances relating to the Notes receivable Rights to MSR's were 3.81% of the UPB of the mortgage loans serviced as of December 31, 2014.

Notes receivable Rights to MSR's comprised 7.6% of HLSS's total assets as of December 31, 2014. Notes receivable Rights to MSR's are valued, in part, based on the expected life of the pool of mortgage loans underlying these assets.

HLSS's loans held-for-investment consisted of whole residential mortgage loans acquired from others and comprised 10.0% of HLSS's total assets at December 31, 2014. As of December 31, 2014, HLSS's loans held-for-investment were comprised of 58.5% GNMA EBO loans.

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GNMA EBO loans were recorded at the purchase price and carried at amortized cost, HLSS accrued interest income on these loans at the amount that they were guaranteed to receive under either the related purchase

S-7

## **Table of Contents**

agreement or by the Federal Housing Administration (FHA). FHA guarantees 100% on the UPB and a portion of the interest receivable. In addition, HLSS's other assets included claims receivable from FHA of \$109.6 million as a result of its GNMA EBO loans. HLSS also received a portion of the GNMA incentives provided to its servicers for successful loan modifications that are re-securitized in a GNMA securitization.

Because servicer advances are non-interest bearing and the interest expense to finance servicer advances is one of the largest expenses related to the assets we acquired, the agreements with Ocwen provide for a reduction in the fees payable to Ocwen in any month if the advance ratio exceeds a predetermined level for that month. If we do not receive an amount equal to the retained fee in any given month, as expressed in terms of basis points of the average UPB of the mortgage loans serviced, a shortfall in the retained fee is created. Ocwen does not earn the full amount of its fees for any month that there is such a shortfall, or in any subsequent month, until we have recovered all shortfalls in the retained fee.

### *Description of the Purchase Agreement*

HLSS and HLSS Holdings entered into a mortgage servicing rights purchase agreement with Ocwen (the Purchase Agreement), which remains in effect following the Acquisition. Pursuant to the Purchase Agreement, HLSS and HLSS Holdings purchased Rights to MSR's under private label securitization transactions, associated servicer advances and other related assets from Ocwen from time to time. The specific terms of any acquisition rights to mortgage servicing rights, associated servicer advances and related assets, are documented pursuant to separate sale supplements to the Purchase Agreement executed by the parties from time to time (each a Sale Supplement and together, the Sale Supplements). As of December 31, 2014, the unpaid principal balance of the mortgage loans in respect of the Rights to MSR's equaled \$160.8 billion. Ocwen has consented to HLSS's assignment of its rights and interests in connection with the Acquisition.

Because Ocwen is the servicer of the loans underlying the Rights to MSR's, as also described above, we will pay Ocwen a monthly base fee pursuant to the applicable sale supplement relating to the Rights to MSR's we acquired in the Acquisition equal to 12% of the servicing fees collected in any given month. This monthly base fee payable to Ocwen is expressed as a percentage of the servicing fees actually collected in any given month, which varies from month to month based on the level of collections of principal and interest for the mortgage loans serviced.

Ocwen also receives a performance-based incentive fee to the extent the servicing fee revenue that it collects for any given month exceeds the sum of the monthly base fee and the retained fee. The performance-based incentive fee payable in any month is reduced if the advance ratio exceeds a predetermined level for that month. If the advance ratio is exceeded in any month, any performance-based incentive fee payable for such month will be reduced by 1-month LIBOR plus 2.75% (or 275 basis points) per annum of the amount of any such excess servicer advances.

The specific terms of the fee arrangements with respect to each pool of mortgage loans may be documented pursuant to the Sale Supplements in each case having up to an eight year term (commencing on the date of the applicable sale supplement). If Ocwen and HLSS Holdings do not agree to revised fee arrangements at the end of such term, HLSS Holdings may direct Ocwen to transfer servicing to a third party, and HLSS Holdings and HLSS may keep any proceeds of such transfer.

The Purchase Agreement provides that HLSS Holdings will purchase from Ocwen servicer advances arising under specified servicing agreements as the servicer advances arise. The purchase price payable by HLSS Holdings for such servicer advances is equal to the outstanding balance thereof. As of December 31, 2014, the outstanding balance of servicer advances acquired from Ocwen equaled \$6.1 billion.

S-8



## **Table of Contents**

In addition, the Purchase Agreement contemplates that HLSS Holdings may cause Ocwen to use commercially reasonable efforts to transfer servicing of the related mortgage loans to a third-party servicer upon the occurrence of various termination events. Certain termination events may have occurred under the Purchase Agreement because of downgrades in certain of Ocwen's servicer ratings. Neither Ocwen nor HLSS Holdings has taken any steps to cause the transfer of servicing in connection with such possible termination events.

The Purchase Agreement and Sale Supplements include various Ocwen warranties, representations and indemnifications relating to Ocwen's performance of its duties as servicer.

### *Description of Ocwen Amendment and Consent*

Pursuant to an amendment to the Purchase Agreement executed in connection with the consummation of the Acquisition, such Purchase Agreement and the related Sale Supplements were amended, among other things, to (i) obtain Ocwen's consent to the assignment by HLSS of its interest under the Purchase Agreement and each sale supplement thereto, (ii) provide that HLSS Holdings will not direct the replacement of Ocwen Loan Servicing, LLC as servicer before April 6, 2017 except under the circumstances described in the amendment, (iii) extend the scheduled term of Ocwen Loan Servicing, LLC's servicing appointment under each sale supplement until the earlier of 8 years from the date of the related sale supplement and April 30, 2020 (subject to an agreement to commence negotiating in good faith for an extension of the contract term no later than six months prior to the end of the applicable term), and (iv) provide that Ocwen Loan Servicing, LLC will reimburse HLSS Holdings, subject to specified limits, in the event that HLSS Holdings incurs for certain increased financing costs resulting from a further S&P servicer rating downgrades of Ocwen Loan Servicing, LLC. In addition, pursuant to such amendment Ocwen Loan Servicing, LLC agreed to sell to us the economic beneficial rights to any right of optional termination or clean-up call of any trust related to any servicing agreement in respect of Rights to MSR's and to exercise such rights only at our direction.

In connection with a typical optional termination or clean-up call in respect of a residential mortgage servicing agreement, the exercising party (or its designee) will generally purchase all of the outstanding serviced mortgage loans at a purchase price equal to the sum of (i) outstanding balance of such serviced loans, (ii) the fair market value of any serviced real estate owned ( REO ) properties, (iii) the outstanding related servicer advances and (iv) certain other costs and expenses. We agreed to pay to Ocwen Loan Servicing, LLC a fee in an amount equal to 0.50% of the outstanding balance of the performing mortgage loans purchased in connection with any such exercise and to pay costs and expenses of Ocwen Loan Servicing, LLC in connection with any such exercise. Optional termination or clean up call rights generally may not be exercised until the outstanding principal balance of serviced loans is reduced to a specified balance.

### *Description of the Subservicing Agreement*

HLSS Holdings entered into a subservicing agreement with Ocwen, which remains in effect following the Acquisition (the Subservicing Agreement ). Pursuant to the Subservicing Agreement, HLSS Holdings engaged Ocwen to act as the subservicer of the pools of residential mortgage loans underlying the Rights to MSR's that we acquired in the Acquisition if HLSS Holdings becomes the named servicer in respect of such loans. The specific terms of each subservicing arrangement with respect to each pool of mortgage loans may be documented pursuant to separate subservicing supplements to the Subservicing Agreement in each case having up to an eight year term.

HLSS Holdings has entered into separate subservicing supplements to the Subservicing Agreement with Ocwen pursuant to which Ocwen has agreed to act as subservicer of the mortgage loans underlying MSR's on the terms described below effective upon HLSS Holdings becoming the named servicer in respect of the related mortgage loans. As of December 31, 2014, HLSS Holdings has not become the named servicer in respect of any mortgage loans and

Ocwen remains obligated to service such mortgage loans.

S-9

## **Table of Contents**

The method used to calculate the fees that are payable to Ocwen with respect to MSR's subserviced by Ocwen is the same as the method used to calculate the fees to Ocwen as servicer under the Purchase Agreement.

### *Description of the Ocwen Professional Services Agreement*

HLSS Management, LLC ( HLSS Management ) (a subsidiary of HLSS acquired by us in the Acquisition) has a professional services agreement with Ocwen that enables HLSS to provide certain services to Ocwen and for Ocwen to provide certain services to HLSS Management which we expect to remain in effect following the Acquisition (the Professional Services Agreement ). Services that will be provided by us under this agreement may include valuation and analysis of mortgage servicing rights, capital markets activities, advance financing management, treasury management, legal services and other similar services. Services provided by Ocwen under this agreement may include business strategy, legal, tax, licensing and regulatory compliance support services, risk management services and other similar services.

The services provided by the parties under this agreement are on an as-needed basis, and the fees represent actual costs incurred plus an additional markup of 15%.

### *Description of the Altisource Administrative Services Agreement*

HLSS Management has an administrative services agreement with Altisource that enables Altisource to provide certain administrative services to HLSS Management, which we expect to remain in effect following the Acquisition (the Altisource Administrative Services Agreement ). Services that will be provided to us under this agreement may include human resources administration (benefit plan design, recruiting, hiring and training and compliance support), legal and regulatory compliance support services, general business consulting, corporate services (facilities management, security and travel services), finance and accounting support services (financial analysis, financial reporting and tax services), risk management services, vendor management and other related services. The services Altisource may provide to us under this agreement will be on an as-needed basis, and the fees we pay Altisource will be based on the actual costs incurred by them plus an additional markup of 15%.

### *Description of the HLSS and HLSS Holdings Financing Arrangements*

In connection with the Acquisition, NRZ assumed all of the obligations of HLSS (with the exception of the Term Loan which was paid off prior to closing the Acquisition), contingent and other corporate liabilities other than \$50 million related to post-closing liabilities.

HLSS has two servicer advance financing facilities, a master repurchase facility to finance EBO loans and a note facility to finance a note issued under the HSART facility.

### *Servicer Advance Financing Facilities*

One servicer advance financing facility (the HSART facility ) is a master trust financing facility with three series of outstanding variable funding notes and eight series of outstanding term notes. The aggregate outstanding principal balance of term notes is \$2,863,000,000. Subject to limitations on the outstanding note principal balance based on the amount of eligible collateral in the HSART facility, the aggregate principal balance that can be drawn on the variable funding notes issued under the HSART facility is equal to \$4,350,000,000. If there is not sufficient outstanding collateral to support the outstanding term notes under the HSART facility, collections on the collateral securing the HSART facility may be required to cash collateralize the term notes prior to the date on which the term notes may be repaid or redeemed.

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The variable funding notes issued under the HSART facility revolve until April 4, 2016 and will then become due and payable on the next payment date under the HSART facility unless extended. The outstanding term notes

S-10

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**Table of Contents**

have differing terms and dates on which principal amounts are required to be paid. Those payment dates (the expected repayment dates ) range from May 15, 2015 at the earliest (and then only for certain notes) to June 15, 2018 at the latest (and then only for certain notes).

The term notes are generally not permitted to be redeemed prior to their expected repayment dates unless an event of default, facility early amortization event or target amortization event applicable to those notes occurs. The variable funding notes are provided by Wells Fargo Bank, N.A., Credit Suisse and Barclays Bank PLC. The notes issued under the HSART facility can become due and payable prior to their related expected repayment dates and/or maturity dates if any event of default, target amortization event or facility early amortization event occurs. As of April 3, 2015, the outstanding obligations under the HSART facility equaled approximately \$4,649,349,953. The weighted average interest rate of the notes under the HSART facility as of April 3, 2015 was equal to 1.85827%.

The other servicer advance facility (the HSART II facility ) is a bilateral financing facility provided by Barclays Bank PLC. Subject to limitations on the outstanding note principal balances based on the amount of eligible collateral in the HSART II facility, the aggregate maximum principal balance that can be drawn on the variable funding notes issued under the HSART II facility is equal to \$625,000,000. The variable funding notes issued under the HSART II facility revolve until December 3, 2015 and will then become due and payable on the next payment date under the HSART II facility unless extended. The notes issued under the HSART II facility can become due and payable prior to their related expected repayment dates and/or maturity dates if any event of default, target amortization event or facility early amortization event occurs. As of April 3, 2015, the outstanding obligations under the HSART II facility equaled approximately \$524,968,291.88. The weighted average interest rate of the notes under the HSART II facility as of April 3, 2015 was equal to 1.78331%.

Each of the HSART and HSART II facilities includes events of default, facility early amortization events and target amortization events, as applicable, including, without limitation, those related to the following matters: (i) payment default, (ii) covenant violation by HLSS Holdings and Ocwen Loan Servicing, LLC, (iii) insolvency of Ocwen Loan Servicing, LLC and HLSS Holdings, (iv) representation and warranty breaches by the transaction parties, (v) financial covenants with respect to NRZ and certain liquidity requirements with respect to Ocwen, (vi) cross-default with respect to HLSS, HLSS Holdings and Ocwen, (vii) material judgment default with respect to HLSS Holdings and Ocwen Loan Servicing, LLC, (viii) change of control with respect to Ocwen Loan Servicing, LLC and NRZ, (ix) failure of collateral coverage, (x) failure of certain tests related to collateral performance, (xi) downgrades of the related notes by the applicable note rating agency and (xii) defaults concerning the Investment Company Act. The occurrence of any of the foregoing may cause the related notes to become due and payable prior to the scheduled maturity date and otherwise materially and adversely affect liquidity. After the occurrence of one of the foregoing events, all collections on the related collateral are generally required to be applied to repay the notes and future draws on any variable funding notes are generally not permitted. In addition, upon the occurrence of an event of default, subject to the terms of the facility documents, the notes may be accelerated.

Draws on the variable funding notes issued pursuant to the HSART facility and the HSART II facility and access to excess collections on the collateral securing the related variable funding notes and term notes are subject to a variety of conditions, including accuracy of representations, compliance with the transaction agreements, absence of defaults and satisfactory collateral coverage.

Default interest in an amount equal to 3.00% per annum of the outstanding balance of the notes issued under the HSART and HSART II notes accrues after the occurrence of an event of default under the applicable facility. In addition, the interest rate on any note issued under the HSART and HSART II notes is increased by 1.00% per annum if the particular note is not repaid or redeemed by its expected repayment date. The issuer of the notes under the HSART facility and the HSART II facility is required to pay an unused fee on any undrawn committed amounts in

respect of any variable funding notes issued thereunder.

S-11

## Table of Contents

The collateral securing the HSART and HSART II facilities consists of rights to reimbursement for servicer advances and certain deferred servicing fees in respect of mortgage loans for which HLSS Holdings has acquired Rights to MSRs from Ocwen Loan Servicing, LLC. The maximum amount that may be outstanding under the HSART and HSART II facilities is subject to a borrowing base which is determined based on advance rates for the particular types of collateral and concentration limits.

For each of the HSART facility and the HSART II facility, HLSS Holdings sells or contributes rights to payments for servicer advances and certain deferred servicing fees to a depositor entity (which is a wholly-owned subsidiary of HLSS Holdings) and the related depositor entity then sells or contributes such rights to payment to an issuer entity (which is a wholly-owned subsidiary of the depositor entity). The issuer entity then pledges such rights to payment to secure the payment of the related notes.

Each of the depositor entities and the issuer entities is structured as a bankruptcy remote special purpose entity and is the sole owner of its respective assets. Creditors of each of the depositor entities and the issuer entities (including the holders of the related notes) have no recourse to any assets or revenues of NRZ, HLSS or HLSS Holdings other than to the limited extent of NRZ's, HLSS's or HLSS Holdings's obligations with respect to various representations and warranties, covenants and indemnities under the related facility. These representations and warranties, covenants and indemnities include: (i) various representations and warranties as to the nature of the receivables and (ii) covenants to service and administer the collateral. Creditors of NRZ and HLSS do not have recourse to any assets or revenues of either of the issuer entities or the depositor entities.

### *EBO Facility*

A subsidiary of HLSS acquired by us in connection with the Acquisition finances certain of its GNMA EBO loans under a master repurchase agreement (the EBO facility) with Barclays Bank PLC and/or affiliates of Barclays Bank PLC. The obligations thereunder will become due and payable on May 1, 2015 unless extended. As of April 3, 2015, the outstanding obligations under the master repurchase agreement equaled approximately \$486,827,627 and the weighted average interest rate thereunder was equal to 2.9529% per annum.

The EBO facility includes various events of default related to, among other things, the following matters: (i) payment default, (ii) covenant violations, (iii) insolvency of Ocwen Loan Servicing, LLC and NRZ, (iv) representation and warranty breaches, (v) financial covenants with respect to NRZ and certain liquidity requirements with respect to Ocwen, (vi) cross-default with respect to NRZ, (vii) judgment default with respect to NRZ, (viii) change of control with respect to NRZ, and (ix) failure of collateral coverage. The occurrence of any of the foregoing may cause the related notes to become due and payable prior to the scheduled maturity date and otherwise materially and adversely affect liquidity. After the occurrence of one of the foregoing events, all collections on the related collateral is generally required to be applied to repay the notes and future draws on any variable funding notes are generally not permitted. The amount that is permitted to be outstanding under the EBO facility is subject to the amount of eligible collateral pledged in the EBO facility. NRZ guarantees all the obligations under the EBO facility.

### *Note Facility*

HLSS Holdings has entered into a financing arrangement with Credit Suisse for one of the notes issued under the HSART facility that is retained by HLSS Holdings. As of April 3, 2015, the outstanding obligations under such facility equaled approximately \$25,645,000 and the weighted average interest rate thereunder was equal to 1.32325%. NRZ guarantees all the obligations under this facility.

S-12



**Table of Contents**

*1940 Act Exclusion*

We treat our wholly-owned subsidiary that acquired substantially all of the assets of HLSS as an operating company because it is engaged primarily in the business of operating as a mortgage servicing company that, through its operating subsidiaries, is in the business of acquiring mortgage servicing rights and making associated servicing advances and engaging one or more high-quality residential mortgage loan servicers to service the mortgage loans underlying the mortgage servicing rights that it acquires.

**Our Corporate Information**

We were formed as NIC MSR LLC, a Delaware limited liability company, in September 2011 and were a wholly owned subsidiary of Newcastle Investment Corp. ( Newcastle ). We converted to a Delaware corporation and changed our name to New Residential Investment Corp. in December 2012. On May 15, 2013, we separated from Newcastle through the distribution of our shares of common stock to the stockholders of Newcastle and became a stand-alone publicly traded company. Our principal executive offices are located at 1345 Avenue of the Americas, New York, New York 10105, c/o New Residential Investment Corp. Our telephone number is 212-479-3150. Our web address is [www.newresi.com](http://www.newresi.com). The information on or otherwise accessible through our web site does not constitute a part of this prospectus supplement or the accompanying prospectus and is not incorporated by reference into this prospectus supplement, accompanying prospectus or any other report or document we file with or furnish to the SEC.

**Table of Contents**

**THE OFFERING**

Common stock offered:

By us 11,713,020 shares (or 17,713,020 shares if the underwriter exercises its option to purchase additional shares of our common stock in full)

By the Selling Stockholder 28,286,980 shares

Common stock to be outstanding after the offering 181,434,905 shares (or 187,434,905 shares if the underwriter exercises its option to purchase additional shares of our common stock in full)

NYSE symbol NRZ

Risk factors Investing in our common stock involves certain risks, which are described under Risk Factors on page S-19 of this prospectus supplement and in our reports filed with the SEC.

Use of proceeds We estimate that the net proceeds from our sale of common stock in this offering will be approximately \$ million (or \$ million if the underwriter exercises its option to purchase additional shares of our common stock in full), after deducting the underwriting discount and commissions and our expenses of this offering. We intend to use the net proceeds from our sale of common stock in this offering for general corporate purposes, including to make a variety of investments, which may include, but are not limited to, investments in Excess MSR, servicer advances, real estate securities and real estate related loans, or to repay indebtedness or other obligations. We will not receive any proceeds from the sale of common stock in this offering by the Selling Stockholder.

The number of shares of our common stock that will be outstanding after this offering is based on 169,721,885 shares of our common stock outstanding as of April 6, 2015, and excludes:

(i) options relating to an aggregate of 8,517,287 shares of our common stock held by an affiliate of our Manager, including options relating to 2,828,698 shares of our common stock, representing 10% of the number of shares delivered to HLSS.

(ii)

options relating to an aggregate of 2,049,807 shares of our common stock assigned to employees of affiliates of our Manager,

- (iii) options relating to an aggregate of 5,000 shares of our common stock held by our directors, and
  
- (iv) options relating to 1,171,302 shares of our common stock at an exercise price per share equal to the public offering price, representing 10% of the number of shares being offered by us, that have been approved by the Compensation Committee of our Board of Directors to be granted pursuant to and in accordance with the terms of our Nonqualified Stock Option and Incentive Award Plan to an affiliate of our Manager in connection with this offering, and subject to adjustment if the underwriter exercises its option to purchase additional shares of our common stock. The options are fully vested as of the date of grant, become exercisable as to 1/30 of the shares to which it is subject on the first day of each of the 30 calendar months following the first month after the date of the grant and expire on the tenth anniversary of the date of grant.

**Table of Contents**

**SUMMARY HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

The following table presents our summary historical financial information as of and for the years ended December 31, 2014, 2013 and 2012 and pro forma financial information as of and for the year ended December 31, 2014.

The summary historical consolidated statements of income for the years ended December 31, 2014, 2013 and 2012 and the summary historical consolidated balance sheets as of December 31, 2014 and 2013 have been derived from our audited financial statements incorporated by reference into this prospectus supplement. The summary historical consolidated balance sheet as of December 31, 2012 has been derived from our audited financial statements not included or incorporated by reference in this prospectus supplement.

The unaudited pro forma combined financial information presented below was derived from the application of pro forma adjustments to our consolidated financial statements. The summary historical and pro forma financial information should be read in conjunction with our consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Reports on Form 10-K for these periods and in our Current Report on Form 8-K filed on April 7, 2015, which includes the historical financial statements of HLSS. See Unaudited Pro Forma Combined Financial Information in this prospectus supplement.

The unaudited pro forma information set forth below reflects our historical information with certain adjustments. The unaudited pro forma combined balance sheet has been adjusted to give effect to all of the transactions described below as if each had occurred on December 31, 2014:

The Acquisition;

The issuance by us of approximately 28,286,980 shares of our common stock at a price of \$15.28 per share to HLSS in consideration for the Acquisition, in addition to cash consideration of \$1,006.9 million;

The completion of sales of certain loan portfolios by us and HLSS in contemplation of the Acquisition, and the use of the proceeds from our loan sales to fund the Acquisition;

The refinancing of certain liabilities assumed in the Acquisition with the existing lenders of such liabilities, as well as repayment of certain liabilities assumed in the Acquisition;

The receipt by us of approximately \$665.0 million proceeds as a result of indebtedness incurred in contemplation of the Acquisition; and

Following the Acquisition and the foregoing pro forma adjustments, the management fee and the incentive compensation fee payable to the Manager by us.

In the opinion of management, all adjustments necessary to reflect the effects of the transactions described in the notes to the unaudited pro forma combined balance sheet and pro forma condensed statement of income have been included

and are based upon available information and assumptions that we believe are reasonable.

Further, the historical financial information presented herein has been adjusted to give pro forma effect to events that we believe are factually supportable and which are expected to have a continuing impact on our results. However, such adjustments are estimates and may not prove to be accurate. Information regarding these adjustments is subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. See Risk Factors and Cautionary Statements Regarding Forward-Looking Statements.

S-15

**Table of Contents**

The unaudited pro forma financial information below is provided for information purposes only. The unaudited pro forma financial information does not purport to represent what our results of operations and/or financial condition would have been had such transactions been consummated on the dates indicated, nor do they represent our financial condition or results of operations for any future date.

(in thousands, except share and per share data)

	Pro Forma for the Year Ended December 31, 2014		Year Ended December 31, 2013		2012			
<b>Statement of Income Data</b>								
Interest income	\$	524,214	\$	346,857	\$	87,567	\$	33,759
Interest expense		326,478		140,708		15,024		704
Net Interest Income		197,736		206,149		72,543		33,055
Impairment		11,282		11,282		5,454		
Net interest income after impairment		186,454		194,867		67,089		33,055
Other Income		583,173		375,088		241,008		17,423
Operating Expenses		110,035		104,899		42,474		9,231
Income (Loss) Before Income Taxes		659,592		465,056		265,623		41,247
Income tax expense		23,593		22,957				
Net Income (Loss)	\$	635,999	\$	442,099	\$	265,623	\$	41,247
Noncontrolling Interests in Income of Consolidated Subsidiaries	\$	89,222	\$	89,222	\$	(326)	\$	
Net Income (Loss) Attributable to Common Stockholders	\$	546,777	\$	352,877	\$	265,949	\$	41,247
Net Income per Share of Common Stock, Basic	\$	3.32	\$	2.59	\$	2.10	\$	0.33
Net Income per Share of Common Stock, Diluted	\$	3.26	\$	2.53	\$	2.07	\$	0.33
Weighted Average Number of Shares of Common Stock Outstanding, Basic		164,759,845		136,472,865		126,539,024		126,512,823

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Weighted Average Number of Shares of Common Stock Outstanding, Diluted	167,852,689	139,565,709	128,684,128	126,512,823
Dividends Declared per Share of Common Stock	\$ 1.31	\$ 1.58	\$ 0.99	\$

S-16

**Table of Contents**

	Pro Forma as of		December 31,	
	December 31, 2014	2014	2013	2012
<b>Balance Sheet Data</b>				
Investments in:				
Excess mortgage servicing rights, at fair value	\$ 1,253,087	\$ 417,733	\$ 324,151	\$ 245,036
Excess mortgage servicing rights, equity method investees, at fair value	330,876	330,876	352,766	
Servicer advances, at fair value	9,164,019	3,270,839	2,665,551	
Real estate securities, available-for-sale	2,463,163	2,463,163	1,973,189	289,756
Residential mortgage loans, held-for-investment	47,838	47,838	33,539	
Residential mortgage loans, held-for-sale	701,670	1,126,439		
Real estate owned	44,026	61,933		
Consumer loans, equity method investees			215,062	
Cash and cash equivalents	116,379	212,985	271,994	
Total assets	14,668,450	8,093,690	5,958,658	534,876
Total debt	12,147,489	6,062,299	4,109,329	150,922
Total liabilities	12,399,359	6,243,765	4,445,583	156,520
Total New Residential stockholders equity	2,015,255	1,596,089	1,265,850	378,356
Noncontrolling interests in equity of consolidated subsidiaries	253,836	253,836	247,225	
Total equity	2,269,091	1,849,925	1,513,075	378,356
<b>Supplemental Balance Sheet Data</b>				
Common shares outstanding	169,721,885	141,434,905	126,598,987	
Book value per share of common stock	\$ 11.87	\$ 11.28	\$ 10.00	
<b>Other Data</b>				
Core earnings <sup>(A)</sup>	\$	\$ 219,261	\$ 129,997	\$ 29,054

(A) We have four primary variables that impact our operating performance: (i) the current yield earned on our investments, (ii) the interest expense incurred under the debt incurred to finance our investments, (iii) our operating expenses and (iv) our realized and unrealized gains or losses, including any impairment and deferred tax, on our investments. Core earnings is a non-Generally Accepted Accounting Principles ( GAAP ) measure of our operating performance excluding the fourth variable above and adjusting the earnings from the consumer loan investment to a level yield basis. It is used by management to gauge our current performance without taking into account: (i) realized and unrealized gains and losses, which although they represent a part of our recurring operations, are subject to significant variability and are only a potential indicator of future economic performance; (ii) incentive compensation paid to our Manager; and (iii) non-capitalized deal inception costs. While incentive compensation paid to our Manager may be a material operating expense, we exclude it from core earnings because (i) from time to time, a component of the computation of this expense will relate to items (such as gains or losses) that are excluded from core earnings, and (ii) it is impractical to determine the portion of the expense related to core earnings and non-core earnings, and the type of earnings (loss) that created an excess (deficit) above or below, as applicable, the incentive compensation threshold. To illustrate why it is impractical to determine the portion of incentive compensation expense that should be allocated to core earnings, we note that, as an example, in a given period, we may have core earnings in excess of the incentive compensation threshold but incur losses (which are



excluded from core earnings) that reduce total earnings below the incentive compensation threshold. In such case, we would either need to (a) allocate zero incentive compensation expense to core earnings, even though core earnings exceeded the incentive compensation threshold, or (b) assign a pro forma amount of incentive compensation expense to core earnings, even though no incentive compensation was actually incurred. We believe that neither of these

S-17

**Table of Contents**

allocation methodologies achieves a logical result. Accordingly, the exclusion of incentive compensation facilitates comparability between periods and avoids the distortion to our non-GAAP operating measure that would result from the inclusion of incentive compensation that relates to non-core earnings.

With regard to non-capitalized deal inception costs, management does not view these costs as part of our core operations. Non-capitalized deal inception costs are generally legal and valuation service costs, as well as other professional service fees, incurred when we acquire certain investments. These costs are recorded as General and administrative expenses in our Consolidated Statements of Income.

In the fourth quarter of 2014, we modified our definition of core earnings to include accretion on held-for-sale loans as if they continued to be held-for-investment. Although we intend to sell such loans, there is no guarantee that such loans will be sold or that they will be sold within any expected timeframe. During the period prior to sale, we continue to receive cash flows from such loans and believe that it is appropriate to record a yield thereon. This modification had no impact on core earnings in 2014 or any prior period.

Management believes that the adjustments to compute core earnings specified above allow investors and analysts to readily identify the operating performance of the assets that form the core of our activity, assist in comparing the core operating results between periods, and enable investors to evaluate our current performance using the same measure that management uses to operate the business.

The primary differences between core earnings and the measure we use to calculate incentive compensation relate to (i) realized gains and losses (including impairments) and (ii) non-capitalized deal inception costs. Both are excluded from core earnings and included in our incentive compensation measure. Unlike core earnings, our incentive compensation measure is intended to reflect all realized results of operations.

Core earnings does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as a measure of our liquidity and is not necessarily indicative of cash available to fund cash needs. For a further description of the difference between cash flow provided by operations and net income, see Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in our Annual Report on Form 10-K that is incorporated by reference in this prospectus supplement. Our calculation of core earnings may be different from the calculation used by other companies and, therefore, comparability may be limited. Set forth below is a reconciliation of core earnings to the most directly comparable GAAP financial measure (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Net income (loss) attributable to common stockholders	\$ 352,877	\$ 265,949	\$ 41,247
Impairment	11,282	5,454	
Other Income adjustments:			
Other Income	(375,088)	(241,008)	(17,423)
Other Income attributable to non-controlling interests	45,578		
Deferred taxes attributable to Other Income, net of non-controlling interests	15,804		
Total Other Income Adjustments	(313,706)	(241,008)	(17,423)

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Incentive compensation to affiliate	54,334	16,847	
Non-capitalized deal inception costs	10,281	5,698	5,230
Core earnings of equity method investees:			
Excess mortgage servicing rights	33,799	23,361	
Consumer loans	70,394	53,696	
Core Earnings	\$ 219,261	\$ 129,997	\$ 29,054

S-18

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Table of Contents

**RISK FACTORS**

Investing in our common stock involves risks. Please see the risk factors related to the Acquisition set forth below as well as those risks described in our most recent Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, as the same may be amended, supplemented or superseded from time to time by our filings made prior to the completion of this offering under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Any of these risks, as well as other risks and uncertainties, could materially harm our business, financial condition, results of operations and liquidity and our ability to make distributions to our shareholders. In that case, the value or trading price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to the Acquisition

***The integration of acquired assets and assumed liabilities may place a significant burden on management and internal resources.***

Any significant diversion of management attention away from ongoing business and any difficulties encountered in the transition and integration process could affect our financial results and could limit us from pursuing attractive business opportunities and making other changes to our business.

***We will incur substantial transaction fees and costs in connection with the Acquisition.***

We have incurred, and expect to continue to incur, a significant amount of non-recurring expenses in connection with the Acquisition, including legal, accounting and other expenses. Additional unanticipated costs may be incurred in the course of our integration of HLSS's assets, including relating to the liabilities we agreed to assume in connection with the Acquisition. We cannot be certain that the benefits of the Acquisition will offset the transaction and integration costs and any contingent costs in the near term, or at all.

***Stockholder or other litigation against HLSS and/or us could result in the payment of damages and/or may materially and adversely affect our business, financial condition results of operations and liquidity.***

Transactions such as the Acquisition often give rise to lawsuits by stockholders or other third parties. As noted below under Additional Risks Related to the HLSS Business to Which We Are Subject Following the Acquisition We are responsible for certain of HLSS's contingent and other corporate liabilities, an HLSS stockholder commenced an action naming HLSS, its directors, the Company and others, seeking to enjoin the consummation of the merger previously agreed to by us pursuant to the Initial Merger Agreement. This and/or other stockholders may pursue similar litigation relating to the Acquisition and there is a risk that such stockholders may, among other things, assert claims relating to the parties' mutual agreement to terminate the Initial Merger Agreement, as well as the fact that upon completion of this offering HLSS will no longer own any significant assets other than the cash received from us in the Acquisition and the cash proceeds it receives pursuant to its sale of our common stock in this offering. The defense or settlement of any lawsuit or claim regarding the Acquisition may materially and adversely affect our business, financial condition, results of operations and liquidity. Further, such litigation could be costly and could divert our time and attention from the operation of the business.

***Following the completion of this offering, HLSS will no longer own any significant assets other than cash.***

Following the completion of this offering, HLSS will no longer own any significant assets other than cash. Stockholders and other third parties that otherwise would have filed lawsuits against HLSS are likely to file

## **Table of Contents**

lawsuits against us. These lawsuits could result in substantial costs, and the defense or settlement of any lawsuits or claims may materially and adversely affect our business, financial condition, results of operations and cash flows. In addition, we may face a claim that the transfer of assets in the Acquisition violated a fraudulent transfer law.

### ***Failure to complete the New Merger may materially and adversely affect our financial condition, results of operations, cash flow and our expected benefits from the Acquisition.***

We intend to complete the New Merger with HLSS, which will be subject to the approval of the holders of a majority of HLSS's ordinary shares outstanding at the time. Any delay of or failure to complete such merger may materially and adversely affect our business, financial condition, results of operations or cash flows, as we have agreed with HLSS to be responsible for certain post-closing expenses and liabilities. If the New Merger is not completed, HLSS may remain in existence for a significant period of time and our reimbursement obligations may be significant, which may adversely affect the expected benefits from the Acquisition.

### ***We may be unable to successfully integrate the acquired assets and assumed liabilities.***

We entered into the Acquisition Agreement with the expectation that the Acquisition will result in various benefits. Achieving the anticipated benefits of the Acquisition is subject to a number of uncertainties, including, without limitation, whether we are able to integrate HLSS's assets and manage the assumed liabilities efficiently. HLSS depends on Ocwen for significant accounting and operational support, which could exacerbate the difficulties associated with acquiring these assets and impair our ability to produce accurate financial information on a timely basis, as required by the SEC. It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, additional and unforeseen expenses, the disruption of our ongoing business, processes and systems, or inconsistencies in standards, controls, procedures, practices and policies, any of which could adversely affect our ability to achieve the anticipated benefits of the Acquisition. There may be increased risk due to integrating the assets into our financial reporting and internal control systems. Difficulties in adding the assets into our business could also result in the loss of contract counterparties or other persons with whom we or HLSS conduct business and potential disputes or litigation with contract counterparties or other persons with whom we or HLSS conduct business. We could also be adversely affected by any issues attributable to either company's operations that arise or are based on events or actions that occur prior to the closing of the Acquisition. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized in their entirety or at all or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect our future business, financial condition, operating results and cash flows.

### **Additional Risks Related to the HLSS Business to Which We Are Subject Following the Acquisition**

#### ***We are responsible for certain of HLSS's contingent and other corporate liabilities.***

Under the Acquisition Agreement, we have assumed and are responsible for all of HLSS's contingent and other corporate liabilities other than \$50 million related to any post-closing liabilities and the Term Loan, which was paid off prior to closing the Acquisition. More specifically, we generally have assumed and are responsible for the payment of: (i) liabilities for litigation relating to, arising out of or resulting from certain lawsuits in which HLSS is named as the defendant, (ii) HLSS's tax liabilities, (iii) HLSS's corporate liabilities, (iv) generally any actions with respect to the Acquisition brought by any third party and (v) payments under contracts. We currently cannot estimate the amount we may ultimately be responsible for as a result of assuming substantially all of HLSS's contingent and other corporate liabilities. The amount for which we are ultimately responsible may be material and have a material adverse effect on our business, financial condition, results of operations and liquidity. In addition, certain claims and lawsuits may

require significant costs to defend and resolve and may divert management's attention away from other aspects of operating and managing our business, each of which could materially and adversely affect our business, financial condition, results of operations and liquidity.

S-20

## Table of Contents

In August 2014, HLSS restated its consolidated financial statements for the quarter ended March 31, 2014, and for the years ended December 31, 2013 and 2012, including the quarterly periods within those years, to correct the valuation and the related effect on amortization of its notes receivable Rights to MSRs that resulted from a material weakness in its internal control over financial reporting.

On September 15, 2014, HLSS received a subpoena from the SEC requesting that it provide certain information related to its prior accounting conventions for and valuation of its notes receivable rights to MSRs that resulted in the restatement.

On December 22, 2014, HLSS received a supplemental subpoena from the SEC requesting that it provide information related to certain governance documents and transactions and select communications in respect of the same.

On March 23, 2015, HLSS received a subpoena from the SEC requesting that it provide information concerning communications between HLSS and certain investment advisors and hedge funds. The SEC also requested documents relating to HLSS's structure, certain governance documents and any investigations or complaints connected to trading in the HLSS's securities.

Two shareholder derivative actions have been filed purportedly on behalf of Ocwen naming as defendants HLSS and certain current and former directors and officers of Ocwen, including former HLSS Chairman William C. Erbey, entitled (i) *Sokolowski v. Erbey, et al.*, No. 9:14-CV-81601 (S.D. Fla.), filed on December 24, 2014 (the Sokolowski Action), and (ii) *Mocavage v. Faris, et al.*, No. 2015CA003244 (Fla. Palm Beach Cty. Ct.), filed on March 20, 2015 (collectively, with the Sokolowski Action, the Ocwen Derivative Actions). The original complaint in the Sokolowski Action named as defendants certain current and former directors and officers of Ocwen, including former HLSS Chairman William C. Erbey. On February 11, 2015, plaintiff in the Sokolowski Action filed an amended complaint naming additional defendants, including HLSS. The Ocwen Derivative Actions assert a cause of action for aiding and abetting certain alleged breaches of fiduciary duty under Florida law against HLSS and others, and claim that HLSS (i) substantially assisted Ocwen's alleged wrongful conduct by purchasing Ocwen's mortgage servicing rights and (ii) received improper benefits as a result of its business dealings with Ocwen due to Mr. Erbey's purported control over both HLSS and Ocwen. Additionally, the Sokolowski Action asserts a cause of action for unjust enrichment against HLSS and others.

On January 29, 2015, plaintiff Adam Oliveira filed a putative shareholder class action entitled *Oliveira v. Home Loan Servicing Solutions, Ltd.*, No. 1:15-cv-00652 (S.D.N.Y. filed Jan. 29, 2015). The lawsuit asserts federal securities fraud claims against HLSS, William Erbey, John P. Van Vlack and James E. Lauter. On February 9, 2015, plaintiff Norvell Berglan filed a virtually identical putative shareholder class action against the same defendants entitled *Berglan v. Home Loan Servicing Solutions, Ltd.*, No. 1:15-cv-00947 (S.D.N.Y. filed Feb. 9, 2015). On February 13, 2015, plaintiff West Palm Beach Police Pension Fund filed another similar putative shareholder class action against the same defendants entitled *West Palm Beach Police Pension Fund v. Home Loan Servicing Solutions, Ltd.*, No. 15-cv-01063 (S.D.N.Y. filed Feb. 13, 2015). These actions will likely be consolidated. These actions allege that HLSS misled investors by failing to disclose, among other things, the extent of HLSS's dependence on Ocwen, information regarding governmental investigations of Ocwen's business practices, and HLSS's own purportedly inadequate internal controls.

On March 11, 2015, plaintiff David Rattner filed a derivative action in Florida state court purportedly on behalf of HLSS entitled *Rattner v. Van Vlack*, No. 2015CA002833 (Fla. Cir. Ct. filed Mar. 11, 2015). The lawsuit names HLSS, its directors and others and accuses HLSS directors of breach of fiduciary duties in connection with the transaction contemplated by the Initial Merger Agreement and seeks to enjoin such merger or, in the alternative, damages. The lawsuit also names the Company and Hexagon Merger Sub, Ltd., a wholly owned subsidiary of the Company, as



defendants, and claims that they aided and abetted the HLSS directors' breach of their fiduciary duties.

S-21

## **Table of Contents**

We cannot guarantee that we will not receive further regulatory inquiries or be subject to litigation regarding the subject matter of the subpoenas or matters relating thereto, or that existing inquiries, or, should they occur, any future regulatory inquiries or litigation, will not consume internal resources, result in additional legal and consulting costs or negatively impact our stock price.

***We could be materially and adversely affected by events, conditions or actions that might occur at HLSS or Ocwen.***

The HLSS acquired assets and assumed liabilities could be adversely affected as a result of events or conditions occurring or existing before the closing of the Acquisition.

Adverse changes in the assets or liabilities we have acquired or assumed, respectively, as part of the Acquisition, could occur or arise as a result of actions by HLSS or Ocwen, legal or regulatory developments, including the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions, and other factors both within and beyond the control of HLSS or Ocwen.

Just as we rely heavily on Nationstar to achieve certain of our investment objectives, HLSS relies heavily on Ocwen. We and HLSS are subject to a variety of risks as a result of our dependence on mortgage servicers, including, without limitation, the potential loss of all of the value of our Excess MSR's in the event that the servicer of the underlying loans is terminated by the mortgage loan owner or RMBS bondholders. A significant decline in the value of the HLSS assets or a significant increase in HLSS liabilities we have acquired could adversely affect our future business, financial condition, cash flows and results of operations. HLSS is subject to a number of other risks and uncertainties, as outlined in its periodic reports filed with the SEC, including regulatory investigations and legal proceedings against HLSS, and others with whom HLSS conducts business. Moreover, any insurance proceeds received with respect to such matters may be inadequate to cover the associated losses.

Ocwen disclosed in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 that it received a subpoena from the SEC requesting production of various documents relating to its business dealings from Altisource Portfolio Solutions, S.A., HLSS, Altisource Asset Management Corporation and Altisource Residential Corporation and the interests of its directors and executive officers in these companies. Ocwen subsequently disclosed on its Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 that it received an additional subpoena from the SEC related to an amendment to its Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

Adverse developments at Ocwen, including liquidity issues, ratings downgrades, defaults under debt agreements, servicer rating downgrades, failure to comply with the terms of PSAs, termination under PSAs, Ocwen bankruptcy proceedings and additional regulatory issues and settlements, could have a material adverse effect on us.

***A bankruptcy of Ocwen could materially and adversely affect us.***

If Ocwen becomes subject to a bankruptcy proceeding, we could be materially and adversely affected, and you could suffer losses.

*A sale of Residential Mortgage Assets or other assets could be re-characterized as a pledge of such assets in a bankruptcy proceeding.* We believe that Ocwen's transfer to us of Residential Mortgage Assets and any other asset transferred pursuant to the Purchase Agreement constitutes a sale of such assets, in which case such assets would not be part of Ocwen's bankruptcy estate. Ocwen (as debtor-in-possession in the bankruptcy proceeding), a bankruptcy trustee appointed in Ocwen's bankruptcy proceeding, or any other party in interest, however, might

S-22

**Table of Contents**

assert in a bankruptcy proceeding that Residential Mortgage Assets or any other assets transferred to us pursuant to the Purchase Agreement were not sold to us but were instead pledged to us as security for Ocwen's obligation to repay amounts paid by us to Ocwen pursuant to the Purchase Agreement. If such assertion were successful, all or part of the Residential Mortgage Assets or any other asset transferred to us pursuant to the Purchase Agreement would constitute property of the bankruptcy estate of Ocwen, and our rights against Ocwen would be those of a secured creditor with a lien on such assets. Under such circumstances, cash proceeds generated from our collateral would constitute cash collateral under the provisions of the U.S. bankruptcy laws. Under U.S. bankruptcy laws, Ocwen could not use our cash collateral without either (a) our consent or (b) approval by the bankruptcy court, subject to providing us with adequate protection under the U.S. bankruptcy laws. In addition, under such circumstances, an issue could arise as to whether certain of these assets generated after the commencement of the bankruptcy proceeding would constitute after-acquired property excluded from our lien pursuant to the U.S. bankruptcy laws.

*If such a recharacterization occurs, the validity or priority of our security interest in the Residential Mortgage Assets or other assets could be challenged in a bankruptcy proceeding of Ocwen.* If the purchases pursuant to the Purchase Agreement are recharacterized as secured financings as set forth above, HLSS and HLSS Holdings nevertheless created and perfected security interests with respect to the Residential Mortgage Assets and other assets that HLSS have purchased from Ocwen and we acquired in the Acquisition by including a pledge of collateral in the Purchase Agreement and filing financing statements in appropriate jurisdictions. We will undertake to properly create and perfect security interests in any additional Residential Mortgage Assets and other assets that we may purchase from Ocwen in the future. Nonetheless, our security interests may be challenged and ruled unenforceable, ineffective or subordinated by a bankruptcy court. If this were to occur, then Ocwen's obligations to us with respect to purchased Residential Mortgage Assets and other assets would be deemed unsecured obligations, payable from unencumbered assets to be shared among all of Ocwen's unsecured creditors. In addition, even if the security interests are found to be valid and enforceable, if a bankruptcy court determines that the value of the collateral is less than Ocwen's underlying obligations to us, the difference between such value and the total amount of such obligations will be deemed an unsecured deficiency claim and the same result will occur with respect to such unsecured claim.

In addition, even if the security interest is found to be valid and enforceable, Ocwen would have the right to use the proceeds of our collateral subject to either (a) our consent or (b) approval by the bankruptcy court, subject to providing us with adequate protection under U.S. bankruptcy laws. Ocwen also would have the ability to confirm a chapter 11 plan over our objections if the plan complied with the cramdown requirements under U.S. bankruptcy laws.

*Payments made by Ocwen to us could be voided by a court under federal or state preference laws.* If Ocwen were to file, or to become the subject of, a bankruptcy proceeding under the United States Bankruptcy Code or similar state insolvency laws, and our security interest is declared unenforceable, ineffective or subordinated, payments previously made by Ocwen to us pursuant to the Purchase Agreement may be recoverable on behalf of the bankruptcy estate as preferential transfers. A payment could constitute a preferential transfer if a court were to find that the payment was a transfer of an interest of property of Ocwen that:

Was made to or for the benefit of a creditor;

Was for or on account of an antecedent debt owed by Ocwen before that transfer was made;

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Was made while Ocwen was insolvent (a company is presumed to have been insolvent on and during the 90 days preceding the date the company's bankruptcy petition was filed);

Was made on or within 90 days (or if we are determined to be a statutory insider, on or within one year) before Ocwen's bankruptcy filing; and

Permitted us to receive more than we would have received in a chapter 7 liquidation case of Ocwen under U.S. bankruptcy laws; and

Was a payment as to which none of the statutory defenses to a preference action apply.

S-23

**Table of Contents**

If the court were to determine that any payments were avoidable as preferential transfers, we would be required to return such payments to Ocwen's bankruptcy estate and would have an unsecured claim against Ocwen with respect to such returned amounts.

*Payments made to us by Ocwen, or obligations incurred by it, could be voided by a court under federal or state fraudulent conveyance laws.* Ocwen (as debtor-in-possession in the bankruptcy proceeding), a bankruptcy trustee appointed in Ocwen's bankruptcy proceeding, or another party in interest could also claim that Ocwen's transfer to us of Residential Mortgage Assets or other assets or Ocwen's agreement to incur obligations to us under the Purchase Agreement was a fraudulent conveyance. Under U.S. bankruptcy laws and similar state insolvency laws, transfers made or obligations incurred could be voided if Ocwen, at the time it made such transfers or incurred such obligations: (a) received less than reasonably equivalent value or fair consideration for such transfer or incurrence and (b) either (i) was insolvent at the time of, or was rendered insolvent by reason of, such transfer or incurrence; (ii) was engaged in, or was about to engage in, a business or transaction for which the assets remaining with Ocwen were an unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature. If any transfer or incurrence is determined to be a fraudulent conveyance, Ocwen (as debtor-in-possession in the bankruptcy proceeding) or a bankruptcy trustee on Ocwen's behalf would be entitled to recover such transfer or to avoid the obligation previously incurred.

*The Purchase Agreement could be rejected in an Ocwen bankruptcy proceeding.* Ocwen (as debtor-in-possession in the bankruptcy proceeding) or a bankruptcy trustee appointed in Ocwen's bankruptcy proceeding could seek to reject the Purchase Agreement and thereby terminate Ocwen's obligation to service the Residential Mortgage Assets and any other asset transferred pursuant to the Purchase Agreement, and terminate our right to acquire additional assets under the Purchase Agreement and our right to require Ocwen to use commercially reasonable efforts to transfer servicing. If the bankruptcy court approved the rejection, we would have a claim against Ocwen for any damages from the rejection.

*A bankruptcy court could stay a transfer of servicing to another servicer.* Our ability to require Ocwen to use commercially reasonable efforts to transfer servicing rights to a new servicer would be subject to the automatic stay in Ocwen's bankruptcy proceeding. To enforce this right, we would have to seek relief from the bankruptcy court to lift such stay, and there is no assurance that the bankruptcy court would grant this relief.

*The Subservicing Agreement could be rejected in a bankruptcy proceeding.* If Ocwen were to file, or to become the subject of, a bankruptcy proceeding under the United States Bankruptcy Code or similar state insolvency laws, Ocwen (as debtor-in-possession in the bankruptcy proceeding) or the bankruptcy trustee could reject its servicing agreement with us and terminate Ocwen's obligation to service the Residential Mortgage Assets that we have acquired and that Ocwen has agreed to service for us. As we will not have and in the future do not expect to have the employees, servicing platforms or technical resources necessary to service mortgage loans, if any servicing agreement is rejected, we will need to either engage an alternate servicer (which may not be readily available on acceptable terms or at all) or negotiate a new servicing arrangement with Ocwen, which would presumably be on less favorable terms to us. Any engagement of an alternate servicer by us would require the approval of the related RMBS trustee and could require the approval of the bankruptcy court. Any claim we have for damages arising from the rejection of a servicing agreement would be treated as a general unsecured claim for purposes of distributions from Ocwen's bankruptcy estate.

*Ocwen could discontinue servicing.* If Ocwen were to file or to become the subject of a bankruptcy proceeding under the United States Bankruptcy Code, Ocwen could be terminated as servicer (with bankruptcy court approval) or could discontinue servicing, in which case there is no assurance that we would be able to continue receiving payments and transfers in respect of the Residential Mortgage Assets and other assets purchased under the Purchase Agreement.

Even if we were able to obtain the servicing rights, because we will not have and in the future do not expect to have the employees, servicing platforms, or technical resources necessary to service mortgage loans, we would need to either engage an alternate servicer (which may not be

**Table of Contents**

readily available on acceptable terms or at all) or negotiate a new servicing agreement with Ocwen, which presumably would be on less favorable terms to us. Any engagement of an alternate servicer by us would require the approval of the related RMBS trustees.

*The automatic stay under the United States Bankruptcy Code may prevent the ongoing receipt of servicing fees or other amounts due.* Even if we are successful in arguing that we own Residential Mortgage Assets and other assets purchased under the Purchase Agreement, we may need to seek relief in the bankruptcy court to obtain turnover and payment of amounts relating to such assets, and there may be difficulty in recovering payments in respect of such assets that may have been commingled with other funds of Ocwen.

The HSART facility has cross default provisions to Ocwen's senior secured term facility, and an event of default may occur under Ocwen's senior secured debt facility. A default under the HSART facility could then cross-default the EBO facility.

*A bankruptcy of Ocwen defaults our advance financing facilities and negatively impacts our ability to continue to purchase servicer advances.* If Ocwen were to file or to become the subject of a bankruptcy proceeding, it will result in an event of default under our advance financing facilities that would terminate the revolving period of such facilities. In this scenario, our advance financing facilities would not have the ability to continue funding the purchase of servicer advances under the Purchase Agreement. Notwithstanding this inability to fund, Ocwen may try to force us to continue making such purchases. If it is determined that we are in breach of our obligation to purchase servicer advances, any claims that we may have against Ocwen may be subject to offset against claims Ocwen may have against us by reason of this breach.

***We do not have legal ownership of our acquired mortgage servicing rights.***

We do not have legal ownership of mortgage servicing rights underlying the HLSS Rights to MSRs we acquired, and are subject to increased risks as a result of the servicer continuing to own the mortgage servicing rights. The validity or priority of our interest in the underlying mortgage servicing could be challenged in a bankruptcy proceeding of the servicer, and the related purchase agreement could be rejected in such proceeding.

Any of the foregoing events might have a material adverse effect on our business, financial condition, results and liquidity.

***HLSS failed to timely file its Annual Report on Form 10-K for the year ended December 31, 2014.***

On March 3, 2015, HLSS filed a Form 12b-25 with the SEC, stating that HLSS required additional time to complete its Annual Report in order to complete an assessment of recent events related to HLSS's business and determine the impact on HLSS's financial statements and related disclosures. In this filing, HLSS also stated that it expected to file the Annual Report within the fifteen (15) day extension period under Rule 12b-25(b)(ii) of the Securities Exchange Act of 1934, as amended, or by March 18, 2015. HLSS filed its Annual Report on Form 10-K for the year ended December 31, 2014 on April 6, 2015.

On March 18, 2015, HLSS filed a Current Report on Form 8-K with the SEC that disclosed that HLSS would need additional time to complete its Annual Report to prepare information relating to its ability to operate as a going concern. Also on March 18, 2015, The Nasdaq Stock Market LLC notified HLSS that it was no longer in compliance with Nasdaq Listing Rule 5250(c)(1) for continued listing because of the failure to timely file its Annual Report, and HLSS was given until May 18, 2015 to submit a plan to regain compliance.



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On March 20, 2015, HLSS entered into an amendment to the Term Loan in order to extend to April 10, 2015 the deadline thereunder for HLSS to furnish its annual financial statements, and to amend certain terms of the cross-default to HLSS's advance financing facilities. In addition, consent was granted thereunder to permit certain amendments to the Ocwen Subservicing Agreement.

S-25

## **Table of Contents**

We cannot guarantee that we will not receive further inquiries or be subject to litigation regarding HLSS's failure to timely file its Annual Report on Form 10-K for the year ended December 31, 2014, or that any future inquiries or litigation will not consume internal resources, result in significant legal and consulting costs or negatively impact our stock price.

***Failure to favorably resolve alleged events of default by BlueMountain may have a material adverse effect on our business, financial condition, liquidity and results of operations.***

On January 23, 2015, counsel for BlueMountain Capital Management, LLC (BlueMountain), the purported investment manager to certain owners of the HSART facility term notes, sent a letter to HLSS Holdings, HLSS Servicing Advance Receivables Trust, as issuer and Deutsche Bank, as among other things indenture trustee, alleging certain events of default had occurred and were continuing under the Sixth Amended and Restated Indenture, dated as of January 17, 2014, by and among HLSS Servicer Advance Receivables Trust, Deutsche Bank National Trust Company, HLSS Holdings, Ocwen Loan Servicing, LLC, Wells Fargo Securities, LLC and Credit Suisse AG, New York Branch, which governs HLSS's notes issued by the HLSS Servicer Advance Receivables Trust (the HSART Trust). On February 17, 2015 HLSS Holdings and HSART Trust entered an agreement (the February 2015 HSART Agreement) with Deutsche Bank National Trust Company (the Indenture Trustee) that it will not commence a judicial proceeding to seek judicial guidance regarding the allegations made in the BlueMountain letter before April 16, 2015. Further, HLSS Holdings has agreed to allow the Indenture Trustee to withhold from distribution certain excess funds that would otherwise be distributable to HSART Trust in an amount up to the Interest Accrual Differential (as defined in the February 2015 HSART Agreement) (or similar amount). The effect of this agreement will be to increase the amount deposited and held in debt service accounts by approximately \$11.8 million per month.

On February 20, 2015, counsel to BlueMountain sent another letter alleging that additional events of default under the indenture governing notes issued by the HSART Trust had occurred and were continuing since its previous letter on January 23, 2015. Our inability to resolve these issues favorably could result in a prolonged withholding of the excess funds by the Indenture Trustee, the forfeiture of such funds, our inability to purchase required servicer advances from Ocwen Loan Servicing, LLC with funds from the HSART facility or otherwise, and an increase in any replacement debt incurred to purchase such servicer advances, any of which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

***Cooperation from Ocwen is critical to our business.***

Ocwen is a party to substantially all financing agreements with subsidiaries of HLSS acquired by us in the Acquisition (including the servicer advance facilities). Our ability to obtain financing for the assets of those acquired subsidiaries is dependent on Ocwen's agreement to be a party to its financing agreements. If Ocwen does not agree to be a party to these financing agreements for any reason, we may not be able to obtain financing on favorable terms or at all.

Breaches and other events with respect to Ocwen (including, without limitation, failure of Ocwen to satisfy certain financial tests, cross-default to other Ocwen indebtedness, Ocwen insolvency, Ocwen change of control and/or Ocwen judgment default) could cause certain or all of the financing, in respect of assets acquired from HLSS to become due and payable prior to maturity. Our ability to obtain financing on such assets is dependent on Ocwen's ability to satisfy various tests under such financing arrangements. We will be dependent on Ocwen as the servicer of the mortgage loans in respect of the Rights to MSRs, and Ocwen's servicing practices may impact the value of certain of our assets. We may be adversely impacted:

By regulatory actions taken against Ocwen;

By a default by Ocwen under its debt agreements;

By further downgrades in Ocwen's servicer rating;

If Ocwen fails to ensure its servicer advances comply with the terms of its PSAs;

S-26

**Table of Contents**

If Ocwen were terminated as servicer under certain PSAs;

If Ocwen becomes subject to a bankruptcy proceeding; or

If Ocwen fails to meet its obligations or is deemed to be in default under the indenture governing notes issued under the HSART facility, including the allegations of certain Events of Default related to the Ocwen servicer downgrade and other regulatory matters by BlueMountain.

***If Ocwen fails to adequately perform its loss mitigation obligations, we could be required to make additional servicer advances, and the time period for collecting servicer advances may extend, adversely affecting our liquidity and earnings.***

Ocwen is required to service the mortgage loans in accordance with specified standards and employ loss mitigation techniques to reduce the probability that borrowers will default on their loans and to minimize losses when defaults occur. These loss mitigation techniques may include the modification of mortgage loan rates, principal balances and maturities. If Ocwen fails to adequately perform its loss mitigation obligations under these agreements, we could be required to purchase or fund servicer advances in excess of those that we might otherwise have had to purchase or fund, and the time period for collecting servicer advances may extend. Any increase in servicer advances or material increase in the time to resolution of a defaulted loan could result in increased financing costs to us and adversely affect our liquidity and income.

***Failure by Ocwen to ensure that servicer advances comply with the terms of the servicing agreements may have a material adverse effect on our business, financial condition, liquidity and results of operations.***

Servicer advances that are improperly made by Ocwen may not be eligible for financing under HLSS's advance financing facilities and may not be reimbursable by the related securitization trusts or other owners of the mortgage loan, which would materially and adversely affect our business, financial condition, liquidity and results of operations. Ocwen may be unwilling or unable to make indemnification payments for any such losses we incur.

***We may be unable to obtain sufficient or cost effective servicer advance financing necessary to meet the financing requirements of our business, which could adversely affect our liquidity position and result in a loss of servicing rights and have a material adverse effect on our business, financial condition, liquidity and results of operations.***

If delinquencies increase with respect to the mortgage loans underlying HLSS's Rights to MSR, we will require more funding than we currently expect, which may not be available to us on favorable terms or at all. HLSS currently meets its servicer advance financing requirements through its servicer advance facilities. Under normal market conditions, mortgage servicers typically have been able to renew or refinance liquidity facilities for mortgage servicing rights. However, during the economic crisis that began in 2007, there were periods of time when some mortgage servicers were unable to renew these facilities. Borrowing conditions have improved since that time; however, market conditions or other factors, including legal or regulatory matters applicable to us or our servicers, at the time of any renewal or refinancing may prevent us from being able to renew or refinance our advance financing facilities or obtain additional facilities on favorable terms or at all. Ocwen may not have any obligation to us to fund any servicer advances that we are required to purchase or fund. Our inability to obtain adequate financing to fund servicer advances could result in the loss or impairment of our Rights to MSR pursuant to the Purchase Agreement and applicable sale supplement. If, for this reason, our Rights to MSR are lost or impaired, we will bear the full economic impact of this loss, which may have a material adverse effect on our business, financial condition, liquidity and operating results, and may not, in certain circumstances, have the right to seek indemnification from Ocwen.

S-27

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**Table of Contents**

***Our ability to borrow may be adversely affected by the suspension or delay of the rating of our notes issued under the HSART and HSART II facilities or other future advance facilities by the credit agency providing the ratings.***

All or substantially all of the notes issued under the HSART facility or the HSART II facility are rated by one rating agency. This agency may suspend rating notes backed by servicer advances at any time and has recently placed certain of the notes issued under those facilities on negative credit watch. Rating agency delays may result in our inability to obtain timely ratings on new notes, which could adversely impact the availability of borrowings or the interest rates, advance rates or other financing terms and adversely affect our results of operations and liquidity. Further, if we are unable to secure ratings from other agencies, limited investor demand for unrated notes could result in further adverse changes to our liquidity and profitability.

A downgrade of certain of the notes issued under the HSART and HSART II facilities would cause such notes to become due and payable prior to their expected repayment date/maturity date, which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

***A downgrade in our servicers or subservicers ratings could have a material adverse effect on our business, financial condition, results of operations and liquidity.***

Moody's, Standard & Poor's (S&P) and Fitch rate many mortgage servicers, including Ocwen. These ratings are subject to change in the future without notice. Servicer ratings are important to our ability to finance servicer advances.

On November 14, 2012, S&P placed its above average servicer rating on Ocwen on CreditWatch negative as opposed to stable. S&P stated that it took this action due to Ocwen's purchases of Homeward Residential Inc. (Homeward) (which has since been completed) and of the mortgage servicing platform of GMAC Mortgage LLC and Residential Capital LLC (which has since been completed). S&P also stated that it would continue to monitor the impact that these acquisitions have on Ocwen's servicing operations.

On August 28, 2014, Moody's downgraded Ocwen's servicer quality (SQ) assessments from SQ2- to SQ3+ as a primary servicer of subprime residential loans and as a special servicer of residential mortgage loans. Also, Moody's downgraded Ocwen's component assessment for loan administration from above average to average. Moody's stated that these downgrades were due to heightened regulatory scrutiny by the SEC and the New York Department of Financial Services (NY DFS), regulatory concerns regarding force-placed insurance fees, and concerns about Ocwen's challenges integrating acquired servicing platforms and managing the distressed loan portfolios.

On January 29, 2015, Moody's downgraded Ocwen's SQ assessment from SQ3+ to SQ3- as a primary servicer of subprime residential loans and as a special servicer of residential mortgage loans.

During February of 2015, Fitch downgraded Ocwen's residential primary servicer rating for subprime products from RPS3 to RPS4 and Morningstar downgraded its rating to MOR RS3.

During February and March 2015, Ocwen received two notices of servicer termination affecting four separate residential mortgage servicing agreements (PSAs) underlying our Notes receivable Rights to MSRs due to servicer rating downgrades.

Certain of HLSS's financing facilities require that its servicers or subservicers maintain specified servicer ratings, and failure by its servicers or subservicers to maintain the minimum rating could result in adverse adjustments to our advance rates, liquidity and profitability. In addition, some PSAs may also require that the servicer or subservicer maintain specified servicer ratings. Failure to maintain such specified rating may result in the termination of the

servicer under such PSAs. Any such downgrade could have a material adverse effect on our business, financing activities, financial condition, results of operations and liquidity.

S-28

**Table of Contents**

***Regulatory scrutiny regarding foreclosure processes could lengthen foreclosure timelines, which could increase advances and materially and adversely affect our business, financial condition, results of operations and liquidity.***

When a mortgage loan is in foreclosure, the servicer is generally required to continue to advance delinquent principal and interest to the securitization trust and to also make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent we determine that such amounts are recoverable. These servicer advances are generally recovered when the delinquency is resolved. Foreclosure moratoria or other actions that lengthen the foreclosure process increase the amount of servicer advances, lengthen the time it takes for reimbursement of such advances and increase the costs incurred during the foreclosure process. In addition, advance financing facilities generally contain provisions that limit the eligibility of servicer advances to be financed based on the length of time that servicer advances are outstanding, and, as a result, an increase in foreclosure timelines could further increase the amount of servicer advances that need to be funded from the servicer's own capital. Such increases in foreclosure timelines could increase the need for capital to fund servicer advances, which would increase our interest expense, delay the collection of interest income or servicing fee revenue until the foreclosure has been resolved and, therefore, reduce the cash that we have available to pay our operating expenses or to pay dividends.

According to Ocwen's public disclosure, on April 28, 2014, Ocwen received a letter from the staff of the New York Regional Office of the SEC informing Ocwen that the SEC was conducting an investigation relating to Ocwen and making a request for voluntary production of documents and information relating to the April 22, 2014 surrender of certain options to purchase its common stock by Mr. Erbey, its former Executive Chairman, including the 2007 Equity Incentive Plan and the related option grant and surrender documents. On June 12, 2014, Ocwen received a subpoena from the SEC requesting production of various documents relating to its business dealings with HLSS, Altisource, Altisource Asset Management Corporation and Altisource Residential Corporation and the interests of its directors and executive officers in these companies. Ocwen has also disclosed that it received an additional subpoena from the SEC related to its amendments to its Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

***Ocwen has been and is subject to certain federal and state regulatory matters.***

Ocwen has publicly announced that, on December 19, 2013, Ocwen reached an agreement, which was approved by consent judgment by the U.S. District Court for the District of Columbia on February 26, 2014, involving the Consumer Financial Protection Bureau, various state attorneys general and other agencies that regulate the mortgage servicing industry. According to Ocwen's disclosure, the key elements of the settlement are as follows:

A commitment by Ocwen to service loans in accordance with specified servicing guidelines and to be subject to oversight by an independent national monitor for three years;

A payment of \$127.3 million to a consumer relief fund to be disbursed by an independent administrator to eligible borrowers. In May, 2014 Ocwen satisfied this obligation with regard to the consumer relief fund, \$60.4 million of which is the responsibility of former owners of certain servicing portfolios acquired by Ocwen, pursuant to indemnification and loss sharing provision in the applicable agreements; and

A commitment by Ocwen to continue its principal forgiveness modification programs to delinquent and underwater borrowers, including underwater borrowers at imminent risk of default, in an aggregate amount



of at least \$2.0 billion over three years.

S-29

**Table of Contents**

On December 22, 2014, Ocwen announced that it had reached a settlement agreement with the NY DFS related to investigations into Ocwen's mortgage servicing practices in New York. According to Ocwen's disclosure, the key elements of the settlement are as follows:

Payment of \$100 million to the NY DFS to be used by the State of New York for housing, foreclosure relief and community redevelopment programs;

Payment of \$50 million as restitution to certain New York borrowers;

Installation of a NY DFS Operations Monitor to monitor and assess the adequacy and effectiveness of Ocwen's operations for a period of two years, which may be extended another twelve months at the option of the NY DFS;

Requirements that Ocwen will not share any common officers or employees with any related party and will not share risk, internal audit or vendor oversight functions with any related party;

Requirements that certain Ocwen employees, officers and directors be recused from negotiating or voting to approve certain transactions with a related party;

Resignation of Ocwen's Chairman of the Board from the Board of Directors of Ocwen and at related companies, including HLSS; and

Restrictions on Ocwen's ability to acquire new mortgage servicing rights.

On January 23, 2015, Ocwen announced that it had reached a settlement with the California Department of Business Oversight (the CA DBO) in relation to an administrative action dated October 3, 2014 in California. According to Ocwen's disclosure, the key elements of the settlement are as follows:

Payment of \$2.5 million;

Engagement of an independent auditor to assess Ocwen's compliance with laws and regulations impacting California borrowers for a period of at least two years; and

Prevention of Ocwen from acquiring additional mortgage servicing rights for loans secured in the State of California until the CA DBO is satisfied that Ocwen can satisfactorily respond to the requests for information and documentation made in the course of a regulatory exam.

Regulatory action against Ocwen could increase our financing costs or operating expenses, reduce our revenues or otherwise materially adversely affect our business, financial condition, results of operations and liquidity.

***We are dependent on others to act as servicer with respect to our Residential Mortgage Assets.***

We are dependent on the servicers (including Ocwen) we engage to service our Residential Mortgage Assets. A failure of a servicer to perform its servicing obligations under a related PSA could result in the termination of the servicer. If this occurs, we will only have recourse against the servicer, and if the servicer is unable to make any applicable indemnification payments owed to us, we could lose a portion or all of the value of the related Residential Mortgage Asset.

***Ocwen has triggered termination events or events of default under some PSAs underlying the Rights to MSRs, and the parties to the related securitization transactions could enforce their rights against Ocwen as a result.***

If a servicer termination event or event of default occurs under a PSA, the servicer may be terminated without any right to compensation for its loss from the trustee for the securitization trust, other than the right to be reimbursed for any outstanding servicer advances as the related loans are brought current, modified, liquidated or charged off. So long as we are in compliance with our obligations under our servicing agreements and purchase agreements, if Ocwen is terminated as servicer, we will have the right to receive an indemnification payment from Ocwen as servicer, even if such termination related to servicer termination events or events of default existing at the time of any transaction with Ocwen, including with respect to those servicer termination events or

## **Table of Contents**

events of default that have been triggered in PSAs underlying the mortgage servicing rights as of December 31, 2014. If Ocwen is terminated as servicer under a PSA, we will lose any Rights to MSR's under such PSA. If Ocwen is terminated as servicer with respect to a PSA and we are unable to enforce our contractual rights against Ocwen or Ocwen is unable to make any resulting indemnification payments to us, if any, it may have a material adverse effect on our financial condition, results of operations, ability to make distributions, liquidity and financing arrangements, including our advance financing facilities, and may make it more difficult for us to acquire additional mortgage servicing rights in the future.

During February and March 2015, Ocwen received two notices of servicer termination affecting four separate PSAs related to Rights to MSR's. Ocwen could be subject to further terminations as a result of its failure to maintain required minimum servicer ratings, which could have an adverse effect on our business, financing activities, financial condition and results of operations.

On January 23, 2015, Gibbs & Bruns LLP, on behalf of its clients, issued a press release regarding the notices of nonperformance provided to various trustees in relation to Ocwen's servicing practices under 119 residential mortgage-backed securities trusts. Of these transactions, 90 relate to agreements for Rights to MSR's. It is possible that Ocwen could be terminated for other servicing agreements related to Rights to MSR's.

On January 29, 2015, Moody's downgraded Ocwen's SQ assessment from SQ3+ to SQ3- as a primary servicer of subprime residential loans and as a special servicer of residential mortgage loans. During February 2015, Fitch Ratings downgraded Ocwen's residential primary servicer rating for subprime products from RPS3 to RPS4, and Morningstar downgraded its rating to MOR RS3.

### ***The performance of loans that we acquired in the Acquisition may be adversely affected by the performance of parties who service or subservice these mortgage loans.***

HLSS and its subsidiaries acquired by us in the Acquisition contracted with third parties for the servicing of the mortgage loans in its EBO and re-performing whole loan portfolios. The performance of these portfolios and our ability to finance these portfolios are subject to risks associated with inadequate or untimely servicing. If our servicers or subservicers commit a material breach of their obligations as a servicer, we may be subject to damages if the breach is not cured within a specified period of time following notice. In addition, we may be required to indemnify an investor or our lenders against losses from any failure of our servicer or subservicer to perform the servicing obligations properly. Poor performance by a servicer or subservicer may result in greater than expected delinquencies and foreclosures and losses on our mortgage loans. A substantial increase in our delinquency or foreclosure rate or the inability to process claims in accordance with GNMA or FHA guidelines could adversely affect our ability to access the capital and secondary markets for our financing needs.

### ***Servicing issues in the portfolio of loans held-for-investment that was acquired in the Acquisition could adversely impact our claims against FHA insurance and result in our reliance on servicer indemnifications which could increase losses.***

We will rely on HLSS's servicers (including Ocwen) to service our GNMA EBO loans in a manner that supports our ability to make claims to the FHA for shortfalls on these loans. If servicing issues result in the curtailment of FHA insurance claims, we will only have recourse against the servicer for any shortfall. If the servicer is unable to make indemnification payments owed to us under this circumstance, we could incur losses.

### ***Our borrowings collateralized by Loans held-for-investment require that we make certain representations and warranties that, if determined to be inaccurate, could require us to repurchase loans or cover losses.***

Our financing facilities require us to make certain representations and warranties regarding the Loans held-for-investment that collateralize the borrowings. Although we perform due diligence on the Loans held-for-investment that we acquire, certain representations and warranties that we make in respect of such loans may ultimately be determined to be inaccurate. In the event of a breach of a representation or warranty, we may be

S-31

**Table of Contents**

required to repurchase affected loans, make indemnification payments to certain indemnified parties or address any claims associated with such breach. Further, we may have limited or no recourse against the seller from whom we purchased the loans. Such recourse may be limited due to a variety of factors, including the absence of a representation or warranty from the seller corresponding to the representation provided by us or the contractual expiration thereof.

***The performance of our Loans held-for-investment may be adversely affected by the performance of parties who service or subservice our mortgage loans.***

We contract with third parties for the servicing of the mortgage loans in our EBO and reperforming whole loan portfolios. The performance of these portfolios and our ability to finance these portfolios are subject to risks associated with inadequate or untimely servicing. If our servicers or subservicers commit a material breach of their obligations as a servicer, we may be subject to damages if the breach is not cured within a specified period of time following notice. In addition, we may be required to indemnify an investor or our lenders against losses from any failure of our servicer or subservicer to perform the servicing obligations properly. Poor performance by a servicer or subservicer may result in greater than expected delinquencies and foreclosures and losses on our mortgage. A substantial increase in our delinquency or foreclosure rate or the inability to process claims in accordance with GNMA or FHA guidelines could adversely affect our ability to access the capital and secondary markets for our financing needs.

***Representations and warranties made by us in our loan sale agreements may subject us to liability.***

In March 2015, HLSS sold reperforming loans to an unrelated third party and transferred mortgages into a trust in exchange for cash. We may be liable to purchasers under the related sale agreement for any breaches of representations and warranties made by HLSS at the time the applicable loans are sold. Such representations and warranties may include, but are not limited to, issues such as the validity of the lien; the absence of delinquent taxes or other liens; the loans compliance with all local, state and federal laws and the delivery of all documents required to perfect title to the lien. If the purchaser is successful in asserting their claim for recourse, it could adversely affect the availability of financing under loan financing facilities or otherwise adversely impact our results of operations and liquidity.

***Failure by Ocwen or our other servicers to comply with applicable laws and regulations may adversely affect our business.***

The failure of Ocwen or our other servicers to comply with the laws and regulations in connection with servicing mortgage loans underlying our Residential Mortgage Assets could lead to civil and criminal liability, loss of licensing, damage to our reputation, fines and penalties, litigation, including class action lawsuits or administrative enforcement actions, and a loss or impairment of financing under our financing arrangements, including under our advance financing facilities.

**Table of Contents**

**USE OF PROCEEDS**

We estimate that the net proceeds from our sale of common stock in this offering will be approximately \$ million (or \$ million if the underwriter exercises its option to purchase additional shares of our common stock in full), after deducting the underwriting discount and commissions and our expenses of this offering. We intend to use the net proceeds from our sale of common stock in this offering for general corporate purposes, including to make a variety of investments, which may include, but are not limited to, investments in Excess MSRs, servicer advances, real estate securities and real estate related loans, or to repay indebtedness or other obligations. We will not receive any proceeds from the sale of our common stock in this offering by the Selling Stockholder.

S-33

**Table of Contents**

**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma combined balance sheet as of December 31, 2014 and the unaudited pro forma combined statement of income for the year ended December 31, 2014 are based on (i) the audited consolidated financial statements of NRZ, as of and for the year ended December 31, 2014 and (ii) the audited consolidated financial statements of HLSS as of and for the year ended December 31, 2014, each incorporated by reference in this prospectus supplement and the accompanying prospectus.

The unaudited pro forma combined balance sheet as of December 31, 2014 gives effect to the Pro Forma Transactions (as defined below) as if the Pro Forma Transactions had occurred on December 31, 2014. The unaudited pro forma combined statement of income for the year ended December 31, 2014 gives effect to the Pro Forma Transactions as if they had occurred on January 1, 2014.

The historical financial information has been adjusted in the unaudited pro forma combined financial information to give effect to pro forma events that are (i) directly attributable to the Pro Forma Transactions, (ii) factually supportable and, (iii) with respect to the unaudited pro forma combined statement of income, are expected to have a continuing impact on the combined results. However, such adjustments are estimates based on certain assumptions and may not prove to be accurate. Information regarding these adjustments is subject to risks and uncertainties that could cause actual results to differ materially from our unaudited pro forma combined financial information.

The unaudited pro forma combined financial information and accompanying notes present the impact of the following (collectively the Pro Forma Transactions ):

The Acquisition;

The issuance by us of approximately 28,286,980 shares of common stock of the Company at a price of \$15.28 per share to HLSS in consideration for the Acquisition, in addition to cash consideration of \$1,006.9 million;

The completion of sales of certain loan portfolios by the Company and HLSS in contemplation of the Acquisition, and the use of the proceeds from the Company's loan sales to fund the Acquisition;

The refinancing of certain liabilities assumed in the Acquisition with the existing lenders of such liabilities, as well as repayment of certain liabilities assumed in the Acquisition;

The receipt by us of approximately \$665.0 million proceeds as a result of indebtedness incurred in contemplation of the Acquisition; and

Following the Pro Forma Transactions described above, the management fee and the incentive compensation fee payable to the Manager by the Company.



In the opinion of management, all adjustments necessary to reflect the effects of the transactions described in the notes to the unaudited pro forma combined balance sheet and unaudited pro forma combined statement of income have been included and are based upon available information and assumptions that we believe are reasonable.

The unaudited pro forma combined financial information is provided for informational and illustrative purposes only and should be read in conjunction with the Notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2014 incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the audited consolidated financial statements of HLSS incorporated by reference in this prospectus supplement and the accompanying prospectus. The unaudited pro forma combined financial information does not contain any significant commitments and contingencies, including litigation described elsewhere in this prospectus supplement and does not purport to reflect our results of operations or financial condition had the Pro Forma Transactions occurred at an earlier date. The unaudited pro forma combined financial information also should not be considered representative of our future financial condition or results of operations.

**Table of Contents****UNAUDITED PRO FORMA COMBINED BALANCE SHEET AS OF DECEMBER 31, 2014**

(dollars in thousands, except share and per share data)

	Historical New Residential Investment Corp. As of December 31, 2014	Historical Home Loan Servicing Solutions, Ltd. As of December 31, 2014	Pro forma Adjustments As of December 31, 2014		Pro Forma Combined As of December 31, 2014
<b>Assets</b>					
Investments in:					
Notes receivable - Rights to MSRs	\$	\$ 614,465	\$ (614,465)	A,B	\$
Match funded advances		6,121,595	(6,121,595)	A,B	
Excess mortgage servicing rights, at fair value	417,733		835,354	A,B	1,253,087
Excess mortgage servicing rights, equity method investees, at fair value	330,876				330,876
Servicer advances, at fair value	3,270,839		5,893,180	A,B	9,164,019
Real estate securities, available-for-sale	2,463,163				2,463,163
Residential mortgage loans, held-for-investment	47,838	815,663	(815,663)	A,B,C	47,838
Residential mortgage loans, held-for-sale	1,126,439		(424,769)	A,D	701,670
Real estate owned	61,933		(17,907)	D	44,026
Consumer loans, equity method investees					
Cash and cash equivalents	212,985	210,009	(306,615)	C,D,E,F,I	116,379
Restricted cash	29,418				29,418
Derivative assets	32,597				32,597
Related party receivables		94,401	(94,401)	A,B	
Deferred tax assets		491	(491)	A,B	
Other assets	99,869	281,475	104,033	A,B,F	485,377
	\$ 8,093,690	\$ 8,138,099	\$ (1,563,339)		\$ 14,668,450
<b>Liabilities and Equity</b>					
<b>Liabilities</b>					
Match funded liabilities	\$	\$ 5,624,088	\$ (5,624,088)	A,B	\$
Other borrowings		1,182,328	(1,182,328)	A,B	
Repurchase agreements	3,149,090		(707,990)	D	2,441,100
Notes payable	2,913,209		6,793,180	A,B,C,F,I	9,706,389

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Trades payable	2,678				2,678
Due to affiliates	57,424				57,424
Dividends payable	53,745	12,783			66,528
Deferred tax liability	15,114	491			15,605
Income taxes payable		173	(173)	A,B	
Related party payables		14,503	(14,503)	A,B	
Accrued expenses and other liabilities	52,505	12,454	44,676	A,B,J	109,635
	\$ 6,243,765	\$ 6,846,820	\$ (691,226)		\$ 12,399,359

Commitments and Contingencies

**Equity**

Common stock, \$0.01 par value; 2,000,000,000 shares authorized on a pro forma basis; 169,721,885 shares issued and outstanding on a pro forma basis	\$ 1,414	\$ 710	\$ (427)	G,H	\$ 1,697
Additional paid-in capital	1,328,587	1,210,300	(778,371)	G,H	1,760,516
Retained earnings	237,769	79,133	(92,179)	G,H,J	224,723
Accumulated other comprehensive income	28,319	1,136	(1,136)	G	28,319
Total stockholders' equity	1,596,089	1,291,279	(872,113)		2,015,255
Noncontrolling interests in equity of consolidated subsidiaries	253,836				253,836
Total equity	1,849,925	1,291,279	(872,113)		2,269,091
<b>Total Liabilities and Equity</b>	<b>\$ 8,093,690</b>	<b>\$ 8,138,099</b>	<b>\$ (1,563,339)</b>		<b>\$ 14,668,450</b>

See notes to unaudited pro forma combined financial information

**Table of Contents****UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME FOR THE YEAR ENDED  
DECEMBER 31, 2014**

(dollars in thousands, except share and per share data)

	<b>Historical Home Loan</b>				
	<b>Historical New Residential Investment Corp. For the year ended December 31, 2014</b>	<b>Servicing Solutions, Ltd. For the year ended December 31, 2014</b>	<b>Pro Forma Adjustments For the year ended December 31, 2014</b>		<b>Pro Forma Combined For the year ended December 31, 2014</b>
Interest income	\$ 346,857	\$ 397,506	\$ (220,149)	K	\$ 524,214
Interest expense	140,708	163,698	22,072	L	326,478
<b>Net Interest Income</b>	<b>206,149</b>	<b>233,808</b>	<b>(242,221)</b>		<b>197,736</b>
<b>Impairment</b>					
Other-than-temporary impairment ( OTTI ) on securities	1,391				1,391
Valuation provision on loans and real estate owned	9,891				9,891
	11,282				11,282
Net interest income after impairment	194,867	233,808	(242,221)		186,454
<b>Other Income</b>					
Related party revenue		1,843	(1,843)	M	
Other revenue		402	(402)	M	
Change in fair value of investments in excess mortgage servicing rights	41,615				41,615
Change in fair value of investments in excess mortgage servicing rights, equity method investees	57,280				57,280
Change in fair value of investments in servicer advances	84,217		205,840	K	290,057
Earnings from investments in consumer loans, equity method investees	53,840				53,840
Gain on consumer loans investments	92,020				92,020
Gain on settlement of investments, net	35,487				35,487
Other income, net	10,629		2,245	M	12,874

	375,088	2,245	205,840		583,173
<b>Operating Expenses</b>					
Compensation and benefits		6,351	(6,351)	M	
Related party expenses		2,349	(2,349)	M	
General and administrative expenses	27,001	9,753	8,700	M	45,454
Management fee allocated by Newcastle					
Management fee to affiliate	19,651		6,483	N	26,134
Incentive compensation to affiliate	54,334		(19,800)	N	34,534
Loan servicing expense	3,913				3,913
	104,899	18,453	(13,317)		110,035
<b>Income (Loss) Before Income Taxes</b>					
Income tax expense	465,056	217,600	(23,064)		659,592
	22,957	636		O	23,593
<b>Net Income (Loss)</b>	\$ 442,099	\$ 216,964	\$ (23,064)		\$ 635,999
<b>Noncontrolling Interests in Income (Loss) of Consolidated Subsidiaries</b>					
	\$ 89,222	\$	\$		\$ 89,222
<b>Net Income (Loss) Attributable to Common Stockholders</b>					
	\$ 352,877	\$ 216,964	\$ (23,064)		\$ 546,777
<b>Income Per Share of Common Stock</b>					
Basic	\$ 2.59			P	\$ 3.32
Diluted	\$ 2.53			P	\$ 3.26
<b>Weighted Average Number of Shares of Common</b>					
<b>Stock Outstanding</b>					
Basic	136,472,865			P	164,759,845
Diluted	139,565,709			P	167,852,689

See notes to unaudited pro forma combined financial information

**Table of Contents****NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION****HLSS Transaction**

On April 6, 2015, the Company acquired substantially all of the assets and assumed the related liabilities of HLSS, including all of the issued share capital of HLSS's first-tier subsidiaries, for aggregate consideration consisting of \$1,006.9 million in cash and 28,286,980 unregistered shares of the Company's common stock, par value \$0.01 per share, issued to HLSS in a private placement pursuant to the Acquisition Agreement.

The purchase price allocation within this unaudited pro forma combined financial information is based upon a purchase price of \$1,439.1 million, inclusive of the cash consideration and the fair value of the unregistered common stock issued. The fair value of the common stock at the date of the acquisition was \$15.28 per share which is the Company's closing price per share as of April 2, 2015. The fair value of the unregistered shares is not expected to be materially different from that of registered shares based on the assumption that the shares are expected to be registered shortly after the close of the Acquisition.

The purchase consideration is summarized as follows:

The Company's closing price per share on April 2, 2015	\$ 15.28
The Company's share issuance to HLSS	28,286,980
Share issuance consideration	\$ 432,225,054
Cash consideration	\$ 1,006,874,946
<b>Total purchase consideration</b>	<b>\$ 1,439,100,000</b>

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial statements of the Company and HLSS. Accordingly, the assets acquired and liabilities assumed are recorded at their acquisition date fair values. Such acquisition value was not materially different from the purchase price paid in consideration of acquiring substantially all of the assets and assuming the related liabilities of HLSS in accordance with ASC 805.

The major assets to be acquired and liabilities to be assumed from HLSS include Excess MSR's rights, servicer advances, Residential mortgage loans, held-for-sale and Notes payable. Their estimated acquisition date fair values are set forth below (in millions):

Excess mortgage servicing rights (Refer to note A)	\$ 835.4
Servicer advances (Refer to note A)	5,893.2
Residential mortgage loans, held-for-sale (Refer to notes A and D)	472.2
Notes payable (Refer to notes C and I) <sup>(1)</sup>	\$ 6,128.2

<sup>(1)</sup> The Notes payable consist of the Match funded liabilities of \$5,558.0 (\$5,624.1 reflected in the audited balance sheet of HLSS as of December 31, 2014, less \$66.1 funded by HLSS related to the sale of re-performing loans ( RPL )) and Other borrowings of \$570.2 (\$1,182.3 reflected in the audited balance sheet of HLSS as of

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December 31, 2014, less the repayment of the Senior secured term loan facility of \$340.6 and the repayment of the RPL Facility of \$271.5).

Excess MSRs

The fair value of Excess mortgage servicing rights acquired of \$835.4 million was estimated using a discounted cash flow model that includes assumptions that are inherently subjective and unobservable. Significant inputs used in the valuations include expectations of prepayment rates, the excess mortgage servicing amount of the underlying mortgage loans and discount rates that market participants would use in determining the fair values of Excess MSRs on similar pools of residential mortgage loans.

S-37

## **Table of Contents**

The values of Excess MSR are sensitive to changes in the discount rate and prepayment rate assumptions. The Company performed sensitivity analyses on the aforementioned assumptions as follows:

### **Discount rates**

The Company valued the Excess MSR with a discount rate of 12.0%. A 50 basis point increase/(decrease) in the discount rate assumption would result in an approximately \$13.0 million (decrease)/increase in the value of the Excess MSR, respectively. Such increase/(decrease) in the discount rate assumption would result in an approximately \$2.1 million increase/(decrease) to annual income on the Excess MSR, respectively, since a change in the initial discount rate would change the total amount of accretable yield on these rights.

### **Prepayment rates**

The Company valued the Excess MSR with a conditional prepayment assumption of 11.0%. A 50 basis point increase/(decrease) in the prepayment rate assumption would result in an approximately \$16.0 million (decrease)/increase in the value of the Excess MSR, respectively. Such increase/(decrease) in the prepayment assumption would result in an approximately \$1.9 million (decrease)/increase to annual income on the Excess MSR, respectively.

## **Servicer advances**

The fair value of Servicer advances, including the base component of the related mortgage servicing right, of \$5,893.2 million was estimated based on a discounted cash flow model that includes assumptions that are inherently subjective and unobservable. The factors that most significantly impact the fair value include (i) the rate at which the servicer advance balance changes over the term of the investment, (ii) the UPB of the underlying loans with respect to which the Company has the obligation to make advances and owns the base component of the related mortgage servicing right, which in turn is driven by prepayment speeds and (iii) the percentage of delinquent loans with respect to which the Company owns the base component of the mortgage servicing right. Significant inputs used in the valuation include the assumptions used to establish the aforementioned cash flows and discount rates that market participants would use in determining the fair values of Servicer advances.

The value of the Servicer advances is sensitive to changes in the discount rate, and the assumption of the amount of outstanding advances in relation to the UPB of the underlying loans. The Company performed sensitivity analyses on the aforementioned assumptions as follows:

### **Discount rates**

The Company valued the Servicer advances with a discount rate of 5.4%. A 40 basis point increase/(decrease) in the discount rate assumption would result in an approximately \$48.6 million (decrease)/increase in the value of the Servicer advances, respectively. The increase/(decrease) in the discount rate assumption would result in an approximately \$17.5 million increase/(decrease) to annual income on the Servicer advances, respectively, since a change in initial discount rate would change the total amount of accretable yield on these rights.

### **Servicer advances / UPB**

The Company valued the Servicer advances with a weighted average ratio of outstanding Servicer advances to UPB of 1.5%. A 20 basis point increase/(decrease) in this assumption would result in an approximately \$45.0 million (decrease)/increase in the value of the Servicer advances, respectively. Such increase/(decrease) would result in an



approximately \$41.2 million increase/(decrease) to annual income on the Servicer advances, respectively.

S-38

## **Table of Contents**

### **Residential mortgage loans held-for-sale**

Residential mortgage loans, held-for-sale of \$472.2 million represent GNMA EBO Loans. EBO Loans are guaranteed by the FHA and as such the fair value of the loans was estimated using a discounted cash flow model incorporating such guarantee. Other assets include Claims receivable from the FHA related to GNMA EBO loans for which foreclosure has been completed and for which claims have been made on the FHA guarantee of \$109.6 million. The FHA receivable is short term in nature and the carrying value generally approximates fair value.

### **Notes payable**

Match funded liabilities of \$5,624.1 million include various series of notes, variable funding notes and other fixed rate liabilities. The fair value of these notes was estimated using broker quotes and discounted cash flow models.

Other Borrowings included in Notes payable of \$1,182.3 million include a senior secured term loan facility, an EBO facility, a RPL facility and a servicer advance note facility (the Note Facility ). The fair value estimate of the senior secured term loan facility was determined by using a combination of broker quotes and discounted cash flow models. The EBO facility, RPL facility and Note Facility are short term in nature and the carrying values generally approximate fair value.

At this time the Company has not finalized a detailed valuation of the assets acquired and liabilities assumed as part of the Acquisition, and accordingly, the unaudited pro forma combined financial information was prepared using a preliminary allocation of the estimated or actual purchase prices based on assumptions and estimates, which are subject to material changes. Additionally, the Company has not yet completed all of the analysis necessary to identify additional items that could significantly impact the purchase price allocation or the assumptions and adjustments made in preparation of this unaudited pro forma combined financial information. The Acquisition accounting will be completed within the required measurement period in accordance with the accounting guidance on business combinations, but in no event later than one year following the completion of the Acquisition.

Upon completion of a final detailed valuation analysis, there may be additional increases or decreases to the recorded book values of assets and liabilities associated with the Acquisition, including, but not limited to, commitments and contingencies that will give rise to future expenses that are not reflected in this unaudited pro forma combined financial information. Accordingly, once the necessary analyses are completed and the final purchase price and purchase price allocation is determined, actual results may differ materially from the information presented in this unaudited pro forma combined financial information.

The unaudited pro forma combined financial information does not contain any significant commitments and contingencies, including litigation described elsewhere in this prospectus supplement, based upon the preliminary valuation discussed herein. The results of any additional facts and circumstances that materialize subsequent to the preparation of this unaudited pro forma combined financial information may differ materially from the information presented herein.

Additionally, the unaudited pro forma combined statement of income does not reflect the cost of any integration activities or synergies that may be derived from any integration activities, both of which may have a material impact on the results of operations in periods following the completion of the Acquisition.

### **Conformity of Accounting Policies**

Certain assets and liabilities and related processes of HLSS are expected to be integrated with those of the Company. This integration includes a review by the Company of HLSS's accounting policies. As a result of that review, the Company may identify differences between the accounting policies of the two companies that, when

S-39

**Table of Contents**

conformed, could have a material impact on the combined financial statements. At this time, the Company is not aware of any differences that would have a material impact on the combined financial statements that have not been adjusted for in the pro forma financial information (Please refer to note B). Accounting policy differences may be identified after completion of the Acquisition.

**Pro Forma Adjustments for the Unaudited Pro Forma Combined Balance Sheet as of December 31, 2014**

- A. In accordance with ASC 805, Management has performed a preliminary allocation of the purchase price to HLSS's assets and liabilities in the accompanying unaudited pro forma combined financial information based on estimates. The final allocation of purchase price may differ materially from the pro forma amounts included herein. The preliminary allocation of the purchase consideration is as follows (in millions):

	<b>Purchase Price Allocation</b>	<b>Historical</b>	<b>Fair Value / Other Pro Forma Adjustment</b>
Cash and cash equivalents	\$ 48.6	\$ 210.0	\$ (161.4)*
Servicer advances	5,893.2	6,121.6	(228.4)
Excess mortgage servicing rights	835.4	614.5	220.9
Residential mortgage loans, held-for-sale	472.2	477.0	(4.8)
Related party receivables	94.4	94.4	
Deferred tax assets	0.5	0.5	
Other assets	263.4	281.5	(18.1)
<b>Total assets acquired</b>	<b>\$ 7,607.7</b>	<b>\$ 7,799.5</b>	<b>\$ (191.8)</b>
Match funded liabilities	\$ 5,558.0**	\$ 5,624.1	\$ (66.1)
Other borrowings	570.2***	1,182.3	(612.1)
Dividends payable	12.8	12.8	
Deferred tax liability	0.5	0.5	
Income taxes payable	0.2	0.2	
Related party payables	14.5	14.5	
Accrued expenses and other liabilities	12.4	12.4	
<b>Total liabilities assumed</b>	<b>\$ 6,168.6</b>	<b>\$ 6,846.8</b>	<b>\$ (678.2)</b>
<b>Estimated fair value of net assets acquired</b>	<b>\$ 1,439.1</b>		

\* Reflects the Cash and cash equivalents not acquired in the Acquisition. Please refer to note E.

\*\* Amounts stated are after the funding of \$66.1 from HLSS into the Match funded liabilities as a result of the proceeds from the RPL sale reflected in note C.

\*\*\* Amounts stated are after the repayment of the RPL liability of \$271.5 and the HLSS Senior secured term loan facility of \$340.6 as reflected in notes C and I, respectively.

- B.** Certain amounts in the historical balance sheet of HLSS have been reclassified to conform to the Company's presentation and the details of these reclassifications are as follows:

The Match funded advances of \$6,121.6 million and the Notes receivable Rights to MSR's of \$614.5 million have been reclassified to Servicer advances, at fair value and Excess MSR's, at fair value. The Match funded advances and the Notes receivable Rights to MSR's were fair valued as a part of the preliminary allocation of purchase price for \$5,893.2 million in Servicer advances, at fair value and for \$835.4 million in Excess MSR's, at fair value. This results in a net fair value adjustment to Servicer advances, at fair value of \$(228.4) million and a net fair value adjustment to Excess MSR's, at fair value of \$220.9 million reflected in note A;

S-40

**Table of Contents**

EBO loans of \$477.0 million have been reclassified from Residential mortgage loans, held-for-investment to Residential mortgage loans, held-for-sale. The EBO loans were fair valued as a part of the preliminary allocation of purchase price for \$472.2 million resulting in a net fair value adjustment of \$(4.8) million reflected in notes A and D;

Related party receivables of \$94.4 million and Deferred tax assets of \$0.5 million have been reclassified to Other assets;

The historical HLSS deferred financing costs of \$16.7 million included in Other assets were fair valued as a part of the preliminary allocation of purchase price to \$0.0 resulting in a net fair value adjustment of \$(16.7) million reflected in note F;

The Match funded liabilities of \$5,624.1 million have been reclassified to Notes payable, \$66.1 million was deducted as a result of the liquidity obtained by HLSS from the sales of RPL s discussed in note C below;

The Senior secured term loan facility, EBO facility, RPL facility and Note facility of \$1,182.3 million have been reclassified from Other borrowings to Notes payable (refer to notes A and B); and

Income taxes payable of \$0.2 million and Related party payables of \$14.5 million have been reclassified to Accrued expenses and other liabilities.

The movements in Other assets can be summarized as follows (in millions):

**Reclassifications**

Reclassification of related party receivables	\$ 94.4
Reclassification of deferred tax assets	0.5

Total Reclassifications	\$ 94.9
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**Add:**

Capitalization of refinanced deferred financing costs (Refer to note F)	27.2
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**Fair value / Other Pro Forma adjustments**

HLSS settlement of derivatives (Refer to note E, F and I)	(1.4)
Fair value adjustment of historical HLSS deferred financing costs (Refer to notes A and F)	(16.7)

Total Fair value adjustments	\$ (18.1)
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<b>Total movement in Other assets</b>	<b>\$ 104.0</b>
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- C. Reflects the impact in Notes payable of sales of RPLs for \$337.6 million by HLSS subsequent to December 31, 2014, prior to the close of the Acquisition. The RPLs sold by HLSS were not acquired and the related liabilities were not assumed in the Acquisition. The carrying value of the loans was \$338.6 million as of December 31, 2014 resulting in a loss of \$1.0 million. The loss was not reflected in the unaudited pro forma combined statement of income as the loss is not recurring in nature.

The pro forma loss on sale has been calculated based on the historical carrying value of the Residential mortgage loans, held-for-investment as at December 31, 2014. When the sale of the HLSS RPLs was closed, the actual carrying value of the Residential mortgage loans, held-for-investment may have been different and may result in a materially different gain / loss.

With the proceeds of the sale, HLSS repaid the RPL liability of \$271.5 million, reflected in Notes payable, resulting in a net cash inflow of \$66.1 million. The net cash inflow was utilized by HLSS to fund part of the Match funded liabilities of \$5,624.1 million as of December 31, 2014.

**Table of Contents**

- D.** Reflects the impact of sales of certain Residential mortgage loans, held-for-sale and Real estate owned for \$931.9 million by the Company subsequent to December 31, 2014 in contemplation of the Acquisition and the use of the resulting proceeds to fund the Acquisition. The carrying value of the Residential mortgage loans, held-for-sale and Real estate owned was \$914.9 million as of December 31, 2014 resulting in a gain of \$17.0 million. The gain was not reflected in the unaudited pro forma combined statement of income as the gain is not recurring in nature. A reconciliation of the pro forma gain on sale is as follows (in millions):

Sales proceeds		\$ 931.9
Carrying value of Residential mortgage loans, held-for-sale	\$ 897.0	
Carrying value of Real estate owned	\$ 17.9	
Total carrying value		914.9
Pro forma gain on sale		\$ 17.0

The pro forma gain on sale has been calculated based on the historical carrying value of the Residential mortgage loans, held-for-sale and the Real estate owned as at December 31, 2014. When the actual sale was closed, the carrying value of the Residential mortgage loans, held-for-sale and the Real estate owned was different and would have resulted in a materially different gain/loss.

The sales proceeds were used for a Repurchase agreement pay down of \$708.0 million resulting in a net cash increase of \$223.9 million. These remaining proceeds were used for the Acquisition.

The pro forma adjustments in the Residential mortgage loans, held-for-sale can be summarized as follows (in millions):

Reclassification and fair value adjustment of HLSS EBOs included in residential mortgage loans, held-for-investment (see note B)	\$ 472.2
Residential loans sold by the Company	(897.0)
Total	\$ (424.8)

- E.** Reflects the elimination of HLSS Cash and cash equivalents not acquired in the Acquisition pursuant to the Acquisition Agreement. The movements in pro forma Cash and cash equivalents can be summarized as follows (in millions):

HLSS proceeds from sale of loans (Refer to note C)	\$ 337.6
HLSS repayment of the RPL liability (Refer to note C)	(271.5)
Cash applied to Match funded liabilities from the HLSS RPL sale (Refer to note C)	(66.1)
HLSS opening balance Cash and cash equivalents not acquired in the Acquisition	(161.4)
HLSS repayment of senior secured term loan facility (Refer to note I)	(340.6)
HLSS settlement of derivatives (Refer to notes B, F and I)	1.4
HLSS derivatives settlement cash not acquired in the Acquisition	(1.4)



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The Company's historical Cash and cash equivalents used for the Acquisition	(1.3)
The Company's proceeds from sale of loans (Refer to note D)	931.9
The Company's pay down on Repurchase agreements (Refer to note D)	(708.0)
Deferred financing costs (Refer to note F)	(27.2)
Total	\$ (306.6)

S-42

**Table of Contents**

- F. Reflects the elimination of historical HLSS Deferred financing costs of \$16.7 million and the settlement of the HLSS derivatives of \$1.4 million (Refer to notes B, E and I) pursuant to ASC 805 and the recognition of Deferred financing costs of \$27.2 million as a result of the refinancing of the liabilities contemplated in connection with the Acquisition and for which refinancing terms were agreed upon with the bank counterparties on April 2, 2015. Please refer to note L for the related impact on the unaudited pro forma combined statement of income.

Fair value adjustment of historical HLSS deferred financing costs (Refer to notes A and B)	\$(16.7)
HLSS settlement of loan related derivatives (Refer to notes B, E and I)	(1.4)
New deferred financing costs (commitment fees) to be paid to the bank counterparties and capitalized	27.2

Reflects the new indebtedness for \$665.0 million contemplated by the Company in connection with the Acquisition and for which financing terms were agreed upon with the bank counterparties on April 2, 2015.

The terms agreed upon with the bank counterparties for the refinanced liabilities and the new indebtedness mentioned above are included in note L.

- G. Reflects the equity impact of the pro forma adjustments. Please refer to the table below for a summary of the movements included in the Company's Equity:

(Millions of dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity	Noncontrolling interests in equity of consolidated subsidiaries	Total Equity
New Residential Investment Corp. historical equity as of December 31, 2014	\$ 1.4	\$ 1,328.6	\$ 237.8	\$ 28.3	\$ 1,596.1	\$ 253.8	\$ 1,849.9
Addition of HLSS historical equity as of December 31, 2014	0.7	1,210.3	79.1	1.1	1,291.2		1,291.2
Elimination of HLSS historical equity	(0.7)	(1,210.3)	(79.1)	(1.1)	(1,291.2)		(1,291.2)
Share issuance (Refer to note H)	0.3	431.9			432.2		432.2
Transaction costs (Refer to note J)			(30.0)		(30.0)		(30.0)
The Company's net gain on sale of Residential mortgage loans and Real estate owned (Refer to note D)			17.0		17.0		17.0
Pro forma combined equity as of December 31, 2014	\$ 1.7	\$ 1,760.5	\$ 224.8	\$ 28.3	\$ 2,015.3	\$ 253.8	\$ 2,269.1

- H.** Reflects the issuance on April 6, 2015 of approximately 28,286,980 shares of common stock of the Company at a price of \$15.28 per share to HLSS in consideration for the Acquisition. The fair value of the common stock was estimated using a value of \$15.28 per share which was the Company's last closing price per share available as of April 2, 2015. The fair value of the unregistered shares is not expected to be materially different of that of registered shares based on the assumption that the shares are expected to be registered shortly after the close of the Acquisition.
  
- I.** Reflects the impact of the repayment of the HLSS Senior secured term loan facility in the amount of \$340.6 million. In addition to the repayment of the loan, the related derivatives of \$1.4 million included in Other assets were settled (Refer to notes B, E and F).

S-43

**Table of Contents**

The following summarizes the components of pro forma adjustments in the Notes payable (in millions):

Addition of HLSS Match funded liabilities (Refer to note B)	\$ 5,624.1
Addition of HLSS Other liabilities (Refer to note B)	1,182.3
HLSS repayment of RPL liability (Refer to note C)	(271.5)
Cash applied to Match funded liabilities from the HLSS RPL sale (Refer to note C)	(66.1)
Repayment of HLSS Senior secured term loan facility	(340.6)
New indebtedness incurred by the Company as part of the Acquisition (Refer to note F)	665.0
<b>Total</b>	<b>\$ 6,793.2</b>

**J.** Reflects costs of \$30.0 million incurred by the Company directly attributable to the Acquisition. These costs consist of third party legal, consulting and accounting fees.

**Pro Forma Adjustments for the Unaudited Pro Forma Combined Statement of Income for the year ended December 31, 2014**

**K.** The adjustment to Interest income reflects the effective interest income earned on the portfolio of Excess mortgage servicing rights of \$88.7 million and Servicer advances of \$103.0 million had the portfolios been acquired by the Company as of January 1, 2014 at their estimated fair market values. Additionally, the adjustment reflects the reclassification of fair value changes in Excess mortgage servicing rights to conform with the Company's accounting policies.

Interest income also reflects, on a pro forma basis, the interest income of \$22.9 million that would have been earned on the EBO loans had they been acquired as of January 1, 2014. The pro forma adjustment to record the additional interest income is \$4.3 million.

Interest income was adjusted on a pro forma basis to reflect the reversal of Interest income that was related to the following sales of loan portfolios by the Company and HLSS subsequent to December 31, 2014 and prior to the close of the Acquisition:

Eliminate Interest income of \$9.0 million related to the sale of residual mortgage loans sold by the Company; and

Eliminate Interest income of \$9.6 million related to the sale of HLSS's portfolio of RPLs.

The following summarizes the components of pro forma adjustments to Interest income (in millions):

Eliminate historical Interest income on the acquired EBO loans of HLSS	\$ (18.6)
Add: Full year Interest income on acquired EBO loans of HLSS	22.9

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Eliminate Interest income related to the sale of residual mortgage loans sold by the Company	(9.0)
Eliminate Interest income related to the sale of HLSS's portfolio of RPLs	(9.6)
Eliminate historical Interest income of HLSS	(397.5)
Add: HLSS Interest income based on the Company's accounting policies	191.7
<b>Total</b>	<b>\$ (220.1)</b>

- L.** The adjustment to Interest expense reflects the refinancing of the liabilities contemplated in connection with the Acquisition and for which refinancing terms were agreed upon with the bank counterparties on April 2, 2015. In addition, the adjustment reflects the Interest expense on the new indebtedness for \$665.0 million contemplated by the Company in connection with the Acquisition and for which financing terms have been agreed upon with the bank counterparties (Refer to note F).

S-44

**Table of Contents**

Interest expense is calculated as if the liabilities were assumed or outstanding at January 1, 2014 at their estimated fair values under the terms of the financing that would have been in place at that time and assumptions as to the amount of variable funding necessary over such period. Please refer to the table below for a summary of the terms (in millions):

	<b>Coupon</b>	<b>Principal</b>	<b>Weighted Average Interest Rate</b>	<b>Weighted Average Maturity</b>
Term Loan Facility	Fixed	\$ 1,800.0	2.03%	5/9/2016
Variable Funding Notes	Floating (1M LIBOR + 2.65%)	4,195.6	2.82%	2/27/2016
<b>Total</b>		<b>\$ 5,995.6</b>	<b>2.58%</b>	

All of the new indebtedness of \$665.0 million is variable funding. The refinanced liabilities consist of the remaining variable funding of \$3,530.6 million and the fixed term loan facility of \$1,800.0 million.

The refinancing for purposes of the combined pro forma financial information was considered a modification with the existing lenders, and all historical deferred financing costs are eliminated in applying purchase price accounting as of the Acquisition date. As a result, the amortization of historical deferred financing costs is excluded from the unaudited pro forma combined statement of income for the year ended December 31, 2014.

The Company refinanced the variable funding notes in the Match funded liabilities with a variable interest rate with the terms stated in the table above based on the terms agreed upon with the bank counterparties on April 2, 2015. A change of 1/8% in the interest rate associated with the variable rate borrowings would result in an additional annual interest expense of approximately \$3.7 million (in the case of an increase in the rate) or an annual reduction of interest expense of approximately \$(3.7) million (in the case of a decrease in the rate).

The additional Interest expense of \$44.5 million represents the additional interest expense and amortization of commitment fees on the refinancing and the new indebtedness incurred. In addition, interest expense of \$22.4 million related to the HLSS RPL liability and the Senior secured term loan facility that was repaid prior to the close of this Acquisition, has been excluded.

The following summarizes the pro forma adjustment in the Interest expense (in millions):

Exclusion of historical HLSS Interest expense related to the Match funded liabilities	\$ (109.7)
Add: Refinanced HLSS Interest expense related to the Match funded liabilities	136.4
Add: Interest expense related to new indebtedness incurred by the Company for the Acquisition	7.8
Add: Deferred financing costs amortization on refinancing of the Match funded liabilities	10.0
<b>Total additional interest expense from refinancing and new indebtedness</b>	<b>44.5</b>

Exclusion of historical HLSS Interest expense due to the repayment of Term Loan Facility (Refer to note D)	(16.5)
Exclusion of historical HLSS Interest expense related to the repaid RPL liability (Refer to note C)	(3.7)
Exclusion of historical HLSS Interest expense related deferred financing costs	(2.2)

Total exclusion of historical HLSS Interest expense	(22.4)
Total	\$ 22.1

**M.** Certain amounts in the historical statement of income of HLSS have been reclassified to conform to the Company's presentation and the details of these reclassifications are as follows:

Related party revenue of \$1.8 million and Other revenue of \$0.4 million to Other income, net.

Compensation and benefits of \$6.4 million and Related party expenses of \$2.3 million to General and administrative expenses.

S-45

**Table of Contents**

- N. Represents additional management fees as a result of the Acquisition pursuant to the management agreement, according to which the Company pays 1.5% of our Gross Equity, as defined in the management agreement, assuming the underwriter does not exercise their option to purchase additional shares of our common stock.

**Management Fee Adjustment**

	<b>Year ended</b>	
	<b>December 31, 2014</b>	
Share issuance as consideration to HLSS	\$	432.2
Base pro forma management fee of 1.5% of share issuance		6.5
Pro forma adjustment	\$	6.5

**Incentive Compensation Adjustment**

Reflects an adjustment to the Incentive Compensation of \$(19.8) million related to the pro forma adjustments to the statement of income and the impact of this share issuance by the Company to HLSS on the incentive compensation threshold.

- O. The Company intends to continue to qualify as a REIT under the requirements of the Internal Revenue Code, and as a result, the Company's direct income tax expense is expected to be minimal. Consequently, no additional adjustment to pro forma Income tax expense has been made with respect to the Acquisition. With respect to the Acquisition, the Company acquired the taxable subsidiaries of HLSS by the Company's Taxable REIT subsidiaries ( TRS ) and are therefore subject to federal income taxes at corporate rates on the taxable basis carried over from HLSS. However, no pro forma adjustment for income tax expense has been reflected in the pro forma statement of income as incremental taxable income is projected to be minimal.

**P. Pro Forma Earnings (Loss) Per Share Attributable to Common Stockholders**

Pro forma basic earnings (loss) per common share attributable to common stockholders has been calculated based on the number of shares assumed to be outstanding, assuming such shares were outstanding for the full period presented.

The following table sets forth the computation of unaudited pro forma basic and diluted earnings (loss) per share attributable to common stockholders (in thousands, except per share data):

	<b>Year ended December 31, 2014</b>		
	Net		Per share
	income	Shares	amount
Earnings per share, basic	546,777	164,759,845	3.32
Earnings per share, diluted	546,777	167,852,689	3.26

Shares utilized in the calculation of pro forma basic and diluted earnings (loss) per share attributable to common stockholders are as follows:



	<b>Year ended December 31, 2014</b>		
		<b>Shares issued in the equity raise (Refer to note H)*</b>	<b>Pro Forma Total</b>
	<b>Historical</b>		
Weighted-average shares outstanding, basic	136,472,865	28,286,980	164,759,845
Weighted-average shares outstanding, diluted	139,565,709	28,286,980	167,852,689

\* The Company expects to issue approximately 2.8 million options to the Manager pursuant to the Management Agreement in connection with this share issuance to HLSS. However, this does not impact diluted shares outstanding since the assumed strike price and the assumed market value for purposes of computing the treasury stock method are both equal to the share issue price.

S-46

**Table of Contents****PRICE RANGE OF OUR COMMON STOCK**

We have one class of common stock, which has been listed on the NYSE under the symbol NRZ since May 2, 2013 on a when issued basis, and has been traded since our spin-off from Newcastle on May 15, 2013. The following table sets forth, for the periods indicated, the high, low and last sale prices in U.S. dollars on the NYSE for our common stock and the distributions we declared with respect to the periods indicated.

<b>2015</b>	<b>High</b>	<b>Low</b>	<b>Last Sale</b>	<b>Distributions Declared</b>
First Quarter	\$ 15.61	\$ 12.10	\$ 15.01	\$ 0.38
Second Quarter (through April 6, 2015)	\$ 15.43	\$ 14.98	\$ 15.37	

<b>2014</b>	<b>High</b>	<b>Low</b>	<b>Last Sale</b>	<b>Distributions Declared</b>
First Quarter	\$ 13.72	\$ 12.10	\$ 12.94	\$ 0.35
Second Quarter <sup>(A)</sup>	\$ 13.32	\$ 12.06	\$ 12.60	\$ 0.50
Third Quarter	\$ 12.90	\$ 11.66	\$ 11.66	\$ 0.35
Fourth Quarter	\$ 13.64	\$ 11.44	\$ 12.77	\$ 0.38

<b>2013</b>	<b>High</b>	<b>Low</b>	<b>Last Sale</b>	<b>Distributions Declared</b>
Second Quarter <sup>(B)</sup>	\$ 14.28	\$ 11.70	\$ 13.48	\$ 0.14
Third Quarter	\$ 13.98	\$ 11.78	\$ 13.24	\$ 0.35
Fourth Quarter <sup>(A)</sup>	\$ 14.04	\$ 11.58	\$ 13.36	\$ 0.50

(A) Includes a quarterly distribution of \$0.35 per common share and a special cash distribution of \$0.15 per common share.

(B) The second quarter 2013 distribution reflects forty-five days of earnings generated following the completion of our spin-off from Newcastle on May 15, 2013.

We completed a one-for-two reverse stock split in October 2014. The impact of this reverse stock split has been retroactively applied to all periods presented herein.

On April 6, 2015, the closing sale price for our common stock, as reported on the NYSE, was \$15.37. As of April 2, 2015, there were approximately 38 record holders of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.

**Table of Contents**

**DISTRIBUTION POLICY**

We intend to make regular quarterly distributions, which include all or substantially all of our REIT taxable income, to holders of our common stock out of assets legally available therefor. We have declared a quarterly dividend as set forth above. The amount of any future dividend is subject to board approval and depends on a variety of factors, as set forth below. As a result, the amount of any future dividend is uncertain, and any dividends declared in future periods may differ materially from dividends declared in past periods.

To qualify as a REIT we must distribute annually to our stockholders an amount at least equal to:

90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains (which does not necessarily equal net income as calculated in accordance with GAAP); plus

90% of the excess of our taxable income from foreclosure property (as defined in Section 856 of the Internal Revenue Code of 1986, as amended (the Code)) over the tax imposed on such income by the Code; less

Any excess non-cash income (as determined under the Code). See U.S. Federal Income Tax Considerations in the accompanying prospectus.

We will be subject to income tax on our taxable income that is not distributed and to an excise tax to the extent that certain percentages of our taxable income are not distributed by specified dates. See U.S. Federal Income Tax Considerations Taxation of New Residential Annual Distribution Requirements in the accompanying prospectus. Income as computed for purposes of the foregoing tax rules will not necessarily correspond to our income as determined for financial reporting purposes.

Any distributions will be authorized by our board of directors and declared by us based upon a number of factors, including actual and anticipated results of operations, liquidity and financial condition, prohibitions or restrictions under Delaware law or applicable financing covenants, our taxable income, the annual distribution requirements under the REIT provisions of the Code, our operating expenses and other factors our directors deem relevant. Our ability to make distributions to our stockholders will depend upon the performance of our asset portfolio, and, in turn, upon our Manager's management of our business. Any declared distributions will be made in cash to the extent that cash is available for distribution. We may not be able to generate sufficient investment results to pay distributions to our stockholders. In addition, our board of directors may change our distribution policy in the future. See Risk Factors.

Distributions to stockholders will generally be taxable to our stockholders as ordinary income. However, a portion of such distributions may be designated by us as long-term capital gain to the extent that such portion is attributable to our sale of capital assets held for more than one year. If we pay distributions in excess of our current and accumulated earnings and profits, such distributions will be treated as a tax-free return of capital to the extent of each stockholder's tax basis in our common stock and as capital gain thereafter. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their U.S. federal income tax status. For a discussion of the U.S. federal income tax treatment of our distributions, see U.S. Federal Income Tax Considerations Taxation of New Residential and U.S. Federal Income Tax Considerations Taxation of Stockholders in the accompanying prospectus.

Our certificate of incorporation allows us to issue preferred stock that could have a preference on distributions. We currently have no intention to issue any preferred stock, but if we do, the distribution preference on the preferred stock could limit our ability to make distributions to the holders of our common stock.

S-48

**Table of Contents****SELLING STOCKHOLDER**

The following table sets forth information regarding the Selling Stockholder's beneficial ownership of our common stock as of April 6, 2015 and the number of shares being sold in this offering by the Selling Stockholder.

In accordance with the rules of the SEC, beneficial ownership includes sole or shared voting or investment power with respect to securities and includes the shares issuable pursuant to stock options that are exercisable within 60 days of the determination date, which in the case of the following table is April 6, 2015. Shares issuable pursuant to stock options are deemed outstanding for computing the percentage of the person holding such options but are not outstanding for computing the percentage of any other person. The percentage of beneficial ownership prior to this offering is based on 169,721,885 shares of common stock outstanding as of April 6, 2015. The percentage of beneficial ownership following this offering is based on 181,434,905 shares of common stock outstanding after the closing of this offering, assuming no exercise of the underwriter's option to purchase additional shares of our common stock from us. To our knowledge, except as indicated below, we believe that the Selling Stockholder, based on information furnished by it, possesses sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by it.

Beneficial Owner	Shares Beneficially Owned		Shares Beneficially Owned	
	Prior to this Offering	Number of Shares Being Offered	After this Offering	
Selling Stockholder:	Number	Percentage	Number	Percentage
Home Loan Servicing Solutions, Ltd <sup>(1)</sup>	28,286,980	16.7%	28,286,980	0%

- (1) HLSS is a Cayman Islands exempted company. The board of directors of HLSS (currently comprised of John Van Vlack, Richard J. Lochrie, David B. Reiner, Kerry Kennedy and Robert McGinnis) hold voting and dispositive power with respect to the shares of our common stock held by HLSS. Each member of the board of directors disclaim beneficial ownership of the shares held by HLSS, except to the extent of their pecuniary interest therein, if any. The address for HLSS and the members of the board of directors is c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

**Table of Contents**

**UNDERWRITING**

Citigroup Global Markets Inc. is the underwriter of this offering. We and the Selling Stockholder have entered into an underwriting agreement with the underwriter. Subject to the terms and conditions of the underwriting agreement, the underwriter has agreed to purchase, and we have agreed to sell, 11,713,020 shares of our common stock and the underwriter has agreed to purchase, and the Selling Stockholder has agreed to sell, 28,286,980 shares of our common stock held by it. The underwriter has agreed to purchase all of the shares of common stock offered by this prospectus supplement (other than those covered by the option described below) from both us and the Selling Stockholder, if any are purchased.

The underwriter is not required to take or pay for the shares covered by its option to purchase additional shares of our common stock from us described below.

Our common stock is offered subject to a number of conditions, including:

receipt and acceptance of our common stock by the underwriter; and

the underwriter's right to reject orders in whole or in part.

In connection with this offering, the underwriter may distribute prospectuses electronically.

**Option to Purchase Additional Shares of Our Common Stock**

We have granted the underwriter an option to buy up to an aggregate of 6,000,000 additional shares of our common stock. The underwriter has 30 days from the date of this prospectus supplement to exercise this option.

**Commissions and Discounts**

Shares sold by the underwriter to the public will initially be offered at the public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriter to securities dealers may be sold at a discount of up to \$ \_\_\_\_\_ per share from the public offering price. Sales of shares made outside the United States may be made by affiliates of the underwriter. If all the shares are not sold at the public offering price, the underwriter may change the offering price and the other selling terms. Upon execution of the underwriting agreement, the underwriter will be obligated to purchase the shares at the prices and upon the terms stated therein.

Certain officers and directors may purchase shares of our common stock in this offering directly from us or the underwriter.

The following table shows the per share and total underwriting discounts and commissions we will pay to the underwriter assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of our common stock from us.

	No exercise	Full exercise
Per share	\$	\$

Total

\$

\$

We estimate that the total expenses of this offering payable by us, not including the underwriting discounts and commissions, will be approximately \$ .

**Price Stabilization; Short Positions**

In connection with the offering, the underwriter may purchase and sell shares of common stock in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which

S-50

## **Table of Contents**

may include purchases pursuant to the underwriter's option to purchase additional shares of common stock. Short sales involve secondary market sales by the underwriter of a greater number of shares of common stock than it is required to purchase in the offering.

Covered short sales are sales of common stock in an amount up to the number of shares of common stock represented by the underwriter's option to purchase additional shares.

Naked short sales are sales of shares of common stock in an amount in excess of the number of shares of common stock represented by the underwriter's option to purchase additional shares.

Covering transactions involve purchases of shares of common stock either pursuant to the underwriter's option to purchase additional shares of common stock or in the open market after the distribution has been completed in order to cover short positions.

To close a naked short position, the underwriter must purchase shares of common stock in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the shares of common stock in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriter must purchase shares of common stock in the open market after the distribution has been completed or must exercise the option to purchase additional shares of common stock. In determining the source of shares of common stock to close the covered short position, the underwriter will consider, among other things, the price of shares of common stock available for purchase in the open market as compared to the price at which it may purchase shares of common stock through their option to purchase additional shares.

Purchases to cover short positions, as well as other purchases by the underwriter for its own account, may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriter may conduct these transactions on the NYSE, in the over-the-counter market or otherwise. If the underwriter commences any of these transactions, they may discontinue them at any time.

## **No Sales of Similar Securities**

We have agreed that, subject to specified exceptions (including issuances of our common stock in connection with acquisitions and the filing of certain registration statements), without the prior written consent of the underwriter, we will not, directly or indirectly, offer for sale, sell, pledge, enter into any swap or other derivatives transaction that transfers to another any of the economic benefits or risks of ownership of our common stock, or otherwise dispose of any shares of our common stock or any securities that may be converted into or exchanged for any shares of our common stock for a period ending 45 days after the date of this prospectus supplement.

Our Manager, Fortress Operating Entity I L.P., our executive officers and our directors have entered into lock-up agreements with the representatives. Under these agreements, subject to certain exceptions (including existing pledges



and refinancing thereof, transfers for charitable and estate planning purposes and selling shares to cover taxes upon the exercise of options), none of the Selling Stockholder, our manager, Fortress Operating Entity I L.P., our executive officers or our directors may, without the prior written consent of the underwriter, directly or indirectly, offer for sale, sell, pledge, enter into any swap or other derivatives transaction that transfers to another any of the economic benefits or risks of ownership of our common stock, or otherwise dispose of any shares of our common stock or any securities that may be converted into or exchanged for any shares of our common stock for a period ending 45 days after the date of this prospectus supplement. At any time and without public notice, the underwriter may, in its sole discretion, release some or all of the securities from these lock-up agreements.

S-51

## **Table of Contents**

### **Indemnification**

We and the Selling Stockholder have agreed to indemnify the underwriter against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. If we or the Selling Stockholder are unable to provide the required indemnification, we or the Selling Stockholder, as the case may be, have agreed to contribute to payments the underwriter may be required to make in respect of those liabilities.

### **NYSE Listing**

Our common stock is listed on the NYSE under the symbol NRZ.

### **Affiliations**

The underwriter and its affiliates have in the past provided, are currently providing and may in the future from time to time provide, investment banking and other financing, trading, banking, research, transfer agent and trustee services to us, our subsidiaries and our affiliates, for which they have in the past received, and may currently or in the future receive, fees and expenses. Citigroup Global Markets Inc. served as a financial advisor to HLSS in connection with the Acquisition. In addition, the underwriter and its affiliates may sell assets to us.

In addition, in the ordinary course of its business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that it acquires, long and/or short positions in such securities and instruments.

### **Notice to Prospective Investors in Hong Kong**

The shares of our common stock may not be offered or sold in Hong Kong, by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares of our common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

### **Notice to Prospective Investors in Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (Corporations Act)) in relation to the shares of common stock has been or will be lodged with the Australian Securities & Investments Commission (ASIC). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

(i) sophisticated investor under Section 708(8)(a) or (b) of the Corporations Act;

S-52

**Table of Contents**

- (ii) a sophisticated investor under Section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
  
- (iii) a person associated with us under Section 708(12) of the Corporations Act; or
  
- (b) a professional investor within the meaning of Section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and
  
- (c) you warrant and agree that you will not offer any of the shares of common stock for resale in Australia within 12 months of the shares of common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under Section 708 of the Corporations Act.

**Notice to Prospective Investors in the Dubai International Financial Centre**

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ( DFSA ). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Table of Contents

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus information that we file with the SEC prior to the completion of this offering. This permits us to disclose important information to you by referencing these filed documents. Any information referenced in this way is considered to be a part of this prospectus supplement and the accompanying prospectus and any information filed by us with the SEC subsequent to the date of this prospectus supplement (but prior to the completion of this offering) will automatically be deemed to update and supersede this information. We incorporate by reference the following documents which we have already filed with the SEC, except that any reports or portions thereof which are furnished under Item 2.02 or Item 7.01 of any Current Reports on Form 8-K (including financial statements or exhibits relating thereto furnished pursuant to Item 9.01) and not filed shall not be deemed incorporated by reference herein:

Annual Report on Form 10-K for the year ended December 31, 2014;

Current Reports on Form 8-K filed on February 23, 2015, February 24, 2015, April 6, 2015 and April 7, 2015;

Definitive Proxy Statement on Schedule 14A for the 2014 Annual Meeting of Stockholders, filed on April 17, 2014; and

the description of our Common Stock set forth in our Registration Statement on Form 10, as amended, filed on April 29, 2013, including any amendment or report filed for the purpose of updating such description. Whenever after the date of this prospectus supplement (but prior to the completion of this offering) we file reports or documents under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, those reports and documents will be deemed to be a part of this prospectus supplement and the accompanying prospectus from the time they are filed (other than documents or information deemed to have been furnished and not filed in accordance with SEC rules). Any statement made in this prospectus supplement or the accompanying prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus will be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement and the accompanying prospectus.

We will provide without charge, upon written or oral request, a copy of any or all of the documents which are incorporated by reference into this prospectus supplement and the accompanying prospectus, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus form a part. Requests should be directed to New Residential Investment Corp., 1345 Avenue of the Americas, 46th Floor, New York, New York 10105, Attention: Investor Relations. The corresponding telephone number and e-mail address are (212) 479-3150 and ir@newresi.com.

S-54

**Table of Contents**

**LEGAL MATTERS**

Certain legal matters will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. Sidley Austin LLP, New York, New York, will act as counsel to the underwriter. Sidley Austin LLP has represented us in the past and continues to represent us on a regular basis on a variety of matters, including with respect to the Acquisition.

**EXPERTS**

The consolidated financial statements of New Residential Investment Corp. appearing in New Residential Investment Corp.'s Annual Report (Form 10-K) for the year ended December 31, 2014, and the effectiveness of New Residential Investment Corp.'s internal control over financial reporting as of December 31, 2014 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated by reference herein and in the accompanying prospectus, which, as to the year 2013, is based in part on the report of PricewaterhouseCoopers LLP, independent registered public accounting firm. The financial statements referred to above are incorporated by reference herein and in the accompanying prospectus in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

The combined financial statements of SpringCastle Finance, LLC, SpringCastle Credit, LLC, SpringCastle America, LLC and SpringCastle Acquisition, LLC incorporated in this prospectus supplement and the accompanying prospectus and registration statement by reference to the Annual Report on Form 10-K of New Residential Investment Corp. for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on their authority as experts in auditing and accounting.

The consolidated financial statements of HLSS and its subsidiaries incorporated in this prospectus supplement and the accompanying prospectus by reference from the New Residential Investment Corp. Current Report on Form 8-K dated April 7, 2015, and effectiveness of HLSS and its subsidiaries' internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports (1) express an unqualified opinion on the financial statements and includes an explanatory paragraph related to material transactions with a significant related party and the sale of substantially all of the Company's assets and (2) express an unqualified opinion on the effectiveness of internal control over financial reporting), which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given their authority as experts in accounting and auditing.

**Table of Contents**

**PROSPECTUS**

**NEW RESIDENTIAL INVESTMENT CORP.**

**COMMON STOCK**

**PREFERRED STOCK**

**DEPOSITARY SHARES**

**DEBT SECURITIES**

**AND**

**WARRANTS**

We may offer, issue and sell from time to time, together or separately, shares of our common stock; shares of our preferred stock, which we may issue in one or more series; depositary shares representing shares of our preferred stock; our debt securities, which may be senior, subordinated or junior subordinated debt securities; or warrants to purchase debt or equity securities.

We will provide the specific terms of these securities in supplements to this prospectus. We may describe the terms of these securities in a term sheet that will precede the prospectus supplement. You should read this prospectus and the accompanying prospectus supplement carefully before you make your investment decision.

**THIS PROSPECTUS MAY NOT BE USED TO SELL SECURITIES UNLESS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.**

We may offer securities through underwriting syndicates managed or co-managed by one or more underwriters, through agents or directly to purchasers. The prospectus supplement for each offering of securities will describe in detail the plan of distribution for that offering. For general information about the distribution of securities offered, please see **Plan of Distribution** in this prospectus.

Our common stock is listed on the New York Stock Exchange (the **NYSE** ) under the trading symbol **NRZ**. Each prospectus supplement will indicate if the securities offered thereby will be listed on any securities exchange.

Unless otherwise provided in the applicable prospectus supplement, in the event that we offer common stock to the public, we will simultaneously grant to our manager, FIG LLC (our **Manager** ), or to an affiliate of our Manager, an option to acquire a number of shares equal to 10% of the aggregate number of shares being offered in such offering at an exercise price per share equal to the public offering price per share.



**INVESTING IN OUR SECURITIES INVOLVES RISKS. BEFORE BUYING OUR SECURITIES, YOU SHOULD REFER TO THE RISK FACTORS INCLUDED IN OUR PERIODIC REPORTS, IN PROSPECTUS SUPPLEMENTS RELATING TO SPECIFIC OFFERINGS OF SECURITIES AND IN OTHER INFORMATION THAT WE FILE WITH THE SECURITIES AND EXCHANGE COMMISSION. SEE RISK FACTORS ON PAGE 10.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS OR ANY ACCOMPANYING PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**The date of this prospectus is May 16, 2014.**

Table of Contents

**TABLE OF CONTENTS**

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	2
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>NEW RESIDENTIAL INVESTMENT CORP.</u>	5
<u>RISK FACTORS</u>	10
<u>USE OF PROCEEDS</u>	11
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	11
<u>DESCRIPTION OF DEBT SECURITIES</u>	12
<u>DESCRIPTION OF CAPITAL STOCK</u>	15
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	19
<u>DESCRIPTION OF WARRANTS</u>	21
<u>CERTAIN PROVISIONS OF THE DELAWARE GENERAL CORPORATION LAW AND OUR CERTIFICATE OF INCORPORATION AND BYLAWS</u>	22
<u>U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	25
<u>ERISA CONSIDERATIONS</u>	50
<u>PLAN OF DISTRIBUTION</u>	53
<u>LEGAL MATTERS</u>	57
<u>EXPERTS</u>	57

Unless otherwise stated or the context otherwise requires, references in this prospectus to NRZ, New Residential, we, our, and us refer to New Residential Investment Corp. and its direct and indirect subsidiaries.

**Table of Contents**

**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the Commission) using a shelf registration process. Under this shelf process, we may, from time to time, sell any combination of the securities described in this prospectus, in one or more offerings at an unspecified aggregate initial offering price.

This prospectus provides you with a general description of the securities we may offer. Each time we offer to sell securities under this prospectus, we will provide a prospectus supplement containing specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under the headings **Where You Can Find More Information** and **Incorporation of Certain Documents by Reference**.

You should rely on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell or soliciting an offer to buy securities in any jurisdiction where the offer or sale thereof is not permitted.

You should assume that the information in this prospectus is accurate as of the date of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus contains summary descriptions of the common stock, preferred stock, depositary shares, debt securities and warrants that we may sell from time to time. These summary descriptions are not meant to be complete descriptions of each security. The particular terms of any security will be described in the related prospectus supplement.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the Commission. Our filings can be read and copied at the Commission's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the Commission at 1-800-SEC-0330. Our Commission filings are also available on the Internet at the Commission's website at <http://www.sec.gov>. Our common stock is listed on the NYSE under the trading symbol **NRZ**. Our reports, proxy statements and other information can also be read at the offices of the NYSE, located at 20 Broad Street, New York, New York 10005.

We have filed with the Commission a registration statement on Form S-3 relating to the securities covered by this prospectus. This prospectus is part of the registration statement and does not contain all the information in the registration statement. You will find additional information about us in the registration statement. Any statement made in this prospectus concerning a contract or other document of ours is not necessarily complete, and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the Commission for a more complete understanding of the document or matter. Each such statement is qualified in all respects by reference to the document to which it refers. You may inspect without charge a copy of the registration statement at the Commission's Public Reference Room, as well as through the Commission's website.



**Table of Contents**

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The Commission allows us to incorporate by reference into this prospectus information that we file with the Commission. This permits us to disclose important information to you by referencing these filed documents. Any information referenced this way is considered to be a part of this prospectus and any information filed by us with the Commission subsequent to the date of this prospectus will automatically be deemed to update and supersede this prospectus. We incorporate by reference into this prospectus and any accompanying prospectus supplement the following documents that we have already filed with the Commission (other than any portion of such filings that are furnished, rather than filed, under the Commission's applicable rules):

Annual Report on Form 10-K for the year ended December 31, 2013;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2014;

Definitive Proxy Statement on Schedule 14A for 2014 Annual Meeting of Stockholders, filed on April 17, 2014;

Current Reports on Form 8-K filed on March 25, 2014 and March 12, 2014; and

the description of our common stock set forth in our Registration Statement on Form 10, as amended, filed on April 29, 2013, including any amendment or report filed for the purpose of updating such description. Whenever after the date of this prospectus we file reports or documents under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), those reports and documents will be deemed to be a part of this prospectus from the time they are filed (other than documents or information deemed to have been furnished and not filed in accordance with Commission rules). Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We will provide without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit to the registration statement of which this prospectus forms a part. Requests should be directed to New Residential Investment Corp., 1345 Avenue of the Americas, 46th Floor, New York, New York, 10105, Attention: Investor Relations (telephone number (212) 479-3150 and email address [ir@newresi.com](mailto:ir@newresi.com)).

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**Table of Contents**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Such forward-looking statements relate to, among other things, the operating performance of our investments, the stability of our earnings, our financing needs and the size and attractiveness of market opportunities. Forward-looking statements are generally identifiable by use of forward-looking terminology such as may, will, should, potential, intend, expect, endeavor, seek, anticipate, estimate, overestimate, underestimate, believe, could, project, predict, continue or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations, cash flows or financial condition or state other forward-looking information. Our ability to predict results or the actual outcome of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results. As set forth more fully under Part I, Item 1A. Risk Factors in our most recent Quarterly Report on Form 10-Q, which is incorporated by reference herein, factors that could have a material adverse effect on our operations and future prospects include, but are not limited to:

reductions in cash flows received from our investments;

the quality and size of the investment pipeline and our ability to take advantage of investment opportunities at attractive risk-adjusted prices;

servicer advances may not be recoverable or may take longer to recover than we expect, which could cause us to fail to achieve our targeted return on our investment in servicer advances;

our ability to deploy capital accretively and the timing of such deployment;

our counterparty concentration and default risks in Nationstar, Springleaf and other third-parties;

a lack of liquidity surrounding our investments, which could impede our ability to vary our portfolio in an appropriate manner;

the impact that risks associated with subprime mortgage loans and consumer loans, as well as deficiencies in servicing and foreclosure practices, may have on the value of our excess mortgage servicing rights ( Excess MSR ), servicer advances, residential mortgage backed securities ( residential MBS or RMBS ) and consumer loan portfolios;

the risks that default and recovery rates on our Excess MSR, servicer advances, real estate securities, residential mortgage loans and consumer loans deteriorate compared to our underwriting estimates;

changes in prepayment rates on the loans underlying certain of our assets, including, but not limited to, our Excess MSR;

the risk that projected recapture rates on the portfolios underlying our Excess MSR are not achieved;

the relationship between yields on assets which are paid off and yields on assets in which such monies can be reinvested;

the relative spreads between the yield on the assets we invest in and the cost of financing;

changes in economic conditions generally and the real estate and bond markets specifically;

adverse changes in the financing markets we access affecting our ability to finance our investments on attractive terms, or at all;

changing risk assessments by lenders that potentially lead to increased margin calls, not extending our repurchase agreements or other financings in accordance with their current terms or not entering into new financings with us;

**Table of Contents**

changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;

impairments in the value of the collateral underlying our investments and the relation of any such impairments to our judgments as to whether changes in the market value of our securities or loans are temporary or not and whether circumstances bearing on the value of such assets warrant changes in carrying values;

the availability and terms of capital for future investments;

competition within the finance and real estate industries;

the legislative/regulatory environment, including, but not limited to, the impact of the Dodd-Frank Act, U.S. government programs intended to stabilize the economy, the federal conservatorship of Fannie Mae and Freddie Mac and legislation that permits modification of the terms of loans;

our ability to maintain our qualification as a real estate investment trust ( REIT ) for U.S. federal income tax purposes and the potentially onerous consequences that any failure to maintain such qualification would have on our business;

our ability to maintain our exclusion from registration under the Investment Company Act of 1940, as amended (the 1940 Act ), and the fact that maintaining such exemption imposes limits on our operations; and

other risks detailed from time to time in our reports filed with the Commission, which are incorporated by reference herein. See Incorporation of Certain Documents By Reference.

Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views as of the date of this prospectus. The factors noted above could cause our actual results to differ significantly from those contained in any forward-looking statement.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this report to conform these statements to actual results.



## **Table of Contents**

### **NEW RESIDENTIAL INVESTMENT CORP.**

#### **Our Company**

New Residential is a publicly traded REIT (NYSE: NRZ) primarily focused on investing in residential mortgage related assets. We are externally managed by an affiliate of Fortress Investment Group LLC ( Fortress ). We were formed as a wholly owned subsidiary of Newcastle Investment Corp. ( Newcastle ) in September 2011 and were spun-off from Newcastle on May 15, 2013, which we refer to as the separation date or distribution date.

Our goal is to drive strong risk-adjusted returns primarily through investments in servicing related assets, residential securities and loans and other investments. We generally target assets that generate significant current cash flows and/or have the potential for meaningful capital appreciation. We aim to generate attractive returns for our stockholders without the excessive use of financial leverage.

We intend to continue to invest opportunistically across the residential real estate market. Our investment guidelines are purposefully broad to enable us to make investments in a wide array of assets in diverse markets. In the past, we have taken advantage of this flexibility to invest in assets that are not strictly real estate related (e.g., consumer loans), and we may do so again in the future. We expect our asset allocation and target assets to change over time depending on the types of investments our Manager identifies and the investment decisions our Manager makes in light of prevailing market conditions.

#### **Our Manager**

We are managed by our Manager, an affiliate of Fortress. We are able to draw upon the long-standing expertise and resources of Fortress, a global investment management firm with \$62.5 billion of alternative and traditional assets under management as of March 31, 2014.

We are also able to capitalize on our Manager's relationship with Nationstar Mortgage LLC ( Nationstar ), which is majority-owned by Fortress funds managed by our Manager, to source investment opportunities. Nationstar (NYSE: NSM) is one of the largest residential loan servicers, according to Inside Mortgage Finance, and it was ranked among the highest quality servicers by Federal National Mortgage Association ( Fannie Mae ) in August 2013. On December 17, 2013, we completed our first acquisition of servicer advances from Nationstar through a co-investment with certain third parties.

Pursuant to the terms of our management agreement with our Manager (the Management Agreement ), our Manager provides a management team and other professionals who are responsible for implementing our business strategy and performing certain services for us, subject to oversight by our board of directors. Our Manager's duties include: (1) performing all of our day-to-day functions, (2) determining investment criteria in conjunction with, and subject to the supervision of, our board of directors, (3) sourcing, analyzing and executing on investments and sales, (4) performing investment and liability management duties, including financing and hedging, and (5) performing financial and accounting management. For its services, our Manager is entitled to an annual management fee and is eligible to receive incentive compensation, depending upon our performance.

Our Manager also manages our predecessor, Newcastle, a publicly traded REIT that pursues a broad range of real estate related investments. Our management team is not required to exclusively dedicate their services to us and they provide services for other entities affiliated with our Manager, including, but not limited to, Newcastle.

#### **Market Opportunity and Target Assets**

We believe that unfolding developments in the U.S. residential housing market are generating significant investment opportunities. The U.S. residential real estate market is vast: the value of the housing market totaled approximately \$20 trillion as of September 2013, including about \$10 trillion of outstanding mortgages,

## Table of Contents

according to Inside Mortgage Finance. In the aftermath of the U.S. financial crisis, the residential mortgage industry is undergoing major structural changes that are transforming the way mortgages are originated, owned and serviced. We believe these changes are creating a compelling set of investment opportunities.

We also believe that New Residential is one of only a select number of market participants that have the combination of capital, industry expertise and key business relationships we think are necessary to take advantage of this opportunity. We are focused on the investment opportunities described below, as well as identifying other opportunities that may arise as the residential mortgage market evolves.

### *Servicing Related Assets*

#### *Excess Mortgage Servicing Rights ( Excess MSR )*

In our view, the mortgage servicing sector presents a number of compelling investment opportunities. A mortgage servicing right ( MSR ) provides a mortgage servicer with the right to service a pool of mortgages in exchange for a portion of the interest payments made on the underlying mortgages. This amount typically ranges from 25 to 50 basis points ( bps ) times the unpaid principal balance ( UPB ) of the mortgages. Approximately 77% of MSRs were owned by banks as of the fourth quarter of 2013, according to Inside Mortgage Finance. We expect this number to decline as banks face pressure to reduce their MSR exposure as a result of heightened capital reserve requirements under Basel III, regulatory scrutiny and a more challenging servicing environment. As a result, we believe the volume of MSR sales is likely to be substantial for some period of time.

As banks sell MSRs, there may be an opportunity for entities such as New Residential to participate through co-investment in the corresponding Excess MSRs. An MSR is made up of two components: a basic fee and an Excess MSR. The basic fee is the amount of compensation for the performance of servicing duties, and the Excess MSR is the amount that exceeds the basic fee. For example, if an MSR is 30 bps and the basic fee is 5 bps, then the Excess MSR is 25 bps. In our capacity as the owner of an Excess MSR, we are not required to assume any servicing duties, advance obligations or liabilities associated with the portfolios underlying our investment. However, we, through co-investments made by our subsidiaries, have separately purchased servicer advances, including the basic fee component of the related MSRs, on certain portfolios underlying our Excess MSRs.

There are a number of reasons why we believe Excess MSRs are a compelling investment opportunity:

**Supply-Demand Imbalance.** Since 2010, banks have sold or committed to sell MSRs totaling more than \$1 trillion. As a result of the regulatory and other pressures facing bank servicers, we believe the volume of MSR sales is likely to be substantial for some period of time. We estimate that MSRs on approximately \$200-300 billion of mortgages are currently for sale, which would require a capital investment of approximately \$2-3 billion based on current pricing dynamics. We believe that non-bank servicers, who are constrained by capital limitations, such as Nationstar, will continue to sell a portion of the Excess MSRs or other servicing assets, such as advances. We also estimate that approximately \$1-2 trillion of MSRs could be sold over the next several years. In addition, approximately \$1.2 trillion of new loans are expected to be created annually according to the Mortgage Bankers Association. We believe this creates an opportunity to enter into flow arrangements, whereby loan originators agree to sell Excess MSRs on newly originated loans on a recurring basis (often monthly or quarterly). We believe that MSRs are being sold at a discount to historical pricing levels, although increased competition for these assets has driven prices higher recently.

**Attractive Pricing.** We believe MSR's are currently being sold at a discount to historical pricing levels. While prices have rebounded from the lows, we believe that prices remain lower than their peak. At current prices, we believe investments in Excess MSR's can generate attractive returns without leverage.

**Significant Barrier to Entry.** Non-servicers, like us, cannot directly own an MSR as a named servicer and would therefore need to partner with a servicer in order to invest in MSR's. The number of strong, scalable non-bank servicers is limited. Moreover, in the case of Excess MSR's on Agency pools, the

## Table of Contents

servicer must be Agency-approved. As a result, non-servicers seeking to invest in Excess MSR generally face a significant barrier to entering the market, particularly if they do not have a relationship with a quality servicer. We believe our track record of investing in Excess MSR and our established relationship with Nationstar give us a competitive advantage over other potential investors.

We pioneered investments in Excess MSR (while we were a wholly owned subsidiary of Newcastle). We believe we remain the most active REIT in the sector.

### *Servicer Advances*

We believe there are attractive opportunities to invest in residential mortgage servicer advances. On December 17, 2013, we made our first investment in servicer advances, including the basic fee component of the related MSR, from Nationstar through a co-investment with two subsidiaries of Athene Holding Ltd., affiliates of The Blackstone Group, and affiliates of, and funds/accounts managed by, Omega Advisors, Inc.

Servicer advances are generally reimbursable cash payments made by a servicer when the borrower fails to make scheduled payments due on a mortgage loan or when the servicer makes cash payments (i) on behalf of a borrower for real estate taxes and insurance premiums on the property that have not been paid on a timely basis by the borrower and (ii) to third parties for the costs and expenses incurred in connection with the foreclosure, preservation and sale of the mortgaged property, including attorneys and other professional fees. Servicer advances are a customary feature of residential mortgage securitization transactions and represent one of the duties for which a servicer is compensated through the basic fee component of the related MSR. The purpose of the advances is to provide liquidity, rather than credit enhancement, to the underlying residential mortgage securitization transaction. Servicer advances are usually repaid from amounts received with respect to the related mortgage loan, including payments from the borrower or amounts received from the liquidation of the property securing the loan, which is referred to as loan-level recovery.

Servicer advances typically fall into one of three categories:

*Principal and Interest Advances:* Cash payments made by the servicer to cover scheduled payments of principal of, and interest on, a mortgage loan that have not been paid on a timely basis by the borrower.

*Escrow Advances (Taxes and Insurance Advances):* Cash payments made by the servicer to third parties on behalf of the borrower for real estate taxes and insurance premiums on the property that have not been paid on a timely basis by the borrower.

*Foreclosure Advances:* Cash payments made by the servicer to third parties for the costs and expenses incurred in connection with the foreclosure, preservation and sale of the mortgaged property, including attorneys and other professional fees.

Residential mortgage servicing agreements generally require a servicer to make advances in respect of serviced mortgage loans unless the servicer determines in good faith that the advance would not be ultimately recoverable from the proceeds of the related mortgage loan or the mortgaged property. In many cases, if the servicer determines that an advance previously made would not be recoverable from these sources, or if such advance is not recovered when the loan is repaid or related property is liquidated, then the servicer is entitled to withdraw funds from the custodial account for payments on the serviced mortgages to reimburse the applicable advance. This is what is often referred to as a general collections backstop.

We believe that the market in servicer advances could present us with additional investment opportunities. For example, we have the right to purchase additional servicer advances from Nationstar. The status of investments in servicer advances for purposes of the REIT requirements is uncertain, and therefore our ability to make these kinds of investments may be limited. We currently hold our investment in servicer advances in a taxable REIT subsidiary ( TRS ).

**Table of Contents**

*Residential Securities and Loans*

*Residential Mortgage Backed Securities ( RMBS )*

From time to time, we invest in both Agency adjustable-rate mortgage ( ARM ) RMBS and Non-Agency RMBS, which we believe complement our Excess MSR investments. RMBS are securities created through the securitization of a pool of residential mortgage loans. As of the fourth quarter of 2013, approximately \$7 trillion of the \$10 trillion of residential mortgages outstanding was securitized, according to I