



New Residential & NewRez Non-QM Overview

January 2020



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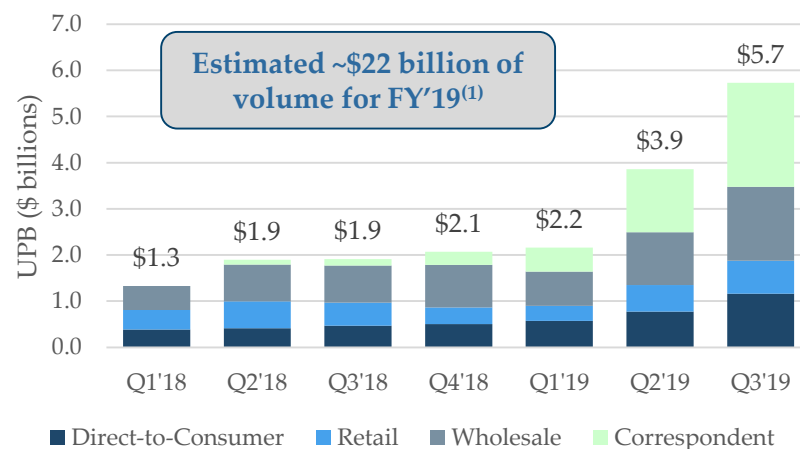
NewRez – Who We Are

NewRez LLC (“NewRez”) is a national mortgage origination and servicing platform

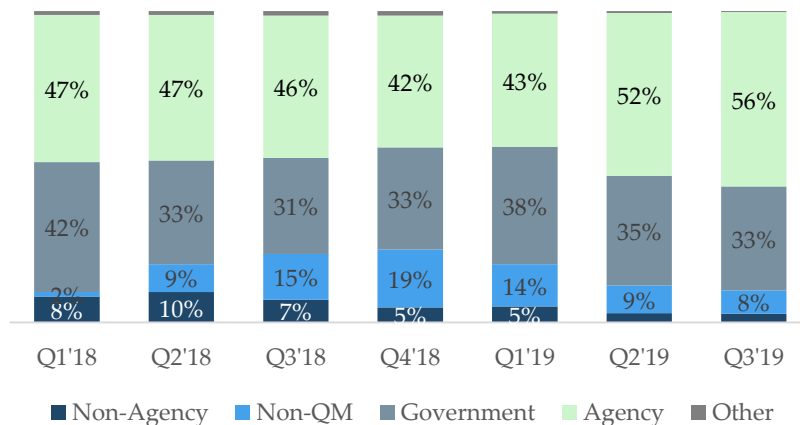
NewRez Overview

- Founded in 2008 as New Penn Financial; rebranded to NewRez in January 2019
- Purchased by New Residential Investment Corp. in 2018; operates today as a subsidiary of New Residential
- Licensed to originate loans in 49 states and the District of Columbia
- Operates in 4 distinct business channels: Direct to Consumer, Retail (Joint Venture), Wholesale and Correspondent
- Fannie Mae, Freddie Mac, Ginnie Mae, HUD, FHA, VA, USDA approved; Non-Agency originator
- Access to an in-house servicer through NewRez’s servicing division, which consists of:
 - NewRez Servicing - Performing loan servicing division
 - Shellpoint Mortgage Servicing - Special servicing division
- Licensed to service in 50 states, the District of Columbia and several U.S. territories
- ~2,600 origination and servicing employees⁽²⁾
- Headquartered in Fort Washington, PA with ~150 offices nationwide

NewRez Origination Activity Over Time



NewRez Product Mix



(1) Based on management’s current views and estimates and actual results may vary materially. See “Disclaimers” at the beginning of this Presentation for more information on forward-looking statements.

(2) As of September 30, 2019 and does not include new employees hired following acquisition of assets from Ditech.

NewRez - Origination Platform

NewRez has a comprehensive origination platform that provides sourcing opportunities from four distinct channels

Channel	Target Audience	Marketing Strategy	Operations
Direct-to-Consumer	Marketing of customers in existing portfolio and new customers through various lead generation sources	<ul style="list-style-type: none"> Proactive and reactive retention New customer acquisition primarily through online channels 	Centralized processing
Retail (Joint Venture)	Joint Ventures partnerships	<ul style="list-style-type: none"> 18 Joint Ventures licensed in 26 states with relationships with realtors and builders, focused on the lead 	Mix of centralized and local processing functions
Wholesale	Select mortgage brokers, community banks and credit union customers	<ul style="list-style-type: none"> Approximately 2,000 broker relationships that enable clients to offer a wide range of products, including government and non-agency Large network provides opportunity for expansive reach for Non-QM products 	Centralized processing function in 2 locations
Correspondent	Mortgage lenders originating and funding in their own name	<ul style="list-style-type: none"> Approximately 650 correspondent clients that allow mortgage lenders to offer a broad range of products, with focus on conventional and government and non-agency Similar to wholesale, large network casts expansive net to expand Non-QM business 	Centralized processing

How Should Investors Think About the Non-QM Landscape?

“Non-QM” ...the industry buzzword!

- Non-QM volume continues to grow
 - +150% YoY (2018 volume: \$10 billion vs 2019 volume: \$25 billion)
 - Estimated Non-QM issuance of \$40-\$50 billion in 2020⁽¹⁾
 - NewRez 2019 volume represents ~8% market share⁽²⁾
- While “Non-QM” can mean many things, for NewRez, it does not mean **sub-prime**
 - Most of NewRez’s Non-QM products fall just outside the QM requirements for documentation or debt to income ratio, or points and fees
 - Non-QM borrowers are creditworthy borrowers who have good credit, income and assets but do not fit traditional documentation requirements
 - Self-employed and small business owners are able to leverage strong business history with documented cash flows

(1) Citi. “Mortgage Credit Weekly: Non-QM 2020 Outlook”. November 2019.

(2) Based on 2019 issuance through September 30, 2019.

Non-QM – Why NewRez is Well-Positioned⁽¹⁾

Diversified Platform & Product Menu

- Strong product menu of 6 distinct products (“Smart Series”) across 4 channels
- Products simplified to more easily understand how to meet borrowers needs

Ease of Process & Strength of Technology

- NewRez has built an efficient process that utilizes both technology and human interaction, guiding originators from product selection through loan closing
- Embedded technologies in leading loan origination systems provide originators with confidence when qualifying their borrowers
- Understanding borrower eligibility enables the originator to connect the borrower with the correct option

New Residential & Servicing Relationship

- Relationship with New Residential enables us to securitize loans without a middle man
- NewRez’s servicing platform supports originations and services of loans properly and efficiently

People and Experience

- Dedicated experts from sales, support desks, underwriting and operations assist throughout the loan process
- Talented professionals, with an understanding of the products, how to source them and effectively utilize the tools available, work with borrowers to create a positive loan experience

Track Record

- NewRez has a demonstrated history of developing innovative and high quality loan products
- Strong loan performance to date reflects the quality of originations and servicing

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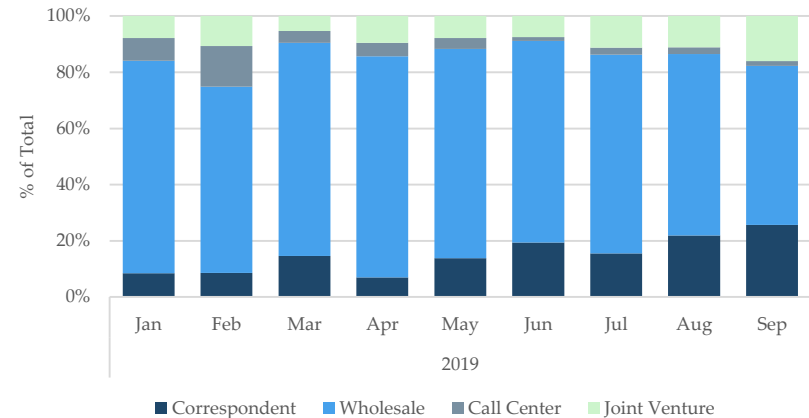
NewRez Origination – Non-QM Overview

NewRez's Non-QM Platform spans channels and products

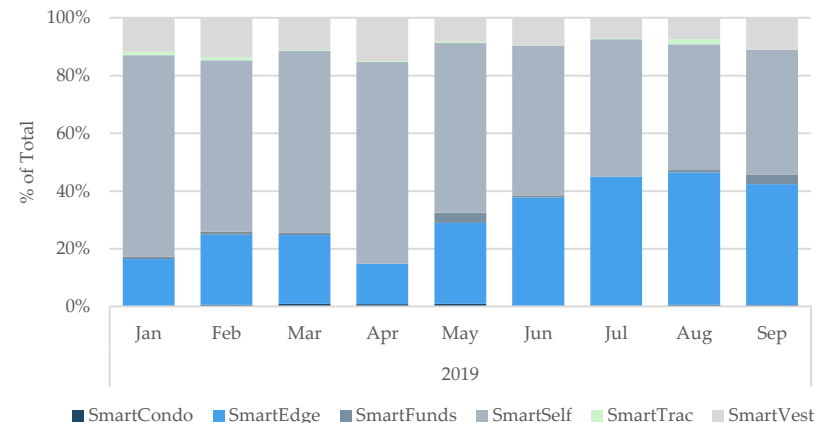
- Single platform that extends from origination to securitization and servicing
- Suite of 6 products are offered across all 4 channels allowing for opportunistic growth during various business cycles
 - Each product provides different financing solutions to meet non-traditional needs of borrowers
 - NewRez products satisfy Ability-to-Repay requirements and reflect responsible lending practices
- Dedicated Non-QM experts and technology create consistency, high-quality loans and excellent client experience
 - Use of automated underwriting system (“AUS”) rules-based engine
 - Specialized Non-QM underwriting team supporting all channels
 - Dedicated specialists for complex income review
- Experienced parent company securitizes (under NRZT shelf) and invests in assets
- NewRez’s servicing business has extensive Non-QM expertise
- NewRez has a growing platform
 - Q1’19-Q3’19 Non-QM volume of \$1.1 billion; +\$128% relative to same period 2018

NewRez Non-QM Production

Q1’19-Q3’19 Non-QM volume of \$1.1bn



NewRez Non-QM Products



NewRez Origination – Non-QM Products

NewRez has a suite of 6 competitive Non-QM Products to meet the needs of creditworthy borrowers who may not qualify for traditional conventional or government loan programs

SmartEdge



For borrowers just outside agency requirements

Created for **borrowers qualifying with full documentation but who require non-agency features**. Sometimes it is an alternative to a jumbo loan, and with amounts up to \$3mm, higher DTIs and a cash out option, SmartEdge has gained popularity in both the Wholesale and Correspondent channels in 2019 and will continue to grow in 2020. This product is uniquely qualified to absorb product in the event of the QM patch expiry.

SmartVest



For experienced real estate investors

Created for **experienced real estate investors looking to grow their portfolio**. With up to 20 financed properties permitted and loan amounts up to \$2mm, SmartVest provides the flexibility that real estate investors need. Qualifying through the income derived by the property, a major benefit is that neither tax returns nor transcripts are required for approval.

SmartTrac



For borrowers with more recent credit events

For borrowers who have **had a negative credit incident in the past but are still viable borrowers**. Even those with a bankruptcy, short sale or multiple late payments can be approved with a FICO as low as 620. These fixed and variable mortgages can help borrowers get back on track and into a home.

SmartFunds



For borrowers qualifying using liquid assets

Created for **borrowers with significant assets**. Whether they are downsizing as life changes or looking to qualify without tax documentation, SmartFund loans are up to \$3M and require limited documentation.

SmartSelf



For self-employed borrowers using bank statements to qualify

Our most popular Non-QM product. Geared towards **self-employed borrowers who are well qualified utilizing their business cash flow**, this is the perfect loan program for small business owners when purchasing or refinancing. Includes loan amounts up to \$3mm and income documentation from 12-24 months of bank statements (no tax returns needed).

SmartCondo



For non-warrantable condos and condotels

For non-warrantable condos and condotels. Being a national lender across all channels, this product is a major advantage for borrowers looking to purchase new construction, high percentage of commercial space or in cities where there are high-end condos that may not meet agency guidelines.

NewRez Origination – Non-QM Borrowers

Sourcing: NewRez sources borrowers from all four distribution channels

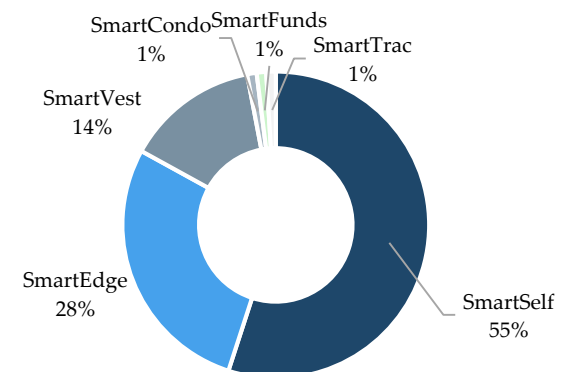
Overview of NewRez Non-QM Borrowers

- NewRez offers suitable mortgage products that meet the needs of creditworthy borrowers that do not otherwise satisfy conventional financing requirements
 - Strong credit profiles
 - Significant asset base and down payments
 - Documentation, verification and evaluation of all elements satisfying the borrower's Ability-to-Repay
 - Alternative documentation for business owners, investors and borrowers not meeting prime jumbo guidelines
- When evaluating borrowers, NewRez:
 - Conducts extensive underwriting and credit analysis
 - Understands each borrower's whole financial picture; ensures each borrower has willingness and ability to afford loan payments, other obligations and living expenses
- NewRez production **does not** include Foreign National, sub-620 FICO loans or very limited documentation options such as 1 or 6 month bank statement loans

Product	Average FICO ⁽¹⁾	Average LTV ⁽¹⁾	Average Loan Size ⁽¹⁾
All Smart Series Products	733	73%	\$538,425
SmartEdge	729	72%	\$632,800
SmartSelf	735	74%	\$566,550
SmartVest	738	64%	\$279,000
Additional Smart Series Products	736	65%	\$368,800

NewRez Non-QM borrowers are unlikely to meet QM standards in the future, which may result in slower prepayment speeds

NewRez Smart Series Product Distribution⁽²⁾



(1) Based on all historical loan data of Smart Series Products as of September 30, 2019.

(2) Based on loan data of Smart Series Products as of September 30, 2019.

NewRez Origination – Non-QM Technology Platform⁽¹⁾

NewRez's technology enhances the experience of the borrower and originator throughout the loan origination process

NewRez's origination technology allows us to...

- **Be at the point of sale** – Enables originators to present more options early in the process
- **Identify the right product to meet customer needs** – Accurate qualifying upfront
- **Collaborate for success** – Support teams can collaborate for best results
- **Approve and close loans faster** – Initial qualifying and documentation enables positive results and faster approvals
- **Improve and expedite compliance, rate lock and closing processes** – Fewer changes throughout the process allow for loans to better meet desired timelines and close more quickly

As the Non-QM product grows, we believe how we employ our technology will continue to distinguish our platform in the Non-QM space

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Non-QM Securitization Platform

In 2019, NRZ issued 5 Non-QM securitizations for an aggregate of ~\$1.6 billion principal balance

NRZT Non-QM Securitization Summary

- New Residential is one of the largest issuers of Non-QM securitizations in an environment where the securitization market for non-agency mortgage products continues to grow
- Loans within NRZT securitizations typically contain borrowers that do not meet conventional financing guidelines (alternative documentation⁽¹⁾, self-employed, etc.) and are unlikely to convert to QM status in the future
- NRZ or a wholly-owned subsidiary of NRZ typically holds a vertical 5% of the capital structure
- At the time of acquisition, NRZ completes a thorough due diligence review of the mortgage loans, including 100% compliance, credit, and valuation review and data integrity

“The NRZT shelf is on the higher end of the FICO spectrum, with a slight increase in the highest FICO bucket over time. On the LTV front, the NRZT shelf falls right at the cohort average, though LTVs have crept marginally higher over time. The shelf contains the highest concentration of sub-33% DTIs.”

– Wells Fargo Research, September 2019⁽²⁾

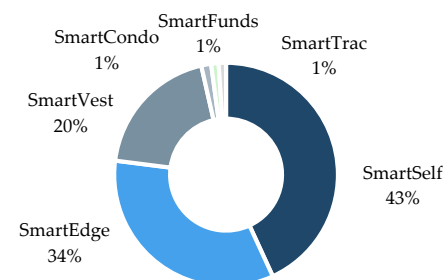
2019 Non-QM Securitization Tombstones



NRZT 2019-NQM 5⁽³⁾ Mortgage Loan Characteristics

Number of Loans	576
Aggregate Original Principal / State Balance	\$305.5mm / \$304.9mm
Mortgage Interest Rate	3.375% to 9.00% Weighted Average 5.455%
% of Fixed-Rate / Adjustable Rate / I-O Mortgage Loans	76.66% / 23.34% / 17.04%
Stated Remaining Term to Maturity	118 to 479 months Weighted average: 362 months
Original Term to Maturity	120 to 480 months Weighted average: 364 months
Loan Age	0 to 4 months Weighted average: 2 months
Weighted average original LTV ratio	74.13%
Weighted average original credit score	732
% Self Employed / Salaried / Debt Service Coverage	57.45% / 33.01% / 9.54%
% Current	100.00%

Breakdown of NRZT 2019-NQM 5 by Smart Series Products (# of loans)



(1) Income documented through sources other than 2 years of W-2's / tax returns.
 (2) Wells Fargo. "Non-Agency Insights: Coach's Fall 2019 Non-QM Playbook". September 2019.
 (3) Preliminary Private Placement Memorandum (NRMLT 2019-NQM5), dated November 4, 2019.

How to Think About Non-QM Going Forward?⁽¹⁾

As the Non-QM landscape continues to evolve, NewRez is well-positioned to continue executing as an industry leader

	Non-QM Trend	NewRez Positioning
Immense Growth Opportunity	<ul style="list-style-type: none">▪ The Non-QM market is still maturing, leaving significant runway for growth, and the expiration of GSE QM Patch may accelerate Non-QM issuance	<ul style="list-style-type: none">▪ NewRez's ability to originate and securitize Non-QM products positions it to respond to changes in Agency-eligible production and react to legislative and regulatory changes that may occur
Technology is a Differentiator	<ul style="list-style-type: none">▪ Technology is a differentiator in helping to reduce operational complexity, elevate customer satisfaction and improve asset quality	<ul style="list-style-type: none">▪ NewRez has established robust technological solutions from point of sale through closing
Manufacturing Capacity is a Focus	<ul style="list-style-type: none">▪ Manufacturing capacity led by product experts will continue to be a focus to maintain quality	<ul style="list-style-type: none">▪ NewRez has dedicated operational teams for Non-QM production, and training programs to support in-house growth
Industry Discipline Around Product Evolution	<ul style="list-style-type: none">▪ Industry participants need to work together to support disciplined product evolution and a more standardized characterization of Non-QM	<ul style="list-style-type: none">▪ NewRez continues to develop products that meet the needs of credit-worthy borrowers with an unwavering focus on quality

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