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## Section 1: 8-K (MR. COOPER GROUP INC. 8-K)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of report: October 31, 2019**

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**Mr. Cooper Group Inc.**  
(Exact Name of Registrant as Specified in Charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-14667**  
(Commission  
File Number)

**91-1653725**  
(I.R.S. Employer  
Identification No.)

**8950 Cypress Waters Blvd.**  
**Coppell, TX 75019**  
(Address of Principal Executive Offices, and Zip Code)

**469.549.2000**  
Registrant's Telephone Number, Including Area Code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, \$0.01 par value per share</b>	<b>COOP</b>	<b>The Nasdaq Stock Market</b>

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).  
Emerging growth company

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

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**Item 2.02 Results of Operations and Financial Condition.**

On October 31, 2019, Mr. Cooper Group Inc. (the “Company”) issued a press release announcing its financial results for the third quarter ended September 30, 2019. A copy of the press release is attached as Exhibit 99.1 and will be published in the Investors section on the Company’s website at [www.mrcoopergroup.com](http://www.mrcoopergroup.com). In connection with the release and the related conference call, the Company posted a presentation relating to its third quarter ended September 30, 2019 financial results in the Investors section on the Company’s website.

The press release and presentation include certain non-generally accepted accounting principles financial measures. Reconciliations to the most directly comparable generally accepted accounting principles financial measures are included in the press release and the presentation.

The information furnished pursuant to this Item 2.02 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

Exhibit  
Number

Exhibit

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99.1                    [Press release of Mr. Cooper Group Inc., dated October 31, 2019](#)

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Mr. Cooper Group Inc.

Date: October 31, 2019

By: /s/ Christopher G. Marshall

Christopher G. Marshall  
Vice Chairman & Chief Financial Officer

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## Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

### Mr. Cooper Group Reports Third Quarter 2019 Financial Results

- Reported \$83 million net income or \$0.90 per share, and pretax operating income of \$171 million
- Generated record Originations pretax income of \$178 million on record funded volume of \$11.9 billion
- Servicing UPB remained stable, ending the quarter at \$641 billion
- Xome reported pretax income of \$14 million and pretax operating income of \$13 million, with Assurant Mortgage Solutions (AMS) contributing positive results
- Announced retirement of \$100 million of unsecured senior notes due 2021, which settled in October
- Achieved Great Place to Work certification

DALLAS--(BUSINESS WIRE)--October 31, 2019--Mr. Cooper Group Inc. (NASDAQ: COOP) (the "Company"), which principally operates under the Mr. Cooper® and Xome® brands, reported a third quarter net income of \$83 million or \$0.90 per diluted share, partially offset by a net fair value mark-to-market on the MSR portfolio of \$(83) million. Excluding the mark-to-market and other items, the Company reported pretax operating income of \$171 million. Items excluded from pretax operating income was \$(83) million in mark-to-market, net of the add back of \$32 million in fair value amortization included in the full mark-to-market, \$4 million gain from remeasuring contingent consideration associated with the AMS acquisition, \$5 million in charges related to corporate actions, and \$12 million of intangible amortization.

Chairman and CEO Jay Bray commented, "The Originations segment produced another quarter of record fundings, with strong margins, demonstrating our capability to scale up in response to refinance market conditions. At the same time, we were very pleased with continued strong performance in the Servicing segment and delighted to receive the Great Place to Work certification."

Chris Marshall, vice chairman and CFO added, "Net income, operating profits, and cash flow were all very strong in the quarter, allowing us to move forward with our deleveraging plan and begin retiring some of our senior notes. Deleveraging will strengthen the balance sheet, improve profitability, and afford us greater financial flexibility."

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## Servicing

The Servicing segment is focused on providing a best-in-class home loan experience for our 3.8 million customers while simultaneously strengthening asset performance for investors. In the third quarter, Servicing recorded pretax income of \$9 million offset by a net fair value mark-to-market on the MSR portfolio of \$(83) million. During the quarter the total servicing portfolio remained stable, ending the quarter at \$641 billion UPB. Servicing earned pretax operating income excluding the full mark of \$92 million, equivalent to a servicing margin of 5.8 bps. At quarter end, the carrying value of the MSR was \$3,346 million, equivalent to 109 bps of MSR UPB, and the original cost basis was 86 bps.

(\$ in millions)

	Quarter Ended			
	Q2'19		Q3'19	
	\$	BPS	\$	BPS
Operational revenue	\$ 314	19.6	\$ 319	20.0
Amortization, net of accretion	(56)	(3.5)	(73)	(4.6)
Mark-to-market	(231)	(14.4)	(83)	(5.2)
Total revenues	27	1.7	163	10.2
Expenses	(189)	(11.8)	(171)	(10.7)
Total other income (expenses), net	27	1.7	17	1.1
(Loss) income before taxes	(135)	(8.4)	9	0.6
Mark-to-market	231	14.4	83	5.2
Pretax operating income excluding mark-to-market	\$ 96	6.0	\$ 92	5.8

	Quarter Ended			
	Q2'19		Q3'19	
	\$		\$	
Ending UPB (\$B)	\$	644	\$	641
Average UPB (\$B)	\$	639	\$	637
60+ day delinquency rate		2.3%		2.2%
Annualized CPR		13.0%		17.5%
Modifications and workouts		12,108		8,792

## Originations

The Originations segment focuses on creating servicing assets at attractive margins through existing customer relationships, correspondent, and wholesale originations. Originations earned record pretax income of \$178 million, up from \$118 million in the prior quarter.

Mr. Cooper funded 48,904 loans in the third quarter, totaling approximately \$12 billion UPB comprised of \$4.9 billion in direct-to-consumer, \$6.4 billion in correspondent, and \$0.6 billion in wholesale. Funded volume increased 19% quarter-over-quarter.

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(\$ in millions)

Income before taxes

	Quarter Ended	
	Q2'19	Q3'19
	\$ 118	\$ 178

(\$ in millions)

Total pull through adjusted volume

Funded volume

Refinance recapture percentage

Recapture percentage

Purchase volume as a percentage of funded volume

	Quarter Ended	
	Q2'19	Q3'19
	\$ 11,197	\$ 12,699
	\$ 9,996	\$ 11,911
	44%	38%
	23%	25%
	53%	39%

### Xome

Xome provides real estate solutions including property disposition, asset management, title, close, valuation, and field services for Mr. Cooper and third-party clients. The Xome segment recorded pretax income of \$14 million, or pretax operating income of \$13 million in the third quarter, which excluded accounting items related to remeasuring the contingent consideration associated with the AMS acquisition and intangible amortization.

(\$ in millions)

Income before taxes

Accounting items

Intangible amortization

Pretax operating income excluding accounting items and intangible amortization

	Quarter Ended	
	Q2'19	Q3'19
	\$ 7	\$ 14
	—	(4)
	3	3
	\$ 10	\$ 13

Exchange property listings sold

Average Exchange property listings

Services orders completed

Percentage of revenue earned from third-party customers

	Quarter Ended	
	Q2'19	Q3'19
	2,645	2,453
	6,693	6,688
	417,510	429,128
	53%	53%

## **Conference Call Webcast and Investor Presentation**

The Company will host a conference call on October 31, 2019 at 9:00 A.M. Eastern Time. The conference call may be accessed by dialing 855-874-2685, or 720-634-2923 internationally. Please use the participant passcode 9583900 to access the conference call. A simultaneous audio webcast of the conference call will be available in the Investor section of [www.mrcoopergroup.com](http://www.mrcoopergroup.com). A replay will also be available approximately two hours after the conclusion of the conference call by dialing 855-859-2056, or 404-537-3406 internationally. Please use the passcode 9583900 to access the replay. The replay will be accessible through November 14, 2019 at 11:00 A.M. Eastern Time.

## **Non-GAAP Financial Measures**

The Company utilizes non-GAAP financial measures as the measures provide additional information to assist investors in understanding and assessing the Company's and our business segments' ongoing performance and financial results, as well as assessing our prospects for future performance. The adjusted operating financial measures facilitate a meaningful analysis and allow more accurate comparisons of our ongoing business operations because they exclude items that may not be indicative of or are unrelated to the Company's and our business segments' core operating performance, and are better measures for assessing trends in our underlying businesses. These notable items are consistent with how management views our businesses. Management uses these non-GAAP financial measures in making financial, operational and planning decisions and evaluating the Company's and our business segment's ongoing performance. Pretax operating income (loss) in the servicing segment eliminates the effects of mark-to-market adjustments which primarily reflects unrealized gains or losses based on the changes in fair value measurements of MSRs and their related financing liabilities for which a fair value accounting election was made. These adjustments, which can be highly volatile and material due to changes in credit markets, are not necessarily reflective of the gains and losses that will ultimately be realized by the Company. Pretax operating income (loss) in each segment also eliminates, as applicable, transition and integration costs, gains (losses) on sales of fixed assets, certain settlement costs that are not considered normal operational matters, intangible amortization, and other adjustments based on the facts and circumstances that would provide investors a supplemental means for evaluating the Company's core operating performance.

## **Forward Looking Statements**

Any statements in this release that are not historical or current facts are forward looking statements, including statements regarding the results of deleveraging. Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Results for any specified quarter are not necessarily indicative of the results that may be expected for the full year or any future period. Certain of these risks and uncertainties are described in the "Risk Factors" section of Mr. Cooper Group's most recent annual reports and other required documents as filed with the SEC which are available at the SEC's website at <http://www.sec.gov>. Mr. Cooper undertakes no obligation to publicly update or revise any forward-looking statement or any other financial information contained herein, and the statements made in this press release are current as of the date of this release only.

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**Financial Tables**

**MR. COOPER GROUP INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(millions of dollars, except for earnings per share data)

	Three Months Ended June 30, 2019	Three Months Ended September 30, 2019
<b>Revenues:</b>		
Service related, net – excluding mark-to-market	\$ 368	\$ 341
Mark-to-market	(231)	(83)
Net gain on mortgage loans held for sale	262	360
Total revenues	<u>399</u>	<u>618</u>
<b>Total expenses</b>	492	478
<b>Other income (expense):</b>		
Interest income	162	163
Interest expense	(187)	(196)
Other income (expenses)	1	—
Total other income (expenses), net	<u>(24)</u>	<u>(33)</u>
(Loss) income before income tax (benefit) expense	(117)	107
Income tax (benefit) expense	<u>(29)</u>	<u>24</u>
Net (loss) income	(88)	83
Net loss attributable to non-controlling interest	<u>(1)</u>	<u>(1)</u>
Net (loss) income attributable to Mr. Cooper Group	(87)	84
Undistributed earnings attributable to participating stockholders	—	1
<b>Net (loss) income attributable to Mr. Cooper Group</b>	<u>\$ (87)</u>	<u>\$ 83</u>
(Loss) income per share attributable to common stockholders:		
Basic	\$ (0.96)	\$ 0.91
Diluted	<u>\$ (0.96)</u>	<u>\$ 0.90</u>
Weighted average shares of common stock outstanding (in thousands):		
Basic	<u>91,054</u>	<u>91,080</u>
Diluted	<u>91,054</u>	<u>92,036</u>



**MR. COOPER GROUP INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

(millions of dollars)

	June 30, 2019	September 30, 2019
<b>Assets</b>		
Cash and cash equivalents	\$ 245	\$ 371
Restricted cash	304	271
Mortgage servicing rights	3,511	3,346
Advances and other receivables, net	1,000	967
Reverse mortgage interests, net	7,110	6,662
Mortgage loans held for sale at fair value	3,422	4,267
Mortgage loans held for investment at fair value	114	—
Property and equipment, net	115	113
Deferred tax asset	1,055	1,032
Other assets	1,529	1,449
Total assets	<u>\$ 18,405</u>	<u>\$ 18,478</u>
<b>Liabilities and Stockholders' Equity</b>		
Unsecured senior notes, net	\$ 2,462	\$ 2,464
Advance facilities, net	567	513
Warehouse facilities, net	4,045	4,802
Payables and accrued liabilities	2,116	2,002
MSR related liabilities - nonrecourse at fair value	1,472	1,328
Mortgage servicing liabilities	80	69
Other nonrecourse debt, net	5,985	5,533
Total liabilities	<u>16,727</u>	<u>16,711</u>
Total stockholders' equity	<u>1,678</u>	<u>1,767</u>
Total liabilities and stockholders' equity	<u>\$ 18,405</u>	<u>\$ 18,478</u>

**UNAUDITED SEGMENT STATEMENT OF  
OPERATIONS & EARNINGS RECONCILIATION**  
(millions of dollars, except for earnings per share data)

	Three Months Ended for June 30, 2019					
	Servicing	Originations	Xome	Corporate and Other	Elimination/Reclassification <sup>( 1)</sup>	Consolidated
Service related, net	\$ 27	\$ 20	\$108	\$ —	\$ (18)	\$ 137
Net gain on mortgage loans held for sale	—	244	—	—	18	262
<b>Total revenues</b>	<b>27</b>	<b>264</b>	<b>108</b>	<b>—</b>	<b>—</b>	<b>399</b>
<b>Total expenses</b>	<b>189</b>	<b>145</b>	<b>101</b>	<b>57</b>	<b>—</b>	<b>492</b>
Other income (expense):						
Interest income	136	23	—	3	—	162
Interest expense	(109)	(25)	—	(53)	—	(187)
Other expense	—	1	—	—	—	1
Total other income (expense)	27	(1)	—	(50)	—	(24)
<b>Pretax (loss) income</b>	<b>\$ (135)</b>	<b>\$ 118</b>	<b>\$ 7</b>	<b>\$ (107)</b>	<b>\$ —</b>	<b>\$ (117)</b>
Income tax benefit						(29)
Net loss						\$ (88)
Net loss attributable to noncontrolling interests						(1)
Net loss attributable to common stockholders of Mr. Cooper Group						\$ (87)
Loss per share						
Basic						\$ (0.96)
Diluted						\$ (0.96)
<b>Non-GAAP Reconciliation:</b>						
<b>Pretax income (loss)</b>	<b>\$ (135)</b>	<b>\$ 118</b>	<b>\$ 7</b>	<b>\$ (107)</b>	<b>\$ —</b>	<b>\$ (117)</b>
Mark-to-market	231	—	—	—	—	231
Merger related costs	—	—	—	17	—	17
Intangible amortization	—	—	3	10	—	13
Pretax income (loss), net of notable items	\$ 96	\$ 118	\$ 10	\$ (80)	\$ —	\$ 144
Fair value amortization <sup>( 2)</sup>	(26)	—	—	—	—	(26)
Pretax operating income (loss)	\$ 70	\$ 118	\$ 10	\$ (80)	\$ —	\$ 118
Income tax expense						(29)
Operating income						\$ 89
ROTCE						23.8%

<sup>( 1)</sup> For Servicing segment results purposes, all revenue is attributable to servicing the portfolio. Therefore, \$18 of net gain on mortgage loans is moved to service related, net for the three months ended June 30, 2019. For consolidated results purposes, these amounts were reclassified to net gain on mortgage loans held for sale.

<sup>( 2)</sup> Amount represents additional amortization required under the fair value amortization method over the cost amortization method.

**UNAUDITED SEGMENT STATEMENT OF  
OPERATIONS & EARNINGS RECONCILIATION**  
(millions of dollars, except for earnings per share data)

Three Months Ended for September 30, 2019

	Servicing	Originations	Xome	Corporate and Other	Elimination/Reclassification <sup>( 1)</sup>	Consolidated
Service related, net	\$ 163	\$ 22	\$ 112	\$ —	\$ (39)	\$ 258
Net gain on mortgage loans held for sale	—	312	—	11	37	360
<b>Total revenues</b>	<b>163</b>	<b>334</b>	<b>112</b>	<b>11</b>	<b>(2)</b>	<b>618</b>
<b>Total expenses</b>	<b>171</b>	<b>155</b>	<b>101</b>	<b>53</b>	<b>(2)</b>	<b>478</b>
Other income (expense):						
Interest income	137	24	—	2	—	163
Interest expense	(120)	(24)	—	(52)	—	(196)
Other expense	—	(1)	3	(2)	—	—
Total other income (expense)	17	(1)	3	(52)	—	(33)
<b>Pretax income (loss)</b>	<b>\$ 9</b>	<b>\$ 178</b>	<b>\$ 14</b>	<b>\$ (94)</b>	<b>\$ —</b>	<b>\$ 107</b>
Income tax expense						24
Net income						\$ 83
Net loss attributable to noncontrolling interests						(1)
Net income attributable to common stockholders of Mr. Cooper Group						\$ 84
Undistributed earnings attributable to participating stockholders						1
Net income attributable to Mr. Cooper Group						\$ 83
Income per share						
Basic						\$ 0.91
Diluted						\$ 0.90
<b>Non-GAAP Reconciliation:</b>						
<b>Pretax income (loss)</b>	\$ 9	\$ 178	\$ 14	\$ (94)	\$ —	\$ 107
Mark-to-market	83	—	—	—	—	83
Accounting items / other	—	—	(4)	5	—	1
Intangible amortization	—	—	3	9	—	12
Pretax income (loss), net of notable items	\$ 92	\$ 178	\$ 13	\$ (80)	\$ —	\$ 203
Fair value amortization <sup>( 2)</sup>	(32)	—	—	—	—	(32)
Pretax operating income (loss)	\$ 60	\$ 178	\$ 13	\$ (80)	\$ —	\$ 171
Income tax expense						(41)
Operating income						\$ 130
ROTCE						34.5%

<sup>( 1)</sup> For Servicing segment results purposes, all revenue is attributable to servicing the portfolio. Therefore, \$37 of net gain on mortgage loans is moved to service related, net for the three months ended September 30, 2019. For consolidated results purposes, these amounts were reclassified to net gain on mortgage loans held for sale.

<sup>( 2)</sup> Amount represents additional amortization required under the fair value amortization method over the cost amortization method.

## Contacts

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