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As filed with the Securities and Exchange Commission on June 14, 2017.

Registration No. 333-218197

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-11

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

Granite Point Mortgage Trust Inc.

(Exact name of registrant as specified in its charter)

590 Madison Avenue
36th Floor
New York, New York 10022
(212) 364-3200
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John A. Taylor, President and Chief Executive Officer
Granite Point Mortgage Trust Inc.
590 Madison Avenue
36th Floor
New York, NY 10022
Tel: (212) 364-3200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐ Emerging growth company ☒

If an emerging growth company, indicated 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 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, par value $0.01 per share	11,500,000	$ 21.00	$ 241,500,000	$ 27,990

(1) Includes 1,500,000 shares which may be sold pursuant to the underwriters' option to purchase additional shares.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act.

(3) $11,590 has previously been paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that the registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Commission acting pursuant to Section 8(a) may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 14, 2017

PROSPECTUS

10,000,000 Shares

Granite Point Mortgage Trust Inc.

Common Stock

Granite Point Mortgage Trust Inc. is a Maryland corporation that focuses primarily on directly originating, investing in and managing senior commercial mortgage loans and other debt and debt-like commercial real estate investments. We were formed to continue and expand the commercial real estate lending business established by Two Harbors Investment Corp., or Two Harbors, a publicly traded hybrid mortgage real estate investment trust (NYSE: TWO).

This is our initial public offering and no public market currently exists for our common stock. All of the shares of common stock offered by this prospectus are being sold by us. We expect the initial public offering price of our common stock to be between $20.00 and $21.00 per share. Our common stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange, or the NYSE, under the symbol "GPMT."

We will be externally managed by Pine River Capital Management L.P., or PRCM or our Manager, by the team that currently manages the commercial real estate lending business for Two Harbors. A subsidiary of our Manager also serves as the external manager of Two Harbors.

Concurrently with the closing of this offering, we plan to complete a formation transaction pursuant to which we will acquire from Two Harbors entities that own portfolios of commercial mortgage loans and other commercial real estate-related debt investments. In exchange, we will issue 33,071,000 shares of our common stock representing approximately 76.5% of our outstanding common stock after this offering and 1,000 shares of our 10% cumulative redeemable preferred stock having a liquidation preference of $1,000 per share to Two Harbors or an affiliate of Two Harbors, which will immediately sell such preferred stock to an unaffiliated third-party investor. Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120 day lock-up period following the closing of this offering, after which Two Harbors currently expects to make a distribution of these shares by means of a special pro rata dividend to Two Harbors common stockholders.

We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2017. To assist us in qualifying as a REIT, stockholders are generally restricted from owning more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock or 9.8% by value of our capital stock without the prior consent of our board of directors. In addition, our charter contains various other restrictions on ownership and transfer of our common stock. See "Description of Capital Stock—Restrictions on Ownership and Transfer."

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 32 to read about factors you should consider before buying shares of our common stock.

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

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions[1]	$	$
Proceeds to us, before expenses	$	$

(1) See "Underwriting" for a description of compensation payable to the underwriters.

The underwriters may also purchase up to an additional 1,500,000 shares of our common stock from us at the initial public offering price, less the underwriting discount, within 30 days after the date of this prospectus.

The shares will be ready for delivery through the book-entry facilities of The Depository Trust Company on or about , 2017.

Joint Book-Running Managers

J.P. Morgan **Morgan Stanley** **Citigroup** **BofA Merrill Lynch**

Co-Managers

JMP Securities

Keefe, Bruyette & Woods, Inc.
A Stifel Company

The date of this prospectus is , 2017.

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You should rely only on the information contained in this prospectus, or in any free writing prospectus prepared by us or information to which we have referred you. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

Until , 2017 (25 days after the date of this prospectus), all dealers that effect transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

MARKET AND OTHER INDUSTRY DATA

This prospectus includes market and other industry data and estimates that are based on our management's knowledge and experience in the markets in which we operate. The sources of such data generally state that the information they provide has been obtained from sources they believe to be reliable, but we have not investigated or verified the accuracy and completeness of such information. Our own estimates are based on information obtained from our and our affiliates experience in the markets in which we operate and from other contacts in these markets. We are responsible for all of the disclosure in this prospectus, and we believe our estimates to be accurate as of the date of this prospectus or such other date stated in this prospectus. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for the estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that market and other industry data included in this prospectus, and estimates and beliefs based on that data, may not be reliable.

SUMMARY

This summary highlights some of the information in this prospectus. It does not contain all of the information that you should consider before investing in our common stock. You should read carefully the more detailed information set forth under "Risk Factors" and the other information included in this prospectus. Except where the context suggests otherwise, the terms "Granite Point," the "company," "we," "us," and "our" refer to Granite Point Mortgage Trust Inc., a Maryland corporation; "Two Harbors" refers to Two Harbors Investment Corp., a Maryland corporation; and "our Predecessor" refers to TH Commercial Holdings LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of Two Harbors, and its subsidiaries. In addition, "our Manager" or "PRCM" refers to Pine River Capital Management L.P., a Delaware limited partnership, our external manager. Unless indicated otherwise, the information in this prospectus assumes (i) the common stock to be sold in this offering is sold at the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus, and (ii) the underwriters do not exercise their option to purchase up to an additional 1,500,000 shares of our common stock.

Our Company

We are a Maryland corporation that focuses primarily on directly originating, investing in and managing senior floating-rate commercial mortgage loans and other debt and debt-like commercial real estate investments. We were formed to continue and expand the commercial real estate lending business established by Two Harbors Investment Corp., or Two Harbors, a publicly traded hybrid mortgage real estate investment trust. In the first quarter of 2015, Two Harbors established its commercial real estate lending business, which it conducts through TH Commercial Holdings LLC and its subsidiaries, collectively our "Predecessor." Concurrently with the closing of this offering, we will acquire the equity interests in our Predecessor and its portfolio of commercial mortgage loans and other commercial real estate-related debt investments. Our initial portfolio, or Initial Portfolio, consists of our Predecessor's portfolio, that as of March 31, 2017 consisted of 41 commercial real estate debt investments with a principal balance of $1.6 billion, with an additional $181.9 million of potential future funding obligations. Our Initial Portfolio also consists of five additional floating-rate senior commercial mortgage loans with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations that we have closed since March 31, 2017. In addition, any investments made subsequent to the date hereof and prior to the pricing of this offering will be contributed as part of our Initial Portfolio.

We will be externally managed by Pine River Capital Management L.P., or PRCM, or our Manager, by the team that currently manages the commercial real estate lending business for Two Harbors. PRCM is a global asset management firm and SEC registered investment adviser with approximately $9 billion of assets under management as of June 1, 2017. By capitalizing on our Manager's commercial real estate team's, or CRE team's, longstanding presence in the commercial real estate finance markets and its reputation as a thoughtful and responsible manager of investors' capital, we intend to continue to build a leading commercial real estate lending platform.

Our Manager's CRE team was formed in November 2014 by our President and Chief Executive Officer, John ("Jack") A. Taylor, our Chief Investment Officer, Stephen Alpart, and our Chief Operating Officer, Steven Plust, whom we collectively refer to as our senior CRE team. Each member of our senior CRE team has over 25 years of experience in commercial real estate debt markets, and the team has worked together for over 15 years. Our senior CRE team is complemented by a group of eight professionals with broad investment management expertise and extensive industry relationships. This team has an average of over 12 years of experience in the commercial real estate debt markets, and many of its members have worked together with our senior CRE team for multiple years or most of their careers.

The majority of our senior CRE team's commercial real estate finance experience has been as fiduciaries in investment management. Over their careers, they have built and managed several commercial real estate principal lending businesses both as broker dealers and as investment managers. This broad experience has allowed our senior CRE team to develop extensive expertise in capital markets, structured finance and investment management, resulting in their ability to navigate and exploit the commercial real estate finance markets for the benefit of our stockholders.

We are a long-term, fundamental value-oriented investor. We construct our investment portfolio on a loan-by-loan basis, emphasizing rigorous credit underwriting, selectivity and diversification, and assess each investment from a fundamental value perspective relative to other opportunities available in the market. Our primary target investments are directly originated floating-rate performing senior commercial real estate loans, typically with terms of three to five years, usually ranging in size from $25 million to $150 million. We typically provide intermediate-term bridge or transitional financing for a variety of purposes, including acquisitions, recapitalizations, refinancings and a range of business plans, including lease-up, renovation, repositioning and repurposing of the property. We generally target the top 25, and up to the top 50, metropolitan statistical areas in the United States, or MSAs. We believe that those markets provide ample supply of high credit quality properties to lend against, sufficient number of owners and sponsors with institutional attributes, and adequate market liquidity. We believe this approach will enable us to deliver attractive risk-adjusted returns to our stockholders while preserving our capital base through diverse business cycles.

Our origination strategy relies on our CRE team's extensive and longstanding direct relationships with a wide array of national, regional and local private owner/operators, private equity firms, funds, REITs, brokers and co-lenders. Our team's reach across the United States and active dialogue with market participants has produced over $55 billion of investment opportunities since our Predecessor's formation, and our CRE team's reputation as a reliable counterparty has led to multiple investment opportunities with repeat clients.

We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes. For more information related to the consequences of this election, please see "Risk Factors—Risks Related to our REIT Status and Certain Other Tax Items" and "Material U.S. Federal Income Tax Considerations." We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act of 1940, or the Investment Company Act.

Our Manager

PRCM is a global asset management firm with institutional capabilities in managing new ventures, risk management, compliance and reporting, extensive long-term relationships in the financial community and established fixed-income, mortgage and real estate investment experience.

An affiliate of PRCM has served as the external manager of Two Harbors since its inception in 2009. At March 31, 2017, Two Harbors had grown to approximately $3.6 billion of equity capital. Two Harbors' external manager, through access to PRCM's CRE team, provided Two Harbors with the expertise necessary to establish and grow the commercial real estate debt investments that will comprise our Initial Portfolio. We believe that PRCM's experience in establishing, growing and successfully managing Two Harbors, combined with the experience of the CRE team, will enable us to successfully execute on our business strategy.

We believe that our stockholders will benefit from Granite Point being an independent public company solely focused on investment opportunities within the commercial real estate finance market. As part of Two Harbors, our Predecessor was able to establish its business and validate the significant market opportunity identified by the PRCM CRE team. We believe that being an independent public company provides us with the best opportunity to expand our business and execute on our strategy. As

a result of this offering and becoming a separate public entity, we will gain direct access to capital and funding while offering to our stockholders a focused strategy in what we believe is an attractive asset class and a significant market opportunity. As we increase our portfolio of commercial real estate debt investments over time, we believe we will be able to recognize economies of scale and deliver attractive risk-adjusted returns to our stockholders.

The Formation Transaction

Concurrently with the closing of this offering, we plan to complete a formation transaction, or the Formation Transaction, pursuant to which we will acquire the equity interests in our Predecessor from Two Harbors, and our Predecessor will become our indirect subsidiary. In exchange for equity interests of our Predecessor, we will issue 33,071,000 shares of our common stock representing approximately 76.5% of our outstanding common stock after this offering and 1,000 shares of our 10% cumulative redeemable preferred stock having a liquidation preference of $1,000 per share to Two Harbors or an affiliate of Two Harbors, which will immediately sell such preferred stock to an unaffiliated third-party investor. Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120 day lock-up period following the closing of this offering, after which Two Harbors currently expects to make a distribution of the shares of our common stock issued to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders. Until such distribution, Two Harbors will be our controlling stockholder and will be able to determine the outcome of all matters submitted to a vote of our stockholders. In addition, we will enter into a Director Designation Agreement with Two Harbors pursuant to which Two Harbors will be entitled to designate three individuals for nomination for election to our board of directors, to serve following the closing of this offering and until our 2019 annual meeting of stockholders, each of whom must qualify as an independent director under the rules of the NYSE and SEC.

Our Investment Philosophy

Our Manager's investment philosophy is governed by several guiding principles:

- *Value investing approach*—We are a long-term, fundamental value-oriented investor. We search for value across various geographies, property types and capital structure, guided by the belief that each investment should be attractive on its own fundamental merits and assessed relative to other available opportunities. Our underwriting process employs a sound bottom-up approach focused on property and local market fundamentals, as well as the owner's expertise, reputation and track record of execution. We strive to avoid taking investment bets on particular markets and property types based on the perceived price acceleration (or momentum) of such investments, which may be only temporarily supported by temporary capital markets driven trends.

- *Cash flow potential*—We emphasize a property's cash flow potential as an underwriting metric, rather than a loan's basis against the value of the property. From an underwriting perspective, we believe that a property's long-term ability to generate sustainable cash flows is of greater importance than its current sale value. Accordingly, we lend primarily on income producing properties, and will only consider lending on "for-sale" real estate (such as condominium conversion projects), when the projected cash flow that could be generated by operating these properties as rental properties would also support the basis of our loan.

- *Comprehensive underwriting and loan structuring*—Because we construct our portfolio on a loan-by-loan basis, we are able to engage in a rigorous and comprehensive underwriting process on each investment. We diligence a property's cash flow potential, including micro- and macroeconomic factors, our borrower's expertise and reputation, and business plan. Given that our investments take the form of a debt instrument, we place great emphasis on the loan terms

and structural protections to provide us with the tools to protect our investment and our stockholders' capital, if so required.

- *Selectivity and portfolio diversification*—Our senior CRE team has typically focused on creating loan portfolios on a loan-by-loan basis rather than engaging in large bulk purchases of investments. As a result, we are able to identify and invest among a broad array of opportunities, seeking to construct a portfolio diversified across markets, property types and sponsors, by selectively tapping into the large U.S. commercial real estate debt market, which has a size in excess of $3 trillion.

- *Active investment monitoring and management*—The team originating a loan remains responsible for monitoring and managing that investment from origination through the moment it is repaid, sold or otherwise liquidated. This approach has been successfully followed by our senior CRE team at previous firms across multiple economic cycles. We believe that this approach maintains accountability for each loan and is reflective of our credit culture.

Our Investment Strategy

Our investment strategy is to directly originate, invest in and manage a portfolio of commercial real estate loans and other debt and debt-like instruments secured by institutional quality commercial properties managed by experienced owners in attractive markets across the United States. Our CRE team provides us with extensive real estate expertise, industry relationships, sourcing, and underwriting capabilities to help us execute on our strategy. We approach the commercial real estate debt markets by emphasizing the following factors:

- *Origination*—Our origination strategy relies on our CRE team's extensive and longstanding direct relationships with a wide array of national, regional and local private owner/operators, private equity firms, funds, REITs, brokers and co-lenders. Our team's reach across the U.S. and active dialogue with market participants, has produced over $55 billion of investment opportunities since our Predecessor's formation. We invest significant time and resources in the early stages of our origination process and communicate frequently with our borrowers to increase the likelihood of closing the investment on its original terms. As a result, our CRE team has developed a reputation as a reliable counterparty, which has led to multiple investment opportunities with repeat clients.

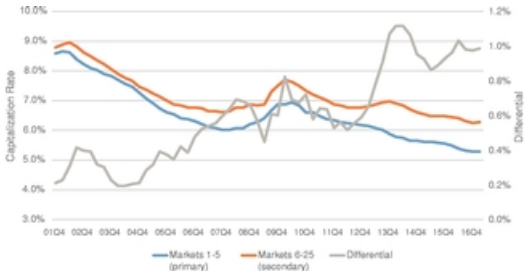
- *Markets*—We generally target the top 25, and up to top 50, metropolitan statistical areas in the United States, or MSAs. We believe that those markets provide ample supply of high credit quality properties to lend against, sufficient number of owners and sponsors with institutional attributes, and adequate market liquidity. We do not favor particular markets and instead look for the most compelling investments available across different geographies. The top five MSAs, in which we actively participate, generally offer abundant attractive opportunities for commercial real estate debt investors: they are large, and have historically been the primary investment target for global equity investors, and thus offer the greatest liquidity to owners. We believe that from a lender's perspective, the next tier of MSAs (six through 25 and up to 50) also offer compelling investment opportunities. First, aggregate transaction volume in markets six through 25 has historically approximated that of the top five markets, as shown in the chart below. Second, these markets have property values that are smaller and thus attract less global capital. With less global competition for these properties, they are generally valued at higher capitalization rates, which means higher property operating cash flow per dollar of value,

resulting in greater loan cash flow coverage to a debt investor as shown in the chart below, which compares capitalization rates from 2001 to 2016 in the primary and secondary markets.

Annual Sale Transaction Volume

Source: Real Capital Analytics.

Capitalization Rates in the Primary versus Secondary Markets



Source: Real Capital Analytics.

- *Types of investments*—Our primary target investments are directly originated floating-rate performing, intermediate term, bridge or transitional senior commercial real estate loans, typically with terms of three to five years, usually ranging in size from $25 million to $150 million that are backed by a variety of property types located across the United States. The range of loan sizes we originate is related to the breadth of MSAs from which we source our investments. We believe that the more intermediate loan sizes associated with the top six through 50 MSAs produce on average more attractive yields as compared to some of the generally much larger loan sizes in the top five MSAs. We may also invest in other debt and debt-like commercial real estate investments, if we view them as attractive assets for our portfolio, on a relative value basis.

- *Owners and sponsors*—We seek owners and sponsors with demonstrated market and property type expertise. We require that our sponsors have sufficient resources (whether through loan structure or entity capitalization) to implement their business plans. We evaluate a sponsor's track record and reputation for meeting its obligations with lenders in the past and acting responsibly. Because each member of our senior CRE team has more than 25 years of experience as commercial real estate lenders, our senior CRE team has a broad knowledge base of many owners and operators of commercial real estate, and a deep understanding of their reputations in the industry.

- *Property types*—We focus our investment strategy on income producing property types including office, industrial, multifamily, hospitality, retail and others. We prefer not to invest in debt or specialty property types that require specific expertise to operate and rely on government reimbursement programs for their cash flows (*e.g.*, skilled nursing).

- *Financing purpose and business plans*—We typically provide intermediate-term bridge or transitional financing for a variety of purposes, including acquisitions, recapitalizations, refinancings and a range of business plans including lease-up, renovation, repositioning and repurposing of the property. We believe that the scale and flexibility of our capital, as well as our CRE team's long-standing industry relationships, will enable us to finance strong borrowers and sponsors, and invest in debt collateralized by high-quality properties.

As a long-term, fundamental value-oriented investor, we may adjust our investment strategy as we react to evolving market dynamics. We believe there are enduring opportunities within our target

investments that present attractive risk-adjusted returns. However, as economic and business cycles develop, we may expand and/or adjust our investment strategy and target investments to capitalize on various investment opportunities. We believe that our well diversified Initial Portfolio and flexible investment strategy will allow us to actively adapt to changing market conditions and generate attractive long-term returns for our stockholders in a variety of environments.

Our investment strategy may be amended from time to time without the approval of our stockholders, if recommended by our Manager and approved by our board of directors. We expect to disclose any material changes to our investment strategy in the periodic quarterly and annual reports that we file with the SEC.

Our Competitive Strengths

Our Senior CRE Team's Long Tenured Presence in the Commercial Real Estate Debt Market

Our senior CRE team is among the most experienced in the industry. The team has been active in the commercial real estate debt market for a majority of their careers, each with over 25 years of experience in commercial real estate finance, and have worked together over 15 years. The majority of this time has been spent as fiduciaries in investment management. Over their careers, our senior CRE team has built and managed multiple commercial real estate principal lending businesses both as broker dealers and as investment managers. They were leaders in the development of the commercial mortgage-backed securities, or CMBS, market and have managed capital in multiple formats, including most recently for Two Harbors, a public hybrid mortgage REIT. This broad experience has allowed them to develop extensive expertise in capital markets, structured finance and investment management, resulting in their ability to navigate and exploit the commercial real estate finance markets for the benefit of our stockholders. Our senior CRE team's industry tenure has allowed them to develop a reputation as a reliable and trustworthy counterparty as well as a wide network of industry contacts and long standing relationships with owners, sponsors, brokers and co-lenders. A deep understanding of the track record of performance of many prospective borrowers and sponsors across different business cycles provides our team with the ability to select the right business partners. We believe that this extensive experience provides our senior CRE team with the appropriate expertise to successfully execute on our business plan.

Our senior CRE team is complemented by a group of eight professionals with broad investment management expertise and extensive industry relationships. This team has an average of over 12 years of experience in the commercial real estate debt markets, and many of its members have worked together with our senior CRE team for multiple years or most of their careers. This CRE team sourced, originated and closed all of the assets that comprise our Initial Portfolio.

High Quality Initial Portfolio with Attractive Yield

Our Initial Portfolio consists of cash-generating commercial real estate debt investments with a principal balance of $1.6 billion as of March 31, 2017, with an additional $181.9 million of potential future funding obligations. Our Initial Portfolio also consists of five additional floating-rate senior commercial mortgage loans with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations that we have closed since March 31, 2017. In addition, any investments made subsequent to the date hereof and prior to the pricing of this offering will be contributed as part of our Initial Portfolio. We believe that our Initial Portfolio, comprised largely of floating-rate senior commercial real estate loans, provides a good representation of our investment approach, proves our ability to successfully execute on our stated business strategy, and validates the capabilities of our Manager's highly skilled CRE team. We believe that our Initial Portfolio supports our views on the market opportunity focused on lending against high credit quality properties backed by strong owners and sponsors and located in markets exhibiting attractive economic

and real estate fundamentals. We believe that the scale of our Initial Portfolio and the experience of our CRE team provide us with a competitive advantage over other lenders. Additionally, the current cash flow of our Initial Portfolio should allow us to generate an attractive dividend to our stockholders shortly after the closing of this offering. We believe the scale of our Initial Portfolio should allow us better access to capital and an opportunity to build upon existing relationships with our clients. We expect our stockholders to benefit over time as we deploy the proceeds raised from this offering and as we realize expected economies of scale in our business.

Established Direct Origination Platform with Strong Sourcing Capabilities

Our team of commercial real estate professionals has a proven ability to directly originate investments within multiple markets across the United States, and has originated and constructed our Initial Portfolio since the formation of our Predecessor. Our originators have the ability to generate investments and find value in local markets due to their vast borrower, sponsor and broker relationships combined with many years of experience in the commercial real estate debt market. Our CRE team has sourced and evaluated in excess of $55 billion of potential investments since the formation of our Predecessor, underwritten or quoted approximately $14 billion of investment opportunities, and closed on $1.6 billion in principal balance of investments as of March 31, 2017 and an additional five floating-rate senior commercial mortgage loans with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations since March 31, 2017 that will comprise our Initial Portfolio. In addition, any investments made subsequent to the date hereof and prior to the pricing of this offering will be contributed as part of our Initial Portfolio. We believe that our team's origination experience combined with the high quality of our Initial Portfolio will allow us to continue to grow our investments and deploy the proceeds raised from this offering into attractive target investments in a timely manner to the benefit of our stockholders. As of the date of this prospectus, we have issued non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $575 million. Additionally, we have received signed non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $285 million.

Focused Investment Process Leading to Reputation as a Reliable Counterparty

Our investment strategy is implemented through a highly disciplined sourcing, screening and underwriting process developed by our senior CRE team over the course of their extensive careers in the commercial real estate finance industry. We invest significant time and resources in the early stages of our origination process and communicate frequently with our borrowers to provide feedback regarding business plan, terms and structure. This process increases the likelihood of closing the investment on the originally agreed to terms, resulting in our senior CRE team's reputation as a reliable counterparty, which has led to investment opportunities with repeat clients.

Robust Underwriting, Structuring and Asset Management Capabilities

Our established underwriting, structuring and asset management capabilities are supplemented by the team's extensive experience in the commercial real estate industry, providing multiple perspectives on performance of real estate collateral through credit and interest rate cycles. The extensive commercial real estate experience of our team serves as a foundation for thorough screening of investment opportunities, disciplined underwriting procedures, and active portfolio management of the investments within our portfolio. Our risk management process entails regular monitoring of the properties we lend against, contact with the owners and sponsors, property visits, and examining local market economic, demographic and business trends affecting real estate fundamentals. Our CRE team has comprehensive experience in active asset management and advising on the working out of assets which may suffer performance setbacks through cycles. Additionally, our Manager has established

rigorous risk management procedures developed over many years, access to which will benefit our stockholders.

Scalable Operating Platform with Strong Sponsorship

We believe that to be perceived as a respected and reliable counterparty to our borrower clients, our Manager needed to make significant investments to establish its CRE team and the resources for the direct origination, credit underwriting, monitoring, financing and risk management of our target investments. Our Manager's established commercial real estate debt investment platform is scalable and may provide us potential efficiencies as we grow. Our Initial Portfolio validates the capabilities of our Manager's CRE team and its ability to execute on our business plan to originate and manage a significant volume of high quality commercial real estate debt investments.

PRCM is a global asset management firm with institutional capabilities in managing new ventures, risk management, compliance and reporting. Our Manager has valuable industry and analytical expertise, extensive long-term relationships in the financial community and established fixed-income, mortgage and real estate investment experience. We believe we will also benefit from our access to PRCM's broad relationships with multiple financing counterparties. Because our Predecessor has been part of a successful public company since its inception, we will draw upon our Manager's established strong control and reporting procedures, risk management guidelines, financing and liquidity management tools and other functions.

Market Opportunity

We believe that the U.S. commercial real estate debt markets offer enduring investment opportunities. Over $1.5 trillion of commercial real estate debt is scheduled to mature over the next five years, and there is a sustained need for acquisition, repositioning and recapitalization loans. Traditional lenders, including banks which have historically accounted for approximately half of the market, are not expected to be able to meet projected borrower demand due to structural and regulatory constraints. As a result, we believe that there are significant opportunities to originate floating-rate senior commercial real estate loans on transitional properties at attractive risk-adjusted returns.

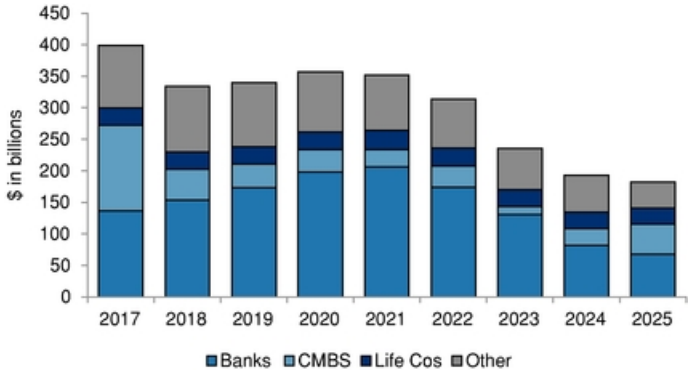
Large Market with Diverse Borrower Needs

The U.S. commercial real estate debt market is large, with current total outstanding loan balances of more than $3 trillion as reported by the U.S. Federal Reserve Bank. The lending markets are also diverse, as borrower needs vary, and the required financing formats have been traditionally supplied by different lending communities.

Borrower Demand for Capital Remains Strong

Refinancing of maturing loans and acquisition activity are the principal sources of debt investment opportunities. Loan maturities should lead to substantial demand for debt capital, whether the loans are refinanced or the underlying properties sold. Acquisition activity has grown substantially in the wake of the global economic crisis. While transaction volume tapered off modestly in 2016, sale transaction activity remains well above the troughs experienced during the depths of the crisis, and well above the levels seen over the last 15 years. As illustrated below, over $1.5 trillion in loans are estimated to mature over the next several years.

CRE Loan Maturity Estimates



Source: Trepp LLC and Federal Reserve Bank. Reports dated as of December 31, 2016.

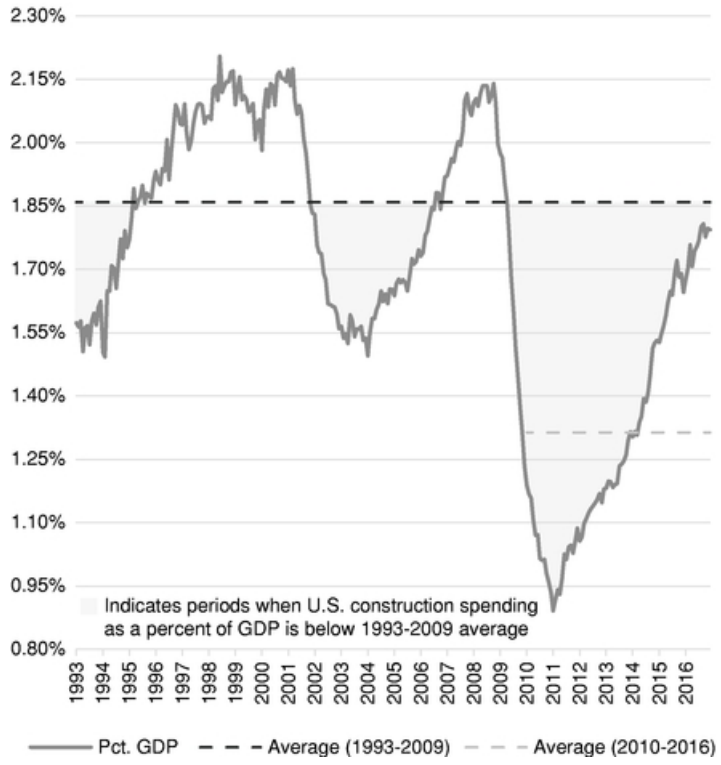
Traditional Lenders Have Been Constrained in Meeting the Demand for Debt Capital

Traditional lenders, particularly the banks and aggregators of CMBS, are now facing a substantially changed regulatory environment and thus are more constrained in meeting borrower demand for loans. The banks have been facing increasing regulatory oversight of their commercial real estate loan portfolios and higher capital charges for certain types of commercial real estate loans. CMBS originators have seen their activities affected by a variety of factors including, among others: the risk retention rules, restrictions on the ability of broker dealers to hold CMBS inventory, and rules requiring officers of CMBS issuers to have personal liability for the accuracy of their disclosures, which has resulted in much lower issuance volume than peak activity pre crisis.

Real Estate Fundamentals are Strong, Supported by a Historically Low Volume of Supply of New Properties

Commercial real estate fundamentals are strong driven by a continuing growth in the U.S. economy, resulting in commercial real estate property income growing and vacancies declining over the past several years. Additionally, a historically low level of new commercial real estate construction post-global economic crisis, combined with repurposing of the existing stock of commercial properties, have been significant contributors to the enduring strength of commercial real estate fundamentals. As illustrated below, the amount of commercial real estate construction as a percentage of gross domestic product, or GDP, and associated delivery of new inventory has remained well below the 2007 peak and the 15-year historical average prior to the global economic crisis.

Private Sector U.S. CRE Construction Spending as a Percentage of U.S. GDP



Source: Census Bureau and Bureau of Economic Analysis.

Our Target Investments

We intend to focus on originating senior commercial mortgage loans backed by different types of commercial real estate properties located in various markets across the United States. Our Predecessor has invested in, and we may, from time to time, invest in other debt and debt-like commercial real estate investments. Together, we refer to these investments as our target investments.

Primary Target Investments

- **Senior Mortgage Loans.** Commercial mortgage loans that are secured by real estate and evidenced by a first priority mortgage. These loans may vary in term, may bear interest at a fixed or floating rate, and may amortize and typically require a balloon payment of principal at maturity. These investments may encompass a whole loan or may include *pari passu* participations within such a mortgage loan. These loans may finance stabilized properties or properties that are subject to a business plan that is expected to enhance the value of the property through lease-up refurbishment, updating or repositioning.

Secondary Target Investments

As part of our financing strategy, we may from time-to-time syndicate senior participations in our originated senior commercial real estate loans to other investors and retain a subordinated debt position for our portfolio in the form of a mezzanine loan or subordinated mortgage interest, as

described below. Alternatively, on occasion we may opportunistically co-originate the investments described below with senior lenders, or purchase them in the secondary market.

- **Mezzanine Loans.** Mezzanine loans are secured by a pledge of equity interests in the property. These loans are subordinate to a senior mortgage loan but senior to the property owner's equity.

- **Preferred Equity.** Investments that are subordinate to any mortgage and mezzanine loans, but senior to the property owner's common equity.

- **Subordinated Mortgage Interests.** Sometimes referred to as a B-Note, a subordinated mortgage interest is an investment in a junior portion of a mortgage loan. B-Notes have the same borrower and benefit from the same underlying secured obligation and collateral as the senior mortgage loan, but are subordinated in priority payments in the event of default.

- **Other Real Estate Securities.** Investments in real estate that take the form of CMBS, collateralized loan obligations, or CLOs, that are collateralized by pools of real estate debt instruments which are often senior mortgage loans, or other securities.

Based on current market conditions, we expect that, like our Initial Portfolio, the majority of our investments will be senior commercial mortgage loans directly originated by us and secured by cash-flowing properties located in the United States. These investments will typically pay interest at rates that are determined periodically on the basis of a floating base lending rate, primarily LIBOR plus a premium, and have an expected term between three and five years.

Our Manager may opportunistically adjust our capital allocation to our target investments, with the proportion and types of investments changing over time depending on our Manager's views on, among other things, the current economic and credit environment. In addition, we may invest in investments other than our target investments, in each case subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exclusion from regulation under the Investment Company Act of 1940.

Our Initial Portfolio

As of March 31, 2017, our Initial Portfolio consisted of 41 commercial real estate debt investments with a principal balance of $1.6 billion, with an additional $181.9 million of potential future funding obligations. Our Initial Portfolio also consists of five additional floating-rate senior commercial mortgage loans that we have closed since March 31, 2017 with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations. In addition, any investments made subsequent to the date hereof and prior to the closing of this offering will be contributed as part of our Initial Portfolio. Our Initial Portfolio consists of a pool of commercial real estate debt investments diversified across geographies, property types, and sponsors.

The following table provides a summary of our Initial Portfolio as of March 31, 2017:

Type	Maximum Loan Commitment(1)	Principal Balance(1)	Book Value(1)	Cash Coupon(2)	Yield(3)	Original Term (Years)	Initial LTV(4)	Stabilized LTV(5)
Senior	$ 1,590.0	$ 1,409.7	$ 1,398.4	L+4.42%	6.06%	3.6	70.6%	63.8%
Mezzanine	136.9	135.4	135.2	L+8.10	9.42	4.0	74.2	69.5
CMBS/B-Note	27.8	27.8	27.7	L+7.49	7.94	11.4	52.6	49.8
Total/Weighted Average	**$ 1,754.7**	**$ 1,572.8**	**$ 1,561.3**	**L+4.79%**	**6.38%**	**3.8**	**70.5%**	**64.1%**

(1) In millions.

(2) Cash coupon does not include origination or exit fees.

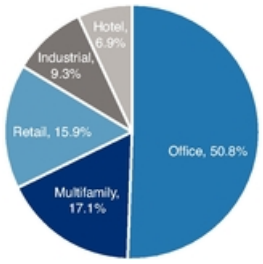
(3) Yield includes net origination fees and exit fees, but does not include future fundings.

(4) Initial LTV considers the "as is" value (as determined in conformance with the *Uniform Standards of Professional Appraisal Practice*, or USPAP) of the underlying property or properties, as set forth in the original appraisal.

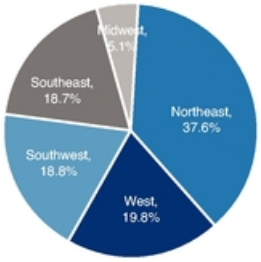
(5) Stabilized LTV considers the "as stabilized" value (as determined in conformance with USPAP) of the underlying property or properties, as set forth in the original appraisal. "As stabilized" value may be based on certain assumptions, such as future construction completion, projected re-tenanting, payment of tenant improvement or leasing commissions allowances or free or abated rent periods, or increased tenant occupancies.

The following charts illustrate that, as of March 31, 2017, our Initial Portfolio consisted of primarily senior floating-rate commercial real estate loans, diversified across property types and geographies.

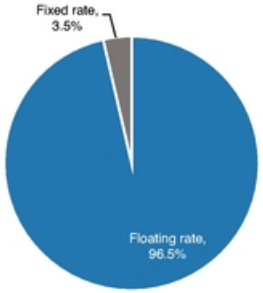
PORTFOLIO BY PROPERTY TYPE



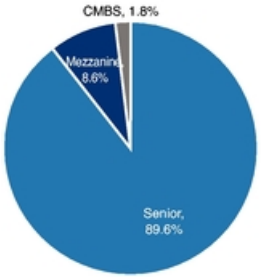
PORTFOLIO BY GEOGRAPHY



PORTFOLIO BY COUPON STRUCTURE



PORTFOLIO BY INVESTMENT



The five floating-rate senior commercial mortgage loans that we have closed since March 31, 2017 have a weighted average coupon of L+4.46%. As of the date of this prospectus, we have an investment pipeline that is in various stages of our underwriting process. We are reviewing commercial mortgage loans for potential quotes, representing aggregate loan amounts, including any future fundings, of approximately $2.1 billion. In addition, as of the date of this prospectus, we have issued non-binding

term sheets representing aggregate loan amounts, including any future fundings, of approximately $575 million. Additionally, we have received signed non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $285 million. Each investment remains subject to satisfactory completion of our diligence, underwriting, documentation, and Investment Committee process, and as such, we cannot give assurance that any of these potential investments will close on our anticipated terms, or at all.

Our Financing Strategy and Leverage

Our funding sources will initially include the net proceeds of this offering and the available capacity under our repurchase facilities. We have negotiated amendments to our Predecessor's repurchase facility documents with Morgan Stanley Bank, N.A., JPMorgan Chase Bank, National Association and Goldman Sachs Bank USA to allow us to continue to utilize the facilities and to replace Two Harbors with Granite Point as guarantor under the facilities. The repurchase facility amendments will also increase the maximum facility amount of the Morgan Stanley Bank, N.A. facility to $600 million from $400 million and the maximum facility amount of the JPMorgan Chase Bank, National Association facility to $500 million from $250 million. In addition, we have negotiated repurchase agreements with Wells Fargo Bank, National Association for a maximum facility amount of approximately $375 million (with an option, to be exercised at Wells Fargo Bank, National Association's sole discretion after the closing of this offering, to increase the maximum facility amount to as much as approximately $470 million) and with Citibank, N.A. for a maximum facility amount of $250 million. Both the amendments to existing repurchase facility documents with Morgan Stanley Bank, N.A., JPMorgan Chase Bank, National Association and Goldman Sachs Bank USA and the new repurchase agreements with Wells Fargo Bank, National Association and Citibank, N.A. will be effective concurrently with the closing of this offering, subject to customary closing conditions. Affiliates of Morgan Stanley Bank, N.A., JPMorgan Chase Bank, National Association and Citibank, N.A., are serving as underwriters in this offering.

Over time, in addition to repurchase agreements, we may use other forms of leverage, including secured and unsecured warehouse and other credit facilities, securitizations, and public and private, secured and unsecured debt issuances by us or our subsidiaries.

We are not required to maintain any particular debt-to-equity leverage ratio. The amount of leverage we may employ for particular investments will depend upon our Manager's assessment of the credit, liquidity, price volatility and other risks of those investments and the financing counterparties, and availability of particular types of financing at the time. Our decision to use leverage to finance our assets will be at the discretion of our Manager and will not be subject to the approval of our stockholders. Although we are not restricted by our governing documents in the amount of leverage that we may use, we plan to maintain appropriate controls to ensure prudent leverage levels appropriate to our portfolio. We currently expect that our initial leverage will not exceed, on a debt to equity basis, a ratio of 3-to-1. We will endeavor to match the terms and indices of our assets and liabilities, including in certain instances through the use of derivatives. We will also seek to minimize the risks associated with recourse borrowing. In addition, we may rely on short-term financing such as repurchase transactions under master repurchase agreements.

Subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exemption from the Investment Company Act, we may, from time to time, engage in a variety of hedging transactions that seek to mitigate the effects of fluctuations in interest rates or currencies and their effects on our cash flows. These hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. We expect these instruments will allow us to reduce, but not eliminate, the risk that we have to refinance our liabilities before the maturities of our investments and to reduce the impact of changing interest rates on our earnings.

Investment Guidelines

We anticipate that our board of directors will approve the following investment guidelines:

- no investment shall be made that would cause us to fail to qualify as a REIT under the Internal Revenue Code of 1986, as amended;
- no investment shall be made that would cause us to be regulated or required to register as an investment company under the Investment Company Act;
- we will primarily invest in our target investments, consisting of senior commercial mortgage loans, mezzanine loans, preferred equity, subordinated mortgage interests, real estate securities and other debt and debt-like commercial real estate investments;
- not more than 25% of our equity capital will be invested in any individual asset without the prior approval of a majority of our board of directors;
- any investment in excess of $300 million in an individual asset requires the prior approval of a majority of our board of directors; and
- until appropriate investments in our target investments are identified, we may invest our available cash in interest-bearing, short-term investments, including money market accounts or funds, and corporate bonds, subject to the requirements for our qualification as a REIT under the Code.

These investment guidelines may be changed from time-to-time by our board of directors without our stockholders' consent, but we expect to disclose any material changes to our investment guidelines in the periodic quarterly and annual reports that we will file with the SEC. Our Manager is not subject to any limits or proportions with respect to the mix of target investments that we originate or acquire other than as necessary to maintain our qualification as a REIT for U.S. federal income tax purposes and our exemption from registration under the Investment Company Act.

Summary Risk Factors

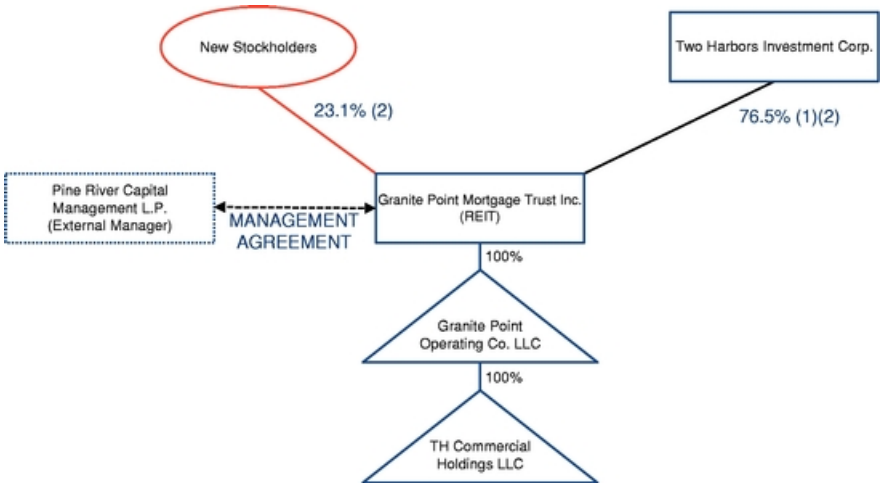
An investment in shares of our common stock involves various risks. You should consider carefully the risks discussed below and under "Risk Factors" before purchasing shares of our common stock. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

- Difficult conditions in the commercial mortgage and real estate market, the financial markets and the economy generally may adversely impact our business, results of operations and financial condition.
- We operate in a competitive market for investment opportunities and competition may limit our ability to originate or acquire our target investments and could also affect the pricing of these securities.
- An increase in interest rates may cause a decrease in the availability of certain of our target investments, which could adversely affect our ability to acquire target investments that satisfy our investment objectives and to generate income and pay dividends.
- We may not have control over certain of our loans and investments.
- Difficulty or delays in redeploying the proceeds from repayments of our existing loans and investments may cause our financial performance and returns to investors to suffer.

- Our portfolio of investments is concentrated in terms of geography and asset types and may become concentrated in terms of sponsors, which could subject us to increased risk of loss.
- Upon completion of the Formation Transaction, we will have significant debt and may incur additional debt, which will subject us to increased risk of loss and may reduce cash available for distributions to our stockholders.
- We may not be able to raise the capital required to finance our assets and grow our business.
- We will depend on repurchase agreements and other credit facilities to execute our business plan and any limitation on our ability to access funding through these sources could have a material adverse effect on our results of operations, financial condition and business.
- Our success depends on our Manager and its key personnel. We may not find a suitable replacement if we or our Manager terminates the management agreement.
- Our Manager's fee structure may not create proper incentives or may cause our Manager to select investments in more risky assets to increase its incentive compensation.
- There are various conflicts of interest in our relationship with our Manager and its affiliates, which could result in decisions that are not in the best interests of our stockholders.
- We have no operating history as a standalone company and may not be able to operate our business successfully or generate sufficient revenue to make or sustain distributions to our stockholders.
- Mezzanine loans, B-Notes, preferred equity and other investments that are subordinated or otherwise junior in an issuer's capital structure and that involve privately negotiated structures will expose us to greater risk of loss.
- We may change any of our strategies, policies or procedures without stockholder consent.
- If we do not maintain our qualification as a REIT, we will be subject to tax as a regular corporation and could face a substantial tax liability.
- A REIT, in certain circumstances, may incur tax liabilities that would reduce our cash available for distribution to you.
- Complying with REIT requirements may cause us to forego otherwise attractive investment opportunities and limit our expansion opportunities.
- Maintaining our exemptions from registration as an investment company under the Investment Company Act imposes limits on our operations. Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act.
- Until Two Harbors distributes or otherwise disposes of shares of our common stock acquired as a result of this offering and the Formation Transaction, it will own approximately 76.5% percent of our outstanding common stock and will be able to exert control over all matters subject to approval by our stockholders.

Our Structure

The following chart summarizes our organizational structure and equity ownership immediately after giving effect to the Formation Transaction and this offering. This chart is provided for illustrative purposes only and does not show all of our legal entities or ownership percentages of such entities.



(1) After a 120-day lock-up period following the closing of this offering, Two Harbors currently expects to make a distribution of the shares of common stock issued to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders.

(2) Does not reflect the initial grants under out 2017 Equity Incentive Plan to our independent directors, executive officers and certain other personnel of an affiliate of our Manager.

Management Agreement

Upon the closing of this offering, we will enter into a management agreement with our Manager pursuant to which it will manage our investments and day-to-day operations. The management agreement will require our Manager to manage our business affairs in conformity with the investment guidelines and policies that are approved and monitored by our board of directors. Our Manager's role as Manager will be under the supervision and direction of our board of directors.

The initial term of the management agreement expires on the third anniversary of the completion of this offering and will be automatically renewed for a one-year term each succeeding anniversary date unless it is previously terminated. Our independent directors will review our Manager's performance and the management fees annually and, following the initial term, the management agreement may be terminated annually upon the affirmative vote of at least two-thirds of our independent directors or upon a determination by the holders of a majority of outstanding shares of common stock, based upon (a) unsatisfactory performance that is materially detrimental to us taken as a whole, or (b) our determination that the management fees payable to our Manager are not fair, subject to our Manager's right to prevent such termination due to unfair fees by accepting a reduction of management fees agreed to by at least two-thirds of our independent directors. We must provide 180 days' prior notice of any such termination. We may terminate the management agreement at any time, without the payment of any termination fee, with 30 days' prior written notice from us upon the occurrence of a cause event. Our Manager may terminate the management agreement if we become required to register as an investment company under the Investment Company Act, with such termination deemed to occur immediately before such event, in which case we would not be required to pay a termination fee. Our Manager may decline to renew the management agreement by providing us with 180 days' written

notice, in which case we would not be required to pay a termination fee. In addition, if we default in the performance or observance of any material term, condition or covenant contained in the management agreement and the default continues for a period of 30 days after written notice to us requesting that the default be remedied within that period, our Manager may terminate the management agreement upon 60 days' written notice. If the management agreement is terminated by our Manager upon our breach, we would be required to pay our Manager the termination fee described below.

The following table summarizes the fees and expense reimbursements that we pay to our Manager:

Type	Description
Base Management Fee	An amount equal to one-fourth of 1.50% per annum of our "Equity," calculated and payable quarterly in arrears in cash. For the purposes of calculating the management fee, our "Equity" means: (a) the sum of (1) the net proceeds received by us from all issuances of our equity securities, plus (2) our cumulative "Core Earnings" for the period commencing on the completion of this offering to the end of the most recently completed calendar quarter, (b) less (1) any distribution to our stockholders, (2) any amount that we or any of our subsidiaries have paid to repurchase for cash our stock following the completion of this offering and (3) any incentive compensation earned by our Manager following the completion of this offering, but excluding incentive compensation earned in the current quarter, provided, that, for the avoidance of doubt, the "net proceeds" from all issuances of our stock under (a)(1) above shall be deemed to include the common stock issued to Two Harbors as part of the Formation Transaction, valued at the amount that will be recorded in our stockholders' equity in accordance with GAAP. All items in the foregoing sentence (other than clause (a)(2) are calculated on a daily weighted average basis. As a result, our Equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. Our Manager uses the proceeds from its management fee in part to pay compensation to its officers and personnel who, notwithstanding that certain of them also are our officers, receive no cash compensation directly from us. The management fee is payable independent of the performance of our portfolio.

Incentive Compensation	Our Manager is entitled to incentive compensation which is calculated and payable with respect to each calendar quarter (or part thereof that the management agreement is in effect) in arrears in an amount, not less than zero, equal to the excess of (1) the product of (a) 20% and (b) the result of (i) our Core Earnings for the previous 12-month period, minus (ii) the product of (A) our Equity in the previous 12-month period, and (B) 8% per annum, less (2) the sum of any incentive compensation paid to our Manager with respect to the first three calendar quarters of such previous 12-month period; *provided*, *however*, that no Incentive Compensation is payable with respect to any calendar quarter unless Core Earnings for the 12 most recently completed calendar quarters in the aggregate is greater than zero. The first quarter for which incentive compensation will be payable, if earned, will be the quarter ending December 31, 2018. As used herein, "Core Earnings" means the net income (loss) attributable to our common stockholders, computed in accordance with generally accepted accounting principles, or GAAP, and excluding (1) non-cash equity compensation expense, (2) the incentive compensation earned by our Manager, (3) depreciation and amortization, (4) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable period, regardless of whether such items are included in other comprehensive income or loss or in net income and (5) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items, in each case after discussions between our Manager and our independent directors and approved by a majority of our independent directors. Pursuant to the terms of our Management Agreement, the exclusion of depreciation and amortization from the calculation of Core Earnings only applies to depreciation and amortization related to our Target Investments that are structured as debt to the extent that we foreclose upon the property or properties underlying such debt.
Reimbursement of Expenses	We are required to reimburse our Manager or its affiliates for documented costs and expenses incurred by it and its affiliates on our behalf except those specifically required to be borne by our Manager under the management agreement. For more information about the expenses we are required to reimburse to our Manager and its affiliates, see "Our Manager and the Management Agreement—Management Agreement—Reimbursement of Expenses."

Termination Fee	Equal to three times the sum of (i) the average annual base management fee, and (ii) average annual incentive compensation, in each case earned by our Manager during the 24-month period immediately preceding the most recently completed calendar quarter prior to the termination date. The termination fee will be payable to our Manager upon termination of the management agreement by us without cause (as defined in the management agreement) or by our manager if we breach any material term, condition or covenant in the management agreement.

Conflicts of Interest

We are subject to conflicts of interest relating to our Manager and its affiliates because, among other things:

- Each of our executive officers is an employee of an affiliate of our Manager. Therefore, these individuals have interests in our relationship with our Manager that are different than the interests of our stockholders. In particular, these individuals will have a direct interest in the financial success of our Manager, which may encourage these individuals to support strategies that impact us based upon these considerations. As a result of these relationships, these persons have a conflict of interest with respect to the agreements and arrangements we have with our Manager and its affiliates.

- Our Manager may retain, for and on behalf and at our sole cost and expense, such services of persons and firms as our Manager deems necessary or advisable in connection with our management and operations, which may include affiliates of our Manager; provided, that any such services may only be provided by affiliates to the extent (i) such services are on arm's length terms and competitive market rates in relation to terms that are then customary for agreements regarding the provision of such services to companies that have assets similar in type, quality and value to our investments, or (ii) such services are approved by a majority of our independent directors. Our Manager is entitled to rely reasonably on qualified experts and professionals (including accountants, legal counsel and other professional service providers) hired by our Manager at our sole cost and expense. In addition, our Manager is authorized to enter into one or more sub-advisory agreements with other investment managers, or, each, a Sub-Manager, pursuant to which our Manager may obtain the services of the Sub-Manager to assist our Manager in providing the investment advisory services required to be provided by our Manager under the management agreement. Specifically, our Manager may retain a Sub-Manager to recommend specific securities or other investments based upon our investment guidelines, and work, along with our Manager, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on our behalf, subject to oversight of our Manager and us. Our Manager, and not us, is responsible for any compensation payable to any Sub-Manager. Any sub-management agreement entered into by our Manager will be in accordance with applicable laws.

- Our Manager may engage and supervise, on our behalf and at our expense, independent contractors, advisors, consultants, attorneys, accountants, auditors, and other service providers, which may include affiliates of our Manager, that provide various services with respect to us, including investment banking, securities brokerage, mortgage brokerage, credit analysis, risk management services, asset management services, loan servicing, other financial, legal or accounting services, due diligence services, underwriting review services, and all other services (including transfer agent and registrar services) as may be required related to our activities or investments (or potential investments).

Our Manager may assign or delegate to one or more of its affiliates the performance of its responsibilities under the management agreement in accordance with the terms of the management agreement.

Our Manager's liability is limited under the management agreement, and we will agree to indemnify our Manager and its affiliates with respect to all expenses, losses, damages, liabilities, demands, charges and claims incurred by our Manager and its affiliates in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding arising from acts or omissions of such indemnified parties except by reason of acts or omission constituting bad faith, willful misconduct, gross negligence or reckless disregard of their respective duties under the management agreement, as determined by a final non-appealable order of a court of competent jurisdiction. As a result, we could experience poor performance or losses for which our Manager would not be liable.

We will agree to pay our Manager a base management fee, which is not based upon performance metrics or goals, and which might reduce our Manager's incentive to devote its time and effort to seeking loans and investments that provide attractive risk-adjusted returns for our portfolio. Because the base management fees will be based on our outstanding equity, our Manager may also be incentivized to advance strategies that increase our equity, and there may be circumstances where increasing our equity will not optimize the returns for our stockholders.

In addition, our Manager has the ability to earn incentive fees based on our earnings, which may create an incentive for our Manager to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase our short-term net income and thereby increase the incentive fees to which it is entitled.

Resolution of Potential Conflicts of Interest in Allocation of Investment Opportunities

Our Manager has agreed that for so long as our Manager is managing us, neither our Manager nor any of its affiliates will sponsor or manage any other U.S. publicly traded REIT that invests in senior commercial mortgage loans, mezzanine loans, preferred equity, subordinated mortgage interests, and any other types of investments from time to time mutually agreed to by our Manager and a majority of our independent directors, all of which we refer to as "Specified Target Investments." In addition, our Manager and its affiliates may not sponsor or manage one or more private investment funds that invest in investment classes that are the same or similar to the Specified Target Investments for a period of one year following the closing of this offering, or the Restricted Period, except that the Manager and its affiliates may perform investment advisory services related to a single Specified Target Investment on a one-off basis for one or more private investors or investment funds, so long as the investment advisory services are provided at the request of a client of the Manager or an affiliate and the Manager promptly notifies us that such services have been rendered.

Following the Restricted Period, our Manager has agreed to offer us the right to participate in all investment opportunities that our Manager determines are appropriate for us in view of our investment objectives, policies and strategies, and other relevant factors, subject to the exception that we might not participate in each such opportunity but will on an overall basis equitably participate with our Manager's other clients in relevant investment opportunities in accordance with our Manager's then prevailing investment allocation policy. Our Manager's investment allocation policy is subject to approval by our independent directors and, at the request of our independent directors, will be subject to periodic review and back-testing by our internal audit function or an independent third party. When making decisions where a conflict of interest may arise, our Manager will endeavor to allocate investment and financing opportunities in a fair and equitable manner over time as between us and our Manager's other clients, in each case in accordance with our Manager's investment allocation policy. Our Manager has broad discretion in making that determination, and in amending that determination

over time. In allocating investments among us and a Pine River Fund, our Manager's reasons for its allocation decisions may include the following:

- the contrasting strategies, time horizons and risk profiles of the participating clients;
- the relative capitalization and cash availability of the clients;
- the different liquidity positions and requirements of the participating clients;
- whether a client has appropriate exposure to or concentration in the asset type, geography or property type in question, taking into account both the client's overall investment objectives and the client's exposure or concentration relative to other clients sharing in the allocation;
- whether an opportunity can be split between the clients, or whether it must be allocated entirely to one client or the other;
- borrowing base considerations (such as repurchase agreements or other credit facility terms);
- expectations regarding the timing and sources of new capital and, in the case of the Pine River Funds, historical and anticipated subscription and redemption patterns of the Pine River Funds; and
- regulatory or tax considerations.

In certain circumstances strict compliance with the foregoing allocation procedures may not be feasible and unusual or extraordinary conditions may, on occasion, warrant deviation from the practices and procedures described above. In such circumstances, senior personnel of our Manager and/or our board of directors may be called upon to determine the appropriate action which will serve the best interests of, and will be fair and equitable to, all clients involved.

Our Manager may in the future adopt additional conflicts of interest resolution policies and procedures designed to support the equitable allocation and to prevent the preferential allocation of investment opportunities among entities with overlapping investment objectives.

Operating and Regulatory Structure

REIT Qualification

We intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending on December 31, 2017. Our qualification as a REIT depends upon our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, or the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our shares. We believe that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT.

So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on our taxable income that we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lost our REIT qualification. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income or property.

See "Risk Factors—Risks Related to our REIT Status and Certain Other Tax Items."

Investment Company Act Exemption

We currently conduct, and intend to conduct, our operations so that neither we nor any of our subsidiaries are an "investment company" as defined in Section 3(a)(1)(A) or Section 3(a)(1)(C) of the Investment Company Act. We believe we are not an investment company under Section 3(a)(1)(A) of the Investment Company Act because we do not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. Rather, through our wholly owned or majority-owned subsidiaries, we are primarily engaged in non-investment company business as related to real estate. In addition, we intend to conduct our operations so that we do not come within the definition of an investment company under Section 3(a)(1)(C) of the Investment Company Act because less than 40% of our total assets on an unconsolidated basis will consist of "investment securities." Excluded from the term "investment securities" (as that term is defined in the Investment Company Act) are securities issued by majority-owned subsidiaries that are themselves not investment companies and are not relying on the exclusion from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We hold our assets primarily through direct or indirect wholly owned or majority-owned subsidiaries, certain of which are excluded from the definition of investment company pursuant to Section 3(c)(5)(C) of the Investment Company Act. To qualify for the exclusion pursuant to Section 3(c)(5)(C), based on positions set forth by the staff of the Securities and Exchange Commission (the "SEC"), each such subsidiary generally is required to hold at least (i) 55% of its assets in "qualifying" real estate assets and (ii) at least 80% of its assets in "qualifying" real estate assets and real estate-related assets. For our subsidiaries that maintain this exclusion or another exclusion or exception under the Investment Company Act (other than Section 3(c)(1) or Section 3(c)(7) thereof), our interests in these subsidiaries do not and will not constitute "investment securities."

As a consequence of our seeking to avoid the need to register under the Investment Company Act on an ongoing basis, we and/or our subsidiaries may be restricted from making certain investments or may structure investments in a manner that would be less advantageous to us than would be the case in the absence of such requirements. In particular, a change in the value of any of our assets could negatively affect our ability to avoid the need to register under the Investment Company Act and cause the need for a restructuring of our investment portfolio. For example, these restrictions may limit our and our subsidiaries' ability to invest directly in mortgage-backed securities that represent less than the entire ownership in a pool of senior loans, debt and equity tranches of securitizations and certain asset-backed securities, non-controlling equity interests in real estate companies or in assets not related to real estate. In addition, seeking to avoid the need to register under the Investment Company Act may cause us and/or our subsidiaries to acquire or hold additional assets that we might not otherwise have acquired or held or dispose of investments that we and/or our subsidiaries might not have otherwise disposed of, which could result in higher costs or lower proceeds to us than we would have paid or received if we were not seeking to comply with such requirements. Thus, avoiding registration under the Investment Company Act may hinder our ability to operate solely on the basis of maximizing profits.

There can be no assurance that we and our subsidiaries will be able to successfully avoid operating as an unregistered investment company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, that third parties could seek to obtain rescission of transactions undertaken during the period it was established that we were an unregistered investment company, and that we would be subject to limitations on corporate leverage that would have an adverse impact on our investment returns.

If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our

ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act) and portfolio composition, including disclosure requirements and restrictions with respect to diversification and industry concentration and other matters. Compliance with the Investment Company Act would, accordingly, limit our ability to make certain investments and require us to significantly restructure our business plan, which could materially adversely affect our ability to pay distributions to our stockholders.

See "Risk Factors—Risks Related to Our Company—Maintaining our exemptions from registration as an investment company under the Investment Company Act imposes limits on our operations. Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act" and "Business—Investment Company Act."

Restrictions on Ownership and Transfer of Our Common Stock

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Code, our charter will provide that, with certain exceptions, no stockholder may beneficially or constructively own, applying certain attribution rules under the Code, more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or 9.8% by value of our outstanding capital stock. Our board of directors may, in its sole discretion, waive the 9.8% ownership limits with respect to a particular stockholder if it is presented with evidence satisfactory to it that such ownership will not then or in the future jeopardize our qualification as a REIT. Our board intends to adopt a resolution providing for the exemption of Two Harbors and certain of its affiliates from the ownership limits in connection with the Formation Transaction, which will allow them to own in the aggregate up to 85% of our stock.

Our charter will also provide that any person is prohibited from, among other things:

- beneficially or constructively owning shares of our capital stock that would result in our being "closely held" under Section 856(h) of the Code, or otherwise cause us to fail to qualify as a REIT; and
- transferring shares of our capital stock if such transfer would result in our capital stock being owned by fewer than 100 persons.

In addition, our charter provides that any ownership or purported transfer of our capital stock in violation of the foregoing restrictions will result in the shares so owned or transferred being automatically transferred to a trust for the benefit of a charitable beneficiary, and the purported owner or transferee acquiring no rights in such shares. If a transfer to a trust would be ineffective for any reason to prevent a violation of the restriction, our charter will provide that the transfer resulting in such violation will be void from the time of such purported transfer.

Emerging Growth Company Status

We currently qualify as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including:

- exemption from the requirement to comply with the auditor attestation of our internal control over financial reporting pursuant to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002;
- reduced disclosure regarding executive compensation in our periodic reports and proxy statements; and

- exemption from the requirement to hold a non-binding stockholder advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have not made a decision whether to take advantage of certain of these exemptions. If we do take advantage of any of these exemptions, we do not know if some investors will find our common stock less attractive as a result. The result may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies which are not emerging growth companies. This decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We could remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1.0 billion in non-convertible debt during the preceding three year period.

Corporate Information

We were incorporated on April 7, 2017 under the laws of the State of Maryland. Our principal executive office is located at 590 Madison Avenue, 36th Floor, New York, New York 10022. Our telephone number is (212) 364-3200. Our web address is www.GPMortgageTrust.com. The information on, or otherwise accessible through, our web site does not constitute a part of this prospectus.

THE OFFERING

Common stock offered by us	10,000,000 shares (plus up to an additional 1,500,000 shares of our common stock that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares).
Common stock to be outstanding after this offering	43,230,756 shares.(1)
Use of proceeds	We intend to invest the net proceeds of this offering in originating senior commercial mortgage loans and other debt and debt-like commercial real estate investments, which we collectively refer to as our "target investments" and are further described under "Business—Our Target Investments." Until appropriate investments can be identified, our Manager may invest these funds in interest-bearing short-term investments, including money market accounts and/or funds, that are consistent with our intention to qualify as a REIT. See "Use of Proceeds."
Distribution policy	We intend to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income (which may not equal net income, as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income. We generally intend to pay quarterly distributions in an amount equal to our taxable income. Any distributions we make to our stockholders will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations and liquidity. These results and our ability to pay distributions will be affected by various factors, including the net interest and other income from our portfolio, our operating expenses and any other expenditures. For more information, see "Distribution Policy."
Proposed NYSE symbol	"GPMT."

(1) Includes (i) an aggregate of 13,415 shares of our common stock to be granted under our 2017 Equity Incentive Plan to our independent directors upon closing of this offering and (ii) an estimated 146,341 restricted shares of our common stock to be granted to our executive officers and certain other personnel of an affiliate of our Manager, both based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus. Excludes shares of our common stock that we may issue upon exercise of the underwriters' option to purchase up to 1,500,000 additional shares and 1,000 shares of our common stock issued to Two Harbors Operating Company LLC in connection with our initial formation, which we will repurchase at cost upon the completion of this offering.

Ownership and transfer restrictions	To assist us in complying with limitations on the concentration of ownership of a REIT imposed by the Code and for other purposes, our charter will provide that any stockholder is generally prohibited from, among other things, beneficially or constructively owning more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or 9.8% by value of our outstanding capital stock. Our board intends to adopt a resolution providing for the exemption of Two Harbors and certain of its affiliates from the ownership limits in connection with the Formation Transaction, which will allow them to own in the aggregate up to 85% of our stock. See "Description of Capital Stock—Restrictions on Ownership and Transfer."
Two Harbors ownership upon completion of this offering	Concurrently with the closing of this offering, we plan to complete the Formation Transaction pursuant to which we will acquire from Two Harbors entities that own portfolios of commercial mortgage loans and other commercial real estate-related investments. In exchange, we will issue 33,071,000 shares of our common stock representing approximately 76.5% of our outstanding common stock after this offering and 1,000 shares of our 10% cumulative redeemable preferred stock having a liquidation preference of $1,000 per share to Two Harbors or an affiliate of Two Harbors, which will immediately sell such preferred stock to an unaffiliated third-party investor. Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120 day lock-up period following the closing of this offering, after which Two Harbors currently expects to make a distribution of the shares of common stock issued to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders. Until such distribution, Two Harbors will be our controlling stockholder and will be able to determine the outcome of all matters submitted to a vote of our stockholders.

Directed share program	At our request, the underwriters have reserved for sale up to 5% of the shares of common stock being offered by this prospectus for sale at the initial public offering price to persons who are directors or officers, or who are otherwise associated with us through a directed share program. The sales will be made by J.P. Morgan Securities LLC, an underwriter of this offering. The number of shares of common stock available for sale to the general public will be reduced by the number of directed shares of common stock purchased by participants in the program. Any directed shares of common stock not purchased will be offered by J.P. Morgan Securities LLC to the general public on the same basis as all other shares of common stock offered. Individuals who purchase shares of common stock in the directed share program will be subject to the 180-day lock-up restrictions described in the "Underwriting" section of this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed shares of common stock.

Stock purchase plan	Two Harbors has agreed to adopt a 10b5-1 plan, or the 10b5-1 Plan, in accordance with Rules 10b5-1 and 10b-18 under the Exchange Act, under which Two Harbors will agree, subject to certain conditions, to buy in the open market up to $20 million in the aggregate of shares of our common stock during the period commencing four full calendar weeks after the completion of this offering and ending on the earlier of the date on which all the capital committed to the plan has been exhausted or the date preceeding the ex-dividend date associate with Two Harbors' declaration of the pro rata distribution of our common stock to Two Harbors stockholders but no later than December 31, 2017. During such time, the 10b5-1 Plan will require Two Harbors to purchase shares of our common stock when the market price per share is below book value. The purchase of shares by Two Harbors pursuant to the 10b5-1 Plan is intended to satisfy the conditions of Rules 10b5-1 and 10b-18 under the Exchange Act, and will otherwise be subject to applicable law, including Regulation M, which may prohibit purchases under certain circumstances. Under the 10b5-1 Plan, Two Harbors will increase the volume of purchases made as the price of our common stock declines below the book value of such shares, subject to volume restrictions imposed by the 10b5-1 Plan and the Exchange Act rules and regulations. For purposes of the 10b5-1 Plan, "book value" means, as of the date of any repurchase, the last reported book value per share of our common stock for which financial statements are made available, calculated in accordance with GAAP. The reported book value per share subsequent to the closing of this offering will be the pro forma net tangible book value per share disclosed in "Dilution." This initial reported book value per share will remain in effect until a future reported book value is made available as of the end of the most recent quarterly period for which financial statements are available. Whether purchases will be made under the 10b5-1 Plan and how much will be purchased at any time is uncertain, dependent on prevailing market prices and trading volumes, all of which we cannot predict. These activities may have the effect of maintaining the market price of the common stock or retarding a decline in the market price of the common stock, and, as a result, the price of our common stock may be higher than the price that otherwise might exist in the open market without such purchases. See "Risk Factors—Purchases of our common stock by Two Harbors under the 10b5-1 Plan may result in the price of our common stock being higher than the price that otherwise might exist in the open market without such purchases."
Risk factors	Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading "Risk Factors" beginning on page 31 of this prospectus and all other information in this prospectus before investing in our common stock.

SUMMARY CONSOLIDATED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following table sets forth, for the periods and as of the dates indicated, our summary consolidated historical financial data for our Predecessor, TH Commercial Holdings LLC and its subsidiaries, and summary consolidated pro forma financial data for Granite Point, after giving effect to the Formation Transaction and this Offering. We have not presented historical information for Granite Point because we have not had any operations or corporate activity since our formation other than the issuance of 1,000 shares of our common stock to Two Harbors Operating Company LLC, a wholly owned subsidiary of Two Harbors, in connection with our initial formation (which will be repurchased at cost upon completion of this offering).

You should read the following summary consolidated financial data in conjunction with our financial statements and the financial statements of our Predecessor and the related notes, which are included elsewhere in this prospectus, and with the sections entitled "Selected Consolidated Historical and Pro Forma Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The summary historical consolidated balance sheet data as of December 31, 2016 and the summary historical consolidated statement of comprehensive income for the periods ended December 31, 2016 and 2015 for our Predecessor have been derived from the consolidated audited financial statements of our Predecessor included elsewhere in this prospectus. The summary historical consolidated balance sheet data as of March 31, 2017 and the summary historical consolidated statement of comprehensive income data for each of the three-month periods ended March 31, 2017 and 2016 for our Predecessor have been derived from the consolidated unaudited financial statements included elsewhere in this prospectus, which, in the opinion of our management, have been prepared on the same basis as our audited consolidated financial statements and reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our Predecessor's results of operations and financial position for such periods. Results for the three month period ended March 31, 2017 are not necessarily indicative of results that may be expected for the entire year.

Our unaudited summary pro forma condensed consolidated balance sheet as of March 31, 2017 and statement of comprehensive income data for the year ended December 31, 2016 and the three-month period ended March 31, 2017 assumes closing of this offering, the Formation Transaction and the other adjustments described in the unaudited pro forma financial information beginning on page F-2 of this prospectus, as of January 1, 2016 for the statement of comprehensive income data and as of March 31, 2017 for the balance sheet data. The historical balances of our Predecessor have been reflected at carryover basis because, for accounting purposes, the Formation Transaction and this offering are not deemed a business combination and do not result in a change of control. Under the guidance of ASC 820, *Business Combinations*, the Formation Transaction is an exchange of equity interests between entities under common control. As such, we recognize assets and liabilities at Two Harbors' carrying amounts.

The unaudited pro forma consolidated balance sheet data is presented for illustrative purposes only and is not necessarily indicative of what the actual financial position would have been had the transactions referred to above occurred on March 31, 2017, nor does it purport to represent the future financial position of the company. The unaudited pro forma consolidated statement of comprehensive income data are presented for illustrative purposes only and are not necessarily indicative of what the actual results of operations would have been had the transactions referred to above occurred on January 1, 2016, nor does it purport to represent our future results of operations.

(Dollar amounts in thousands)	Period Ended December 31,			Period Ended March 31,		
	Pro Forma	Predecessor Historical		Pro Forma	Predecessor Historical	
	2016	2016	2015[1]	2017	2017	2016
	(unaudited)			(unaudited)	(unaudited)	
Comprehensive Income Data:						
Interest income:						
Commercial real estate assets	$ 59,819	$ 59,819	$ 9,139	$ 23,570	$ 23,570	$ 11,072
Available-for-sale securities	1,002	1,002	—	246	246	268
Cash and cash equivalents	7	7	—	2	2	1
Total interest income	60,828	60,828	9,139	23,818	23,818	11,341
Interest expense	19,622	11,029	477	9,352	6,106	1,451
Net interest income	41,206	49,799	8,662	14,466	17,712	9,890
Other income:						
Realized gain on sales of commercial real estate assets	—	—	181	—	—	—
Ancillary fee income	37	37	14	—	—	5
Other fee income	166	166	—	—	—	—
Total other income	203	203	195	—	—	5
Expenses:						
Management fees	7,173	7,173	1,178	1,662	1,662	1,769
Professional services	137	137	419	156	156	77
Servicing expense	605	605	73	322	322	105
General and administrative expenses	10,965	6,741	6,979	2,925	2,117	2,010
Total expenses	18,880	14,656	8,649	5,065	4,257	3,961
Income before income taxes	22,529	35,346	208	9,401	13,455	5,934
(Benefit from) provision for income taxes	(11)	(11)	70	1	1	(7)
Net income	$ 22,540	$ 35,357	$ 138	$ 9,400	$ 13,454	$ 5,941
Comprehensive income:						
Net income	$ 22,540	$ 35,357	$ 138	$ 9,400	$ 13,454	$ 5,941
Other comprehensive (loss) income:						
Unrealized (loss) income on available-for-sale securities, net	(112)	(112)	—	80	80	(255)
Other comprehensive (loss) income	(112)	(112)	—	80	80	(255)
Comprehensive income	$ 22,428	$ 35,245	$ 138	$ 9,480	$ 13,534	$ 5,686

(1) Commenced operations on January 7, 2015.

Balance Sheet Data (Dollar amounts in thousands):	As of March 31, 2017	
	Pro Forma	Predecessor Historical
	(unaudited)	
Commercial real estate assets	$ 1,548,603	$ 1,548,603
Available-for-sale securities, fair value	12,766	12,766
Cash and cash equivalents	359,146	34,617
Restricted cash	2,260	2,260
Accrued interest receivable	4,487	4,487
Due from counterparties	456	456
Income tax receivable	7	7
Accounts receivable	8,457	8,457
Deferred debt issuance costs	2,679	2,679
Total assets	$ 1,938,861	$ 1,614,332
Repurchase agreements	$ 1,095,735	$ 536,221
Notes payable to affiliate	—	609,670
Accrued interest payable	977	977
Unearned interest income	—	—
Income tax payable	—	—
Other payables to Two Harbors and affiliates	—	25,515
Accrued expenses and other liabilities	424	424
Total liabilities	1,097,136	1,172,807
10% cumulative redeemable preferred stock, par value $0.01 per share: 50,000,000 shares authorized and 1,000 shares outstanding, pro forma; no shares authorized and no shares outstanding, predecessor historical	1,000	—
Equity:		
Predecessor equity	—	441,525
Stockholder's equity		
Common stock, par value $0.01 per share: 450,000,0000 shares authorized and 43,230,756 shares outstanding, pro forma; no shares authorized and no shares outstanding, predecessor historical	840,725	—
Total equity	840,725	441,525
Total liabilities and equity	$ 1,938,861	$ 1,614,332

RISK FACTORS

An investment in shares of our common stock involves various risks. You should consider carefully the following risk factors in conjunction with the other information included in this prospectus before purchasing shares of our common stock. If any of the risks discussed in this prospectus actually occur, our business, financial condition or results of operations could be materially and adversely affected. This could cause the market price of our common stock to decline and could cause you to lose all or part of your investment.

Risks Related to Our Lending and Investment Activities

Difficult conditions in the commercial mortgage and real estate market, the financial markets and the economy generally may adversely impact our business, results of operations and financial condition.

Our results of operations will be materially affected by conditions in the commercial mortgage and real estate markets, the financial markets and the economy generally. Any deterioration of real estate fundamentals generally, and in the United States in particular, and changes in general economic conditions could negatively impact our performance or the value of underlying real estate collateral relating to our investments, increase the default risk applicable to borrowers, and make it relatively more difficult for us to generate attractive risk-adjusted returns.

We cannot predict the degree to which economic conditions generally, and the conditions for real estate debt investing in particular, will improve or decline. Any stagnation in or deterioration of the commercial mortgage or real estate markets may limit our ability to acquire our target investments on attractive terms or cause us to experience losses related to our assets. Declines in the market values of our investments may adversely affect our results of operations and credit availability and cost, which may reduce earnings and, in turn, cash available for distribution to our stockholders.

We operate in a competitive market for investment opportunities and competition may limit our ability to originate or acquire our target investments and could also affect the pricing of these securities.

A number of entities will compete with us to make the types of loans and investments we will seek to originate or acquire. Our profitability will depend, in large part, on our ability to originate or acquire target investments on attractive terms. In originating target investments, we will compete with a variety of institutional lenders and investors, including other REITs, specialty finance companies, public and private funds (including funds that our Manager or its affiliates may in the future sponsor, advise and/or manage), commercial and investment banks, commercial finance and insurance companies and other financial institutions. Several other REITs have raised, or are expected to raise, significant amounts of capital, and some have investment objectives that overlap with ours, which may create additional competition for lending and investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to us, such as the U.S. government. Many of our competitors are not subject to the operating constraints associated with REIT rule compliance or maintenance of an exclusion from registration under the Investment Company Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of loans and investments, offer more attractive pricing or other terms and establish more relationships than us. Furthermore, competition for originations of and investments in our target investments may lead to the yields of such assets decreasing, which may further limit our ability to generate satisfactory returns.

In addition, changes in the financial regulatory regime that could be proposed by the current administration could decrease the current restrictions on banks and other financial institutions and allow them to compete with us for investment opportunities that were previously not available to them. See "Risk Factors—Risks Related to Our Company—Changes in laws or regulations governing our operations, changes in the interpretation thereof or newly enacted laws or regulations and any failure

by us to comply with these laws or regulations, could require changes to certain of our business practices, negatively impact our operations, cash flow or financial condition, impose additional costs on us, subject us to increased competition or otherwise adversely affect our business."

As a result of this competition, desirable loans and investments in our target investments may be limited in the future and we may not be able to take advantage of attractive lending and investment opportunities from time to time. We can provide no assurance that we will be able to identify and originate loans or make investments that are consistent with our investment objectives. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that any current relationships with such parties will continue (whether on currently applicable terms or otherwise) or that we will be able to establish relationships with other such persons in the future if desired and on terms favorable to us.

An increase in interest rates may cause a decrease in the availability of certain of our target investments, which could adversely affect our ability to acquire target investments that satisfy our investment objectives and to generate income and pay dividends.

Rising interest rates generally reduce the demand for commercial mortgage loans due to the higher cost of borrowing. A reduction in the volume of commercial mortgage loans originated may affect the volume of certain target investments available to us, which could adversely affect our ability to acquire investments that satisfy our investment and business objectives. If rising interest rates cause us to be unable to originate or acquire a sufficient volume of our target investments with a yield that is above our borrowing cost, our ability to satisfy our investment objectives and to generate income and pay dividends may be materially and adversely affected.

We may not have control over certain of our loans and investments.

Our ability to manage our portfolio of loans and investments may be limited by the form in which they are made. In certain situations, we may:

- acquire investments subject to rights of senior classes, special servicers or collateral managers under intercreditor, servicing agreements or securitization documents;
- pledge our investments as collateral for financing arrangements;
- acquire only a minority and/or a non-controlling participation in an underlying investment;
- co-invest with others through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests; or
- rely on independent third-party management or servicing with respect to the management of an asset.

Therefore, we may not be able to exercise control over all aspects of our loans or investments. Such financial assets may involve risks not present in investments where senior creditors, junior creditors, servicers or third parties controlling investors are not involved. Our rights to control the process following a borrower default may be subject to the rights of senior or junior creditors or servicers whose interests may not be aligned with ours. A partner or co-venturer may have financial difficulties resulting in a negative impact on such asset, may have economic or business interests or goals that are inconsistent with ours, or may be in a position to take action contrary to our investment objectives. In addition, we may, in certain circumstances, be liable for the actions of our partners or co-venturers.

Most commercial real estate loans are nonrecourse loans and the assets securing these loans may not be sufficient to protect us from a partial or complete loss if a borrower defaults on a loan, which could materially and adversely affect us.

Except for customary nonrecourse carve-outs for certain "bad acts" and environmental liability, most commercial real estate loans are nonrecourse obligations of the borrower, meaning that there is no recourse against the assets of the borrower other than the underlying collateral. In the event of any default under a commercial real estate loan, we will bear the risk of loss to the extent of any deficiency between the value of the collateral and the principal of and accrued interest on the mortgage loan, which could have a material adverse effect on our results of operations and financial condition. Even if a commercial real estate loan is recourse to the borrower (or if a nonrecourse carve-out to the borrower applies), in many cases, the borrower's assets are limited primarily to its interest in the related mortgaged property. Further, although a commercial real estate loan may provide for limited recourse to a principal or affiliate of a borrower, there is no assurance that any recovery from such principal or affiliate will be made or that such principal's or affiliate's assets would be sufficient to pay any otherwise recoverable claim. In the event of the bankruptcy of a borrower, the loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law.

We may be subject to additional risks associated with commercial real estate loan participations.

Some of our commercial real estate loans may be held in the form of participation interests or co-lender arrangements in which we share the loan rights, obligations and benefits with other lenders. With respect to such participation interests, we may require the consent of these parties to exercise our rights under such loans, including rights with respect to amendment of loan documentation, enforcement proceedings upon a default and the institution of, and control over, foreclosure proceedings. In circumstances where we hold a minority interest, it may be become bound to actions of the majority to which it otherwise would object. We may be adversely affected by this lack of control with respect to these interests.

Our portfolio of investments is concentrated in terms of geography and asset types and may become concentrated in terms of sponsors, which could subject us to increased risk of loss.

Our investment guidelines do not require us to observe specific diversification criteria. Therefore, our investments may at times be concentrated in certain property types that may be subject to higher risk of default or foreclosure, or secured by properties concentrated in a limited number of geographic locations. As of March 31, 2017, approximately 38% of the investments in our Initial Portfolio consisted of loans secured by properties in the Northeast United States and approximately 51% of our loans were for office use space.

Asset concentration may cause even modest changes in the value of the underlying real estate assets to significantly impact on the value of our investments. As a result of any high levels of concentration, any adverse economic, political or other conditions that disproportionately affects those geographic areas or asset classes could have a magnified adverse effect on our results of operations and financial condition, and the value of our stockholders' investments could vary more widely than if we invested in a more diverse portfolio of loans.

The lack of liquidity of our investments may adversely affect our business, including our ability to value, finance and sell our investments.

The illiquidity of some or all of investments we intend to make may make it difficult for us to sell such investments if the need or desire arises. Investments such as senior commercial mortgages, B-notes, mezzanine and other loans (including participations) and preferred equity, in particular, are relatively illiquid due to their short life, their potential unsuitability for securitization and the greater difficulty of recovery in the event of a borrower's default. In addition, certain of our investments may become less liquid after investment as a result of periods of delinquencies, defaults or turbulent market conditions, which may make it more difficult for us to dispose of such assets at advantageous times or in a timely manner. Moreover, many of these investments will not be registered under the relevant securities laws, resulting in prohibitions against their transfer, sale, pledge or their disposition, except in transactions that are exempt from registration requirements or are otherwise in accordance with such laws.

Consequently, even if we identify a buyer for certain of our senior commercial real estate loans, other debt and debt-like investments there is no assurance that we would be able to sell such investments in a timely manner if the need or desire arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may be forced to sell our investments at a price that is significantly less than the value at which we previously attributed to such investments.

Further, we may face other restrictions on our ability to liquidate an investment to the extent that we or our Manager has or could be attributed as having material, non-public information regarding such business entity. As a result, our ability to vary our portfolio in response to changes in economic or other conditions may be relatively limited, which could adversely affect our results of operations and financial condition.

The due diligence process that our Manager will undertake in regard to investment opportunities may not reveal all facts that may be relevant in connection with an investment and if our Manager incorrectly evaluates the risks of our investments, we may experience losses.

Before making investments for us, our Manager will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances relevant to each potential investment. When conducting due diligence, our Manager may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of potential investment. Relying on the resources available to it, our Manager will evaluate our potential investments based on criteria it deems appropriate for the relevant investment. Our Manager's loss estimates may not prove accurate, as actual results may vary from estimates. If our Manager underestimates the asset-level losses relative to the price we pay for a particular investment, we may experience losses with respect to such investment.

Moreover, investment analyses and decisions by our Manager may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to our Manager at the time of making an investment decision may be limited, and they may not have access to detailed information regarding such investment. Therefore, we cannot assure you that our Manager will have knowledge of all circumstances that may adversely affect such investment.

Mezzanine loans, B-notes, preferred equity and other investments that are subordinated or otherwise junior in an issuer's capital structure and that involve privately negotiated structures will expose us to greater risk of loss.

In addition to our senior floating-rate commercial mortgage loans, our Initial Portfolio will contain mezzanine loans, a CMBS investment and a B-Note, and in the future, we may invest in CMBS, B-notes and preferred equity investments and other investments that are subordinated or otherwise junior in an issuer's capital structure and that involve privately negotiated structures. Any investments in subordinated debt and mezzanine tranches of a borrower's capital structure and our remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of any senior creditors and, to the extent applicable, contractual intercreditor and/or participation agreement provisions. Significant losses related to such loans or investments could adversely affect our results of operations and financial condition.

Investments in subordinated debt involve greater credit risk of default than the senior classes of the issue or series. As a result, with respect to any investments in CMBS, B-notes, mezzanine loans and other subordinated debt, we would potentially receive payments or interest distributions after, and must bear the effects of losses or defaults on the senior debt (including underlying senior mortgage loans, class A-Notes, senior mezzanine loans, preferred equity or senior CMBS bonds, as applicable) before the holders of other more senior tranches of debt instruments with respect to such issuer. As the terms of such loans and investments are subject to contractual relationships among lenders, co-lending agents and others, they can vary significantly in their structural characteristics and other risks.

Mezzanine loans are by their nature structurally subordinated to more senior property-level financings. If a borrower defaults on a mezzanine loan or on debt senior to that loan, or if the borrower is in bankruptcy, the mezzanine loan will be satisfied only after the property-level debt and other senior debt is paid in full. As a result, a partial loss in the value of the underlying collateral can result in a total loss of the value of the mezzanine loan. In addition, even if we are able to foreclose on the underlying collateral following a default on a mezzanine loan, we would be substituted for the defaulting borrower and, to the extent income generated on the underlying property is insufficient to meet outstanding debt obligations on the property, may need to commit substantial additional capital and/or deliver a replacement guarantee by a creditworthy entity, which could include us, to stabilize the property and prevent additional defaults to lenders with existing liens on the property.

Our Initial Portfolio contains one B-Note, and we may also originate or acquire commercial real estate B-notes in the future, which are mortgage loans that are typically secured by a first mortgage on a single commercial property or group of related properties, but subordinated to an A-note secured by the same first mortgage on the same collateral. As a result, if a borrower defaults, there may not be sufficient funds remaining for B-note holders after payment to the A-note holders. Because each transaction is privately negotiated, B-notes can vary in their structural characteristics and risks. For example, the rights of holders of B-notes to control the process following a borrower default may vary from transaction to transaction. Further, B-notes typically are secured by a single property and accordingly reflect the risks associated with significant concentration. Losses related to our B-notes could adversely affect our financial condition and results of operations.

Investments in preferred equity involve a greater risk of loss than conventional debt financing due to a variety of factors, including their non-collateralized nature and subordinated ranking to other loans and liabilities of the entity in which such preferred equity is held. Accordingly, if the issuer defaults on our preferred equity investment, we would only be able to proceed against such entity in accordance with the terms of the preferred equity, and not against any property owned by such entity. Furthermore, in the event of bankruptcy or foreclosure, we would only be able to recoup our investment after all lenders to, and other creditors of, such entity are paid in full. As a result, we may lose all or a significant part of any such investment, which could result in significant losses.

In addition, our investments in senior mortgage loans may be effectively subordinated to the extent we borrow under a warehouse loan (which can be in the form of a repurchase agreement) or similar facility and pledge the senior mortgage loan as collateral. Under these arrangements, the lender has a right to repayment of the borrowed amount before we can collect on the value of the senior mortgage loan, and therefore if the value of the pledged senior mortgage loan decreases below the amount we have borrowed, we would experience a loss.

Our risk management policies and procedures may not be effective.

We will establish and maintain risk management policies and procedures designed to identify, monitor and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk and liquidity risk, as well as operational risks related to our business, assets and liabilities. These policies and procedures may not sufficiently identify all of the risks to which we are or may become exposed or mitigate the risks we have identified. Any expansion of our business activities may result in our being exposed to risks to which we have not previously been exposed or may increase our exposure to certain types of risks. Any failure to effectively identify and mitigate the risks to which we are exposed could have an adverse effect on our business, results of operations and financial condition.

Difficulty or delays in redeploying the proceeds from repayments of our existing loans and investments may cause our financial performance and returns to investors to suffer.

In light of our anticipated investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, we may from time to time maintain cash pending deployment into investments, which may at times be significant. Such cash may be held in an account of ours for the benefit of stockholders or may be invested in money market accounts or other similar temporary investments. While the expected duration of such holding period is expected to be relatively short, in the event we are unable to find suitable investments, such cash positions may be maintained for longer periods. It is not anticipated that the temporary investment of such cash into money market accounts or other similar temporary investments pending deployment into investments will generate significant interest, and such low interest payments on the temporarily invested cash may adversely affect our financial performance and returns to investors.

We may be subject to lender liability claims, and if we are held liable under such claims, we could be subject to losses.

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or stockholders. We cannot assure prospective stockholders that such claims will not arise or that we will not be subject to significant liability if a claim of this type did arise.

Liability relating to environmental matters may impact the value of properties that we may acquire upon foreclosure of the properties underlying our investments.

To the extent we foreclose on properties with respect to which we have extended mortgage loans, we may be subject to environmental liabilities arising from such foreclosed properties. Under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances.

The presence of hazardous substances may adversely affect an owner's ability to sell real estate or borrow using real estate as collateral. To the extent an owner of a property underlying one of our debt investments becomes liable for removal costs, the ability of the owner to make payments to us may be reduced, which in turn may adversely affect the value of the relevant mortgage asset held by us and our ability to make distributions to our stockholders.

If we foreclose on any properties underlying our investments, the presence of hazardous substances on a property may adversely affect our ability to sell the property and we may incur substantial remediation costs, thus harming our financial condition. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to our stockholders.

The properties underlying our commercial real estate loans may be subject to other unknown liabilities that could adversely affect the value of these properties, and as a result, our investments.

Properties underlying our commercial real estate loans may be subject to other unknown or unquantifiable liabilities that may adversely affect the value of our investments. Such defects or deficiencies may include title defects, title disputes, liens or other encumbrances on the mortgaged properties. The discovery of such unknown defects, deficiencies and liabilities could affect the ability of our borrowers to make payments to us or could affect our ability to foreclose and sell the underlying properties, which could adversely affect our results of operations and financial condition.

The commercial real estate debt investments in which we will invest are subject to the property manager's ability to generate net income from the property, and if net income from the property is insufficient to satisfy debt servce, then these investments may be subject to delinquency, foreclosure and loss, which may adversely impact our business, results of operations and financial condition.

We will invest in the commercial real estate debt market, with a focus on originating senior commercial mortgage loans, and we may invest in other secondary target investments, including mezzanine loans, B-notes, CMBS and preferred equity investments. Such investments are subject to risks of delinquency, foreclosure and loss. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of the property, as opposed to the borrower's independent income or assets. If the net operating income of the property is reduce borrower's ability to repay the loan may be impaired. The net operating income of an income-producing property can be affected by numerous factors, including:

- tenant mix;
- success of tenant businesses;
- property management decisions, including decisions on capital improvements;
- property location and condition;
- competition from similar properties;
- changes in national, regional or local economic conditions;
- changes in regional or local real estate values;
- changes in regional or local rental or occupancy rates;
- changes in interest rates and in the state of the debt and equity capital markets, including the availability of debt financing for commercial real estate;
- changes in governmental rules, regulations and fiscal policies, including real estate taxes, environmental legislation and zoning laws;
- environmental contamination;
- fraudulent acts or theft on the part of the property owner, sponsor and/or manager; and

- acts of God, terrorism, social unrest and civil disturbances, which may result in property damage, decrease the availability of or increase the cost of insurance or otherwise result in uninsured losses.

In the event any of the properties or entities underlying or collateralizing our commercial real estate loans or investments is adversely impacted by any of the foregoing events or occurrences, the value of, and return on, such investments could be reduced, which in turn would adversely affect our results of operations and financial condition.

Loans on properties in transition will involve a greater risk of loss than conventional mortgage loans.

We may invest in transitional loans to borrowers who are typically seeking short-term capital to be used in an acquisition or rehabilitation of a property. The typical borrower under a transitional loan has usually identified an asset it believes is an undervalued asset that has been under-managed and/or is located in a recovering market. If the market in which the asset is located fails to improve according to the borrower's projections, or if the borrower fails to improve the quality of the asset's management and/or the value of the asset or stabilize the property, the borrower may not be able to satisfy the transitional loan through a sale of the property or conventional financing, and we bear the risk that we may not recover some or all of our investment.

Borrowers usually use the proceeds of a conventional mortgage to repay a transitional loan. Transitional loans therefore are subject to risks of a borrower's inability to obtain permanent financing to repay the transitional loan. In the event of any default under transitional loans that may be held by us, we bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest of the transitional loan. To the extent we suffer such losses with respect to these transitional loans, it could adversely affect our results of operations and financial condition.

CMBS investments may pose additional risks, including the risks arising from the securitization process and the risk that the special servicer may take actions that could adversely affect our interests.

Upon completion of the Formation Transaction, our Initial Portfolio will contain an investment in CMBS and we may invest in additional CMBS assets in the future. In general, losses on a mortgaged property securing a mortgage loan included in a securitization will be borne first by the equity holder of the property, then by a cash reserve fund or letter of credit, if any, then by the holder of a mezzanine loan or B-Note, if any, then by the "first loss" subordinated security holder (generally, the "B-Piece" buyer) and then by the holder of a higher-rated security. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit, mezzanine loans or B-Notes, and any classes of securities junior to those in which we invest, we will not be able to recover all of our investment in the securities we purchase. In addition, if the underlying mortgage portfolio has been overvalued by the originator, or if the values subsequently decline and, as a result, less collateral value is available to satisfy interest and principal payments due on the related mortgage-backed securities. The prices of lower credit quality securities are generally less sensitive to interest rate changes than more highly rated investments, but more sensitive to adverse economic downturns or individual issuer developments.

With respect to the CMBS assets, overall control over the special servicing of the related underlying mortgage loans will be held by a "directing certificate holder" or a "controlling class representative," which is appointed by the holders of the most subordinated class of CMBS in such series. Because we may acquire classes of existing series of CMBS, we will not have the right to appoint the directing certificate holder. In connection with the servicing of the specially serviced mortgage loans, the related special servicer may, at the direction of the directing certificate holder, take actions with respect to the specially serviced mortgage loans that could adversely affect our interests.

Declines in the market values of any available-for-sale investments may adversely affect our results of operations and financial condition.

We anticipate most of our investments to be valued at cost, however, we will value available-for-sale investments quarterly at fair value, as determined in accordance with ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820, which may include unobservable inputs. Because such valuations are subjective, the fair value of certain of our investments may fluctuate over short periods of time and our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these investments are materially higher than the values that we ultimately realize upon their disposal.

Changes in the market values of available-for-sale investments will be directly charged or credited to stockholders' equity. As a result, a decline in values of available-for-sale investments may result in connection with factors that are out of our control and adversely affect our book value. Moreover, if the decline in value of an available-for-sale investment is other than temporary, such decline will reduce our earnings.

Any warehouse facilities that we may obtain in the future may limit our ability to originate or acquire assets, and we may incur losses if the collateral is liquidated.

We may utilize, if available, warehouse facilities pursuant to which we would accumulate loans in anticipation of a securitization or other financing, which assets would be pledged as collateral for such facilities until the securitization or other transaction is consummated. In order to borrow funds to originate or acquire assets under any future warehouse facilities, we expect that our lenders thereunder would have the right to review the potential assets for which we are seeking financing. We may be unable to obtain the consent of a lender to originate or acquire assets that we believe would be beneficial to us and we may be unable to obtain alternate financing for such assets.

In addition, no assurance can be given that a securitization or other financing would be consummated with respect to the assets being warehoused. If the securitization or other financing is not consummated, the lender could demand repayment of the facility, and in the event that we were unable to timely repay, could liquidate the warehoused collateral and we would then have to pay any amount by which the original purchase price of the collateral assets exceeds its sale price, subject to negotiated caps, if any, on our exposure. In addition, regardless of whether the securitization or other financing is consummated, if any of the warehoused collateral is sold before the completion, we would have to bear any resulting loss on the sale.

The foreclosure process with respect to any loan may be difficult, lengthy and costly, and the liquidation proceeds we receive upon sale of the underlying real estate may not be sufficient to cover our cost basis in the loan.

We may find it necessary or desirable to foreclose on certain of the loans we originate or acquire, and the foreclosure process may be lengthy and expensive. Whether or not we have participated in the negotiation of the terms of any such loans, we cannot assure you as to the adequacy of the protection of the terms of the applicable loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted by lenders or borrowers that might interfere with enforcement of our rights. Borrowers may resist foreclosure actions by asserting numerous claims, counterclaims and defenses against us, including, without limitation, lender liability claims and defenses, even when the assertions may have no basis in fact, in an effort to prolong the foreclosure action and seek to force the lender into a modification of the loan or a favorable buy-out of the borrower's position in the loan. In some states, foreclosure actions can take several years or more to litigate. At any time prior to or during the

foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process and potentially results in a reduction or discharge of a borrower's debt. Foreclosure may create a negative public perception of the related property, resulting in a diminution of its value.

Even if we are successful in foreclosing on a loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss. Furthermore, any costs or delays involved in the foreclosure of the loan or a liquidation of the underlying property will further reduce the net proceeds and, thus, increase any such loss to us.

Any credit ratings assigned to our investments will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded.

Some of our future investments may be rated by rating agencies such as Moody's Investors Service, Fitch Ratings, Standard & Poors, DBRS, Inc. or Realpoint LLC. Any credit ratings on our investments are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any such ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. If rating agencies assign a lower-than-expected rating or reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of our investments in the future, the value of our investments could significantly decline, which would adversely affect the value of our investment portfolio and could result in losses upon disposition or the failure of borrowers to satisfy their debt service obligations to us.

Investments in nonconforming and non-investment grade rated commercial real estate loans or securities involve increased risk of loss.

Certain commercial real estate debt investments may not conform to conventional loan standards applied by traditional lenders and either will not be rated or will be rated as non-investment grade by the rating agencies. The non-investment grade ratings for these assets typically result from the overall leverage of the loans, the lack of a strong operating history for the properties underlying the loans, the borrowers' credit history, the underlying properties' cash flow or other factors. As a result, these investments should be expected to have a higher risk of default and loss than investment grade rated assets. Losses related to our non-investment grade loans or securities would adversely affect our financial condition and results of operations.

Insurance on commercial real estate loans may not cover all losses.

Our commercial real estate loans may be subject to certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, which may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might result in insurance proceeds insufficient to repair or replace a property if it is damaged or destroyed. Under these circumstances, the insurance proceeds received with respect to a property relating to one of our investments might not be adequate to restore our economic position with respect to our investment. Any uninsured loss could result in the corresponding nonperformance of or loss on our investment related to such property.

We will depend on third-party service providers, including mortgage loan servicers, for a variety of services related to our business. We will be, therefore, subject to the risks associated with third-party service providers.

We will depend on a variety of services provided by third-party service providers related to our investments in commercial real estate debt investments as well as for general operating purposes. For example, we will rely on the mortgage servicers who service the mortgage loans we originate, the mortgage loans underlying our CMBS and other commercial real estate debt investments to, among

other things, collect principal and interest payments on such mortgage loans and perform loss mitigation services in accordance with applicable laws and regulations. Mortgage servicers and other service providers, such as trustees, bond insurance providers, due diligence vendors and document custodians, may fail to perform or otherwise not perform in a manner that promotes our interests. This may include systems failures and security breaches that could significantly disrupt our business.

Risks Related to Our Financing and Hedging

Upon completion of the Formation Transaction, we will have significant debt and may incur additional debt, which will subject us to increased risk of loss and may reduce cash available for distributions to our stockholders.

Upon the closing of the Formation Transaction, we will have substantial debt in an amount of approximately $1.1 billion. Subject to market conditions and availability, we may incur a significant amount of additional debt through bank credit facilities (including term loans and revolving facilities), repurchase agreements, warehouse facilities and structured financing arrangements, public and private debt issuances and derivative instruments, in addition to transaction or asset specific funding arrangements. We may also issue additional debt or equity securities to fund our growth. The percentage of leverage we employ will vary depending on our available capital, our ability to obtain and access financing arrangements with lenders, the type of asset we are funding, whether the financing is recourse or non-recourse, debt restrictions contained in those financing arrangements and the lenders' and rating agencies' estimate of the stability of our investment portfolio's cash flow. We may significantly increase the amount of leverage we utilize at any time without approval of our board of directors. In addition, we may leverage individual assets at substantially higher levels. Our substantial debt could subject us to many risks that, if realized, would materially and adversely affect us, including the risk that:

- our cash flow from operations may be insufficient to make required payments of principal of and interest on our debt, which is likely to result in (a) acceleration of such debt (and any other debt containing a cross-default or cross-acceleration provision), which we then may be unable to repay from internal funds or to refinance on favorable terms, or at all, (b) our inability to borrow undrawn amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements, which would result in a decrease in our liquidity, and/or (c) the loss of some or all of our collateral assets to foreclosure or sale;

- our debt may increase our vulnerability to adverse economic and industry conditions with no assurance that investment yields will increase in an amount sufficient to offset the higher financing costs;

- we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, stockholder distributions or other purposes; and

- we may not be able to refinance any debt that matures prior to the maturity (or realization) of an underlying investment it was used to finance on favorable terms or at all.

There can be no assurance that a leveraging strategy will be successful and may subject us to increased risk of loss and could adversely affect our results of operations and financial condition.

We may not be able to raise the capital required to finance our assets and grow our business.

The operation of our business will require access to debt and equity capital that may or may not be available on favorable terms or at the desired times, or at all. In addition, we may invest in certain investments, for which financing has historically been difficult or costly to obtain. Any limitation on our ability to obtain financing for our target investments could require us to seek equity or debt capital that

may be more costly or unavailable to us. We cannot assure you that we will have access to any debt or equity capital on favorable terms or at the desired times, or at all. Our inability to raise such capital or obtain financing on favorable terms could materially adversely impact our business, operations, financial condition, liquidity, and our ability to make distributions to stockholders.

We will depend on repurchase agreements and other credit facilities to execute our business plan and any limitation on our ability to access funding through these sources could have a material adverse effect on our results of operations, financial condition and business.

Our ability to purchase and hold assets will be affected by our ability to secure repurchase agreements and other credit facilities on acceptable terms. Subsidiaries of our Predecessor currently have repurchase agreements and other credit facilities in place with several counterparties that we expect will be in place at the closing of this offering. In the future, we may enter into additional or increase commitment amounts under the existing repurchase agreements and credit facilities. In each instance, we cannot give assurance that lenders will be willing or able to provide us with sufficient financing through the repurchase markets or otherwise or that we would be able to obtain such financing on favorable terms or at all.

In addition, because repurchase agreements and similar credit facilities are generally short-term commitments of capital, changes in conditions in the financing markets may make it more difficult for us to secure continued financing during times of market stress. During certain periods of a credit cycle, lenders may lose their ability or curtail their willingness to provide financing. If we are not able to arrange for replacement financing on acceptable terms, or if we default on any covenants or are otherwise unable to access funds under any of our repurchase agreements and credit facilities, we may have to curtail our asset acquisition activities and/or dispose of investments.

Our ability to efficiently access any repurchase agreements may be adversely impacted by counterparty requirements regarding the type of assets that may be sold and the timing and process for such sales. In order for us to borrow funds under any repurchase agreements, counterparties must first review the assets for which we are seeking financing and approve such assets in their sole discretion. This review and approval process may delay the timing in which funding may be provided, or preclude funding altogether. In addition, the review and sale process can be more time consuming with respect to certain asset classes, such as certain commercial real estate debt investments.

It is possible that the lenders that provide us with financing could experience changes in their ability to advance funds to us, independent of our creditworthiness or the value of our assets. For example, the Basel III regulatory capital reform rules or other regulatory changes, may have the effect of significantly changing or eliminating the sources of financing that are customarily available to us. If regulatory requirements imposed on our lenders change, they may be required to significantly increase the cost of the financing that they provide to us or eliminate it altogether. Our lenders also may revise their eligibility requirements for the types of assets they are willing to finance or the terms of such financings, based on, among other factors, the regulatory environment and their management of perceived risk.

Changes in the financing markets could adversely affect the marketability of the assets in which we invest, and this could negatively affect the value of our assets. If our lenders are unwilling or unable to provide us with financing, or if the financing is only available on terms that are uneconomical or otherwise not satisfactory to us, we could be forced to sell assets when prices are depressed. The amount of financing we receive under our repurchase agreements or other credit facilities will be directly related to the lenders' valuation of the assets that secure the outstanding borrowings. Typically, repurchase agreements and similar lending arrangements grant the respective lender the right to reevaluate the market value of the assets that secure outstanding borrowings at any time. If a lender determines that the value of the assets has decreased, it has the right to initiate a margin call, requiring

us to transfer additional assets to such lender or repay a portion of the outstanding borrowings. Any such margin call could have a material adverse effect on our results of operations, financial condition, business, liquidity and ability to make distributions to stockholders, and could cause the value of our common stock to decline. We may be forced to sell assets at significantly depressed prices to meet margin calls and to maintain adequate liquidity, which could cause us to incur losses. Moreover, to the extent that we are forced to sell assets because of availability of financing or changes in market conditions, other market participants may face similar pressures, which could exacerbate a difficult market environment and result in significantly greater losses on the sale of such assets. In an extreme case of market duress, a market may not exist for certain of our assets at any price.

Although we plan to seek to reduce our exposure to lender concentration-related risk by entering into repurchase agreements and other credit facilities with multiple counterparties, we are not required to observe specific diversification criteria, except as may be set forth in the investment guidelines adopted by our board of directors. To the extent that the number of or net exposure under our lending arrangements may become concentrated with one or more lenders, the adverse impacts of defaults or terminations by such lenders may be significantly greater.

Our inability to meet certain financial covenants related to any repurchase agreements or other credit facilities we have or enter into, could require us to provide additional collateral or pay down debt, or could adversely affect our financial condition, results of operations and cash flows.

In connection with the repurchase agreements that will be in place at the closing of this offering and any repurchase agreements and other credit facilities that we may enter into in the future, we will be required to comply with certain financial covenants. Compliance with these financial covenants will depend on market factors and the strength of our business and operating results. Various risks, uncertainties and events beyond our control could affect our ability to comply with the financial covenants. Failure to comply with our financial covenants could result in an event of default, termination of the lending facility, acceleration of all amounts owing under the lending facility, and gives the counterparty the right to exercise certain other remedies under the lending agreement, including without limitation the sale of the asset subject to repurchase at the time of default, unless we were able to negotiate a waiver. Any such waiver could be conditioned on an amendment to the lending agreement and any related guaranty agreement on terms that may be unfavorable to us. If we are unable to negotiate a covenant waiver or replace or refinance our assets under a new lending facility on favorable terms or at all, our financial condition, results of operations and cash flows could be adversely affected.

Our rights under any repurchase agreements are subject to the effects of bankruptcy laws in the event of the bankruptcy or insolvency of us or our lenders under the repurchase agreements.

In the event of our insolvency or bankruptcy, certain repurchase agreements may qualify for special treatment under the U.S. Bankruptcy Code, the effect of which, among other things, would be to allow the lender under the applicable repurchase agreement to avoid the automatic stay provisions of the U.S. Bankruptcy Code and to foreclose on the collateral agreement without delay. In the event of the insolvency or bankruptcy of a lender during the term of a repurchase agreement, the lender may be permitted, under applicable insolvency laws, to repudiate the contract, and our claim against the lender for damages may be treated simply as an unsecured creditor. In addition, if the lender is a broker or dealer subject to the Securities Investor Protection Act of 1970, or an insured depository institution subject to the Federal Deposit Insurance Act, our ability to exercise our rights to recover our assets under a repurchase agreement or to be compensated for any damages resulting from the lender's insolvency may be further limited by those statutes. These claims would be subject to significant delay and, if and when received, may be substantially less than the damages we actually incur.

If a counterparty to a repurchase agreement defaults on its obligation to resell the underlying security back to us at the end of the purchase agreement term, or if the value of the underlying asset has declined as of the end of that term, or if we default on our obligations under the repurchase agreement, we may incur losses.

Under the repurchase agreements that will be in place at the closing of this offering, and under any repurchase agreements we enter into in the future, we will sell the assets to lenders (*i.e.*, repurchase agreement counterparties) and receive cash from the lenders. The lenders are obligated to resell the same assets back to us at the end of the term of the repurchase agreement. Because the cash that we receive from the lender when we initially sell the assets to the lender is less than the value of those assets (the difference being the "haircut"), if the lender defaults on its obligation to resell the same assets back to us, we would incur a loss on the repurchase agreement equal to the amount of the haircut (assuming there was no change in the value of the securities). We would also incur losses on a repurchase agreement if the value of the underlying assets has declined as of the end of the repurchase agreement term, because we would have to repurchase the assets for their initial value but would receive assets worth less than that amount. Further, if we default on our obligations under a repurchase agreement, the lender will be able to terminate the repurchase agreement and cease entering into any other repurchase agreements with us. In the future, our repurchase agreements and any new repurchase agreements we may enter into are likely to contain cross-default provisions, so that if a default occurs under any repurchase agreement, the lender can also declare a default with respect to all other repurchase agreements they have with us. If a default occurs under any of our repurchase agreements and a lender terminates one or more of its repurchase agreements, we may need to enter into replacement repurchase agreements with different lenders. There can be no assurance that we will be successful in entering into such replacement repurchase agreements on the same terms as the repurchase agreements that were terminated or at all. Any losses that we incur on our repurchase agreements could adversely affect our earnings and thus our cash available for distribution to stockholders.

An increase in our borrowing costs relative to the interest that we receive on our leveraged assets may adversely affect our profitability and our cash available for distribution to stockholders.

As repurchase agreements and other short-term borrowings mature, we must enter into new borrowings, find other sources of liquidity or sell assets. An increase in short-term interest rates at the time that we seek to enter into new borrowings would reduce the spread between the returns on our assets and the cost of our borrowings. This would adversely affect the returns on our assets, which might reduce earnings and, in turn, cash available for distribution to stockholders.

A portion of our Initial Portfolio are financed by a note payable from our Predecessor to TH Insurance Holdings Company LLC, or TH Insurance, a captive insurance company of Two Harbors and a member of the Federal Home Loan Bank of Des Moines, or the FHLB. Currently, TH Insurance lends to our Predecessor under a note payable pursuant to which our Predecessor pledges eligible investments to the FHLB as collateral for TH Insurance's FHLB advances. We expect this note payable will remain in effect for a limited transition period after the closing of this offering to assist with cash management and operational processes as our investments in our Initial Portfolio currently pledged to FHLB are released and transitioned to our repurchase facilities. The note payable to TH Insurance reflects terms consistent with TH Insurance's FHLB advances. As of March 31, 2017, TH Commercial's weighted average borrowing rate for the note payable was 1.04%. However, subsequent to this offering and limited transition period (which shall be no longer than the period until Two Harbors distributes its shares of our common stock to its shareholders and no longer consolidates Granite Point on its financial statements in accordance with GAAP), we will no longer have the benefit of the FHLB advances and our average borrowing rates will increase from those that were historically available under this arrangement. This may impact our access to funding sources and our cost of borrowing is expected to increase, which may have a material impact on our business.

We may enter into hedging transactions that expose us to contingent liabilities in the future, which may adversely affect our financial results or cash available for distribution to stockholders.

In the future, we may engage in transactions intended to hedge against various risks to our portfolio, including the exposure to changes in interest rates. The extent of our hedging activity will vary in scope based on, among other things, the level and volatility of interest rates, the type of assets held and other market conditions. Although these transactions are intended to reduce our exposure to various risks, hedging may fail to adequately protect or could adversely affect us because, among other things:

- hedging can be expensive, particularly during periods of volatile or rapidly changing interest rates;
- available hedges may not correspond directly with the risks for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- the amount of income that a REIT may earn from certain hedging transactions (other than through our taxable REIT subsidiaries, or TRSs) is limited by U.S. federal income tax provisions;
- the credit quality of a hedging counterparty may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and
- the hedging counterparty may default on its obligations.

Subject to maintaining our qualification as a REIT and satisfying the criteria for no-action relief from the CFTC's Commodity Pool Operator, or CPO, registration rules, there are no current limitations on the hedging transactions that we may undertake. Our hedging transactions could require us to fund large cash payments in certain circumstances (*e.g.*, the early termination of the hedging instrument caused by an event of default or other early termination event, or a demand by a counterparty that we make increased margin payments).

Our ability to fund these obligations will depend on the liquidity of our assets and our access to capital at the time. The need to fund these obligations could adversely affect our financial condition. Further, hedging transactions, which are intended to limit losses, may actually result in losses, which would adversely affect our earnings and could in turn reduce cash available for distribution to stockholders.

The Dodd-Frank Act regulates derivative transactions, including certain hedging instruments we may use in our risk management activities. Rules implemented by the CFTC pursuant to the Dodd-Frank Act require, among other things, that certain derivatives be cleared through a registered clearing facility and traded on a designated exchange or swap execution facility. These regulations could increase the operational and transactional cost of derivatives contracts and affect the number and/or creditworthiness of available counterparties. Furthermore, the enforceability of agreements underlying hedging transactions may depend on compliance with applicable statutory and commodity and other regulatory requirements and, depending on the identity of the counterparty, applicable international requirements. The business failure of a hedging counterparty will most likely result in its default. Default by a hedging counterparty may result in the loss of unrealized profits and force us to cover our commitments, if any, at the then current market price. Although generally we will seek to reserve the right to terminate our hedging positions, it may not always be possible to dispose of or close out a hedging position without the consent of the hedging counterparty and we may not be able to enter into an offsetting contract in order to cover our risk. We cannot assure you that a liquid secondary market will exist for hedging instruments purchased or sold, and we may be required to maintain a position until exercise or expiration, which could result in losses.

Risks Related to Our Relationship with Our Manager

Our success depends on our Manager and its key personnel. We may not find a suitable replacement if we or our Manager terminates the management agreement.

We will not have any employees and will be externally managed and advised by our Manager. Our Manager will have significant discretion as to the implementation of our investment and operating policies and strategies. Accordingly, our success will depend on the efforts, experience, diligence, skill and network of business contacts of the officers and key personnel of our Manager and its affiliates. Our CRE team will evaluate, negotiate, execute and monitor our loans and investments and advise us regarding maintenance of our qualification as a REIT and exclusion from registration under the Investment Company Act; therefore, our success will depend on their skill and management expertise and continued service with our Manager and its affiliates. Furthermore, there is strong competition among financial sponsors, investment banks and other real estate debt investors for hiring and retaining qualified investment professionals and there can be no assurance that such professionals will continue to be associated with us, our Manager or its affiliates or that any replacements will perform well. The departure of any of the officers or key personnel of our Manager and its affiliates could have a material adverse effect on our performance.

In addition, we can offer no assurance that our Manager will remain our investment manager or that we will continue to have access to our Manager's officers and key personnel. The current term of the management agreement is for a three-year period and will be automatically renewed for additional one-year terms thereafter, subject to the right of either party to elect not to renew the agreement; provided, however, that our Manager may terminate the management agreement after the initial term or after any automatic renewal term upon 180 days' prior notice. If the management agreement is terminated and no suitable replacement is found to manage us, we may not be able to execute our business plan.

Other than any dedicated or partially dedicated chief financial officer that our Manager may elect to provide to us, the personnel provided to us by our Manager, as our external manager, are not required to dedicate a specific portion of their time to the management of our business.

Neither our Manager nor any of its affiliates is obligated to dedicate any specific personnel exclusively to us nor are they or their personnel obligated to dedicate any specific portion of their time to the management of our business. Although our Chief Executive Officer, Chief Investment Officer Chief Operating Officer, Chief Financial Officer and General Counsel are expected to spend a substantial portion of their time on our affairs, key personnel, including these individuals, provided to us by our Manager may become unavailable to us as a result of their departure from PRCM or for any other reason. As a result, we cannot provide any assurances regarding the amount of time our Manager or its affiliates will dedicate to the management of our business and our Manager and its affiliates may have conflicts in allocating their time, resources and services among our business and any other funds they may manage, and such conflicts may not be resolved in our favor. Each of our executive officers is an employee of an affiliate of PRCM, who has now or may be expected to have significant responsibilities for funds managed by PRCM or its affiliates in the future. Consequently, we may not receive the level of support and assistance that we otherwise might receive if we were internally managed.

There are various conflicts of interest in our relationship with our Manager and its affiliates, which could result in decisions that are not in the best interests of our stockholders. For example, the terms of the management agreement, including fees payable, may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

We are subject to conflicts of interest arising out of our relationship with our Manager and its affiliates. Each of our executive officers is an employee of Pine River Domestic Management L.P., a wholly-owned subsidiary of our Manager. As a result, the management agreement with our Manager will be negotiated between related parties, and its terms, including fees payable to our Manager, may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under the management agreement because of our desire to maintain our ongoing relationship with our Manager.

Our Manager and its affiliates may engage in additional management or investment opportunities that have overlapping objectives with ours, and thus will face conflicts in the allocation of resources between us, any other funds they manage and for their own accounts. Additionally, the ability of our Manager, and the officers and employees providing services to us under the management agreement, to engage in other business activities may reduce the time our Manager spends managing us. For example, our Manager and its affiliates, including certain of our officers and directors, may also serve as officers, directors or partners of other private investment vehicles, including new affiliated potential pooled investment vehicles or managed accounts not yet established, whether managed or sponsored by our Manager's affiliates or our Manager. Under the management agreement, none of our officers will be required to devote a specific amount of time to our affairs. Accordingly, we will compete with the existing funds of our Manager, its investment vehicles, other ventures and possibly other entities in the future for the time and attention of these officers and other personnel.

We may enter into additional transactions with our Manager or its affiliates. In particular, we may purchase assets from our Manager or its affiliates or make co-purchases alongside our Manager or its affiliates. These transactions may not be the result of arm's length negotiations and may involve conflicts between our interests and the interests of our Manager and/or its affiliates. There can be no assurance that any procedural protections will be sufficient to assure that these transactions will be made on terms that will be at least as favorable to us as those that would have been obtained in an arm's length transaction.

Our board of directors will approve very broad investment guidelines for us and will not review or approve each investment decision made by our Manager.

Our board of directors will periodically review and update our investment guidelines and will also review our investment portfolio, but will not review or approve specific investments. Our Manager will have great latitude within the broad parameters of the investment guidelines to be set by our board of directors in determining our investments and investment strategies, which could result in investment returns that are substantially below expectations or that result in material losses.

Our Manager's fee structure may not create proper incentives or may cause our Manager to select investments in more risky assets to increase its incentive compensation.

We will pay our Manager base management fees regardless of the performance of our portfolio. Our Manager's entitlement to base management fees, which are not based upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking loans and investments that provide attractive risk-adjusted returns for our portfolio. Because the base management fees will also be based on our outstanding equity, our Manager may also be incentivized to advance strategies that increase our equity, and there may be circumstances where increasing our equity will not optimize the returns for our stockholders. Consequently, we will be required to pay our Manager base management

fees in a particular period despite experiencing a net loss or a decline in the value of our portfolio during that period.

In addition, our Manager will have the ability to earn incentive fees each quarter based on our earnings, which may create an incentive for our Manager to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase our short-term net income and thereby increase the incentive fees to which it is entitled. If our interests and those of our Manager are not aligned, the execution of our business plan and our results of operations could be adversely affected, which could adversely affect our results of operations and financial condition.

Termination of the management agreement may be difficult and costly, which may adversely affect our inclination to end our relationship with our Manager.

Termination of the management agreement without cause would be difficult and costly. The management agreement may be amended, supplemented or modified by agreement between us and our Manager. Following the initial -year term, the management agreement may be terminated annually upon the affirmative vote of at least two-thirds of our independent directors or upon a determination by the holders of a majority of outstanding shares of common stock, based upon (i) unsatisfactory performance by our Manager that is materially detrimental to us taken as a whole or (ii) our determination that the management fee and incentive fee payable to our Manager are not fair, subject to our Manager's right to prevent any termination due to unfair fees by accepting a reduction of management and/or incentive fees agreed to by at least two-thirds of our independent directors. We must provide 180 days' prior notice of any such termination. Unless terminated for cause, our Manager will be paid a termination fee equal to three times the sum of (i) the average annual base management fee and (ii) average annual incentive compensation, in each case earned by our Manager during the 24-month period immediately preceding the most recently completed calendar quarter prior to the termination date. These provisions increase the cost to us of terminating the management agreement and adversely affect our ability to terminate the management agreement without cause.

The liability of our Manager will be limited under the management agreement, and we will agree to indemnify our Manager and its affiliates and advisers against certain liabilities. As a result, we could experience poor performance or losses for which our Manager would not be liable.

Pursuant to the management agreement, our Manager will not assume any responsibility other than to render the services under the management agreement in good faith. It will not be responsible for any action of our board of directors in following or declining to follow any advice or recommendations of our Manager, including as set forth in our investment guidelines. Our Manager and its affiliates, and any of their members, stockholders, managers, partners, personnel, officers, directors, employees, consultants and any person providing sub-advisory services to our Manager, will not be liable to us, our board of directors or our stockholders, partners or members for any acts or omissions (including errors that may result from ordinary negligence, such as errors in the investment decision making process or in the trade process) performed in accordance with the management agreement, except by reason of acts or omission constituting bad faith, willful misconduct, gross negligence or reckless disregard of their respective duties under the management agreement, as determined by a final non-appealable order of a court of competent jurisdiction.

We will agree to indemnify our Manager, its affiliates and any of their officers, stockholders, members, partners, managers, directors, personnel, employees, consultants and any person providing sub-advisory services to our Manager with respect to all expenses, losses, damages, liabilities, demands, charges and claims arising from acts of our Manager not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties, arising from acts or omissions performed in good faith

in accordance with and pursuant to the management agreement. As a result, if we experience poor performance or losses, our Manager would not be liable.

Risks Related to Our Company and Structure

We have no operating history as a standalone company and may not be able to operate our business successfully or generate sufficient revenue to make or sustain distributions to our stockholders.

We were organized in April 2017 to continue the commercial real estate business carried out by our Predecessor which commenced in the first quarter of 2015, and therefore have limited operating history. Prior to the Formation Transaction, we benefited from our Predecessor's experience and infrastructure. As a subsidiary of Two Harbors, our Predecessor benefited from Two Harbor's success and brand, strong capital base and financial strength, and established relationships with lenders. We may not be as successful in establishing and expanding our brand, relationships operations and infrastructure to enable us to operate as a standalone public company, and we cannot assure you that we will be able to operate our business successfully or implement our operating policies and strategies as described in this prospectus. The results of our operations depend on several factors, including the availability of opportunities for the origination or acquisition of target investments, the level and volatility of interest rates, the availability of adequate short and long-term financing, conditions in the financial markets and economic conditions.

In addition, our future operating results and financial data may vary materially from the historical operating results and financial data as well as the pro forma operating results and financial data contained in this prospectus because of a number of factors, including costs and expenses associated with the management agreement and being a public company. Consequently, the historical and pro forma financial statements contained in this prospectus may not be useful in assessing our likely future performance.

We may change any of our strategies, policies or procedures without stockholder consent.

We may change any of our strategies, policies or procedures with respect to investments, asset allocation, growth, operations, indebtedness, financing strategy and distributions at any time without the consent of stockholders, which could result in our making investments that are different from, and possibly riskier than, the types of investments described in this prospectus. Changes in strategy could also result in the elimination of certain investments and business activities that we no longer view as attractive or in alignment with our business model. Shifts in strategy may increase our exposure to credit risk, interest rate risk, financing risk, default risk, regulatory risk and real estate market fluctuations. We also cannot assure you that we will be able to effectively execute or to realize the potential benefits of changes in strategy. Any such changes could adversely affect our financial condition, risk profile, results of operations, the market price of our common stock and our ability to make distributions to stockholders.

Maintaining our exemptions from registration as an investment company under the Investment Company Act imposes limits on our operations. Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act.

We currently conduct, and intend to continue to conduct, our operations so that we are not required to register as an investment company under the Investment Company Act. We believe we are not an investment company under Section 3(a)(1)(A) of the Investment Company Act because we do not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. Rather, through our wholly owned or majority-owned subsidiaries, we are primarily engaged in non-investment company businesses related to real estate. In addition, we intend to conduct our operations so that we do not come within the definition of an investment company under Section 3(a)(1)(C) of the Investment Company Act because less than 40% of our total

assets on an unconsolidated basis will consist of "investment securities" (the "40% test"). Excluded from the term "investment securities" (as that term is defined in the Investment Company Act) are securities issued by majority-owned subsidiaries that are themselves not investment companies and are not relying on the exclusion from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

To maintain our status as a non-investment company, the securities issued to us by any wholly owned or majority-owned subsidiaries that we may form in the future that are excluded from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, together with any other investment securities we may own, may not have a value in excess of 40% of the value of our total assets on an unconsolidated basis. We will monitor our holdings to ensure ongoing compliance with this test, but there can be no assurance that we will be able to maintain an exclusion or exemption from registration. The 40% test limits the types of businesses in which we may engage through our subsidiaries. In addition, the assets we and our subsidiaries may originate or acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated under the Investment Company Act, which may adversely affect our business.

We hold our assets primarily through direct or indirect wholly owned or majority-owned subsidiaries, certain of which are excluded from the definition of investment company pursuant to Section 3(c)(5)(C) of the Investment Company Act. To qualify for the exclusion pursuant to Section 3(c)(5)(C), each such subsidiary generally is required to hold at least (i) 55% of its assets in "qualifying" real estate assets and (ii) at least 80% of its assets in "qualifying" real estate assets and real estate-related assets. For our subsidiaries that maintain the exclusion under Section 3(c)(5)(C) or another exclusion or exception under the Investment Company Act (other than Section 3(c)(1) or Section 3(c)(7) thereof), our interests in these subsidiaries do not and will not constitute "investment securities."

As a consequence of our seeking to maintain avoid the need to register from the Investment Company Act on an ongoing basis, we and/or our subsidiaries may be restricted from making certain investments or may structure investments in a manner that would be less advantageous to us than would be the case in the absence of such requirements. In particular, a change in the value of any of our assets could negatively affect our ability to maintain our exclusion from registration under the Investment Company Act and cause the need for a restructuring of our investment portfolio. For example, these restrictions may limit our and our subsidiaries' ability to invest directly in mortgage-backed securities that represent less than the entire ownership in a pool of senior mortgage loans, debt and equity tranches of securitizations and certain asset-backed securities, non-controlling equity interests in real estate companies or in assets not related to real estate, however, we and our subsidiaries may invest in such securities to a certain extent. In addition, seeking to maintain our exclusion from the Investment Company Act may cause us and/or our subsidiaries to acquire or hold additional assets that we might not otherwise have acquired or held or dispose of investments that we and/or our subsidiaries might not have otherwise disposed of, which could result in higher costs or lower proceeds to us than we would have paid or received if we were not seeking to comply with such requirements. Thus, compliance with the exclusion from the Investment Company Act may hinder our ability to operate solely on the basis of maximizing profits.

We will determine whether an entity is a majority-owned subsidiary of our company. The Investment Company Act defines a majority-owned subsidiary of a person as a company 50% or more of the outstanding voting securities of which are owned by such person, or by another company which is a majority-owned subsidiary of such person. The Investment Company Act defines voting securities as any security presently entitling the owner or holder thereof to vote for the election of directors of a company. We treat entities in which we own at least a majority of the outstanding voting securities as majority-owned subsidiaries for purposes of the 40% test. We have not requested that the SEC or its staff approve our treatment of any entity as a majority-owned subsidiary, and neither has done so. If

the SEC or its staff were to disagree with our treatment of one or more subsidiary entities as majority-owned subsidiaries, we may need to adjust our strategy and our assets in order to continue to pass the 40% test. Any adjustment in our strategy or assets could have a material adverse effect on us.

We will classify our assets for purposes of certain of our subsidiaries' Section 3(c)(5)(C) exclusion from the Investment Company Act based upon no-action positions taken by the SEC staff and interpretive guidance provided by the SEC and its staff. Based on such guidance, to qualify for the exclusion pursuant to Section 3(c)(5)(C), each such subsidiary generally is required to hold at least (i) 55% of its assets in "qualifying" real estate assets and (ii) 80% of its assets in "qualifying" real estate assets and real estate-related assets. "Qualifying" real estate assets for this purpose include mortgage loans, certain B-Notes and certain mezzanine loans that satisfy various conditions as set forth in SEC staff no-action letters and other guidance, and other assets that the SEC staff in various no-action letters and other guidance has determined are the functional equivalent of senior mortgage loans for the purposes of the Investment Company Act. We treat as real estate-related assets, CMBS, B-Notes and mezzanine loans that do not satisfy the conditions set forth in the relevant SEC staff no-action letters and other guidance, and debt and equity securities of companies primarily engaged in real estate businesses. We note that the SEC staff's prior no-action positions are based on specific factual situations that may be substantially different from the factual situations we and our subsidiaries may face, and a number of these no-action positions were issued more than twenty years ago. There may be no guidance from the SEC staff that applies directly to our factual situations and as a result we may have to apply SEC staff guidance that relates to other factual situations by analogy. No assurance can be given that the SEC or its staff will concur with our classification of our assets. In addition, the SEC or its staff may, in the future, issue further guidance that may require us to re-classify our assets for purposes of the Investment Company Act, including for purposes of our subsidiaries' compliance with the exclusion provided in Section 3(c)(5)(C) of the Investment Company Act. There is no guarantee that we will be able to adjust our assets in the manner required to maintain our exclusion from the Investment Company Act and any adjustment in our strategy or assets could have a material adverse effect on us.

To the extent that the SEC or its staff provide more specific guidance regarding any of the matters bearing upon the definition of investment company and the exemptions to that definition, we may be required to adjust our strategy accordingly. On August 31, 2011, the SEC issued a concept release and request for comments regarding the Section 3(c)(5)(C) exclusion (Release No. IC-29778) in which it contemplated the possibility of issuing new rules or providing new interpretations of the exemption that might, among other things, define the phrase "liens on and other interests in real estate" or consider sources of income in determining a company's "primary business." Any additional guidance from the SEC or its staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen.

There can be no assurance that we and our subsidiaries will be able to successfully avoid operating as an investment company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, that third parties could seek to obtain rescission of transactions undertaken during the period it was established that we were an unregistered investment company, and that we would be subject to limitations on corporate leverage that would have an adverse impact on our investment returns.

If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act) and portfolio composition, including disclosure requirements and restrictions with respect to diversification and industry concentration and other matters. Compliance with the Investment Company Act would, accordingly, limit our ability to make certain investments and require us to significantly restructure our business plan, which could materially adversely affect our ability to pay distributions to our stockholders.

Rapid changes in the values of our assets may make it more difficult for us to maintain our qualification as a REIT or our exemption from the Investment Company Act.

If the market value or income potential of our assets declines as a result of increased interest rates, prepayment rates, general market conditions, government actions or other factors, we may need to increase our real estate assets and income or liquidate our non-qualifying assets in order to maintain our REIT qualification or our exemption from the Investment Company Act. If the decline in real estate asset values or income occurs quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of any non-real estate assets we may own. We may have to make decisions that we otherwise would not make absent the REIT and Investment Company Act considerations.

State licensing requirements will cause us to incur expenses and our failure to be properly licensed may have a material adverse effect on us and our operations.

Nonbank companies are generally required to hold licenses in a number of U.S. states to conduct lending activities. State licensing statutes vary from state to state and prescribe or impose various recordkeeping requirements; restrictions on loan origination and servicing practices, including limits on finance charges and the type, amount and manner of charging fees; disclosure requirements; requirements that licensees submit to periodic examination; surety bond and minimum specified net worth requirements; periodic financial reporting requirements; notification requirements for changes in principal officers, stock ownership or corporate control; restrictions on advertising; and requirements that loan forms be submitted for review. Obtaining and maintaining licenses will cause us to incur expenses and failure to be properly licensed under state law or otherwise may have a material adverse effect on us and our operations.

Changes in laws or regulations governing our operations, changes in the interpretation thereof or newly enacted laws or regulations (including laws and regulations having the effect of exempting REITs from the Investment Company Act) and any failure by us to comply with these laws or regulations, could require changes to certain of our business practices, negatively impact our operations, cash flow or financial condition, impose additional costs on us or otherwise adversely affect our business.

We are subject to regulation by laws and regulations at the local, state and federal levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws and regulations may be enacted. Accordingly, any change in these laws or regulations, changes in their interpretation, or newly enacted laws or regulations and any failure by us to comply with these laws or regulations, could require changes to certain of our business practices, negatively impact our operations, cash flow or financial condition, impose additional costs on us or otherwise adversely affect our business. Furthermore, if regulatory capital requirements imposed on our private lenders change, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or price.

We are highly dependent on information technology and security breaches or systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is highly dependent on information technology. In the ordinary course of our business, we may store sensitive data, including our proprietary business information and that of our business partners on our networks. The secure maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could

be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt our operations, disrupt our trading activities, or damage our reputation, which could have a material adverse effect on our financial results and negatively affect the market price of our common stock and our ability to pay dividends to stockholders.

The resources required to protect our information technology and infrastructure, and to comply with the laws and regulations related to data and privacy protection, are subject to uncertainty. Even in circumstances where we are able to successfully protect such technology and infrastructure from attacks, we may incur significant expenses in connection with our responses to such attacks. In addition, recent well-publicized security breaches have led to enhanced government and regulatory scrutiny of the measures taken by companies to protect against cyber-security attacks, and may in the future result in heightened cyber-security requirements and/or additional regulatory oversight. As cyber-security threats and government and regulatory oversight of associated risks continue to evolve, we may be required to expend additional resources to enhance or expand upon the security measures we currently maintain. Any such actions may adversely impact our results of operations and financial condition.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company" as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. We may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if we have more than $1.07 billion in annual revenues as of the end of our fiscal year, we have more than $700.0 million in market value of our stock held by non-affiliates as of the end of our second fiscal quarter or we issue more than $1.0 billion of non-convertible debt over a three-year period. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our per share trading price may be adversely affected and more volatile.

Risks Related to our REIT Status and Certain Other Tax Items

If we do not maintain our qualification as a REIT, we will be subject to tax as a regular corporation and could face a substantial tax liability.

We expect to operate so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Our qualification as a REIT will depend on our continuing ability to meet various requirements concerning, among other things, the sources of our gross income, the composition and value of our assets, our distribution levels and the diversity of ownership of our shares. Notwithstanding the availability of cure provisions in the Code, we could fail various compliance requirements, which could jeopardize our REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT. If we fail to qualify as a REIT in any tax year, then:

- we would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to stockholders in computing taxable income

and being subject to federal income tax on our taxable income at regular corporate income tax rates;

- any resulting tax liability could be substantial and could have a material adverse effect on our book value;
- unless we were entitled to relief under applicable statutory provisions, we would be required to pay taxes, and thus, our cash available for distribution to stockholders would be reduced for each of the years during which we did not qualify as a REIT and for which we had taxable income; and
- we generally would not be eligible to requalify as a REIT for the subsequent four full taxable years.

A REIT, in certain circumstances, may incur tax liabilities that would reduce our cash available for distribution to you.

Even if we qualify and maintain our status as a REIT, we may become subject to U.S. federal income taxes and related state and local taxes. For example, gain from the sale of properties that are "dealer" properties sold by a REIT (a "prohibited transaction" under the Code) will be subject to a 100% tax. Also, we may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if we were to fail an income test (and did not lose our REIT status because such failure was due to reasonable cause and not willful neglect) we would be subject to tax on the income that does not meet the income test requirements. We also may decide to retain net capital gain we earn from the sale or other disposition of our investments and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file U.S. federal income tax returns and seek a refund of such tax. We also may be subject to state and local taxes on our income or property, including franchise, payroll, mortgage recording and transfer taxes, either directly or at the level of the other companies through which we indirectly own our assets, such as our TRSs which are subject to full U.S. federal, state, local and foreign corporate-level income taxes. Any taxes we pay directly or indirectly will reduce our cash available for distribution to you.

Complying with REIT requirements may cause us to forego otherwise attractive investment opportunities and limit our expansion opportunities.

In order to qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, our sources of income, the nature of our investments in real estate and related assets, the amounts we distribute to our stockholders and the ownership of our stock. We may also be required to make distributions to stockholders at disadvantageous times, such as when we do not have funds readily available for distribution or when we would like to use funds for attractive investment and expansion opportunities. Thus, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with REIT requirements may force us to liquidate or restructure otherwise attractive investments.

In order to qualify as a REIT, we must also ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and real estate assets. The remainder of our investments in securities cannot include more than 10% of the outstanding voting securities of any one issuer or 10% of the total value of the outstanding securities of any one issuer unless we and such issuer jointly elect for such issuer to be treated as a TRS under the Code. The total value of all of our investments in TRSs cannot exceed 25% (20% in taxable years beginning after December 31, 2017) of the value of our total assets. In addition, no more than 5% of

the value of our assets can consist of the securities of any one issuer other than a TRS or a disregarded entity, and no more than 25% of our assets can consist of debt of "publicly offered" REITs (*i.e.*, REITs that are required to file annual and periodic reports with the SEC under the Exchange Act) that is not secured by real property or interests in real property. If we fail to comply with these requirements, we must dispose of a portion of our assets or otherwise come into compliance within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our assets and liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate or price changes with respect to borrowings made or to be made to acquire or carry real estate assets that is properly identified under applicable Treasury regulations, or to manage risk of currency fluctuations with respect to our REIT qualifying income, does not constitute "gross income" for purposes of the 75% or 95% gross income tests that we must satisfy in order to maintain our qualification as a REIT. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. See "Material U.S. Federal Income Tax Considerations—Income Tests." As a result of these rules, we intend to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS may be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear.

Complying with REIT requirements may force us to borrow to make distributions to stockholders.

From time to time, our taxable income may be greater than our cash flow available for distribution to stockholders. If we do not have other funds available in these situations, we may be unable to distribute substantially all of our taxable income as required by the REIT provisions of the Code. Thus, we could be required to borrow funds, sell a portion of our assets at disadvantageous prices or find another alternative. These options could increase our costs or reduce the value of our equity.

Our charter provides that any individual (including certain entities treated as individuals for this purpose) is prohibited from owning more than 9.8% of our common stock or of our capital stock, and attempts to acquire our common stock or any of our capital stock in excess of this 9.8% limit would not be effective without a prior exemption from those prohibitions by our board of directors.

For us to qualify as a REIT under the Code, not more than 50% of the value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (including certain entities treated as individuals for this purpose) during the last half of a taxable year. For the purpose of preserving our qualification as a REIT for federal income tax purposes, among other purposes, our charter provides that beneficial or constructive ownership by any individual (including certain entities treated as individuals for this purpose) of more than a certain percentage, currently 9.8%, by value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or 9.8% by value of our capital stock is prohibited, which we refer to as the "ownership limits." The constructive ownership rules under the Code and our charter are complex and may cause shares of our outstanding common stock owned by a group of related individuals or entities to be deemed to be constructively owned by one individual. As a result, the acquisition of less than 9.8% of our outstanding common stock or our capital stock by an individual or entity could cause an individual to own constructively in excess of 9.8% of our outstanding common stock or our capital stock, respectively, and thus violate the ownership limit. Our board intends to adopt a resolution providing for the exemption of Two Harbors and certain of its affiliates from the ownership limits in connection with the Formation Transaction, which will allow them to own in the aggregate up to 85% of our stock. However, there can be no

assurance that our board of directors, as permitted in our charter, will increase, or will not decrease, these ownership limits in the future. Our charter provides that any attempt to own or transfer shares of our common stock or capital stock in excess of the ownership limits without the consent of our board of directors either will result in the shares being transferred by operation of the charter to a charitable trust, and the person who attempted to acquire such excess shares will not have any rights in such excess shares, or in the transfer being void.

The ownership limits may have the effect of precluding a change in control of us by a third party, even if such change in control would be in the best interests of our stockholders or would result in receipt of a premium to the price of our common stock (and even if such change in control would not reasonably jeopardize our REIT status). Any exemptions to the ownership limits that are granted by our board of directors may limit our board of directors' ability to grant further exemptions at a later date.

We may choose to make distributions in our own stock, in which case you may be required to pay income taxes without receiving any cash dividends.

In connection with our qualification as a REIT, we are required to annually distribute to our stockholders at least 90% of our REIT taxable income (which does not equal net income, as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain. In order to satisfy this requirement, we may make distributions that are payable in cash and/or shares of our common stock (which could account for up to 90% of the aggregate amount of such distributions) at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, U.S. stockholders may be required to pay income taxes with respect to such distributions in excess of the cash portion of the distribution received. Accordingly, U.S. stockholders receiving a distribution of our shares may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a U.S. stockholder sells the stock that it receives as part of the distribution in order to pay this tax, the sales proceeds may be less than the amount it must include in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the shares included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of our common stock.

Various tax aspects of such a taxable cash/stock distribution are uncertain and have not yet been addressed definitively by the Internal Revenue Service, or the IRS. No assurance can be given that the IRS will not impose requirements in the future with respect to taxable cash/stock distributions, including on a retroactive basis, or assert that the requirements for such taxable cash/stock distributions have not been satisfied in respect of any such distributions made by us.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to qualified dividend income payable to certain non-corporate U.S. stockholders is 20% instead of a maximum tax rate of 39.6%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. The more favorable rates applicable to regular corporate qualified dividends could cause certain non-corporate investors to perceive investments in

REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

We will be dependent on external sources of capital to finance our growth.

As with other REITs, but unlike corporations generally, our ability to finance our growth must largely be funded by external sources of capital because we generally will have to distribute to our stockholders 90% of our taxable income in order to qualify as a REIT. Our access to external capital will depend upon a number of factors, including general market conditions, the market's perception of our growth potential, our current and potential future earnings, cash distributions and the market price of our common stock.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the price of our common stock.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in shares of our common stock. According to publicly released statements, a top legislative priority of the new Congress and administration may be to enact significant reform of the Code, including significant changes to taxation of business entities and the deductibility of interest expense and capital investment. There is a substantial lack of clarity around the likelihood, timing and details of any such tax reform and the impact of any potential tax reform on us or an investment in our common stock. Additional changes to the tax laws are likely to continue to occur, and we cannot assure you that any such changes will not adversely affect the taxation of us or our stockholders. Any such changes could have an adverse effect on an investment in our shares or on the market value or the resale potential of our assets. You are urged to consult with your tax advisor with respect to the impact of any legislation on your investment in our shares and the status of any legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our shares. Although REITs generally receive certain tax advantages compared to entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a regular corporation. As a result, our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the vote of our stockholders. Our board of directors has duties to us and could only cause such changes in our tax treatment if it determines in good faith that such changes are in the best interest of our company.

We may recognize "phantom income" in respect of our investments.

Our taxable income may substantially exceed our net income as determined based on GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, we may acquire assets, including debt securities requiring us to accrue original issue discount, or OID, or recognize market discount income, that generate taxable income in excess of economic income or in advance of the corresponding cash flow from the assets, which is referred to as "phantom income." In addition, if a borrower with respect to a particular debt instrument encounters financial difficulty rendering it unable to pay stated interest as due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income, with the effect that we will recognize income but will not have a corresponding amount of cash available for distribution to our stockholders. Finally, we may be required under the terms of indebtedness that we incur to use cash received from interest payments to make principal payments on that indebtedness, with the effect of recognizing income but not having a corresponding amount of cash available for distribution to our stockholders.

As a result of the foregoing, we may generate less cash flow than taxable income in a particular year and find it difficult or impossible to meet the REIT distribution requirements in certain circumstances. In such circumstances, we may be required to (a) sell assets in adverse market conditions, (b) borrow on unfavorable terms, (c) distribute amounts that would otherwise be used for future acquisitions or used to repay debt, or (d) make a taxable distribution of our shares of common stock as part of a distribution in which stockholders may elect to receive shares of our common stock or (subject to a limit measured as a percentage of the total distribution) cash, in order to comply with the REIT distribution requirements.

Moreover, we may acquire distressed loans or other debt investments that require subsequent modification by agreement with the borrower. If the amendments to the outstanding debt are "significant modifications" under applicable Treasury regulations, the modified debt may be considered to have been reissued to us in a debt-for-debt taxable exchange with the borrower. In certain circumstances, this deemed reissuance may prevent the modified debt from qualifying as a good REIT asset if the underlying security has declined in value and could cause us to recognize income to the extent the principal amount of the modified debt exceeds our adjusted tax basis in the unmodified debt.

The "taxable mortgage pool" rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations.

We may enter into securitizations and other financing transactions that could result in the creation of taxable mortgage pools for U.S. federal income tax purposes. As a REIT, so long as we own 100% of the equity interests in a taxable mortgage pool, we generally would not be adversely affected by the characterization of a financing transaction as a taxable mortgage pool. Certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax-exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to a taxable mortgage pool. In addition, to the extent that our stock is owned by tax-exempt "disqualified organizations," such as certain government-related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we may incur a corporate level tax on a portion of our income from a taxable mortgage pool. In that case, we may reduce the amount of our distributions to any disqualified organization whose stock ownership gave rise to the tax. Moreover, we would be precluded from selling equity interests in these securitizations to outside investors, or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.

We may originate or acquire mezzanine loans, for which the IRS has provided a safe harbor but not rules of substantive law. Pursuant to the safe harbor, if a mezzanine loan meets certain requirements, it will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the REIT 75% income test. Our mezzanine loans may not meet all of the requirements of this safe harbor. In the event we own a mezzanine loan that does not meet the safe harbor, the IRS could challenge such loan's treatment as a real estate asset for purposes of the REIT asset and income tests and, if such a challenge were sustained, we could fail to qualify as a REIT.

We may fail to qualify as a REIT if the IRS successfully challenges the treatment of our mezzanine loans as debt for U.S. federal income tax purposes or successfully challenges the treatment of our preferred equity investments as equity for U.S. federal income tax purposes.

There is limited case law and administrative guidance addressing whether instruments such as mezzanine loans and preferred equity investments will be treated as equity or debt for U.S. federal income tax purposes. We expect that our mezzanine loans generally will be treated as debt for U.S. federal income tax purposes, and our preferred equity investments generally will be treated as equity for U.S. federal income tax purposes, but we typically do not anticipate obtaining private letter rulings from the IRS or opinions of counsel on the characterization of those investments for U.S. federal income tax purposes. If a mezzanine loan is treated as equity for U.S. federal income tax purposes, we would be treated as owning the assets held by the partnership that issued the mezzanine loan and we would be treated as receiving our proportionate share of the income of that entity. If that partnership owned non-qualifying assets or earned non-qualifying income, we may not be able to satisfy all of the REIT income or asset tests. Alternatively, if the IRS successfully asserts a preferred equity investment is debt for U.S. federal income tax purposes, then that investment may be treated as a non-qualifying asset for purposes of the 75% asset test and as producing non-qualifying income for 75% gross income test. In addition, such an investment may be subject to the 10% value test and the 5% asset test, and it is possible that a preferred equity investment that is treated as debt for U.S. federal income tax purposes could cause us to fail one or more of the foregoing tests. Accordingly, we could fail to qualify as a REIT if the IRS does not respect our classification of our mezzanine loans or preferred equity for U.S. federal income tax purposes unless we are able to qualify for a statutory REIT "savings" provision, which may require us to pay a significant penalty tax to maintain our REIT qualification.

The tax on prohibited transactions will limit our ability to engage in transactions, including certain methods of securitizing or syndicating mortgage loans that would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% tax with no offset for losses. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, but including mortgage loans, held primarily for sale to customers in the ordinary course of business. We might be subject to this tax if we dispose of, securitize or syndicate loans in a manner that was treated as a sale of the loans, or if we frequently buy and sell securities in a manner that is treated as dealer activity with respect to such securities for U.S. federal income tax purposes. Therefore, in order to avoid the prohibited transactions tax, we may choose to engage in certain sales of loans through a TRS and not at the REIT level, and may limit the structures we utilize for our securitization transactions, even though direct sales by us or those structures might otherwise be beneficial to us.

The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to qualify as a REIT.

We intend to enter into financing arrangements that are structured as sale and repurchase agreements pursuant to which we would nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase these assets at a later date in exchange for a purchase price. Economically, these agreements are borrowings which are secured by the assets sold pursuant thereto. We believe that we will be treated for REIT asset and income test purposes as the owner of the assets that are the subject of any such sale and repurchase agreement, notwithstanding that such agreements may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the sale and repurchase agreement, in which case we could fail to qualify as a REIT.

Liquidation of assets may jeopardize our REIT qualification.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

Our ownership of and relationship with our TRSs will be restricted, and a failure to comply with the restrictions would jeopardize our REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may earn income that would not be qualifying REIT income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% (20% in taxable years beginning after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more TRSs. The value of our interests in and thus the amount of assets held in a TRS may also be restricted by our need to qualify for an exclusion from regulation as an investment company under the Investment Company Act.

Any domestic TRS we own will pay U.S. federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

We expect that the aggregate value of all TRS stock and securities owned by us should be less than 20% of the value of our total assets. Although we plan to monitor our investments in and transactions with TRSs, there can be no assurance that we will be able to comply with the limitation on the value of our TRSs discussed above or to avoid application of the 100% excise tax discussed above.

Our qualification as a REIT may be dependent on the accuracy of legal opinions or advice rendered or given or statements by the issuers of assets that we acquire, and the inaccuracy of any such opinions, advice or statements may adversely affect our REIT qualification and result in significant corporate-level tax.

When purchasing securities, we may rely on opinions or advice of counsel for the issuer of such securities, or statements made in related offering documents, for purposes of determining whether such securities represent debt or equity securities for U.S. federal income tax purposes, the value of such securities, and also to what extent those securities constitute qualified real estate assets for purposes of the REIT asset tests and produce income that qualifies under the 75% gross income test. The inaccuracy of any such opinions, advice or statements may adversely affect our ability to qualify as a REIT and result in significant corporate-level tax.

Risks Related to Ownership of Our Common Stock and this Offering

Until Two Harbors distributes or otherwise disposes of shares of our common stock acquired as a result of the Formation Transaction, it will own approximately 76.5 percent of our outstanding common stock and will be able to exert control over all matters subject to approval by our stockholders.

As of the closing of this offering, Two Harbors will beneficially own approximately 76.5% of our common stock on a fully diluted basis after giving effect to this offering and the Formation Transaction. Two Harbors may also acquire additional shares of our common stock in the open market under the 10b5-1 Plan it has agreed to adopt. Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120-day lock-up period following the closing of this offering, after which Two Harbors currently expects to make a distribution of the shares of common stock issued

to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders. Until such distribution, Two Harbors will have the ability to exert control over all matters subject to a vote of our stockholders. For example, Two Harbors will be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that may be in the best interest of our stockholders. The interests of Two Harbors may not always coincide the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of our other stockholders, including seeking a premium value for their common stock, and might affect the prevailing market price for our common stock. In addition, pursuant to the Director Designation Agreement we will enter into with Two Harbors, Two Harbors will be entitled to designate three individuals for nomination for election to our board of directors, to serve following closing of this offering and until our 2019 annual meeting of stockholders, each of whom must qualify as an independent director under the rules of the NYSE and SEC.

There is no public market for our common stock and a market may never develop, which could cause our common stock to trade at a discount and make it difficult for holders of our common stock to sell their shares.

Our shares of common stock will be newly issued securities for which there is no established trading market. Our common stock has been approved for listing, subject to official notice of issuance, on the NYSE under the trading symbol "GPMT." However, there can be no assurance that an active trading market for our common stock will develop, or if one develops, be maintained. Accordingly, no assurance can be given as to the ability of our stockholders to sell their common stock or as to the price that our stockholders may obtain for their common stock.

Purchases of our common stock by Two Harbors under the 10b5-1 Plan may result in the price of our common stock being higher than the price that otherwise might exist in the open market without such purchases.

Two Harbors has agreed to adopt the 10b5-1 Plan in accordance with Rules 10b5-1 and 10b-18 under the Exchange Act, under which Two Harbors will agree, subject to certain conditions, to buy in the open market up to $20 million in the aggregate of shares of our common stock during the period commencing four full calendar weeks after the completion of this offering and ending on the earlier of the date on which all the capital committed to the plan has been exhausted or the date preceding the ex-dividend date associate with Two Harbors' declaration of the pro rata distribution of our common stock to Two Harbors stockholders but no later than December 31, 2017. During such time, the 10b5-1 Plan will require Two Harbors to purchase shares of our common stock when the market price per share is below book value. Whether purchases will be made under the 10b5-1 Plan and how much will be purchased at any time is uncertain, dependent on prevailing market prices and trading volumes, all of which we cannot predict. These activities may have the effect of maintaining the market price of our common stock or retarding a decline in the market price of the common stock, and, as a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. See "Related Party Transactions and Certain Relationships" for additional details regarding the 10b5-1 Plan.

The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance.

Some of the factors that could negatively affect the market price of our common stock include:

- our actual or projected operating results, financial condition, cash flows and liquidity, or changes in business strategy or prospects;
- actual or perceived conflicts of interest with our Manager and our executive officers;
- equity issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur;
- loss of a major funding source;
- actual or anticipated accounting problems;
- publication of research reports about us or the real estate industry;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions to or departures of our Manager's or our managements' key personnel;
- speculation in the press or investment community;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock, if we have begun to make distributions to our stockholders, and would result in increased interest expenses on our debt;
- failure to maintain our REIT qualification or exemption from the Investment Company Act;
- price and volume fluctuations from time to time due to a variety of factors, including limited liquidity in our shares if Two Harbors continues to hold at least a majority of our common stock after the closing of this offering;
- general market and economic conditions, and trends including inflationary concerns, the current state of the credit and capital markets;
- significant volatility in the market price and trading volume of securities of publicly traded REITs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to REITs;
- changes in the value of our portfolio;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- operating performance of companies comparable to us;
- short-selling pressure with respect to shares of our common stock or REITs generally; and
- the strength of the commercial real estate market and the U.S. economy generally.

As noted above, market factors unrelated to our performance could also negatively impact the market price of our common stock. One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution rate as a percentage of our stock price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in the capital markets can affect the market value of our common stock. For instance, if interest rates rise, it is likely that the market price of our common stock will decrease as market rates on interest-bearing securities increase.

If we or our existing stockholders sell additional shares of our common stock after this offering, the market price of our common stock could decline.

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon closing of this offering, we will have a total of 43,230,756 shares of our common stock outstanding (or 44,730,756 shares if the underwriters exercise in full their option to purchase additional shares). Of the outstanding shares, the 10,000,000 shares sold in this offering (or 11,500,000 shares if the underwriters exercise their option to purchase additional shares) will be freely tradable without restriction or further registration under the Securities Act (except for shares of our common stock purchased in the directed share program, which are subject to a 180-day lock-up period), subject to the limitations on ownership and transfer set forth in our charter, and except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the limitations described in "Shares Eligible for Future Sale."

The remaining outstanding 33,230,756 shares of common stock held by Two Harbors and our directors, officers, and certain employees of an affiliate of our Manager, after this offering will be subject to certain restrictions on resale. We, our officers and directors, together with certain other persons buying shares of our common stock through the directed share program, will be subject to lock-up agreements with the underwriters that, subject to certain customary exceptions, restrict the sale of the shares of our common stock held by them for 180 days following the date of this prospectus. In addition, Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120 day lock-up period following the closing of this offering, after which Two Harbors currently expects to make a distribution of the shares of common stock issued to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders. After such pro rata distribution to Two Harbors common stockholders these shares will be freely tradable without restriction or registration under the Securities Act, unless held by an affiliate. The representatives of the underwriters may, in their sole discretion and without notice, release all or any portion of the shares of common stock subject to lock-up agreements. See "Underwriting" for a description of these lock-up agreements.

Upon the expiration of the lock-up agreements described above, all such shares will be eligible for resale in a public market, subject, in the case of shares held by our affiliates, to volume, manner of sale and other limitations under Rule 144.

We have not established a minimum distribution payment level and we may be unable to generate sufficient cash flows from our operations to make distributions to our stockholders at any time in the future.

We are generally required to annually distribute to our stockholders at least 90% of our REIT taxable income (which may not equal net income, as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gains, for us to qualify as a REIT, which requirement we currently intend to satisfy through quarterly distributions of all or substantially all of our REIT taxable income in such year, subject to certain adjustments. We have not established a minimum distribution payment level and our ability to pay distributions may be adversely affected by a number of factors, including the risk factors described in this prospectus. All distributions will be made at the discretion of our board of directors and will depend on our earnings, our financial condition, debt covenants, maintenance of our REIT qualification and other factors as our board of directors may deem relevant from time to time. We believe that a change in any one of the following

factors could adversely affect our results of operations and impair our ability to pay distributions to our stockholders:

- the profitability of the investment of the net proceeds of this offering;
- our ability to make profitable investments;
- margin calls or other expenses that reduce our cash flow;
- defaults in our asset portfolio or decreases in the value of our portfolio; and
- the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

As a result, no assurance can be given that we will be able to make distributions to our stockholders at any time in the future or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect us.

In addition, distributions that we make to our stockholders out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) and not designated by us as capital gain dividends, generally will be taxable to our stockholders as ordinary income. However, a portion of our distributions may be designated by us as capital gain dividends and generally will be taxed to our stockholders as long-term capital gain to the extent that such distributions do not exceed our actual net capital gain for the taxable year, without regard to the period for which the stockholder that receives such distribution has held its stock. Distributions in excess of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, and not designated by us as capital gain dividends, may constitute a return of capital. A return of capital is not taxable, but has the effect of reducing the basis of a stockholder's investment in our common stock, but not below zero.

Provisions of our charter and bylaws and Maryland law may deter takeover attempts, which may limit the opportunity of our stockholders to sell their shares at a favorable price.

Some of the provisions of Maryland law and our charter and bylaws discussed below could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders by providing them with the opportunity to sell their shares at a premium to the then current market price.

Issuance of stock without stockholder approval. Our charter will authorize our board of directors, without stockholder approval, to authorize the issuance of up to 450,000,000 shares of common stock and up to 50,000,000 shares of preferred stock. Our charter will also authorize our board of directors, without stockholder approval, to classify or reclassify any unissued shares of common stock and preferred stock into other classes or series of stock and to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that are authorized by the charter to be issued. Preferred stock may be issued in one or more classes or series, the terms of which may be determined by our board of directors without further action by stockholders. Prior to issuance of any such class or series, our board of directors will set the terms of any such class or series, including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption. The issuance of any preferred stock could materially adversely affect the rights of holders of common stock and, therefore, could reduce the value of the common stock. In addition, specific rights granted to future holders of our preferred stock could be used to restrict our ability to merge with, or sell assets to, a third party. The power of our board of directors to cause us to issue preferred stock could, in certain circumstances, make it more difficult, delay, discourage, prevent or make it more costly to acquire or effect a change in control, thereby preserving the current stockholders' control.

Advance notice bylaw. Our bylaws will contain advance notice procedures for the introduction by a stockholder of new business and the nomination of directors by a stockholder. These provisions could, in certain circumstances, discourage proxy contests and make it more difficult for you and other stockholders to elect stockholder-nominated directors and to propose and, consequently, approve stockholder proposals opposed by management.

Maryland takeover statutes. The Maryland Business Combination Act, in certain circumstances, could delay or prevent an unsolicited takeover of us. The statute substantially restricts the power of third parties who acquire, or seek to acquire, control of us without the approval of our board of directors to complete mergers and other business combinations even if such transaction would be beneficial to stockholders. "Business combinations" between such a third-party acquirer or its affiliate and us are prohibited for five years after the most recent date on which the acquirer becomes an "interested stockholder." An "interested stockholder" is defined as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding stock. If our board of directors approved in advance the transaction that would otherwise give rise to the acquirer attaining such status, the acquirer would not become an interested stockholder and, as a result, it could enter into a business combination with us. Our board of directors may, however, provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by it. Even after the lapse of the five-year prohibition period, any business combination with an interested stockholder must be recommended by our board of directors and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by stockholders; and
- two-thirds of the votes entitled to be cast by stockholders other than the interested stockholder and affiliates and associates thereof.

The super-majority vote requirements do not apply if, among other considerations, the transaction complies with a minimum price and form of consideration requirements prescribed by the statute. The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that an interested stockholder becomes an interested stockholder. As permitted by the MGCL, our board of directors will by resolution exempt business combinations (i) between us and any person not then already an interested stockholder, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons) and (ii) between us and PRCM or any of its affiliates. Consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations between us and any other person as described above, and as a result, any such person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute.

The Maryland Control Share Acquisition Act provides that a holder of control shares of a Maryland corporation acquired in a control share acquisition has no voting rights with respect to the control shares except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;

- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiror is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiror does not deliver an acquiring person statement as required by the statute, then the corporation may, subject to certain limitations and conditions, redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of the shares are considered and not approved or, if no meeting is held, as of the date of the last control share acquisition by the acquiror. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to exercise or direct the exercise of a majority of the voting power, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws will contain a provision exempting any acquisition of our stock by any person from the foregoing provisions on control shares, which may be amended by our board of directors. In the event that our bylaws are amended to modify or eliminate this provision, acquisitions of our common stock may constitute a control share acquisition.

Subtitle 8 of Title 3 of the MGCL, which is commonly referred to as the Maryland Unsolicited Takeovers Act, or MUTA, permits the board of directors of a Maryland corporation with at least three independent directors and a class of stock registered under the Exchange Act, without stockholder approval and notwithstanding any contrary provision in its charter or bylaws, to implement certain takeover defenses, including adopting a classified board, increasing the vote required to remove a director or providing that each vacancy on the board of directors may be filled only by a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum. These provisions could have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for our company or of delaying, deferring or preventing a change in control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby we have elected, at such time as we become eligible to do so (which we expect will be upon the closing of this offering), to be subject to the provisions of MUTA relating to the filling of vacancies on our board of directors. See "Description of Capital Stock—Certain Provisions of Our Charter and Bylaws and of Maryland Law—Maryland Unsolicited Takeovers Act."

In addition, our charter includes certain limitations on the ownership and transfer of our capital stock. See "—Risks Related to Our REIT Status and Certain Other Tax Items—Our charter provides

that any individual (including certain entities treated as individuals for this purpose) is prohibited from owning more than 9.8% of our common stock or of our capital stock, and attempts to acquire our common stock or any of our capital stock in excess of this 9.8% limit would not be effective without a prior exemption from those prohibitions by our board of directors."

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interests.

Our charter limits the liability of our present and former directors and officers to us and our stockholders for money damages to the maximum extent permitted by Maryland law. Under Maryland law, our present and former directors and officers will not have any liability to us and our stockholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter provides that we have the power to indemnify our present and former directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each present and former director or officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to pay or reimburse the defense costs incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. See "Description of Capital Stock—Certain Provisions of Our Charter and Bylaws and of Maryland Law—Limitation of Liability and Indemnification of Directors and Officers."

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.

Our charter provides that, subject to the rights of any series of preferred stock, a director may be removed upon the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our stockholders.

Our amended and restated bylaws designate certain Maryland courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for the following: any derivative action or proceeding brought on behalf of the corporation; any action asserting a claim of breach of any duty owed by any of our present or former directors, officers or other employees or our stockholders to the corporation or to our stockholders or any standard of conduct applicable to our directors; any action asserting a claim against the corporation or any of our present or former directors, officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws; or any action asserting a claim against the corporation or any of our present or former directors, officers or other employees that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the

stockholder believes is favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this prospectus reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. Statements regarding the following subjects, among others, may be forward-looking:

- use of proceeds in this offering;
- our business and investment strategy;
- our projected operating results;
- the timing of cash flows, if any, from our investments;
- the state of the U.S. economy generally or in specific geographic regions;
- defaults by borrowers in paying debt service on outstanding items and borrowers' abilities to manage and stabilize properties;
- actions and initiatives of the U.S. Government and changes to U.S. Government policies;
- our ability to obtain financing arrangements on terms favorable to us or at all;
- financing and advance rates for our target investments;
- our expected leverage;
- general volatility of the securities markets in which we invest;
- the return or impact of current or future investments;
- allocation of investment opportunities to us by our Manager;
- changes in interest rates and the market value of our investments;
- effects of hedging instruments on our target investments;
- rates of default or decreased recovery rates on our target investments;
- the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- changes in governmental regulations, tax law and rates, and similar matters;
- our ability to maintain our qualification as a REIT for U.S. federal income tax purposes;
- availability of investment opportunities in mortgage-related and real estate-related debt investments and securities;

- the ability of our Manager to locate suitable investments for us, monitor, service and administer our investments and execute our investment strategy;
- availability of qualified personnel;
- estimates relating to our ability to make distributions to our stockholders in the future;
- our understanding of our competition; and
- market trends in our industry, interest rates, real estate values, the debt securities markets or the general economy.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in this prospectus under the headings "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from selling 10,000,000 shares of common stock in this offering at the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus, will be approximately $190.7 million, after deducting underwriting discounts and commissions and estimated offering expenses of approximately $14.3 million (or, if the underwriters exercise their option in full, approximately $219.8 million, after deducting underwriting discounts and commissions and estimated offering expenses of approximately $16.0 million).

A $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us from this offering by $9.5 million, assuming the number of shares offered by us remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase or decrease of one million in the number of shares of common stock offered by us would increase or decrease the net proceeds that we receive from this offering by $19.4 million, assuming that the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We plan to use all the net proceeds from this offering as described above to fund future funding obligations of $231.5 million in the aggregate of investments in our Initial Portfolio and to acquire additional target investments in accordance with our objectives and strategies described in this prospectus. See "Business—Our Investment Approach." As of the date of this prospectus, we have issued non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $575 million and have received signed non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $285 million which, if closed, will be funded in part with the net proceeds from this offering. Prior to such assets being acquired, we may invest the net proceeds from this offering in interest-bearing short-term investments, including money market accounts that are consistent with our intention to qualify as a REIT. These investments are expected to provide a lower net return than we will seek to achieve from our target investments.

DISTRIBUTION POLICY

We intend to make quarterly distributions to our common stockholders. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income, including capital gains. For more information, please see "Material U.S. Federal Income Tax Considerations." We currently do not intend to use the proceeds of this offering to make distributions to our stockholders.

To the extent that in respect of any calendar year, cash available for distribution is less than our taxable income, we could be required to sell assets or borrow funds to make cash distributions or make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. We generally will not be required to make distributions with respect to activities conducted through any TRS. For more information, see "Material U.S. Federal Income Tax Considerations—Our Taxation as a REIT."

Dividends and other distributions may be authorized by our board of directors in its sole discretion out of funds legally available therefor and will be dependent upon a number of factors, including actual results of operations, restrictions under Maryland law, our financial condition liquidity, debt covenants, funding or margin requirements under securitizations, warehouse facilities or other secured and unsecured borrowing agreements. We cannot assure you that our distributions will be made or sustained or that our board of directors will not change our distribution policy in the future. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see "Risk Factors."

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may be designated by us as qualified dividend income or capital gain, or may constitute a return of capital. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain. For a more complete discussion of the tax treatment of distributions to holders of shares of our common stock, see "Material U.S. Federal Income Tax Considerations."

CAPITALIZATION

The following table sets forth the capitalization as of March 31, 2017 of (i) our Predecessor on an actual basis, (ii) Granite Point on a pro forma basis to reflect the Formation Transaction and (iii) Granite Point on a pro forma, as-adjusted basis to reflect the Formation Transaction and the sale of 10,000,000 shares of our common stock in this offering at the assumed initial public offering price of $20.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and the issuance of an aggregate of 13,415 shares of our common stock as initial grants to our independent directors, and the issuance of an aggregate of 146,341 restricted shares of our common stock to our executive officers and certain personnel of an affiliate of our Manager, both based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus. You should read this table together with the section entitled "Use of Proceeds" included elsewhere in this prospectus.

	As of March 31, 2017		
(Amounts in thousands except share data)	Predecessor Actual (unaudited)	Pro Forma for the Formation Transaction (unaudited)	Pro Forma As Adjusted(1) (unaudited)
Cash and cash equivalents	$ 34,617	$ 168,421	$ 359,146
Total debt	$ 1,145,891	$ 1,095,735	$ 1,095,735
10% Cumulative Redeemable Preferred Stock with $1,000 liquidation preference per share: no shares authorized, and no shares issued and outstanding, Predecessor actual; 1,000 shares authorized and 1,000 shares issued and outstanding, pro forma; and 1,000 shares authorized and 1,000 shares issued and outstanding, pro forma as adjusted	—	1,000	1,000
Stockholders' equity:			
Predecessor equity	441,525	—	—
Preferred stock, par value $0.01 per share: no shares authorized and no shares issued and outstanding, Predecessor actual; 1,000 shares authorized and 1,000 shares of 10% cumulative redeemable preferred stock with $1,000 liquidation preference per share (described above), issued and outstanding, pro forma; and 50,000,000 shares authorized and 1,000 shares of 10% cumulative redeemable preferred stock with $1,000 liquidation preference per share (described above), issued and outstanding, pro forma as adjusted	—	—	—
Common stock, par value $0.01 per share: no shares authorized and no shares issued and outstanding, Predecessor actual: 1,000 shares authorized and 1,000 shares issued and outstanding, pro forma: and 450,000,000 shares authorized and 43,230,756 shares issued and outstanding, pro forma as adjusted	—	650,000	840,725
Total stockholders' equity	$ 441,525	$ 650,000	$ 840,725

(1) Does not include shares of our common stock that we may issue upon exercise of the underwriters' option to purchase up to 1,500,000 additional shares and 1,000 shares of our common stock issued to Two Harbors Operating Company LLC in connection with our initial formation, which we will repurchase at cost upon the completion of this offering.

DILUTION

If you invest in shares of our common stock in this offering, you will experience an immediate dilution in the net tangible book value per share of our common stock from the initial public offering price.

Our pro forma net tangible book value as of March 31, 2017 was $650.0 million, or $19.65 per share of our common stock, after giving effect to the Formation Transaction.

After giving further effect to the sale of the 10,000,000 shares of our common stock in this offering at the assumed initial public offering price of $20.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and the issuance to our independent directors under our 2017 Equity Incentive Plan of an aggregate of 13,415 shares of our common stock and 146,341 restricted shares of our common stock to our executive officers and certain personnel of an affiliate of our Manager upon closing of this offering both based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus, our pro forma as adjusted net tangible book value as of March 31, 2017 would have been $840.7 million, or $19.45 per share of our common stock. This amount represents an immediate decrease in net tangible book value of $0.85 per share to Two Harbors Operating Company LLC, our sole existing stockholder, and an immediate dilution of $1.05 per share to new investors purchasing shares in this offering at the assumed initial public offering price.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$ 20.50
Pro forma net tangible book value per share as of March 31, 2017, giving effect to the Formation Transaction	$ 19.65	
Decrease in pro forma net tangible book value per share attributable to new investors in the offering	0.20	
Pro forma as adjusted net tangible book value per share, giving effect to this offering and the issuances under our Equity Incentive Plan in connection with this offering		19.45
Dilution per share to investors in this offering		$ 1.05

A $1.00 increase (decrease) in the assumed initial public offering price of $20.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma net tangible book value, as adjusted to give effect to this offering, by $0.22 per share and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by $0.78 per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Any increase or decrease of one million shares offered by us in this offering will have no impact on our pro forma as adjusted net tangible book value per share or the dilution per share to investors in this offering.

If the underwriters exercise their option in full to purchase additional shares, the pro forma net tangible book value per share of our common stock after giving effect to this offering would be $19.44 per share, and the dilution in net tangible book value per share to investors in this offering would be $1.06 per share.

The following table summarizes, on a pro forma as adjusted basis as of March 31, 2017 after giving effect to the sale of the 10,000,000 shares of our common stock in this offering at the assumed initial public offering price of $20.50 per share, the midpoint of the price range set forth on the cover page of this

prospectus, the issuance to our independent directors under our 2017 Equity Incentive Plan of an aggregate of 13,415 shares of our common stock as initial grants, the issuance to our executive officers and certain personnel of an affiliate of our Manager of an aggregate of 146,341 restricted shares of our common stock, both based on the assured initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus, the difference between our existing stockholder and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us, and the average price per share paid, after deducting underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price
(amounts in thousands, except share data)	Number	Percentage	Number	Percentage	Per Share
Two	33,071,000	76.5%	$ 650,000	76.0%	$ 19.65
New investors	10,000,000	23.1%	205,000	24.0%	20.50
Independent directors, executive officers and certain personnel of an affiliate of our Manager	159,756	0.4%	—	—	
Total	43,230,756	100.0%	$ 855,000	100.0%	$ 19.45

(1) Does not reflect the initial grants under our 2017 Equity Incentive Plan to our independent directors, executive officers and certain other personnel of an affiliate of our Manager.

A $1.00 increase (decrease) in the assumed initial public offering price of $20.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors and total consideration paid by all stockholders by approximately $9.5 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The foregoing discussion does not reflect any potential purchases made by directors, officers or employees or who are otherwise associated with us through the directed share program.

SELECTED CONSOLIDATED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

We have presented the following selected consolidated historical financial data for our Predecessor, TH Commercial Holdings LLC, and its subsidiaries, and selected consolidated pro forma financial data for Granite Point after giving effect to this offering and the use of net proceeds therefrom and the Formation Transaction. We have not presented historical information for Granite Point because we have not had any operations or corporate activity since our formation other than the issuance of 1,000 shares of our common stock to Two Harbors Operating Company LLC, a wholly owned subsidiary of Two Harbors, in connection with our initial formation (which will be repurchased at cost upon completion of this offering).

You should read the following selected consolidated financial data in conjunction with our consolidated financial statements and the consolidated financial statements of our Predecessor and the related notes, which are included elsewhere in this prospectus, and with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The selected historical consolidated balance sheet data as of December 31, 2016 and the selected historical consolidated statement of comprehensive income for the periods ended December 31, 2016 and 2015 for our Predecessor have been derived from the consolidated audited financial statements of our Predecessor included elsewhere in this prospectus. The selected historical consolidated balance sheet data as of March 31, 2017 and the selected historical consolidated statement of comprehensive income data for each of the three-month periods ended March 31, 2017 and 2016 for our Predecessor have been derived from the consolidated unaudited financial statements included elsewhere in this prospectus, which, in the opinion of our management, have been prepared on the same basis as our audited consolidated financial statements and reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our Predecessor's results of operations and financial position for such periods. Results for the three month period ended March 31, 2017 are not necessarily indicative of results that may be expected for the entire year.

Our unaudited selected pro forma consolidated balance sheet as of March 31, 2017 and statements of comprehensive income data for the year ended December 31, 2016 and the three month period ended March 31, 2017 assumes closing of this offering, the Formation Transaction and the other adjustments described in the unaudited pro forma consolidated financial information beginning on page F-2 of this prospectus, as of January 1, 2016 for the statement of comprehensive income data and as of March 31, 2017 for the balance sheet data. The historical balances of our Predecessor have been reflected at carryover basis because, for accounting purposes, the Formation Transaction and this offering are not deemed a business combination and do not result in a change of control. Under the guidance of ASC 820, *Business Combinations*, the Formation Transaction is an exchange of equity interests between entities under common control. As such, we recognize assets and liabilities at Two Harbors carrying amounts.

The unaudited pro forma consolidated balance sheet data is presented for illustrative purposes only and is not necessarily indicative of what the actual financial position would have been had the transactions referred to above occurred on March 31, 2017, nor does it purport to represent the future financial position of the company. The unaudited pro forma consolidated statement of comprehensive income data are presented for illustrative purposes only and are not necessarily indicative of what the actual results of operations would have been had the transactions referred to above occurred on January 1, 2016, nor does it purport to represent our future results of operations.

(Dollar amounts in thousands)	Period Ended December 31,			Period Ended March 31,		
	Pro Forma	Predecessor Historical		Pro Forma	Predecessor Historical	
	2016	2016	2015[1]	2017	2017	2016
	(unaudited)			(unaudited)	(unaudited)	
Comprehensive Income Data:						
Interest income:						
Commercial real estate assets	$ 59,819	$ 59,819	$ 9,139	$ 23,570	$ 23,570	$ 11,072
Available-for-sale securities	1,002	1,002	—	246	246	268
Cash and cash equivalents	7	7	—	2	2	1
Total interest income	60,828	60,828	9,139	23,818	23,818	11,341
Interest expense	19,622	11,029	477	9,352	6,106	1,451
Net interest income	41,206	49,799	8,662	14,466	17,712	9,890
Other income:						
Realized gain on sales of commercial real estate assets	—	—	181	—	—	—
Ancillary fee income	37	37	14	—	—	5
Other fee income	166	166	—	—	—	—
Total other income	203	203	195	—	—	5
Expenses:						
Management fees	7,173	7,173	1,178	1,662	1,662	1,769
Professional services	137	137	419	156	156	77
Servicing expense	605	605	73	322	322	105
General and administrative expenses	10,965	6,741	6,979	2,925	2,117	2,010
Total expenses	18,880	14,656	8,649	5,065	4,257	3,961
Income before income taxes	22,529	35,346	208	9,401	13,455	5,934
(Benefit from) provision for income taxes	(11)	(11)	70	1	1	(7)
Net income	$ 22,540	$ 35,357	$ 138	$ 9,400	$ 13,454	$ 5,941
Comprehensive income:						
Net income	$ 22,540	$ 35,357	$ 138	$ 9,400	$ 13,454	$ 5,941
Other comprehensive (loss) income:						
Unrealized (loss) income on available-for-sale securities, net	(112)	(112)	—	80	80	(255)
Other comprehensive (loss) income	(112)	(112)	—	80	80	(255)
Comprehensive income	$ 22,428	$ 35,245	$ 138	$ 9,480	$ 13,534	$ 5,686

(1) Commenced Operations on January 7, 2015.

Balance Sheet Data (Dollar amounts in thousands)	As of March 31, 2017	
	Pro Forma	Predecessor Historical
	(unaudited)	
Commercial real estate assets	$ 1,548,603	$ 1,548,603
Available-for-sale securities, fair value	12,766	12,766
Cash and cash equivalents	359,146	34,617
Restricted cash	2,260	2,260
Escrow deposit	—	—
Accrued interest receivable	4,487	4,487
Due from counterparties	456	456
Income tax receivable	7	7
Accounts receivable	8,457	8,457
Deferred debt issuance costs	2,679	2,679
Total assets	$ 1,938,861	$ 1,614,332
Repurchase agreements	$ 1,095,735	$ 536,221
Notes payable to affiliate	—	609,670
Accrued interest payable	977	977
Unearned interest income	—	—
Income tax payable	—	25,515
Other payables to Two Harbors and affiliates	—	424
Accrued expenses and other liabilities	424	—
Total liabilities	1,097,136	1,172,807
10% cumulative redeemable preferred stock, par value $0.01: 50,000,000 shares authorized and 1,000 shares outstanding, pro forma; no shares authorized and no shares outstanding, predecessor historical	1,000	—
Equity:		
Predecessor equity	—	441,525
Stockholder's equity	840,725	—
Common stock, par value $0.01 per share: 450,000,000 shares authorized and 42,230,756 shares outstanding, pro forma; no shares authorized and no shares outstanding, predecessor actual		
Total equity	840,725	441,525
Total liabilities and equity	$ 1,938,861	$ 1,614,332

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Company

We are a Maryland corporation that focuses primarily on directly originating, investing in and managing senior floating-rate commercial mortgage loans and other debt and debt-like commercial real estate investments. We were formed to continue and expand the commercial real estate lending business established by Two Harbors Investment Corp., or Two Harbors, a publicly traded hybrid mortgage real estate investment trust. In the first quarter of 2015, Two Harbors established its commercial real estate lending business, TH Commercial Holdings LLC, collectively with its subsidiaries, our Predecessor. Concurrently with the closing of this offering, we will acquire the equity interests in our Predecessor and its portfolio of commercial mortgage loans and other commercial real estate-related debt investments. Our Initial Portfolio consists of our Predecessor's portfolio, that as of March 31, 2017 consisted of 41 commercial real estate debt investments with a principal balance of $1.6 billion, with an additional $181.9 million of potential future funding obligations, Our initial Portfolio also consists of five additional floating-rate senior commercial mortgage loans with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations that we have closed since March 31, 2017. In addition, any investments made subsequent to the date hereof and prior to the pricing of this offering will be contributed as part of our Initial Portfolio. As of the date of this prospectus, we have an investment pipeline that is in various stages of our underwriting process. We are reviewing commercial mortgage loans for potential quotes, representing aggregate loan amounts, including any future fundings, of approximately $2.1 billion. In addition, we have issued non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $575 million. Additionally, we have received signed non-binding term sheets on potential investments representing aggregate loan amounts, including any future fundings, of approximately $285 million. Each investment remains subject to satisfactory completion of our diligence, underwriting, documentation, and Investment Committee process, and as such, we cannot give assurance that any of these potential investments will close on our anticipated terms, or at all.

We will be externally managed by Pine River Capital Management L.P., or PRCM, or our Manager, a global asset management firm and SEC registered investment adviser with approximately $9 billion of assets under management as of June 1, 2017. By capitalizing on our Manager's commercial real estate team's, or CRE team's, longstanding presence in the commercial real estate finance markets and its reputation as a thoughtful and responsible manager of investors' capital, we intend to continue to build a leading commercial real estate lending platform.

Our Manager's CRE team was formed in November 2014 by our President and Chief Executive Officer, John ("Jack") A. Taylor, our Chief Investment Officer, Stephen Alpart, and our Chief Operating Officer, Steven Plust, whom we collectively refer to as our senior CRE team. Each member of our senior CRE team has over 25 years of experience in commercial real estate debt markets, and the team has worked together for over 15 years. Our senior CRE team is complemented by a group of eight professionals with broad investment management expertise and extensive industry relationships. This team has an average of over 12 years of experience in the commercial real estate debt markets, and many of its members have worked together with our senior CRE team for multiple years or most of their careers.

The majority of our senior CRE team's commercial real estate finance experience has been as fiduciaries in investment management. Over their careers, they have built and managed several commercial real estate principal lending businesses both at broker dealers and as investment managers. This broad experience has allowed our senior CRE team to develop extensive expertise in capital markets, structured finance and investment management, resulting in their ability to navigate and exploit the commercial real estate finance markets for the benefit of our stockholders.

We are a long-term, fundamental value-oriented investor. We construct our investment portfolio on a loan-by-loan basis, emphasizing rigorous credit underwriting, selectivity and diversification, and assess each investment from a fundamental value perspective relative to other opportunities available in the market. Our primary target investments are directly originated floating-rate performing senior commercial real estate loans, typically with terms of three to five years, usually ranging in size from $25 million to $150 million. We typically provide intermediate-term bridge or transitional financing for a variety of purposes, including acquisitions, recapitalizations, refinancings and a range of business plans including lease-up, renovation, repositioning and repurposing of the property. We generally target the top 25, and up to top 50, metropolitan statistical areas in the United States, or MSAs. We believe that those markets provide ample supply of high credit quality properties to lend against, sufficient number of owners and sponsors with institutional attributes, and adequate market liquidity. We believe this approach will enable us to deliver attractive risk-adjusted returns to our stockholders while preserving our capital base through diverse business cycles.

Our origination strategy relies on our CRE team's extensive and longstanding direct relationships with a wide array of national, regional and local private owner/operators, private equity firms, funds, REITs, brokers and co-lenders. Our team's reach across the U.S. and active dialogue with market participants has produced over $55 billion of investment opportunities since our Predecessor's formation and our CRE team has underwritten or quoted approximately $14 billion of investment opportunities. We invest significant time and resources in the early stages of our origination process and communicate frequently with our borrowers to increase the likelihood of closing the investment on the original terms. As a result, our CRE team has developed a reputation as a reliable counterparty, which has led to multiple investment opportunities with repeat clients.

We believe that the U.S. commercial real estate debt markets offer enduring investment opportunities. Over $1.5 trillion of commercial real estate debt is scheduled to mature over the next five years, and there is a sustained need for acquisition, repositioning and recapitalization loans. We believe that traditional lenders, including banks that have historically accounted for approximately half of the market, are not expected to be able to meet projected borrower demand due to structural and regulatory constraints. As a result, we believe that there are significant opportunities to originate floating-rate senior commercial real estate loans on transitional properties at attractive risk-adjusted returns.

We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal tax purposes. For more information related to the consequences of this election, please see "Risk Factors—Risks Related to our REIT Status and Certain Other Tax Items" and "Material U.S. Federal Income Tax Considerations." We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act.

Granite Point has not had any operations or corporate activity since our formation other than the issuance of 1,000 shares of our common stock to Two Harbors Operating Company LLC, a wholly owned subsidiary of Two Harbors, in connection with the initial formation of the company (which will be repurchased at cost upon completion of this offering) and activities in preparation for this offering and the Formation Transaction. Certain expenses associated with Granite Point's organization, SEC and FINRA filing fees and other miscellaneous fees totaling approximately $120,000 have been advanced to us by Two Harbors. Accordingly, a discussion of the financial condition and historical operations of Granite Point would not be meaningful. Instead, we describe herein the historical operations of our predecessor, TH Commercial Holdings LLC, sometimes referred to as TH Commercial or our Predecessor.

Our Manager

PRCM is a global asset management firm with institutional capabilities in managing new ventures, risk management, compliance and reporting. Our Manager has valuable industry and analytical

expertise, extensive long-term relationships in the financial community and established fixed-income, mortgage and real estate investment experience. PRCM has made significant investments to establish the CRE team and the resources for the direct origination, credit underwriting, monitoring, financing and risk management of our target investments.

An affiliate of PRCM has served as the external manager of Two Harbors since its inception in 2009. At March 31, 2017, Two Harbors had grown to approximately $3.6 billion of equity capital. Two Harbors' external manager, through access to PRCM's CRE team, provided Two Harbors with the expertise necessary to establish and grow the commercial real estate debt investments that will comprise our Initial Portfolio. We believe that PRCM's experience in establishing, growing and successfully managing Two Harbors, combined with the experience of the CRE team will enable us to successfully execute on our business strategy.

We believe that our stockholders will benefit from Granite Point being an independent public company solely focused on investment opportunities within the commercial real estate finance market. As part of Two Harbors, our Predecessor was able to establish its business and validate the significant market opportunity identified by the PRCM CRE team. We believe that being an independent public company provides us with the best opportunity to expand our business and execute on our strategy. As a result of this offering and becoming a separate public entity, we will gain direct access to capital and funding while offering to our stockholders a focused strategy in what we believe is an attractive asset class and a significant market opportunity. As we increase our portfolio of commercial real estate debt investments over time, we believe we will be able to recognize economies of scale and deliver attractive risk-adjusted returns to our stockholders.

Our Initial Portfolio

As of March 31, 2017, our Initial Portfolio consisted of 41 commercial real estate debt investments with a principal balance of $1.6 billion, with an additional $181.9 million of potential future funding obligations. Our Initial Portfolio also consists of five additional floating-rate senior commercial mortgage loans that we have closed since March 31, 2017 with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations. In addition, any investments made subsequent to the date hereof and prior to the closing of this offering will be contributed as part of our Initial Portfolio. Our Initial Portfolio consists of a pool of commercial real estate debt investments diversified across geographies, property types, and sponsors.

We intend to focus on originating senior commercial mortgage loans backed by different types of commercial real estate properties located in various markets across the United States. Our Predecessor has invested in, and we may, from time to time, invest in other debt and debt-like commercial real estate investments. Together, we refer to these investments as our target investments. Our target investments will include:

Primary Target Investments

- **Senior Mortgage Loans.** Commercial mortgage loans that are secured by real estate and evidenced by a first priority mortgage. These loans may vary in term, may bear interest at a fixed or floating rate, and may amortize and typically require a balloon payment of principal at maturity. These investments may encompass a whole loan or may include *pari passu* participations within such a mortgage loan. These loans may finance stabilized properties or properties that are subject to a business plan that is expected to enhance the value of the property through lease-up, refurbishment, updating or repositioning.

Secondary Target Investments

As part of our financing strategy, we may from time-to-time syndicate senior participations in our originated senior commercial real estate loans to other investors and retain a subordinated debt

position for our portfolio in the form of a mezzanine loan or subordinated mortgage interest, as described below. Alternatively, on occasion we may opportunistically co-originate the investments described below with senior lenders, or purchase them in the secondary market.

- **Mezzanine Loans.** Mezzanine loans are secured by a pledge of equity interests in the property. These loans are subordinate to a senior mortgage loan but senior to the property owner's equity.

- **Preferred Equity.** Investments that are subordinate to any mortgage and mezzanine loans, but senior to the property owner's common equity.

- **Subordinated Mortgage Interests.** Sometimes referred to as a B-Note, a subordinated mortgage interest is an investment in a junior portion of a mortgage loan. B-Notes have the same borrower and benefit from the same underlying secured obligation and collateral as the senior mortgage loan, but are subordinated in priority payments in the event of default.

- **Other Real Estate Securities.** Investments in real estate that take the form of CMBS or collateralized loan obligations, or CLOs, that are collateralized by pools of real estate debt instruments, which are often senior mortgage loans, or other securities.

Based on current market conditions, we expect that, like our Initial Portfolio, the majority of our investments will be senior commercial mortgage loans directly originated by us and secured by cash-flowing properties located in the United States. These investments will typically pay interest at rates that are determined periodically on the basis of a floating base lending rate, primarily LIBOR plus a premium and have an expected term between three and five years.

Our Manager may opportunistically adjust our capital allocation to our target investments, with the proportion and types of investments changing over time depending on our Manager's views on, among other things, the current economic and credit environment. In addition, we may invest in investments other than our target investments, in each case subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exclusion from regulation under the Investment Company Act of 1940, as amended, or the Investment Company Act.

Factors Expected to Affect Our Operating Results and Financial Condition

Discussed below are factors expected to affect our operating results and that have affected the operating results and financial condition of our Predecessor.

The results of our operations will be affected by a number of factors and primarily depend on, among other things, the level of our net interest income, the market value of our assets, credit performance of our assets and the supply of, and demand for, commercial mortgage loans, other commercial real estate debt instruments and other financial assets available for investment in the market. Our net interest income, which will reflect the amortization of origination fees and direct costs, will be recognized based on the contractual rate and the outstanding principal balance of the loans we intend to originate. The objective of the interest method is to arrive at periodic interest income that yields a level rate of return over the loan term. Interest rates will vary according to the type of loan or security, conditions in the financial markets, credit worthiness of our borrowers, competition and other factors, none of which can be predicted with any certainty. Our operating results may also be impacted by credit losses in excess of initial anticipations or unanticipated credit events experienced by our borrowers.

Loan Originations

Our business model is mainly focused on directly originating, investing in and managing senior floating-rate commercial mortgage loans and other debt and debt-like commercial real estate investments. As a result of this strategy, our operating performance will be subject to overall market demand for commercial real estate loan products and other debt and debt-like commercial real estate investments. We will manage originations and acquisitions of our target investments by diversifying our investment portfolio across geographical regions and local markets, property types, borrower types, loan structures and types. We will not limit our investments to any number of geographical areas or property types for our originations and will continue to develop a well-diversified investment portfolio. Additionally, our CRE team has extensive experience originating and acquiring commercial real estate loans and other debt and debt-like commercial real estate investments, through a network of long-standing relationships with borrowers, sponsors and industry brokers.

Financing Availability

We will be subject to availability and cost of financing to successfully execute on our business strategy and generate attractive risk-adjusted returns to our stockholders. We anticipate that most of our financing will be in the form of repurchase agreements or other types of credit facilities provided to us from our lender counterparties. We will mitigate this risk by seeking to diversify our lending partners, focusing on establishing borrowing relationships with strong counterparties and continuously monitoring them through a thoughtful approach to counterparty risk oversight.

Additionally, and to the extent available in the market, we may seek to finance our business through other means which may include, but not be limited to securitizations, note sales and issuance of unsecured debt and equity instruments.

Credit Risk

We are subject to varying degrees of credit risk in connection with our target investments. We seek to mitigate this risk by seeking to originate or acquire assets of higher quality at appropriate rates of return given anticipated and unanticipated losses, by employing a comprehensive review and selection process and by proactively monitoring originated or acquired investments. Nevertheless, unanticipated credit losses could occur that could adversely impact our operating results.

Operating Expenses—Investment Management and Corporate Overhead

We will incur significant general and administrative costs, including certain costs related to being a public company and costs incurred on our behalf by our Manager. We expect these costs to decline as a percentage of revenue as our company and portfolio grow. We will rely on our Manager to provide or obtain on our behalf the personnel and services necessary for us to conduct our business because we have no employees of our own. Our Manager will perform these services for us and will provide us with a comprehensive suite of investment and portfolio management services.

Under the management agreement that we will enter into concurrently with the closing of this offering, we will pay all costs and expenses of our Manager incurred on our behalf in order to operate our business, as well as all compensation costs for certain personnel providing services to us under the management agreement, other than personnel directly involved in supporting the investment function. We will also pay our Manager a quarterly base management fee equal to 0.375% (a 1.50% annual rate) of our stockholders' equity and an incentive fee as defined in the management agreement.

See "Our Manager and the Management Agreement" for further description of the terms of the management agreement, including the management and incentive fees payable to our Manager thereunder and our expense reimbursement obligations to our Manager.

Market Conditions

We believe that the commercial real estate debt markets offer compelling investment opportunities especially when approached fundamentally with a focus on strong credit and cash flow characteristics, and high quality borrowers and sponsors. These investment opportunities are supported by active real estate transaction volumes, continuous need for refinancing of legacy loans, and borrower and sponsor demand for debt capital to renovate, reposition or redevelop their properties. Additionally, the stricter regulatory environment after the financial crisis of 2007 to 2009 for traditional providers of financing in this market, such as banks and insurance companies, limits the capacity of available funding for certain types of commercial real estate loans which comprise a large part of our target investments. We believe that this reduced funding capacity in the market combined with strong demand from borrowers will provide us with the opportunities consistent with our investment strategy to invest our capital and generate attractive risk-adjusted returns for our stockholders.

Changes in Fair Value of Our Investments

We intend to hold our target investments for the long-term, and as such they will be carried at cost on our balance sheet. We will evaluate our investments for impairment on a quarterly basis and impairments will be recognized when it is probable that we will not be able to collect all amounts estimated to be collected at the time of origination of the investment. We will evaluate impairment (both interest and principal) based on the present value of expected future cash flows discounted at the investment's effective interest rate or the fair value of the collateral, if repayment is expected solely from the collateral.

Although we will hold our target investments for the long-term, we may occasionally classify some of our investments as available-for-sale. Investments classified as available-for-sale will be carried at their fair value, with changes in fair value recorded through accumulated other comprehensive income, a component of stockholders' equity, rather than through earnings. We do not intend to hold any of our investments for trading purposes.

Changes in Market Interest Rates

Although our strategy is to primarily originate, invest in and manage senior floating-rate commercial mortgage loans, from time-to-time we may acquire fixed-rate investments, which would expose our operating results to the risks posed by fluctuation in interest rates. To the extent that this applies to us, we will actively manage this risk through the use of our Manager's sophisticated hedging strategies.

Our Predecessor Results of Operations

As of the date of this prospectus, we have not commenced any significant operations because we are in our formation stages and will not have any significant operations until we have completed this offering and the Formation Transaction. The following is a description of the historical results of operations for our Predecessor.

Our Predecessor commenced formal operations by acquiring, through its wholly owned subsidiaries, commercial real estate debt investments beginning in the first quarter of 2015 and, through March 31, 2017, had originated or acquired a total of 41 commercial real estate debt investments with a total face value of $1.6 billion. Specifically, our Predecessor had originated and acquired 18 investments in 2015 with a total face value of $668.3 million, 19 investments in 2016 with a total face value of $755.9 million and four investments with a total face value of $124.5 million in 2017 as of March 31, 2017. Since March 31, 2017, we have closed five additional floating-rate senior commercial mortgage loans with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations.

During the years ended December 31, 2015 and 2016, our Predecessor generated total net revenue of approximately $8.9 million and $50.0 million, respectively. During the years ended December 31, 2015 and 2016, our Predecessor incurred total operating expenses of approximately $8.7 million and $14.7 million, respectively, resulting in net operating income of approximately $0.2 million and $35.3 million, respectively. The increase in revenue and total operating expense over these periods is directly attributable to the increase in the growth of our Predecessor's investment portfolio described above.

During the three month periods ended March 31, 2016 and 2017, our Predecessor generated total net revenue of approximately $9.9 million and $17.7 million, respectively. During the three month periods ended March 31, 2016 and 2017, our Predecessor incurred total operating expenses of approximately $4.0 million and $4.2 million, respectively, resulting in net operating income of approximately $5.9 million and $13.5 million, respectively. The increase in revenue and total operating expenses over these periods is directly attributable to the increase in the growth of our Predecessor's investment portfolio described above.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires certain judgments and assumptions, based on information available at the time of preparation of the financial statements, in determining accounting estimates used in preparation of the statements. The following discussion addresses the accounting policies that we believe apply to us based on the nature of our initial operations. Our most critical accounting policies involve decisions and assessments that could affect our reported assets and liabilities, as well as its reported revenues and expenses. We believe that all of the decisions and assessments used to prepare our Predecessor's financial statements are based upon reasonable assumptions given the information available at that time. The accounting policies and estimates that we believe are most critical to an investor's understanding of our Predecessor's and our financial results and condition are discussed below. The descriptions of the critical accounting policies and estimates refer to those of both our Predecessor and us.

Revenue Recognition

Interest income from loans receivable is recognized over the life of each investment using the effective interest method and is recorded on the accrual basis. Recognition of fees, premiums, and discounts associated with these investments is deferred until the loan is advanced and is then recorded over the term of the loan as an adjustment to yield. Income accrual is generally suspended for loans at the earlier of the date at which payments become more than 60 days past due or when recovery of income and principal becomes doubtful. Income is then recorded on the basis of cash received until accrual is resumed when the loan becomes contractually current and performance is demonstrated to be resumed. In addition, for loans originated, the related origination expenses are similarly deferred, however expenses related to loans acquired are included in general and administrative expenses as incurred.

Loans Held-for-Investment and Provision for Loan Losses

Commercial real estate loans held-for-investment are reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless the loans are deemed impaired. Impairment is indicated when it is deemed probable that we will not be able to collect all amounts due pursuant to the contractual terms of the loan. Because commercial real estate loans are collateralized either by real property or by equity interests in the commercial real estate borrower, impairment is measured by comparing the estimated fair value of the underlying collateral to the amortized cost of the respective loan. The valuation of the underlying collateral requires significant

judgment, which includes assumptions regarding capitalization rates, leasing, credit worthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, overall economic conditions, the broader commercial real estate market, local geographic sub-markets, and other factors deemed necessary. If a loan is determined to be impaired, an allowance to reduce the carrying value of the loan is recorded through a charge to provision for loan losses. Actual losses, if any, could ultimately differ from these estimates.

A review of our Initial Portfolio is undertaken monthly, with more intense analysis and oversight done on a quarterly basis, and each loan is evaluated for impairment by assessing the risk factors of each loan and assigning a risk rating based on a variety of factors. Risk ratings are defined as follows:

1—Lower Risk

2—Average Risk

3—Acceptable Risk

4—Higher Risk: A loan that has exhibited material deterioration in cash flows and/or other credit factors, which, if negative trends continue, could be indicative of future loss.

5—Impaired/Loss Likely: A loan that has a significantly increased probability of default or principal loss.

We expect the above critical accounting policies and use of estimates to apply to us, in addition to the following:

Income Taxes

We intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes and believe that we will operate in a manner that will allow us to qualify for taxation as a REIT. As a result of our expected REIT qualification, we do not generally expect to pay U.S. federal corporate level taxes. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement to distribute annually at least 90% of our REIT taxable income to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal and state income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state, local and foreign taxes on our income and property and to U.S. federal income and excise taxes on our undistributed REIT taxable income.

Securitizations

We may enter into transactions in which we sell our investments, such as senior commercial mortgage loans, subordinated loans and other securities. Upon a transfer of our assets, we will sometimes retain or acquire senior or subordinated interests in the related investments. From time to time, we may securitize commercial mortgage loans we hold, if such financing is available. These transactions will be accounted for as either a "sale" and the loans will be removed from our balance sheet or as a "financing" and will be classified as "securitized loans" on our balance sheet, depending upon the structure of the securitization transaction. This may require us to exercise significant judgment in determining whether a transaction should be recorded as a "sale" or a "financing."

Recent Accounting Pronouncements

Under the JOBS Act, we meet the definition of an "emerging growth company." We have irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act. As a result, we will comply with new

or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies.

In May 2014, the Financial Accounting Standards Board, or FASB, issued ASU No. 2014-09, which is a comprehensive revenue recognition standard that supersedes virtually all existing revenue guidance under U.S. GAAP. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As a result of the issuance of ASU No. 2015-14 in August 2015 deferring the effective date of ASU No. 2014-09 by one year, the ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2017, with early adoption prohibited. Our Predecessor has determined this ASU will not have a material impact on the their financial condition or results of operations, and we do not anticipate that it will have a material impact on our financial condition or results of operations.

In June 2016, the FASB issued ASU No. 2016-13, which changes the impairment model for most financial assets and certain other instruments. Allowances for credit losses on AFS debt securities will be recognized, rather than direct reductions in the amortized cost of the investments. The new model also requires the estimation of lifetime expected credit losses and corresponding recognition of allowance for losses on trade and other receivables, held-to-maturity debt securities, loans, and other instruments held at amortized cost. The ASU requires certain recurring disclosures and is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2019, with early adoption permitted for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018. We are evaluating the adoption of this ASU.

In August 2016, the FASB issued ASU No. 2016-15, which clarifies how entities should classify certain cash receipts and cash payments and how the predominance principle should be applied on the statement of cash flows. Additionally, in November 2016, the FASB issued ASU No. 2016-18, which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents, but no longer present transfers between cash and cash equivalents and restricted cash and cash equivalents in the statement of cash flows. Both ASUs are effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2017, with early adoption permitted. Our Predecessor has determined these ASUs will not have an impact on its financial condition or results of operations, but will impact the presentation of the consolidated statements of cash flows. Similarly, we have determined that these ASUs will not have an impact on our financial condition or results of operations, but that they will impact the presentation of the consolidated statements of cash flows.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our target investments and operations, make distributions to our stockholders and other general business needs. We will use significant cash to purchase our target investments, repay principal and interest on our borrowings, make distributions to our stockholders and fund our operations. Our primary sources of cash will generally consist of unused borrowing capacity under our financing sources, the net proceeds of future equity and debt offerings, payments of principal and interest we receive on our portfolio of assets and cash generated from our operating results. We expect that our primary sources of financing will be, to the extent available to us, through (a) repurchase agreements and other types of credit facilities, (b) securitizations, (c) other sources of private financing, and (d) public offerings of our equity or debt securities.

Our Predecessor's liquidity and capital resources as of March 31, 2017 consisted of cash and cash equivalents of $34.6 million and repurchase agreements of $536.2 million.

Upon closing of this offering and the Formation Transaction, we expect to have net proceeds after deducting underwriting discounts and commissions and estimated offering expenses of approximately $190.7 million in cash available to invest in our target investments and for other general corporate purposes, based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus. We believe that, upon the closing of this offering, and as a publicly traded REIT, the cash provided by our operations and anticipated financing activities, combined with the net proceeds of this offering, will be adequate to fund our business development plan, our operating requirements and the payment of dividends required for us to qualify as a REIT for at least the next 12 months.

Our investments will be illiquid by their nature. Thus, a timely liquidation of investments might not be a viable source of short-term liquidity should a cash flow shortfall arise that causes a need for additional liquidity. It could be necessary to source liquidity from other financing alternatives should any such scenario arise.

Credit Facilities, Warehouse Facilities and Repurchase Agreements

The following table provides the quarterly average balances, the quarter-end balances and the maximum balances at any month-end within that quarterly period of the borrowings of our Predecessor under repurchase agreements for the three months ended March 31, 2017, and the seven immediately preceding quarters, reflecting such information since these repurchase transactions have been entered into:

	Repurchase agreements:		
(dollars in thousands)	Quarterly Average	End of Period Balance	Maximum Balance of Any Month-End
For the Three Months Ended March 31, 2017	$ 563,571	$ 536,221	$ 536,221
For the Three Months Ended December 31, 2016	$ 329,676	$ 451,167	$ 451,167
For the Three Months Ended September 30, 2016	$ 272,033	$ 280,476	$ 280,486
For the Three Months Ended June 30, 2016	$ 246,774	$ 271,008	$ 271,008
For the Three Months Ended March 31, 2016	$ 124,627	$ 168,859	$ 168,859
For the Three Months Ended December 31, 2015	$ 30,000	$ 59,349	$ 59,349
For the Three Months Ended September 30, 2015	$ 22,911	$ 22,855	$ 22,927
For the Three Months Ended June 30, 2015	$ 12,610	$ 22,950	$ 22,950

An overview of the three facilities that provide short- and long-term financing for our commercial real estate assets of our Predecessor is presented in the table below:

	As of March 31, 2017					
(dollars in thousands) Expiration Date[1]	Committed	Amount Outstanding	Unused Capacity	Total Capacity	Eligible Collateral	Weighted Average Haircut on Collateral Value
December 3, 2017	No	$ 192,742	$ 57,258	$ 250,000	Commercial real estate assets	26.3%
February 18, 2020	No	$ 215,265	$ 184,735	$ 400,000	Commercial real estate assets	25.6%
November 1, 2017	No	$ 70,797	$ 124,203	$ 195,000	Commercial real estate assets	37.5%

(1) The facilities are set to mature on the stated expiration date, unless extended pursuant to their terms.

In the future, we may also use other sources of financing to fund the origination or acquisition of our target investments, including other credit facilities, warehouse facilities, repurchase facilities and other secured and unsecured forms of borrowing. These financings may be collateralized or non-collateralized and may involve one or more lenders. We expect that these facilities will typically have maturities ranging from two to five years and may accrue interest at either fixed or floating rates.

Capital Markets

We may seek to raise further equity capital and issue debt securities in order to fund our future investments. For example, we may seek to enhance the returns on our commercial real estate loan portfolio through securitizations, if available. To the extent available, we intend to securitize the senior portion of some of our loans, while retaining the subordinate securities in our investment portfolio. The securitization of such senior portion of a loan will be accounted for as either a "sale" and the loans will be removed from our balance sheet or as a "financing" and will be classified as "securitized loans" on our balance sheet, depending upon the structure of the securitization.

Leverage Policies

We intend to use prudent amounts of leverage to increase potential returns to our stockholders. To that end, subject to maintaining our qualification as a REIT and our exemption from registration under the Investment Company Act, we intend to use borrowings to fund the origination or acquisition of our target investments. Given current market conditions and our focus on first or senior mortgage loans, we currently expect that such leverage will not exceed, on a debt-to-equity basis, a 3-to-1 ratio on a company basis. The amount of leverage we will deploy for our target investments will depend upon our assessment of a variety of factors, which may include the anticipated liquidity and price volatility of the investments in our portfolio, the potential for losses in our portfolio, the gap between the duration of our assets and liabilities, including hedges, the availability and cost of financing the investments, our opinion of the creditworthiness of our financing counterparties, the health of the U.S. economy and commercial real estate financing markets, our outlook for the level and volatility of interest rates, the slope of the yield curve, the credit quality of our investments, the collateral underlying our investments, and our outlook for investment spreads relative to LIBOR.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We have not participated in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

Aggregate Contractual Obligations

(dollars in thousands)	One Year	One to Three Years	Three to Five Years	Thereafter	Total
Repurchase agreements	$ 320,956	$ 215,265	$ —	$ —	$ 536,221
Note payable to affiliate	609,670	—	—	—	609,670
Interest expense on borrowings[1]	18,179	14,080	—	—	32,259
Unfunded commitments on commercial real estate assets[2]	31,488	150,387	—	—	181,875
Total	$ 980,293	$ 379,732	$ —	$ —	$ 1,360,025

(1) Interest expense on borrowings, including repurchase agreements and note payable to affiliate, are calculated based on rates at March 31, 2017.

(2) Allocation of unfunded commitments on commercial real estate assets is based on the earlier of the commitment expiration date or the loan maturity date.

We will enter into the management agreement with our Manager upon the closing of this offering. Under the management agreement, our Manager will be entitled to receive a base management fee and an incentive fee and the reimbursement of certain expenses. See "Our Manager and the Management Agreement—Management Agreement."

We expect to enter into certain contracts that may contain a variety of indemnification obligations, including with brokers and underwriters. The maximum potential future payment amount we could be required to pay under these indemnification obligations may be unlimited.

We may also enter into certain contracts related to office space leases.

Dividends

We intend to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT annually distribute at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income, including capital gains. We intend to pay regular quarterly dividends to our stockholders in an amount equal to our REIT taxable income, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our secured funding facilities, other lending facilities, repurchase agreements and other debt payable. If our cash available for distribution is less than our net taxable income, we could be required to sell investments or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

Inflation

Virtually all of our assets and liabilities will be interest rate sensitive in nature. As a result, interest rates and other factors influence our performance far more so than does inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates. Our financial statements are prepared in accordance with GAAP and our distributions will be determined by our board of directors consistent with our obligation to distribute to our stockholders at least 90% of our REIT taxable income on an annual basis in order to maintain our REIT qualification; in each case, our activities and balance sheet are measured with reference to historical cost and/or fair market value without considering inflation.

Quantitative and Qualitative Disclosures About Market Risk

We seek to manage our risks related to the credit quality of our investments, interest rates, liquidity and market value while, at the same time, seeking to generate attractive risk-adjusted returns to our stockholders. While we will be exposed to certain types of market risk in our business, we seek to actively manage them and rely on our Manager's sophisticated risk management infrastructure and philosophy centered around quantifying and measuring various market risks on a continuous basis. We seek to be fairly compensated through the returns we earn on our investments for taking those risks and focus on maintaining liquidity and capital levels consistent with the risks we are exposed to.

Credit Risk

We will be subject to varying degrees of credit risk in connection with holding a portfolio of our target investments. The performance and value of our investments depend upon the sponsors' ability to operate the properties that serve as our collateral so that they produce cash flows adequate to pay interest and principal due to us. We seek to manage credit risk by performing deep fundamental credit analysis of our potential investments. Credit risk will also be addressed through our on-going review, and our investment portfolio will be monitored for variance from expected defaults, severities, losses and cash flow on a monthly basis, with more intense analysis and oversight done on a quarterly basis.

Interest Rate Risk

Generally, the composition of our investments is such that rising interest rates will increase our net income, while declining interest rates will decrease net income. As of March 31, 2017, approximately 96% of our Initial Portfolio by principal balance earned a floating rate of interest. The remaining approximately 4% of our Initial Portfolio earns a fixed rate of interest. If interest rates were to decline, the value of these fixed-rate investments may increase and if interest rates were to increase, the value of these fixed-rate investments may fall; however, the interest income generated by these investments would not be affected by market interest rate fluctuations. We expect that the interest rates we will pay under our repurchase agreements will primarily be floating rate. Accordingly, our interest expense will generally increase as interest rates increase and decrease and interest rates decrease.

As of March 31, 2017, a 50 basis point increase in short-term interest rates would increase our annualized net interest income by approximately $1.9 million, whereas a 50 basis point decrease in short-term interest rates would decrease our annualized net interest income by approximately $1.9 million, based on the net floating-rate exposure of the investments we held on that date.

Borrower Performance

In addition to the risks related to fluctuations in cash flows and investment values associated with movements in interest rates, there is also the risk of borrower non-performance on our floating-rate investments. If interest rates were to significantly rise, it is possible that the increased debt service costs may negatively impact operating cash flows on properties securing our commercial real estate loan investments, resulting in potential non-performance of our borrowers. This risk is partially mitigated by various facts we consider during our rigorous underwriting process, which in certain cases include a requirement for our borrower to purchase an interest rate cap contract. As of the date hereof, none of the commercial real estate mortgage loans in our Initial Portfolio were non-performing.

Capital Markets Risk

As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate significant operating cash flow and therefore requires us to utilize capital markets, both debt and equity, to finance our business. As a result, we are exposed to risks related to the capital markets and our related ability to raise capital through the issuance of our common stock or other equity instruments. We are also exposed to risks related to the debt capital markets, and our related ability to finance our business through borrowings under credit facilities or other debt instruments, such as securitizations or unsecured debt. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing, and terms of capital we raise.

Real Estate Risk

Our business strategy focuses on commercial real estate related debt investments. As a result, we will be exposed to the risks generally associated with the commercial real estate market, including occupancy rates, capitalization rates, absorption rates, and other macroeconomic factors beyond our control.

Additionally, commercial real estate debt investments may be affected by a number of factors, including, national, regional and local economic and real estate conditions, changes in business trends of specific industry segments, property construction characteristics, demographic factors, and changes to building codes. Any combination of these factors may affect the value of real estate collateral for investments within our investment portfolio and the potential proceeds available to a borrower to repay the underlying loans, which could cause us to suffer losses. We seek to manage these risks through our rigorous and fundamentally driven underwriting and investment management processes.

Liquidity Risk

Our liquidity risk is principally associated with our financing of longer-maturity investments with shorter-term borrowings in the form of repurchase agreements. Should the value of our investments pledged as collateral on our repurchase agreements significantly decrease, our lenders may exercise their margin call rights, causing an adverse change in our liquidity position. Additionally, if one or more of our repurchase agreement counterparties chose not to provide ongoing funding, our ability to finance our investments would decline or exist at possibly less advantageous terms. As such, we cannot assure that we will always be able to roll over our repurchase agreements or other sources of financing which require us to renew them on a period basis.

Risk Management

To the extent consistent with maintaining our REIT qualification, we will seek to manage risk exposure by closely monitoring our portfolio and actively managing the financing, interest rate, credit, and other risks associated with holding a portfolio of our target investments. Generally, with the guidance and experience of our Manager:

- we will manage our portfolio with focus on diligent, investment-specific market review, enforcement of loan and security rights, and timely execution of disposition strategies;
- we intend to engage in a variety of interest rate management techniques that seek, to mitigate effects of interest rate changes on the values of, and returns we earn on, some of our target investments, and to help us achieve our risk management objectives;
- we intend to actively employ portfolio-wide and investment-specific risk measurement and management processes in our daily operations, including utilizing our Manager's risk management tools; and
- we will seek to manage credit risk through our rigorous underwriting due diligence process prior to origination or acquisition of our target investments and through the use of non-recourse financing, when and where available and appropriate.

BUSINESS

Our Company

We are a Maryland corporation that focuses primarily on directly originating, investing in and managing senior floating-rate commercial mortgage loans and other debt and debt-like commercial real estate investments. We were formed to continue and expand the commercial real estate lending business established by Two Harbors Investment Corp., or Two Harbors, a publicly traded hybrid mortgage real estate investment trust. In the first quarter of 2015, Two Harbors established its commercial real estate lending business, which it conducts through our Predecessor, TH Commercial Holdings LLC and its subsidiaries. Concurrently with the closing of this offering, we will acquire the equity interests in our Predecessor and its portfolio of commercial mortgage loans and other commercial real estate-related debt investments. Our Initial Portfolio consists of our predecessor's portfolio, that as of March 31, 2017 consisted of 41 commercial real estate debt investments with a principal balance of $1.6 billion, with an additional $181.9 million of potential future funding obligations. Our Initial Portfolio also consists of five additional floating-rate senior commercial mortgage loans that we have closed since March 31, 2017 with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations. In addition, any investments made subsequent to the date hereof and prior to the pricing of this offering will be contributed as part of our Initial Portfolio.

We will be externally managed by Pine River Capital Management L.P., or PRCM, or our Manager, by the team that currently manages the commercial real estate business for Two Harbors. PRCM is a global asset management firm and SEC registered investment adviser with approximately $9 billion of assets under management as of June 1, 2017. By capitalizing on our Manager's commercial real estate team's, or CRE team's, longstanding presence in the commercial real estate finance markets and its reputation as a thoughtful and responsible manager of investors' capital, we intend to continue to build a leading commercial real estate lending platform.

Our Manager's CRE team was formed in November 2014 by our President and Chief Executive Officer, John ("Jack") A. Taylor, our Chief Investment Officer, Stephen Alpart, and our Chief Operating Officer, Steven Plust, whom we collectively refer to as our senior CRE team. Each member of our senior CRE team has over 25 years of experience in commercial real estate debt markets, and the team has worked together for over 15 years. Our senior CRE team is complemented by a group of eight professionals with broad investment management expertise and extensive industry relationships. This team has an average of over 12 years of experience in the commercial real estate debt markets, and many of its members have worked together with our senior CRE team for multiple years or most of their careers.

The majority of our senior CRE team's commercial real estate finance experience has been as fiduciaries in investment management. Over their careers, they have built and managed several commercial real estate principal lending businesses both as broker dealers and as investment managers. This broad experience has allowed our senior CRE team to develop extensive expertise in capital markets, structured finance and investment management, resulting in their ability to navigate and exploit the commercial real estate finance markets for the benefit of our stockholders.

We are a long-term, fundamental value-oriented investor. We construct our investment portfolio on a loan-by-loan basis, emphasizing rigorous credit underwriting, selectivity and diversification, and assess each investment from a fundamental value perspective relative to other opportunities available in the market. Our primary target investments are directly originated floating-rate performing senior commercial real estate loans, typically with terms of three to five years, usually ranging in size from $25 million to $150 million. We typically provide intermediate-term bridge or transitional financing for a variety of purposes, including acquisitions, recapitalizations, refinancings and a range of business plans, including lease-up, renovation, repositioning and repurposing of the property. We generally

target the top 25, and up to top 50, metropolitan statistical areas in the United States, or MSAs. We believe that those markets provide ample supply of high credit quality properties to lend against, sufficient number of owners and sponsors with institutional attributes, and adequate market liquidity. We believe this approach will enable us to deliver attractive risk-adjusted returns to our stockholders while preserving our capital base through diverse business cycles.

Our origination strategy relies on our CRE team's extensive and longstanding direct relationships with a wide array of national, regional and local private owner/operators, private equity firms, funds, REITs, brokers and co-lenders. Our team's reach across the U.S. and active dialogue with market participants has produced over $55 billion of investment opportunities since our Predecessor's formation. We invest significant time and resources in the early stages of our origination process and communicate frequently with our borrowers to increase the likelihood of closing the investment on its original terms. As a result, our CRE team has developed a reputation as a reliable counterparty, which has led to multiple investment opportunities with repeat clients.

We believe that the U.S. commercial real estate debt markets offer enduring investment opportunities. Over $1.5 trillion of commercial real estate debt is scheduled to mature over the next five years, and there is a sustained need for acquisition, repositioning and recapitalization loans. We believe that traditional lenders, including banks which have historically accounted for approximately half of the market, are not expected to be able to meet borrower demand due to structural and regulatory constraints. As a result, we believe that there are significant opportunities to originate floating-rate senior commercial real estate loans on transitional properties at attractive risk-adjusted returns.

We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes. For more information related to the consequences of this election, please see "Risk Factors—Risks Related to our REIT Status and Certain Other Tax Items" and "Material U.S. Federal Income Tax Considerations." We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act.

Our Manager

PRCM is a global asset management firm with institutional capabilities in managing new ventures, risk management, compliance and reporting. Our Manager has valuable industry and analytical expertise, extensive long-term relationships in the financial community and established fixed-income, mortgage and real estate investment experience. PRCM has made significant investments to establish the CRE team and the resources for the direct origination, credit underwriting, monitoring, financing and risk management of our target investments.

An affiliate of PRCM has served as the external manager of Two Harbors since its inception in 2009. At March 31, 2017, Two Harbors had grown to approximately $3.6 billion of equity capital. Two Harbors' external manager, through access to PRCM's CRE team, provided Two Harbors with the expertise necessary to establish and grow the commercial real estate debt investments that will comprise our Initial Portfolio. We believe that PRCM's experience in establishing, growing and successfully managing Two Harbors, combined with the experience of the CRE team, will enable us to successfully execute on our business strategy.

We believe that our stockholders will benefit from Granite Point being an independent public company solely focused on investment opportunities within the commercial real estate finance market. As part of Two Harbors, our Predecessor was able to establish its business and validate the significant market opportunity identified by the PRCM CRE team. We believe that being an independent public company provides us with the best opportunity to expand our business and execute on our strategy. As a result of this offering and becoming a separate public entity, we will gain direct access to capital and funding while offering to our stockholders a focused strategy in what we believe is an attractive asset

class and a significant market opportunity. As we increase our portfolio of commercial real estate investments over time, we believe we will be able to recognize economies of scale and deliver attractive risk-adjusted returns to our stockholders.

The Formation Transaction

Concurrently with the closing of this offering, we plan to complete the Formation Transaction pursuant to which we will acquire the equity interests in our Predecessor from Two Harbors, and our Predecessor will become our subsidiary. In exchange for equity interests of our Predecessor, we will issue 33,071,000 shares of our common stock representing approximately 76.5% of our outstanding common stock after this offering and 1,000 shares of our 10% cumulative redeemable preferred stock having a liquidation preference of $1,000 per share to Two Harbors or an affiliate of Two Harbors, which will immediately sell such preferred stock to an unaffiliated third-party investor. Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120 day lock-up period following the closing of this offering, after which Two Harbors currently expects to make a distribution of the shares of our common stock issued to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders. Until such distribution, Two Harbors will be our controlling stockholder and will be able to determine the outcome of all matters submitted to a vote of our stockholders. In addition, we will enter into a Director Designation Agreement with Two Harbors pursuant to which Two Harbors will be entitled to designate three individuals for nomination for election to our board of directors, to serve following the closing of this offering and until our 2019 annual meeting of stockholders, each of whom must qualify as an independent director under the rules of the NYSE and SEC.

Our Investment Objective

Our investment objective is to generate attractive risk-adjusted returns for our stockholders over the long-term, primarily through dividends and distributions, and to preserve our capital base through business cycles. We intend to achieve this objective by further growing our already well-diversified Initial Portfolio and actively managing various risks associated with our business strategy. We focus on preserving our stockholders' capital, as we believe that stability of our equity base is of paramount importance to our ability to generate attractive returns on an ongoing basis.

Our Manager's investment decisions are based on a rigorous investment selection process that takes into consideration a variety of factors, including:

- credit profile and liquidity of the collateral securing our loans including but not limited to property type, quality and relative market position, tenancy and rollover schedule, property cash flow potential, local and macro market dynamics, sponsorship and business plan, and loan basis;
- loan terms including coupon and fees, interest rate characteristics, extent of leverage, cash flow coverage and structural protections; and
- relative attractiveness of an investment on a risk-adjusted basis against other opportunities available in the market.

Our Investment Philosophy

Our Manager's investment philosophy is governed by several guiding principles:

- *Value investing approach*—We are a long-term fundamental value-oriented investor. We search for value across various geographies, property types and capital structure, guided by the belief that each investment should be attractive on its own fundamental merits and assessed relative to other available opportunities. Our underwriting process employs a sound bottom-up approach focused on property and local market fundamentals, as well as the owner's expertise, reputation

and track record of execution. We strive to avoid taking investment bets on particular markets and property types based on the perceived price acceleration (or momentum) of such investments, which may be only temporarily supported by temporary capital markets driven trends.

- *Cash flow potential*—We emphasize a property's cash flow potential as an underwriting metric, rather than a loan's basis against the value of the property. From an underwriting perspective, we believe that a property's long-term ability to generate sustainable cash flows is of greater importance than its current sale value. Accordingly, we lend primarily on income producing properties, and will only consider lending on "for-sale" real estate (such as condominium conversion projects), when the projected cash flow that could be generated by operating these properties as rental properties would also support the basis of our loan.

- *Comprehensive underwriting and loan structuring*—Because we construct our portfolio on a loan-by-loan basis, we are able to engage in a rigorous and comprehensive underwriting process on each investment. We diligence a property's cash flow potential, including micro- and macroeconomic factors, our borrower's expertise and reputation, and business plan. Given that our investments take the form of debt instrument, we place great emphasis on the loan terms and structural protections to provide us with the tools to protect our investment and our stockholders' capital, if so required.

- *Selectivity and portfolio diversification*—Our senior CRE team has typically focused on creating loan portfolios on a loan-by-loan basis rather than engaging in large bulk purchases of investments. As a result, we are able to identify and invest among a broad array of opportunities, seeking to construct a portfolio diversified across markets, property types and sponsors by selectively tapping into the large U.S. commercial real estate debt market, which has a size of $3 trillion.

- *Active investment monitoring and management*—The team originating a loan remains responsible for monitoring and managing that investment from origination through the moment it is repaid, sold or otherwise liquidated. This approach has been successfully followed by our senior CRE team at previous firms across multiple economic cycles. We believe that this approach maintains accountability for each loan and is reflective of our credit culture.

Our Investment Strategy

Our investment strategy is to directly originate, invest in and manage a portfolio of commercial real estate loans and other debt and debt-like instruments secured by institutional quality commercial properties managed by experienced owners in attractive markets across the United States. Our CRE team provides us with extensive real estate expertise, industry relationships, sourcing, and underwriting capabilities to help us execute on our strategy. We approach the commercial real estate debt markets by emphasizing the following factors:

Origination

Our origination strategy relies on our CRE team's extensive and longstanding direct relationships with a wide array of private equity firms, funds, REITs, and national, regional and local private owner/operators, brokers and co-lenders. Our team's reach across the U.S. and active dialogue with market participants has produced over $55 billion of investment opportunities since our Predecessor's formation and our CRE team has underwritten or quoted approximately $14 billion in investment opportunities. We invest significant time and resources in the early stages of our origination process and communicate frequently with our borrowers to increase the likelihood of closing the investment on its original terms. As a result, our CRE team has developed a reputation as a reliable counterparty, which has led to multiple investment opportunities with repeat clients.

Markets

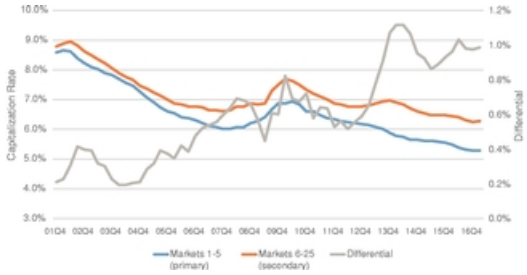
We generally target the top 25, and up to top 50, metropolitan statistical areas in the United States, or MSAs. We believe that those markets provide ample supply of high credit quality properties to lend against, sufficient number of owners and sponsors with institutional attributes, and adequate market liquidity. We do not favor particular markets and instead look for the most compelling investments available across different geographies.

The top five MSAs, in which we actively participate, generally offer abundant attractive opportunities for commercial real estate debt investors: they are large, and have historically been the primary investment target for global equity investors, and thus offer the greatest liquidity to owners. We believe that from a lender's perspective, the next tier of MSAs (six through 25 and up to 50) also offer compelling investment opportunities. First, aggregate transaction volume in markets six through 25 has historically approximated that of the top five markets, as shown in the chart below. Second, these markets have property values that are smaller and thus attract less global capital. With less global competition for these properties, they are generally valued at higher capitalization rates, which means higher property operating cash flow per dollar of value, resulting in greater loan cash flow coverage to a debt investor as shown in the chart below.

Annual Sale Transaction Volume

Source: Real Capital Analytics.

Capitalization Rates in the Primary versus Secondary Market



Source: Real Capital Analytics.

Types of investments

Our primary target investments are directly originated floating-rate performing, intermediate term, bridge or transitional senior commercial real estate loans, typically with terms of three to five years, usually ranging in size from $25 million to $150 million that are backed by a variety of property types located across the United States. The range of loan sizes we originate is related to the breadth of MSAs from which we source our investments. We believe that the more intermediate loan sizes associated with the top six through 50 MSAs produce on average more attractive yields as compared to some of the generally much larger loan sizes in the top five MSAs. We may also invest in other debt and debt-like commercial real estate investments, if we view them as attractive investments for our portfolio, on a relative value basis.

Owners and sponsors

We seek owners and sponsors with demonstrated market and property type expertise. We require that our sponsors have sufficient resources (whether through loan structure or entity capitalization) to implement their business plans. We evaluate a sponsor's track record and reputation for meeting its

obligations with lenders in the past and acting responsibly. Because each member of our senior CRE team has more than 25 years of experience as commercial real estate lenders, our senior CRE team has a broad knowledge base of many owners and operators of commercial real estate, and a deep understanding of their reputations in the industry.

Property types

We focus our investment strategy on income producing property types including office, industrial, multifamily, hospitality, retail and others. We prefer not to invest in debt or specialty property types that require specific expertise to operate and rely on government reimbursement programs for their cash flows (*e.g.*, skilled nursing).

Financing purpose and business plans

We typically provide intermediate-term bridge or transitional financing for a variety of purposes, including acquisitions, recapitalizations, refinancings and a range of business plans including lease-up, renovation, repositioning and repurposing of the property. We believe that the scale and flexibility of our capital, as well as our CRE team's long-standing industry relationships, will enable us to finance strong borrowers and sponsors, and invest in debt collateralized by high-quality properties.

As a long-term, fundamental value-oriented investor, we may adjust our investment strategy as we react to evolving market dynamics. We believe there are enduring opportunities within our target investments that present attractive risk-adjusted returns. However, as economic and business cycles develop, we may expand and/or adjust our investment strategy and target investments to capitalize on various investment opportunities. We believe that our well diversified Initial Portfolio and flexible investment strategy will allow us to actively adapt to changing market conditions and generate attractive long-term returns for our stockholders in a variety of environments.

Our investment strategy may be amended from time to time without the approval of our stockholders, if recommended by our Manager and approved by our board of directors.

Our Initial Portfolio

As of March 31, 2017, our Initial Portfolio consisted of 41 commercial real estate debt investments with a principal balance of $1.6 billion, with an additional $181.9 million of potential future funding obligations. Our Initial Portfolio also consists of five additional floating-rate senior commercial mortgage loans that we have closed since March 31, 2017 with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations. In addition, any investments made subsequent to the date hereof and prior to the closing of this offering will be contributed as part of our Initial Portfolio. Our Initial Portfolio consists of a pool of commercial real estate debt investments diversified across geographies, property types, and sponsors.

The following table provides a summary of our Initial Portfolio as of March 31, 2017:

Type	Origination/ Acquisition Date	Maximum Loan Commitment(1)	Principal Balance(1)	Book Value(1)	Cash Coupon(2)	Yield(3)	Original Term (Years)	State	Property Type	Initial LTV(4)	Stabilized LTV(5)
Senior	12/15	$120.0	$120.0	$119.9	L+ 4.20%	5.91%	4.0	LA	Mixed-Use	65.5%	60.0%
Senior	09/15	105.0	105.0	105.1	L+ 3.42%	4.76%	3.0	CA	Retail	70.9	66.9
Senior	07/16	120.5	95.5	94.3	L+ 4.45%	5.89%	4.0	Multi-state	Office	62.8	61.5
Senior	04/16	82.0	82.0	81.4	L+ 4.75%	6.09%	3.0	NY	Industrial	75.9	55.4
Senior	11/15	79.0	77.1	77.0	L+ 4.20%	5.80%	3.0	NY	Office	66.4	68.7
Senior	10/16	78.5	73.8	73.0	L+ 4.37%	5.85%	4.0	NC	Office	72.4	68.1
Senior	12/16	62.3	62.3	60.6	L+ 4.11%	6.76%	4.0	FL	Office	73.3	63.2
Senior	01/17	56.2	51.1	50.4	L+ 4.75%	6.90%	4.0	SC	Office	67.6	67.1
Senior	06/16	68.4	50.7	50.3	L+ 4.49%	5.95%	4.0	HI	Retail	76.2	57.4
Mezzanine	03/15	45.9	45.9	45.9	L+ 6.75%	7.94%	5.0	Multi-state	Hotel	70.3	63.5
Mezzanine	11/15	45.6	45.6	45.6	L+ 7.25%	8.15%	2.8	Multi-state	Office	77.6	77.5
Senior	12/15	51.5	44.5	44.5	L+ 4.65%	6.43%	4.0	PA	Office	74.5	67.5
Senior	12/15	43.5	43.5	43.5	L+ 4.05%	5.61%	3.0	TX	Multifamily	82.3	76.8
Senior	04/16	43.5	43.5	43.0	L+ 4.40%	6.11%	3.0	NY	Office	66.9	62.1
Senior	02/16	47.6	42.9	42.6	L+ 4.30%	5.63%	3.0	TX	Office	72.9	70.4
Senior	08/16	54.5	40.2	39.6	L+ 4.95%	6.45%	4.0	NJ	Office	60.8	63.0
Senior	01/17	58.6	39.5	38.9	L+ 4.50%	6.68%	3.0	CA	Industrial	51.0	60.4
Senior	11/15	54.3	38.9	38.8	L+ 4.55%	6.41%	4.0	MD	Office	80.0	64.5
Senior	11/16	45.5	37.2	36.9	L+ 4.60%	6.27%	2.0	NY	Office	76.4	66.5
Senior	11/16	68.8	36.0	35.5	L+ 4.89%	6.94%	3.0	OR	Office	66.5	51.1
Senior	11/16	37.0	34.3	33.7	L+ 4.27%	6.47%	3.0	NY	Multifamily	61.3	56.9
Senior	03/16	33.8	33.8	33.6	5.11%	5.24%	10.0	NJ	Office	71.6	71.6
Senior	01/16	34.0	33.1	32.9	L+ 4.80%	6.45%	3.0	IL	Multifamily	82.1	66.7
Senior	10/16	32.2	24.2	24.0	L+ 4.55%	6.10%	3.0	CA	Office	68.6	48.6
Senior	08/16	24.0	24.0	23.9	L+ 5.15%	6.34%	4.0	NY	Industrial	70.0	67.6
Senior	10/15	23.5	23.5	23.5	L+ 3.60%	4.94%	4.0	NY	Multifamily	73.4	58.6
Senior	10/15	23.0	23.0	22.9	L+ 4.99%	6.58%	3.0	MO	Hotel	73.2	57.8
Senior	08/16	24.0	21.1	20.8	L+ 4.57%	5.98%	3.0	FL	Multifamily	70.6	57.9
Senior	08/15	19.3	19.3	19.3	L+ 5.25%	6.83%	3.0	FL	Multifamily	76.1	75.2
Senior	08/15	18.7	18.7	18.7	L+ 4.05%	5.67%	3.0	FL	Multifamily	85.0	68.4
Senior	01/17	19.0	19.0	18.7	L+ 4.80%	7.03%	4.0	TX	Retail	70.4	69.5
Mezzanine	08/15	17.0	17.0	17.0	L+ 8.75%	10.06%	2.0	FL	Hotel	70.7	67.9
Senior	10/16	20.0	16.6	16.4	L+ 4.85%	6.68%	3.0	NY	Multifamily	73.8	62.5
B-Note	01/17	15.0	15.0	15.0	8.00%	8.13%	10.0	HI	Hotel	41.4	36.2
Senior	06/16	13.4	13.4	13.2	L+ 4.62%	5.98%	3.0	NY	Multifamily	81.7	64.7
CMBS	06/16	12.8	12.8	12.7	L+ 6.90%	7.72%	13.0	Multi-state	Office	65.8	65.8
Senior	09/15	11.0	11.0	11.0	L+ 4.03%	5.39%	3.0	FL	Multifamily	77.7	76.9
Senior	12/16	17.5	10.9	10.7	L+ 5.90%	8.52%	3.0	CA	Office	70.4	72.0
Mezzanine	07/15	11.8	10.3	10.3	L+ 12.25%	14.03%	3.0	PA	Office	83.0	73.6
Mezzanine	08/15	9.9	9.9	10.0	L+ 9.50%	11.59%	5.0	GA	Office	73.3	67.1
Mezzanine	11/15	6.7	6.7	6.5	13.00%(6)	16.28%	10.0	NY	Hotel	68.3	58.0
Total/Weighted Average		**$1,754.7**	**$1,572.8**	**$1,561.3**	**L+ 4.79%**	**6.38%**	**3.8**			**70.5%**	**64.1%**

(1) In millions.

(2) Cash coupon does not include origination or exit fees.

(3) Yield includes net origination fees and exit fees, but does not include future fundings.

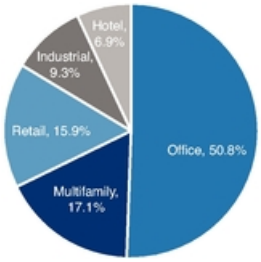
(4) Initial LTV considers the "as is" value (as determined in conformance with the *Uniform Standards of Professional Appraisal Practice*, or USPAP) of the underlying property or properties, as set forth in the original appraisal.

(5) Stabilized LTV considers the "as stabilized" value (as determined in conformance with USPAP) of the underlying property or properties, as set forth in the original appraisal. "As stabilized" value may be based on certain assumptions, such as future construction completion, projected re-tenanting, payment of tenant improvement or leasing commissions allowances or free or abated rent periods, or increased tenant occupancies.

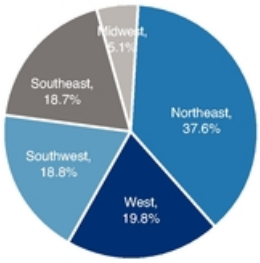
(6) A variable rate per annum generating not less than a 13% internal rate of return on the principal balance.

The following charts illustrate that, as of March 31, 2017, our Initial Portfolio consisted of primarily senior floating-rate commercial real estate loans, diversified across property types and geographies.

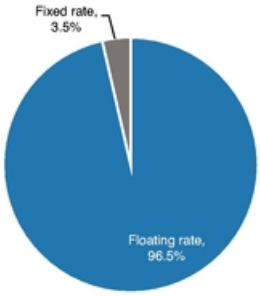
PORTFOLIO BY PROPERTY TYPE



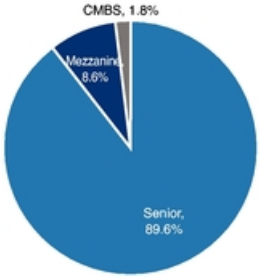
PORTFOLIO BY GEOGRAPHY



PORTFOLIO BY COUPON STRUCTURE



PORTFOLIO BY INVESTMENT



The five floating-rate senior commercial mortgage loans that we have closed since March 31, 2017 have a weighted average coupon of L+ 4.46%. As of the date of this prospectus, we have an investment pipeline that is in various stages of our underwriting process. We are reviewing commercial mortgage loans for potential quotes, representing aggregate loan amounts, including any future fundings, of approximately $2.1 billion. In addition, as of the date of this prospectus, we have issued non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $575 million. Additionally, we have received signed non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $285 million. Each investment remains subject to satisfactory completion of our diligence, underwriting, documentation, and Investment Committee process, and as such, we cannot give assurance that any of these potential investments will close on our anticipated terms, or at all.

We currently finance our initial portfolio with repurchase agreements and a note payable to affiliate. As of March 31, 2017, we had outstanding $536.2 million of repurchase agreements with a weighted average borrowing rate of 3.40% and weighted average remaining maturities of 543 days. The outstanding note payable to affiliate was $609.7 million with an interest rate of 1.04% as of March 31, 2017. The note payable to affiliate represents the allocated portion of the affiliate's Federal Home Loan Bank advances to which we had pledged a portion of our commercial real estate assets. Following the closing of this offering, we expect to transition these assets to our repurchase facilities, which will close concurrently with this offering.

Our Competitive Strengths

Our Senior CRE Team's Long Tenured Presence in the Commercial Real Estate Debt Market

Our senior CRE team is among the most experienced in the industry. The team has been active in the commercial real estate debt market for a majority of their careers, each with over 25 years of experience in commercial real estate finance, and have worked together for over 15 years. The majority of this time has been spent as fiduciaries in investment management. Over their careers, our senior CRE team has built and managed multiple commercial real estate principal lending businesses both at broker dealers and as investment managers. They were leaders in the development of the CMBS market and have managed capital in multiple formats, including most recently for Two Harbors, a public hybrid mortgage REIT. This broad experience has allowed them to develop extensive expertise in capital markets, structured finance and investment management, resulting in their ability to navigate and exploit the commercial real estate finance markets for the benefit of our stockholders. Our senior CRE team's industry tenure has allowed them to develop a reputation as a reliable and trustworthy counterparty as well as a wide network of industry contacts and long standing relationships with owners, sponsors, brokers and co-lenders. A deep understanding of the track record of performance of many prospective borrowers and sponsors across different business cycles provides our team with the ability to select the right business partners. We believe that this extensive experience provides our senior CRE team with the appropriate expertise to successfully execute on our business plan.

Our senior CRE team is complemented by a group of eight professionals with broad investment management expertise and extensive industry relationships. This team has an average of over 12 years of experience in the commercial real estate debt markets, and many of its members have worked together with our senior CRE team for multiple years or most of their careers. This CRE team sourced, originated and closed all of the investments that comprise our Initial Portfolio.

High Quality Initial Portfolio with Attractive Yield

Our Initial Portfolio consists of cash-generating commercial real estate debt investments with a principal balance of $1.6 billion as of March 31, 2017, with an additional $181.9 million of potential future funding obligations. Our initial portfolio also consists of five additional floating-rate senior commercial mortgage loans with a principal balance of approximately $177 million, with an additional $50 million of potential future funding obligations that we have closed since March 31, 2017. In addition, any investments made subsequent to the date hereof and prior to the pricing of this offering will be contributed as part of our Initial Portfolio. We believe that our Initial Portfolio, comprised largely of floating-rate senior commercial real estate loans, provides a good representation of our investment approach, proves our ability to successfully execute on our stated business strategy, and validates the capabilities of our Manager's highly skilled CRE team. We believe that our Initial Portfolio supports our views on the market opportunity focused on lending against high credit quality properties backed by strong owners and sponsors and located in markets exhibiting attractive economic and real estate fundamentals. We believe that the scale of our Initial Portfolio and the experience of our CRE team provide us with a competitive advantage over other lenders. Additionally, the current cash flow of our Initial Portfolio should allow us to generate an attractive dividend to our stockholders shortly after the closing of this offering. We believe the scale of our Initial Portfolio should allow us better access to capital and an opportunity to build upon existing relationships with our clients. We expect our stockholders to benefit over time as we deploy the proceeds raised from this offering and as we realize expected economies of scale in our business.

Established Direct Origination Platform with Strong Sourcing Capabilities

Our team of commercial real estate professionals has a proven ability to directly originate investments within multiple markets across the United States, and has originated and constructed our

Initial Portfolio since the formation of our Predecessor. Our originators have the ability to generate investments and find value in local markets due to their vast borrower, sponsor and broker relationships combined with many years of experience in the commercial real estate debt market. Our CRE team has sourced and evaluated in excess of $55 billion of potential investments since the formation of our Predecessor, underwritten or quoted approximately $14 billion of investment opportunities, and closed on $1.6 billion in principal balance of investments as of March 31, 2017 and an additional five floating-rate senior commercial mortgage loans with a principal balance of approximately $177 million, with an additional $50 million of potential funding obligations since March 31, 2017 that will comprise our Initial Portfolio. In addition, any investments made subsequent to the date hereof and prior to the closing of this offering will be contributed as part of our Initial Portfolio. We believe that our team's origination experience combined with the high quality of our Initial Portfolio will allow us to continue to grow our investments and deploy the proceeds raised from this offering into attractive target investments in a timely manner to the benefit of our stockholders. As of the date of this prospectus, we have issued non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $575 million. Additionally, we have received signed non-binding term sheets representing aggregate loan amounts, including any future fundings, of approximately $285 million.

Focused Investment Process Leading to Reputation as a Reliable Counterparty

Our investment strategy is implemented through a highly disciplined sourcing, screening and underwriting process developed by our senior CRE team over the course of their extensive careers in the commercial real estate finance industry. We invest significant time and resources in the early stages of our origination process and communicate frequently with our borrowers to provide feedback regarding business plan, terms and structure. This process increases the likelihood of closing the investment on the originally agreed to terms, resulting in our senior CRE team's reputation as a reliable counterparty, which has led to investment opportunities with repeat clients.

Robust Underwriting, Structuring and Investment Management Capabilities

Our established underwriting, structuring and investment management capabilities are supplemented by the team's extensive experience in the commercial real estate industry, providing multiple perspectives on performance of real estate collateral through credit and interest rate cycles. The extensive commercial real estate experience of our team serves as a foundation for thorough screening of investment opportunities, disciplined underwriting procedures, and active portfolio management of the investments within our portfolio. Our risk management process entails regular monitoring of the properties we lend against, contact with the owners and sponsors, property visits, and examining local market economic, demographic and business trends affecting real estate fundamentals. Our CRE team has comprehensive experience in active investment management and advising on the working out of investments which may suffer performance setbacks through cycles. Additionally, our Manager has established rigorous risk management procedures developed over many years, access to which will benefit our stockholders.

Scalable Operating Platform with Strong Sponsorship

We believe that to be perceived as a respected and reliable counterparty to our borrower clients, our Manager needed to make significant investments to establish its CRE team and the resources for the direct origination, credit underwriting, monitoring, financing and risk management of our target investments. Our Manager's established commercial real estate debt investment platform is scalable and may provide us potential efficiencies as we grow. Our Initial Portfolio validates the capabilities of our CRE team and its ability to execute on our business plan to originate and manage a significant volume of high quality commercial real estate debt investments.

PRCM is a global asset management firm with institutional capabilities in managing new ventures, risk management, compliance and reporting. Our Manager has valuable industry and analytical expertise, extensive long-term relationships in the financial community and established fixed-income, mortgage and real estate investment experience. We believe we will also benefit from our access to PRCM's broad relationships with multiple financing counterparties.

Because our Predecessor has been part of a successful public company since its inception, we will draw upon our Manager's established strong control and reporting procedures, risk management guidelines, financing and liquidity management tools and other functions.

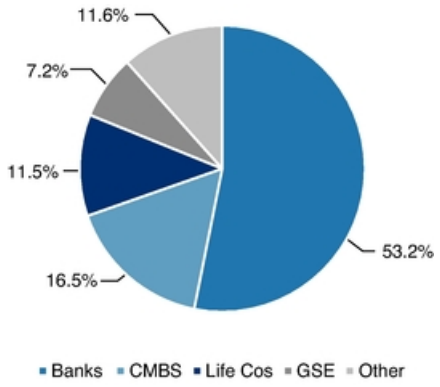
Market Opportunity

The U.S. commercial real estate credit market presents attractive investment opportunities for non-traditional lenders. The market is large and borrowers' needs are diverse. Demand for debt capital remains strong, as acquisition volume remains high and refinancing needs are substantial. Traditional lenders, particularly banks and CMBS aggregators, have been constrained due to a shifting regulatory environment, increased regulatory and rating agency scrutiny, and structural limitations. Real estate fundamentals are strong and driven by the continuing improvement in the U.S. economy, but also because of low level of construction activity and delivery of new buildings over a multiple year period since the onset of the global economic crisis of 2007 to 2009. We believe that all of these factors present a compelling opportunity for non-traditional lenders to capitalize on the favorable trends in the commercial real estate debt markets and originate and manage a diversified portfolio of debt investments across property types and geographical markets, and generate attractive risk-adjusted returns to our stockholders.

Large Market with Diverse Borrower Needs

The U.S. commercial real estate debt market is large, with current total outstanding loans balance of more than $3 trillion as reported by the U.S. Federal Reserve Bank. The lending markets are also diverse, as borrower needs vary, and the required financing formats have been traditionally supplied by different lending communities. The table below shows holders of commercial real estate debt by category.

Holders of CRE Debt



Source: Federal Reserve Bank, Fourth Quarter 2016 Flow of Funds.

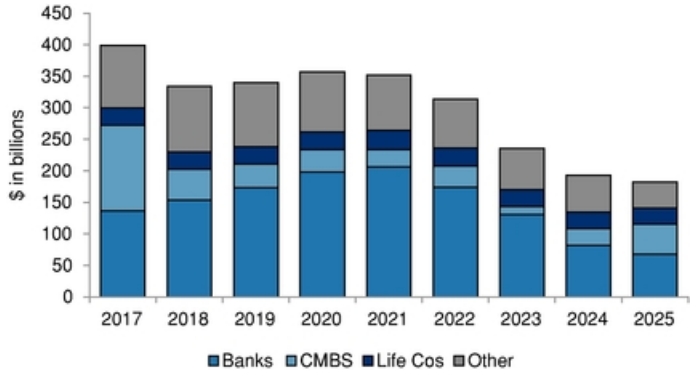
For example, those borrowers seeking long-term, fixed-rate financing for stabilized properties have generally sought financing from life insurance companies, the Government-Sponsored Enterprises

(Fannie Mae and Freddie Mac), and originators of commercial mortgage-back securities, or CMBS. Banks, who currently constitute slightly over half of the market, have traditionally supplied most of the shorter-term, floating-rate financing required by borrowers seeking structural flexibility (typically for transitional properties and acquisitions), but the current regulatory and market environment may further constrain their lending capacity. It is those borrowers seeking more flexible financing, who represent the largest part of the commercial real estate debt markets, that we believe offer the greatest source of investment opportunities for our Company.

Borrower Demand for Capital Remains Strong

Refinancing and acquisition activity are the principal sources of debt investment opportunities. As illustrated below, over $1.5 trillion in loans are estimated to mature over the next several years. These maturities should lead to substantial demand for debt capital, whether the loans are refinanced or the underlying properties sold.

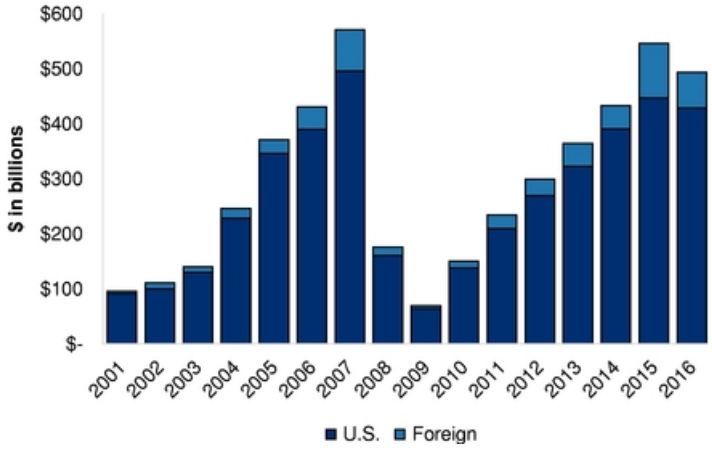
CRE Loan Maturity Estimates



Source: Trepp LLC and Federal Reserve Bank. Data as of December 31, 2016.

Acquisition volume has grown substantially in the wake of the global economic crisis. As illustrated below, while transaction volume tapered off modestly in 2016, sale transaction activity remains well above the troughs experienced during the depths of the crisis, and well above the levels seen in most years since 2001. U.S. commercial real estate continues to be viewed favorably by global property investors, as the inflow of foreign capital into U.S. commercial real estate is sustained and growing.

Historical U.S. CRE Transaction Activity



Source: Real Capital Analytics. Data from December 31, 2001 to December 31, 2016.

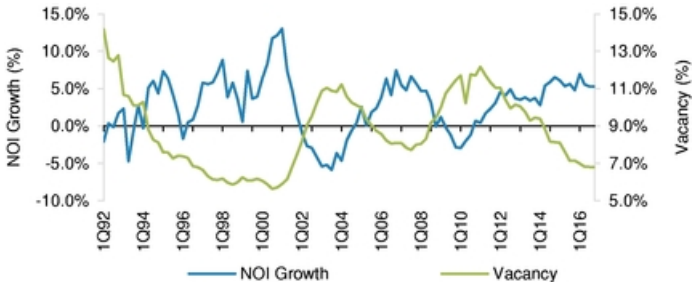
Traditional Lenders Have Been Constrained in Meeting the Demand for Debt Capital

Traditional lenders, particularly the banks and CMBS aggregators, are now facing a substantially changed regulatory environment and thus are more constrained in meeting borrower demand for loans. The banks have been facing increasing regulatory oversight of their commercial real estate loan portfolios and higher capital charges for certain types of commercial real estate loans. CMBS originators have seen their activities affected by the risk retention rules required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (requiring CMBS issuers to find a party willing and able to retain an investment in the sold loans for at least five years), the Volcker Rule (restricting the ability of broker dealers to hold CMBS inventory), and regulation AB (requiring officers of CMBS issuers to have personal liability for the accuracy of their disclosures). As evidence of these constraints and according to Commercial Mortgage Alert, U.S. CMBS origination volume peaked in 2007 at $229 billion, was at $101 billion in 2015, and declined to $76 billion in 2016. Many industry experts are estimating no increase or even a modest decline in CMBS issuance volume in 2017, which is supported by the CMBS activity in first quarter of 2017, when issuance was 29% below prior year period. Finally, floating-rate loans, the target market for Granite Point Mortgage Trust, have historically been a relatively small part of the CMBS market and represented less than 2% of total CMBS issuance so far in 2017, according to Commercial Mortgage Alert.

Real Estate Fundamentals are Strong, Supported by a Historically Low Volume of Supply of New Properties

Commercial real estate fundamentals are strong driven by a continuing growth in the U.S. economy. As illustrated below, over the last several years, the national aggregate commercial real estate property income has risen and vacancies have declined.

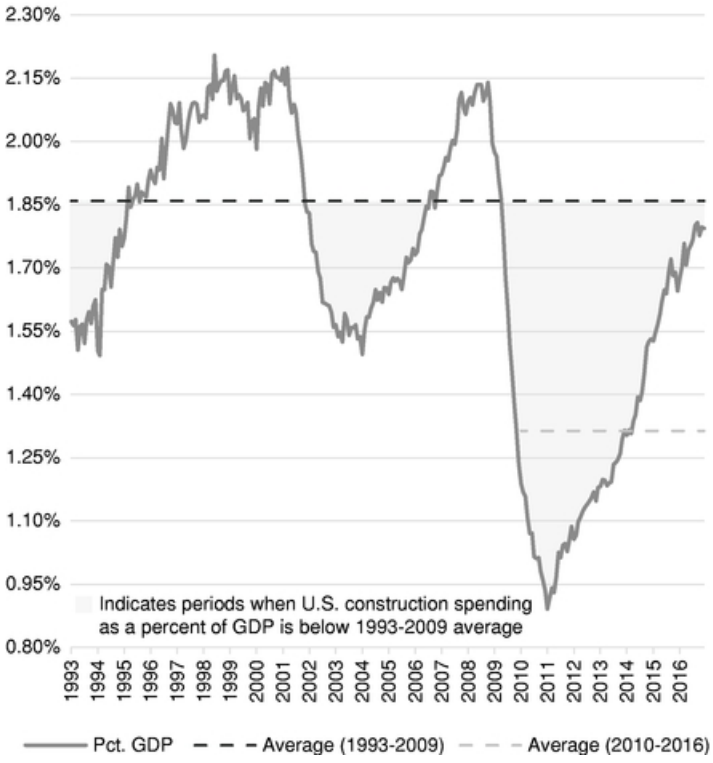
Historical U.S. CRE NOI Growth and Vacancy Rate



Source: Real Capital Analytics. Data from January 1, 1983 through December 31, 2016.

A historically low level of new commercial real estate construction post-global economic crisis, combined with repurposing of a portion of the existing stock of commercial properties, have been significant contributors to the enduring strength of commercial real estate fundamentals. As illustrated below, the amount of commercial real estate construction as a percentage of gross domestic product, or GDP, and associated delivery of new inventory has remained well below the 2007 peak and the 15-year historical average prior to the global economic crisis.

Private Sector U.S. CRE Construction Spending as a Percentage of U.S. GDP

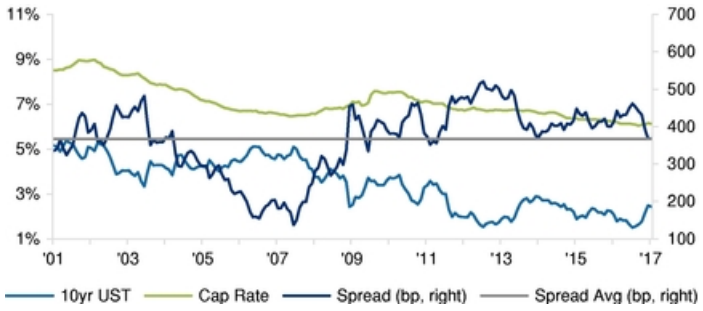


Source: Census Bureau and Bureau of Economic Analysis. Data from January 1, 1993 to December 31, 2016.

While Property Values Have Recovered, Valuations are in Line with Historical Trends

As shown below, the spread between capitalization rates (defined as a ratio of a property's net operating cash flow to the value of the property) and 10-year U.S. Treasury bonds has remained at or above the historical average, and well above the levels registered in 2007 to 2009. Based on this measure of value, commercial real estate valuations remain within historical averages. While much of the early, post-crisis recovery in values of commercial real estate investments was driven by an influx of global capital into properties in the top five MSAs in a "flight to safety," fundamental growth in property fundamentals, combined with the historically low volume of new supply of properties, has fueled more recent price appreciation.

Historical Spread Between U.S. CRE Aggregate Capitalization Rate and 10-Year U.S. Treasury Bond Yield



Source: National Council of Real Estate Investment Fiduciaries. Data from January 2001 through January 2017. Monthly cap rates are a three-month rolling average.

The continuing constraints on traditional lenders, combined with the high volume of commercial real estate loan maturities, substantial demand for acquisition and transition loans, and strong overall commercial real estate fundamentals present compelling opportunities for non-traditional lenders, such as Granite Point, to originate high quality investments and generate attractive risk-adjusted returns. We have confidence that our Manager and our seasoned CRE team have the experience, industry relationships and institutional expertise to capitalize on such opportunities for the benefit of our stockholders. Our CRE team's expertise should position us well to be able to evaluate general industry trends, local market dynamics and specific collateral characteristics to identify attractive investment prospects from the large volume of financing opportunities present in the market.

Our Target Investments

We intend to focus on originating senior commercial mortgage loans backed by different types of commercial real estate properties located in various markets across the United States. Our Predecessor has invested in, and we may, from time to time, invest in, other debt and debt-like commercial real estate investments. Together, we refer to these investments as our target investments. Our target investments will include:

Primary Target Investments

- **Senior Mortgage Loans.** Commercial mortgage loans that are secured by real estate and evidenced by a first priority mortgage. These loans may vary in term, may bear interest at a fixed or floating rate, and may amortize and typically require a balloon payment of principal at maturity. These investments may encompass a whole loan or may include *pari passu* participations within such a mortgage loan. These loans may finance stabilized properties or

properties that are subject to a business plan that is expected to enhance the value of the property through lease-up, refurbishment, updating or repositioning.

Secondary Target Investments

As part of our financing strategy, we may from time-to-time, syndicate senior participations in our originated senior commercial real estate loans to other investors and retain a subordinated debt position for our portfolio in the form of a mezzanine loan or a subordinated mortgage interest, as described below. Alternatively, on occasion we may opportunistically co-originate the investments described below with senior lenders, or purchase them in the secondary market.

- **Mezzanine Loans.** Mezzanine loans are secured by a pledge of equity interests in the property. These loans are subordinate to a senior mortgage loan but senior to the property owner's equity.

- **Preferred Equity.** Investments that are subordinate to any mortgage and mezzanine loans, but senior to the property owner's common equity.

- **Subordinated Mortgage Interests.** Sometimes referred to as a B-Note, a subordinated mortgage interest is an investment in a junior portion of a mortgage loan. B-Notes have the same borrower and benefit from the same underlying secured obligation and collateral as the senior mortgage loan, but are subordinated in priority payments in the event of default.

- **Other Real Estate Securities.** Investments in real estate that take the form of CMBS, or collateralized loan obligations, or CLOs, that are collateralized by pools of real estate debt instruments, which are often senior mortgage loans, or other securities.

Based on current market conditions, we expect that, like our Initial Portfolio, the majority of our investments will be senior commercial mortgage loans directly originated by us and secured by cash-flowing properties located in the United States. These investments will typically pay interest at rates that are determined periodically on the basis of a floating base lending rate, primarily LIBOR plus a premium, and have an expected term of between three and five years.

Our Manager may opportunistically adjust our capital allocation to our target investments, with the proportion and types of investments changing over time depending on our Manager's views on, among other things, the current economic and credit environment. In addition, we may invest in investments other than our target investments, in each case subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exclusion from regulation under the Investment Company Act of 1940.

Our Financing Strategy and Leverage

Our funding sources will initially include the net proceeds of this offering and the available capacity under our repurchase facilities. We have negotiated amendments to our Predecessor's repurchase facility documents with Morgan Stanley Bank, N.A., JPMorgan Chase Bank, National Association and Goldman Sachs Bank USA to allow us to continue to utilize the facilities and to replace Two Harbors with Granite Point as guarantor under the facilities. The repurchase facility amendments will also increase the maximum facility amount of the Morgan Stanley Bank, N.A. facility to $600 million from $400 million and the maximum facility amount of the JPMorgan Chase Bank, National Association facility to $500 million from $250 million. In addition, we have negotiated repurchase agreements with Wells Fargo Bank, National Association for a maximum facility amount of approximately $375 million (with an option, to be exercised at Wells Fargo Bank, National Association's sole discretion after the closing of this offering, to increase the maximum facility amount to as much as approximately $470 million) and with Citibank, N.A. for a maximum facility amount of $250 million. Both the amendments to existing repurchase facility documents with Morgan Stanley Bank, N.A., JPMorgan Chase Bank, National Association and Goldman Sachs Bank USA and the new repurchase

agreements with Wells Fargo Bank, National Association and Citibank, N.A. will be effective concurrently with the closing of this offering, subject to customary closing conditions. Affiliates of Morgan Stanley Bank, N.A., JPMorgan Chase Bank, National Association and Citibank, N.A., are serving as underwriters in this offering.

We are also in discussions regarding the possibility of amending our Predecessor's short-term bridge repurchase facility documents to allow us to continue to utilize the facility largely for cash management activities and to replace Two Harbors with Granite Point as guarantor under the facility. We have not executed a binding commitment letter or any other definitive documentation with respect to the potential amendments to the repurchase facility documents and no assurances can be given that any amendments to the repurchase facility documents will be executed at all. Additionally, we may from time to time finance certain of our commercial real estate securities using individual repurchase agreements with various financing counterparties.

Our repurchase agreements will effectively allow us to borrow against commercial real estate debt investments that we own in an amount equal to (i) the market value of the commercial real estate investment multiplied by (ii) the applicable advance rate. Under these agreements, we will sell our commercial real estate debt investments to a counterparty and repurchase the same commercial real estate debt investments from the counterparty at a price equal to the original sales price plus an interest factor. Our master repurchase facilities for senior mortgage loans have a funding spread of LIBOR plus 2.00% to 2.85%, average advance rates in the range of 65% to 80% and maturities of two to three years. At any point in time, the amounts and the cost of our repurchase borrowings will be based upon the assets being financed—higher risk assets will result in lower advance rates (*i.e.*, levels of leverage) at higher borrowing costs and vice versa.

During the 120 day lockup and for the period until Two Harbors distributes the shares of common stock of Granite Point, Two Harbors will consolidate Granite Point on its financial statements in accordance with GAAP. As a result of this common control, TH Commercial Holdings LLC, or TH Commercial, will remain an affiliate of TH Insurance Holdings Company LLC, or TH Insurance, a captive insurance company and a member of the Federal Home Loan Bank of Des Moines, or the FHLB. Currently, TH Insurance lends to TH Commercial under a note payable and TH Commercial pledges eligible CRE investments to the FHLB as collateral for TH Insurance's FHLB advances. We expect this relationship will remain for a limited transition period following the closing of this offering to assist with our cash management and operational processes as the CRE investments currently pledged to FHLB are released and transitioned to our repurchase facilities. The note payable to TH Insurance reflects terms consistent with TH Insurance's FHLB advances. As of March 31, 2017, TH Commercial's weighted average borrowing rate for the note payable to TH Insurance was 1.04%. Subsequent to our repayment of this note payable, we will no longer borrow from TH Insurance. As a result, we expect that our weighted average borrowing rate under our third-party repurchase agreements will be higher that these historical borrowing costs. See "—Risks Related to Our Financing and Hedging—An increase in our borrowing costs relative to the interest that we receive on our leveraged assets may adversely affect our profitability and our cash available for distribution to stockholders."

Over time, in addition to repurchase agreements, we may use other forms of leverage, including secured and unsecured warehouse and other credit facilities, securitizations, and public and private, secured and unsecured debt issuances by us or our subsidiaries.

We are not required to maintain any particular debt-to-equity leverage ratio. The amount of leverage we may employ for particular investments will depend upon our Manager's assessment of the credit, liquidity, price volatility and other risks of those investments and the financing counterparties, and availability of particular types of financing at the time. Our decision to use leverage to finance our investments will be at the discretion of our Manager and will not be subject to the approval of our

stockholders. Although we are not restricted by our governing documents in the amount of leverage that we may use, we plan to maintain appropriate controls to ensure prudent leverage levels appropriate to our portfolio. We currently expect that our initial leverage will not exceed, on a debt to equity basis, a ratio of 3-to-1 on a company basis. We will endeavor to match the terms and indices of our assets and liabilities, including in certain instances through the use of derivatives. We will also seek to minimize the risks associated with recourse borrowing. In addition, we may rely on short-term financing such as repurchase transactions under master repurchase agreements.

Subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exemption from the Investment Company Act, we may, from time to time, engage in a variety of hedging transactions that seek to mitigate the effects of fluctuations in interest rates or currencies and their effects on our cash flows. These hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. We expect these instruments will allow us to reduce, but not eliminate, the risk that we have to refinance our liabilities before the maturities of our investments and to reduce the impact of changing interest rates on our earnings.

Investment Guidelines

We anticipate that our board of directors will approve the following investment guidelines:

- no investment shall be made that would cause us to fail to qualify as a REIT under the Code;
- no investment shall be made that would cause us to be regulated or required to register as an investment company under the Investment Company Act;
- we will primarily invest in our target investments, consisting of senior commercial mortgage loans, mezzanine loans, preferred equity, subordinated mortgage interests, real estate securities and other debt and debt-like commercial real estate investments;
- not more than 25% of our equity capital will be invested in any individual asset without the prior approval of a majority of our board of directors;
- any investment in excess of $300 million in an individual asset requires the prior approval of a majority of our board of directors; and
- until appropriate investments in our target investments are identified, we may invest our available cash in interest-bearing, short-term investments, including money market accounts or funds, and corporate bonds, subject to the requires for our qualification as a REIT under the Code.

These investment guidelines may be changed from time-to-time by our board of directors without our stockholders' consent, but we expect to disclose any material changes to our investment guidelines in the periodic quarterly and annual reports that we will file with the SEC. Our Manager is not subject to any limits or proportions with respect to the mix of target investments that we originate or acquire other than as necessary to maintain our qualification as a REIT and our exemption from registration under the Investment Company Act.

Investment Process

Our investment strategy is implemented through a highly disciplined origination, underwriting, investment and portfolio management process developed by our senior CRE team over the course of their extensive careers in the commercial real estate finance industry. We invest significant time and resources in the early stages of our origination process and communicate frequently with our borrowers to provide feedback regarding business plan, terms and structure. This process emphasizes efficiency of our resources and increases the likelihood of closing the investment on the originally agreed to terms.

We focus on maintaining an investment process that provides transparency to our counterparties and imposes accountability on our origination team. We stress timely communication and information flow to help ensure we identify early and make high quality investments and actively monitor them with the goal of maximizing returns to our stockholders.

Origination and Sourcing

Our origination strategy relies on our CRE team's extensive and longstanding relationships and contacts with a wide array of private equity firms, funds, REITs, and national, regional and local private owner/operators, brokers and co-lenders. Our CRE team's reach across the United States and active dialogue with market participants will allow us to source our target investments across geographical markets and property types. It has been the experience of our CRE team that having multiple lines of communication in a particular transaction (*e.g.*, where our team has a pre-existing relationship with the borrower, the broker, and, where applicable, a co-lender) provides us with the best chance of originating and closing on an investment. This highly disciplined process is one of the reasons our senior CRE team has cultivated a reputation for being a reliable counterparty, which has led to multiple investment opportunities with repeat clients. We believe our team's industry associations and focus on client service will directly benefit our origination and sourcing capabilities and enable us to further develop and grow our investment portfolio.

Screening and Initial Review of Investment Opportunities

Our CRE team members are in constant dialogue with potential borrowers, brokers and co-lenders regarding potential investment opportunities. As an opportunity deemed attractive by an originator materializes, our team prepares a high-level initial investment review for presentation at regularly-scheduled deal screen meetings with the intent to make an early assessment that allows our team to provide timely and meaningful feedback to our counterparties. These deal screening meetings which are held regularly involve our senior and junior level team members, and frequently include one or more of our Chief Executive, Investment and Operating Officers.

Initial investment analysis includes a review of expected capital structure of the property, collateral assessment, key investment terms, sponsor review, business plan, anticipated exit strategy, and investment pricing on an absolute and relative basis. At the initial review, our CRE team determines whether the proposed investment can meet the appropriate risk and return criteria suitable to our investment strategy, as well as complement our existing investment portfolio. Additionally, each investment is screened to determine its impact on maintaining our REIT qualification and our Company's exemption from registration under the Investment Company Act.

Due Diligence and Detailed Investment Analysis

As a potential investment reaches the stage of a signed term sheet, our CRE team engages in a more comprehensive and structured investment analysis process. We employ a fundamental, value-driven approach to underwriting and due diligence focused on rigorous, credit-oriented evaluation of the risk/return profile of an opportunity and the appropriate pricing and structure for the prospective investment. Detailed financial modeling and analysis is employed to focus on current and projected property cash flows, the merits of the owner's or sponsor's business plan and projections, and any risks associated with tenant credit quality, lease maturities, and property operating expenses. Cash flow and market comparable analyses are used to determine the current value of the collateral property, to assess the capacity to repay or refinance the debt upon maturity, and to understand sensitivities to various potential changes in property operating performance, market fundamentals and real estate capital markets.

Our investment due diligence includes, among others, detailed reviews of:

- *Collateral*: property and market analysis, owner/sponsor business plan review, local market and sub-market diligence, tenant lease reviews, property visits, occupancy, rent and expense stress tests to determine cash flow variability, local market comparable property analysis, and obtaining third party reports including engineering, environmental, and appraisal.

- *Sponsor/Property Owner*: evaluation of historical performance and financial condition, specific local market and property type expertise, background checks and reputation.

- *Exit Strategy*: assessment of base case and stress case exit scenarios, alternative strategies including refinancing, property sales, amortization of principal, and other factors we believe to be important to our underwriting.

Investment Committee Process

Since the establishment of our Predecessor, its investment process has included an Investment Committee approving all investments made in our Initial Portfolio. Our investment process will also include an establishment of an Investment Committee upon the closing of this offering to approve all investments we make. We anticipate that upon completion of full independent underwriting by our CRE team and a recommendation to proceed with an investment, the opportunity will be presented to our Investment Committee. We anticipate that the underwriting team will present a comprehensive approval memo regarding the investment to the Investment Committee for approval. The approval memo will provide an in-depth overview of the collateral, borrower, due diligence conducted, key financial metrics and analyses, as well as investment considerations and risk mitigants. All investments made by our company will require approval by our Investment Committee. Our Investment Committee will be comprised of our executive officers and other senior members of the CRE team, including: our President and Chief Executive Officer, John ("Jack") A. Taylor; our Chief Investment Officer, Stephen Alpart; our Chief Operating Officer, Steven Plust; and Managing Director, Peter Morral. Our Investment Committee expects to meet regularly to evaluate potential investments and review our investment portfolio. Additionally, the members of our Investment Committee will be available to guide our origination and CRE team throughout their evaluation, underwriting and structuring of prospective investments.

Closing

As part of the closing process, the deal team will work with outside legal counsel to complete legal due diligence (including title and insurance review) and document each investment. Our deal team may, as appropriate, engage third party advisors and/or consultants to conduct an engineering and environmental review of the collateral property. Our deal team will also engage third-party primary servicers for our loan portfolio, with whom our senior CRE team has long standing relationships and prior experience.

Investment Management

Our investment management strategy revolves around our origination and CRE teams maintaining accountability for each loan in our portfolio and is reflective of our overall credit culture. The team originating a loan remains responsible for monitoring and managing that investment from origination through repayment, sale or other resolution. Our investment management strategy is primarily focused on tracking the financial performance of the collateral, monitoring cash management and reserve accounts and ensuring that the borrower remains compliant with the terms of the loan. The deal team that originates the loan engages in periodic communication with the owner/sponsor to obtain updates on property performance and implementation of the sponsor's business plan, and attend to any requests for amendments or modifications. The deal team typically reviews significant items such as major

leases, annual budgets, and, where applicable, property releases. The deal team participates in quarterly risk rankings of each investment. Annual site inspections of properties underlying the investments in our portfolio are performed. We engage third-party servicers to provide traditional servicing functions such as billing, collections and management of reserves. Our Chief Operating Officer will manage the relationship with our loan servicer and be the primary point of contact for investment management reporting. Any material loan modification or amendment will require the approval of our Investment Committee.

Regulation

We will be required to maintain qualifications, approvals and licenses in a number of states in order to conduct our lending activities and own certain of our target investments. Licensing requirements vary considerably by state and may impose various different obligations on our business, including restrictions on loan origination activity; limits on finance charges, including type, amount and manner of charging fees; disclosure requirements; surety bond and minimum specified net worth requirements; periodic reporting requirements; notice requirements for changes in principal officers, directors or principal owners; and record keeping requirements. Additionally, our licensed entities will be required from time to time to submit to routine examinations by state regulatory agencies to ensure our compliance with applicable requirements. State licensing requirements can and do change as statutes and regulations are enacted, promulgated or amended, and the trend in recent years among federal and state lawmakers and regulators has been toward increasing laws, regulations and investigative proceedings in relation to the mortgage and finance industry generally. Obtaining and maintaining the appropriate qualifications, approvals and licenses will cause us to incur ongoing expenses and our failure to comply with applicable requirements would have a material adverse effect on us and our operations.

REIT Qualification

In connection with this offering, we intend to elect and qualify as a REIT commencing with our initial taxable year ending on December 31, 2017. Our qualification as a REIT depends upon our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our investments, our distribution levels and the diversity of ownership of our shares. We believe that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT.

So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on our REIT taxable income we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lose our REIT qualification. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income or property. In addition, any TRS we own will be subject to U.S. federal, state and local taxes on its income or property.

See "Risk Factors—Risks Related to our REIT Status and Certain Other Tax Items."

Investment Company Act

We intend to conduct our operations so that neither we nor any of our subsidiaries is an "investment company" as defined in Section 3(a)(1)(A) or Section 3(a)(1)(C) of the Investment Company Act. We believe we are not an investment company under Section 3(a)(1)(A) of the

Investment Company Act because we do not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. Rather, through our wholly owned or majority-owned subsidiaries, we believe we are primarily engaged in the non-investment company business of purchasing or otherwise acquiring mortgages and other interests in real estate.

To satisfy the requirements of Section 3(a)(1)(C), we must not be engaged in the business of investing, reinvesting, owning, holding, or trading securities and we must not own "investment securities" with a value that exceeds 40% of the value of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Excluded from the term "investment securities," among other things, are U.S. Government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exclusions from the definition of investment company for private investment companies set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. We intend to conduct our operations so that we do not come within the definition of an investment company under Section 3(a)(1)(C) of the Investment Company Act because less than 40% of our total assets on an unconsolidated basis will consist of "investment securities." For our subsidiaries that maintain the exclusion under Section 3(c)(5)(C) or another exclusion or exception under the Investment Company Act (other than Section 3(c)(1) or Section 3(c)(7) thereof), our interests in these subsidiaries do not and will not constitute "investment securities."

Competition

We are engaged in a competitive business. Our net income depends, in part, on our ability to originate or acquire investments at favorable spreads over our borrowing costs. In our lending and investment activities, we compete for opportunities with a variety of institutional lenders and investors, including other REITs, specialty finance companies, public and private funds, commercial and investment banks, commercial finance and insurance companies and other financial institutions. Several other REITs have raised, or are expected to raise, significant amounts of capital, and may have investment objectives and strategies that overlap with ours, which may create additional competition for lending and investment opportunities.

Some of our competitors may have a lower cost of funds and access to funding sources that may not available to us, such as the U.S. government. Many of our competitors are not subject to the operating constraints associated with REIT rule compliance or maintenance of an exclusion from regulation under the Investment Company Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we do, which could allow them to consider a wider variety of loans and investments, offer more attractive pricing or other terms, and establish more relationships than us. Furthermore, competition for originations of and investments in our target investments may lead to decreasing yields, which may further limit our ability to generate desired returns.

Additionally, the current administration has indicated that it may focus on issues relating to financial regulation, which could potentially relieve some of the current restrictions on financial institutions and allow them to more freely compete with our Company for our target investments. While there is much uncertainty regarding the timing and specifics of any policy changes, any such actions could affect our business.

In light of this competition, we have access to our Manager's CRE team, their long tenured industry expertise and relationships, and our Manager's other professionals, which we believe provide us with a competitive advantage and will help us assess risks and determine appropriate risk and return parameters for our target investments. We believe that access to our Manager and its resources will enable us to compete more effectively and generate attractive investment opportunities for our

portfolio. However, we may not be able to achieve our business goals or expectations due to the competitive risks that we face.

For additional information concerning these competitive risks, see "Risk Factors—Risks Related to Our Lending and Investment Activities—We operate in a competitive market for investment opportunities and competition may limit our ability to originate or acquire desirable investments in our target investments and could also affect the pricing of these securities."

Employees

We will be externally managed by our Manager pursuant to a management agreement between our Manager and us. Our executive officers serve as officers of our Manager. We do not have any employees. See "Our Manager and the Management Agreement—Management Agreement."

Legal Proceedings

From time to time we, or our Manager may be involved in various legal claims and/or administrative proceedings that arise in the ordinary course of our business. To date, neither we, nor, to our knowledge, our Manager is party to any litigation or legal proceedings or, to the best of our knowledge, any threatened litigation or legal proceedings, which, in our or our Manager's opinion, individually or in the aggregate, would have a material adverse effect on our or our Manager's results of operations or financial condition.

MANAGEMENT

General

We will be externally managed by Pine River Capital Management L.P., or PRCM, or our Manager. Pursuant to the terms of the management agreement, our Manager will provide us with our senior management team, including officers, along with appropriate support personnel. Each of our officers is an employee of our Manager. Our Manager will at all times remain subject to the supervision and oversight of our board of directors. We do not have any employees.

Our Directors, Director Nominees and Executive Officers

Upon the closing of this offering, we will have a nine-member board of directors. We will enter into a Director Designation Agreement with Two Harbors pursuant to which Two Harbors, at the direction of its independent directors, will be entitled to designate three of these nine members for nomination for election, to serve following the closing of this offering and until our 2019 annual meeting of stockholders, each of whom must qualify as an independent director under the rules of the NYSE and SEC. Pursuant to our charter, our stockholders will elect each of our directors at each of our annual meetings to serve until the next annual meeting of our stockholders and until their successors are duly elected and qualify. See "Certain Provisions of Maryland Law and Our Charter and Bylaws—Our Board of Directors." For a discussion of the compensation these directors will receive, see "—Corporate Governance—Director Compensation" below.

Officers serve at the pleasure of our board of directors. The board of directors intends to generally appoint executive officers annually following our annual meeting of stockholders to serve until the meeting of the board of directors following the next annual meeting of stockholders.

The following table sets forth certain information with respect to the individuals who currently serve as our directors and executive officers.

Name	Age	Position Held with Us
Executive Officers		
John ("Jack") A. Taylor	61	President, Chief Executive Officer and Director
Stephen Alpart	53	Chief Investment Officer
Steven Plust	58	Chief Operating Officer
Marcin Urbaszek	41	Chief Financial Officer
Rebecca B. Sandberg	45	General Counsel and Secretary
Directors		
William Roth	60	Director
Thomas E. Siering	57	Director
Brian C. Taylor	52	Chairman of the Board
Tanuja M. Dehne(2)(3)*	45	Independent Director
Martin A. Kamarck(2)(3)*	68	Independent Director
Stephen G. Kasnet(1)*	72	Independent Director
W. Reid Sanders(1)(2)*	66	Independent Director
Hope B. Woodhouse(1)(3)*	61	Independent Director

* This individual has agreed to become a member of our board of directors upon the completion of this offering and is expected to be an independent director.

(1) Member of the Audit Committee upon effectiveness of the registration statement of which this prospectus forms a part.

(2) Member of the Compensation Committee upon effectiveness of the registration statement of which this prospectus forms a part.

(3) Member of the Nominating and Corporate Governance Committee upon effectiveness of the registration statement of which this prospectus forms a part.

Executive Officers

John ("Jack") A. Taylor has served as one of our directors and as our Chief Executive Officer since inception. Mr. Taylor has also served as Global Head of Commercial Real Estate and a member of the Investment Committee of PRCM's Commercial Real Estate Group since November 2014. Prior to joining PRCM, Mr. Taylor served as a Managing Director and Head of Global Real Estate Finance for Prudential Real Estate Investors from 2009 to November 2014. Mr. Taylor was also a member of the Global Management Committee and chaired the Global Investment Committee for debt and equity. From 2003 to 2007, Mr. Taylor was a partner at Five Mile Capital Partners LLC. Prior to Five Mile Capital, he was co-head of real estate investment banking for the Americas and Europe at UBS. He previously led the Real Estate Group at Paine Webber and served on the firm's Operating Committee. Previously, Mr. Taylor was head trader and manager of the CMBS and Principal Commercial Mortgage business for Kidder, Peabody & Co., Inc. Mr. Taylor was a founding governor of the Commercial Mortgage Securities Association (now the Commercial Real Estate Finance Council) and a member of the President's Council of the Real Estate Roundtable. Mr. Taylor received a J.D. from Yale Law School, a MSc. in international relations from the London School of Economics and Political Science, and a B.A. in philosophy from the University of Illinois. We believe Mr. Taylor is qualified to serve as a director because of the depth of his commercial real estate and investment experience and his experience with our Manager and his role as Chief Executive Officer and President of our Company.

Stephen Alpart has served as our Chief Investment Officer since inception. Mr. Alpart has also served as a Managing Director and a member of the Investment Committee of PRCM's Commercial Real Estate Group since November 2014. Prior to joining PRCM, Mr. Alpart served as a Managing Director in Prudential's Global Real Estate Finance Group, focused on the United States from 2009 to November 2014. Previously, Mr. Alpart was a Managing Director in the Real Estate Groups at PaineWebber and UBS, where he focused on originating, underwriting and closing large structured commercial real estate loans for private equity firms and owner/operators. He has worked in real estate finance and debt investing for over 20 years in a variety of functions including third-party funds management, proprietary on-book lending, transaction advisory business, loan syndications and loan sales, and workouts/restructurings. His areas of responsibility have included origination, underwriting, credit review, structuring, pricing, negotiation, documentation, closing, and investment and portfolio management, workouts and restructurings and sub-performing and non-performing loan sales. Mr. Alpart received a Master's in Business Administration, Finance and Real Estate from New York University and a B.S. in Business Administration, Accounting and Economics from Washington University.

Steven Plust has served as our Chief Operating Officer since inception. Mr. Plust has also served as a Managing Director and a member of the Investment Committee of PRCM's Commercial Real Estate Group since November 2014. Prior to joining PRCM, Mr. Plust served as a Managing Director in Prudential's Global Real Estate Finance Group from 2009 to November 2014, focused on the United States. He has over 25 years of experience in real estate finance and capital markets. He was an active advisor to the Resolution Trust Corporation in the development and implementation of their securitization programs. Mr. Plust has worked for over 20 years in principal investing platforms on Wall Street and in investment management, where he has been primarily responsible for transaction pricing and structuring, credit risk assessment, and analysis of complex transactions and multi-asset portfolios. Mr. Plust received a Master's in Business Administration from Columbia University and a B.S. in Chemistry from Rensselaer Polytechnic Institute.

Marcin Urbaszek has served as our Chief Financial Officer since inception. Mr. Urbaszek joined PRCM in May 2013 and has spent the majority of his time serving as Managing Director of Two Harbors focusing on strategy, corporate development and capital markets activities. Prior to joining PRCM, Mr. Urbaszek worked at Credit Suisse in the Financial Institutions Group, Investment Banking, serving in various capacities from 2006 to April 2013, most recently as a team lead and partner on

coverage and strategic transaction execution for residential and commercial mortgage companies, banks and other specialty consumer and commercial lenders. He has over 16 years of experience in various areas of finance including corporate finance, capital markets, and equity research, with the last 12 years dedicated to financial institutions. Over the course of his career, Mr. Urbaszek has been primarily responsible for transaction advisory, structuring, negotiation and execution, as well as financial planning and analysis. Mr. Urbaszek received a Bachelor of Business Administration in Finance with a Minor focused on Financial Accounting & Economics from Zicklin School of Business, Bernard M. Baruch College, CUNY. Mr. Urbaszek is a CFA® Charterholder.

Rebecca B. Sandberg has served as our general counsel since inception. Ms. Sandberg is the General Counsel of Two Harbors Investment Corp. Ms. Sandberg has served as General Counsel and Secretary of Two Harbors since March 2013, after serving as Deputy General Counsel and Secretary of Two Harbors since May 2012. From 2010 to May 2012, Ms. Sandberg served as Senior Counsel to Two Harbors. Prior to joining Two Harbors, Ms. Sandberg was in private practice where she advised clients primarily in the areas of securities laws, mergers and acquisitions, private capital markets transactions, corporate governance and general corporate law. From 2007 to 2010, Ms. Sandberg was a Senior Associate at Stoel Rives LLP and from 2006 to 2007 she was a Senior Associate at Fulbright & Jaworski LLP. Prior to that, Ms. Sandberg was an Associate at Lindquist & Vennum PLLP. She received a B.A. from the University of Minnesota and a J.D. from William Mitchell College of Law.

Non-Employee Directors

William Roth has served as a director of our company since May 2017. Mr. Roth is also a member of the board of directors of Two Harbors (NYSE: TWO), and has served as their Chief Investment Officer since January 2013 after serving as Co-Chief Investment Officer from October 2009 until January 2013. Mr. Roth is a Partner of Pine River and is a Director of the Pine River Foundation, an affiliate of our Manager. Prior to joining Pine River in 2009, Mr. Roth was at Citigroup and its predecessor firm, Salomon Brothers Inc., for 28 years where he was named a Director in 1987 and a Managing Director in 1997. From 2004 to 2009, Mr. Roth managed a proprietary trading book at Citigroup with particular focus on mortgage and asset-backed securities. From 1994 to 2004, Mr. Roth was part of the Salomon/Citi New York Mortgage Sales Department. From 1981 to 1994, Mr. Roth was based in Chicago and managed the Chicago Financial Institutions Sales Group for Salomon Brothers. He received an M.B.A. with a concentration in Finance from the University of Chicago Graduate School of Business in 1981, and a B.S. in Finance and Economics from Miami University in Oxford, Ohio in 1979. We believe Mr. Roth is qualified to serve as a director because of his investment and trading expertise as well as his knowledge of our Manager and its affiliate organizations, which helps ensure that adequate resources are devoted to our company by our Manager.

Thomas E. Siering has served as a director of our company since May 2017. Mr. Siering is also a member of the board of directors of Two Harbors (NYSE: TWO), and has served as their Chief Executive Officer and President since May 2009. Since 2012, Mr. Siering also served as a former director on the board of directors of Silver Bay Realty Trust Corp., which is a real estate investment trust focused on single-family properties for rental income. Mr. Siering is a Partner of Pine River and is a Director of the Pine River Foundation, an affiliate of our Manager. Prior to joining Pine River in 2006, Mr. Siering was head of the Value Investment Group at EBF & Associates, a private investment firm, from 1989 until 2006. During that period, he was also the manager for Merced Partners, LP, a private investment firm, and Tamarack International Limited, a closed end, non-diversified investment management company. Mr. Siering was named a Partner at EBF & Associates in 1997. Mr. Siering joined EBF & Associates in 1989 as a trader. From 1987 to 1989, Mr. Siering held various positions in the Financial Markets Department at Cargill, Inc. From 1981 until 1987, Mr. Siering was employed in the Domestic Soybean Processing Division at Cargill in both trading and managerial roles. Mr. Siering holds a B.B.A. from the University of Iowa with a major in Finance. We believe Mr. Siering is qualified to serve as a director because of his investment and trading expertise as well as his knowledge of our

Manager and its affiliate organizations, which helps ensure that adequate resources are devoted to our company by our Manager.

Brian C. Taylor is the chairman of our board of directors. Mr. Taylor has been a director of our company since May 2017. Mr. Taylor also serves as a member of the board of directors of Two Harbors (NYSE: TWO). Mr. Taylor is the Chief Executive Officer of Pine River, which he founded in 2002. Prior to Pine River's inception, Mr. Taylor was with EBF & Associates from 1988 to 2002; he was named head of the convertible arbitrage group in 1994 and Partner in 1997. His responsibilities included portfolio management, marketing, product development and trading information systems development. Mr. Taylor received a B.S. from Millikin University in Decatur, Illinois and an M.B.A. from the University of Chicago. Mr. Taylor passed the Illinois Certified Public Accountant Examination in 1986. Mr. Taylor currently serves on the board of directors for Northside Achievement Zone. He also previously served as a director and Chairman of Silver Bay Realty Trust Corp. from 2012 to 2014. We believe Mr. Taylor is qualified to serve as a director because of his investment and trading expertise as well as his knowledge of our Manager and its affiliate organizations. He is able to help ensure that adequate resources are devoted to the company by our Managers. Mr. Taylor plays a key liaison role between day-to-day management of the company and our independent directors.

Tanuja M. Dehne will be appointed to our board of directors in connection with this offering. From December 2012 until May 2017, Ms. Dehne served as an independent director of Silver Bay Realty Trust Corp. From October 2014 through April 2016, Ms. Dehne was the Executive Vice President and Chief Administrative Officer and Chief of Staff of NRG Energy, Inc. (NYSE: NRG), a publicly listed power generation and retail electricity company. In this role, Ms. Dehne oversaw NRG's Human Resources, Information Technology, Communications, Corporate Marketing and Sustainability Departments, including the company's charitable giving program, M&A integrations and Big Data Analytics. Prior to these positions, Ms. Dehne was the Senior Vice President, Human Resources of NRG since 2011 where she led NRG's Human Resources department, which handled all HR functions—including talent management, organizational development, benefits, compensation, labor and employee relations, payroll and HR information systems—for more than 8,000 employees. Under her leadership, the department received recognition as Delaware Valley's 16th Annual HR Department of the Year for service excellence and strategic impact on the company. From 2004 to 2011, Ms. Dehne served as the Corporate Secretary of NRG, leading corporate governance and corporate transactions, including financing, mergers and acquisitions, public and private securities offerings, securities and stock exchange matters, and reporting compliance. Prior to joining NRG, Ms. Dehne practiced corporate law as a member of Saul Ewing LLP's business department. Ms. Dehne received a J.D. from Syracuse University, an M.A. from the University of Pennsylvania in political science and a B.A. from Lafayette College. We believe Ms. Dehne is a qualified director because of her broad public-company experience, including her knowledge of corporate governance, securities law, human resources and complex transactions.

Martin A. Kamarck will be appointed to our board of directors in connection with this offering. Mr. Kamarck has over 40 years of experience in business and law in both the public and private sectors. He has served as the head of structuring at Elanus Capital Management, LLC, an alternative asset manager since January 2011. Prior to that time, from 1999 to 2005 Mr. Kamarck was the President of Radian Asset Assurance Inc., the financial guarantee arm of Radian Group Inc. (NYSE: RDN). Prior to his time at Radian, Mr. Kamarck served as Chairman of the Export-Import Bank of the United States and Co-Head of Structured Finance and General Counsel at Financial Guaranty Insurance Company. Mr. Kamarck began his professional career as an attorney with Morrison & Foerster LLP at which he ultimately became a Partner and head of the securitization practice. Mr. Kamarck received a B.A. in English Literature from Haverford College in 1971 and a J.D. from Stanford Law School in 1975. We believe Mr. Kamarck is qualified to serve as a director because of his background in the financial services industry and experience serving in executive management roles.

Stephen G. Kasnet will be appointed to our board of directors in connection with this offering. Mr. Kasnet also serves as a director of Two Harbors Investment Corp. (NYSE: TWO) and previously served as a director of Silver Bay Realty Trust Corp. Mr. Kasnet was also a director of Columbia Laboratories, Inc., a specialty pharmaceuticals company (NASDAQ: CBRX), now Juniper Pharmaceuticals, from August 2004 to June 2015, including as Chairman of the Board from November 2004 to June 2015. From 2007 to 2009, Mr. Kasnet was the Chairman of Dartmouth Street Capital LLC, a private investment firm. He was also the President and Chief Executive Officer of Raymond Property Company LLC, a real estate company, from 2007 through October 2009. From 2000 to 2006, he was President and Chief Executive Officer of Harbor Global Company, Ltd., an asset management, natural resources and real estate investment company, and President of the PIOglobal, a Russian real estate investment fund. From 1995 to 1999, Mr. Kasnet was a director and member of the Executive Committee of The Bradley Real Estate Trust. He was Chairman of Warren Bank from 1990 to 2003. Mr. Kasnet has also held senior management positions with other financial organizations, including Pioneer Group, Inc., First Winthrop Corporation and Winthrop Financial Associates, and Cabot, Cabot and Forbes. He serves as Chairman of the Board of Rubicon Ltd., a forestry company, as a director of Tenon Ltd., a wood products company, as a director of First Ipswich Bancorp, a bank owned by Brookline Bancorp, and as a director of GoodBulk, Ltd., a cargo company. He is also a trustee of the board of the Governor's Academy, a private coed boarding high school in Byfield, Massachusetts. Mr. Kasnet received a B.A. from the University of Pennsylvania. We believe Mr. Kasnet is a qualified director based on his real estate knowledge and his past and current experience as a director of other public companies.

W. Reid Sanders will be appointed to our board of directors in connection with this offering. Mr. Sanders currently serves as the President of Sanders Properties, Inc., a real estate company. Mr. Sanders is also a director, member of the audit committee, member of the compensation committee, and member of the risk oversight committee of Two Harbors Investment Corp. (NYSE: TWO) and previously served as a director of Silver Bay Realty Trust Corp. He also serves as a director and member of the audit committee and investment committee of Mid-America Apartment Communities, Inc. (NYSE: MAA), a Delaware real estate investment trust that owns and operates apartment complexes. Mr. Sanders is also a member of the board, executive committee and compensation committee of Independent Bank, a bank holding company; serves on the investment committee at Cypress Realty, a commercial real estate company; and is on the advisory board of SSM Venture Partners III, L.P., a private venture capital firm. He is the former chairman of the board of Two Rivers Capital Management, and his former directorships include Harbor Global Company Ltd., an asset management, natural resources and real estate investment company, PioGlobal Asset Management, a Russian private investment management company, The Pioneer Group Inc., a global investment management firm, and TBA Entertainment Corporation, a strategic communications and entertainment marketing company. Mr. Sanders was the co-founder and former Executive Vice President of Southeastern Asset Management, and the former President of Longleaf Partners Mutual Funds, a family of funds in Memphis from 1975 to 2000. He served as an Investment Officer at First Tennessee Investment Management, the investment management division of First Horizon National Corporation, from 1973 to 1975. Mr. Sanders worked in Credit Analysis and Commercial Lending at Union Planters National Bank from 1971 to 1972. Mr. Sanders is a trustee of the Hugo Dixon Foundation, the Dixon Gallery and Gardens, the Hutchison School, Rhodes College, and the Tennessee Shakespeare Company, and is a former trustee of The Jefferson Scholars Foundation and the Campbell Clinic Foundation. He received a B.A. in Economics from the University of Virginia. We believe Mr. Sanders is a qualified director because of his experience in real estate investments and his public company expertise.

Hope B. Woodhouse will be appointed to our board of directors in connection with this offering. Ms. Woodhouse has over 25 years of experience in the financial services industry at top-ranked, global alternative asset management firms and broker dealers. Ms. Woodhouse has served as a director of Two

Harbors Investment Corp. (NYSE: TWO) since May 2012. From 2005 to 2009, she served as Chief Operating Officer and as a member of the management committee for Bridgewater Associates, Inc. Between 2003 and 2005, Ms. Woodhouse was President and Chief Operating Officer of Auspex Group, L.P., and was Chief Operating Officer and a member of the management committee of Soros Fund Management LLC from 2000 to 2003. Prior to that, she held various executive leadership positions, including Treasurer of Funds at Tiger Management L.L.C. from 1998 to 2000 and Managing Director of the Global Finance Department at Salomon Brothers Inc. from 1983 to 1998. She has previously served as a director of Piper Jaffray Companies (NYSE: PJC) and as a member of its audit and compensation committees, Seoul Securities Co. Ltd., Soros Funds Limited and The Bond Market Association. Ms. Woodhouse also serves on the boards of Bottom Line New York, the Kindergarten Reading Collaborative, Children's Services Advisory Committee and the John's Island Community Service League and is a trustee of the Tiger Foundation, and a member of the investment committee at Phillips Academy, Andover, Massachusetts. Ms. Woodhouse received an A.B. degree in Economics from Georgetown University and an M.B.A. from Harvard Business School. We believe Ms. Woodhouse is qualified to serve as a director because of her background in the financial services industry and her experience serving in executive management roles.

Board of Directors and Committees

Our business will be managed by our executive officers and our Manager, subject to the supervision and direction of our board of directors. We expect that our board of directors will determine that at the time of effectiveness of the registration statement of which this prospectus forms a part, five of our nine directors, constituting a majority, satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Exchange Act.

Our board of directors will have three standing committees: an audit committee, a compensation committee, and a nominating and corporate governance committee.

Audit Committee

Upon the closing of this offering, we expect to have an audit committee, consisting of Messrs. Kasnet and Sanders and Ms. Woodhouse. Our Audit Committee will be responsible for engaging our independent registered public accounting firm, preparing Audit Committee reports, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees, and reviewing the adequacy of our internal accounting controls.

Our Audit Committee will at all times be composed exclusively of "independent directors" as defined under the NYSE listing standards and who otherwise meet the NYSE listing standards. Each member of our Audit Committee will also be financially literate, in that they are able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

In addition, as a listed company, we must certify that our Audit Committee will need to have at least one member who is financially sophisticated in that he or she has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. Our Board of Directors has determined that each of Mr. Kasnet and Ms. Woodhouse satisfies the definition of financial sophistication and also qualifies as an "audit committee financial expert," as defined under rules and regulations of the SEC.

Compensation Committee

Upon the closing of this offering, we expect to have a compensation committee, consisting of Messrs. Kamarck and Sanders and Ms. Dehne. The principal functions of our Compensation Committee will be to:

- evaluate the performance of our executive officers;
- in consultation with senior management, establish the company's general compensation philosophy and review the compensation philosophy of our Manager;
- evaluate the performance of our Manager;
- review the compensation and fees payable to our manager under the management agreement;
- review the compensation and fees payable to any affiliates of our Manager or any other related party;
- prepare Compensation Committee reports;
- make recommendations to our Board of Directors with respect to our incentive compensation plans and equity-based plans; and
- administer the issuance of any common stock or other equity awards issued to employees of our Manager who provide services to us.

Our Compensation Committee will review and makes recommendations to our Board of Directors regarding the compensation of our independent directors.

Nominating and Corporate Governance Committee

Upon the closing of this offering, we expect to have a corporate governance committee, consisting of Mses. Dehne and Woodhouse and Mr. Kamarck.

Our Nominating and Corporate Governance Committee will be responsible for seeking, considering and recommending to our Board of Directors qualified candidates for election as directors and approve and recommend to the full Board of Directors the appointment of each of our executive officers. It will also periodically prepare and submit to our Board of Directors for adoption its selection criteria for director nominees. It will review and make recommendations on matters involving the general operation of our Board of Directors and our corporate governance, and annually will recommend to our Board of Directors nominees for each committee of our Board of Directors. In addition, the Nominating and Corporate Governance Committee will annually facilitate the assessment of our Board of Directors' performance and report thereon to our Board of Directors.

Our Nominating and Corporate Governance Committee will consider the following factors in making its recommendations to the Board of Directors: background experience, skills, expertise, accessibility and availability to serve effectively on the Board of Directors. The Nominating and Corporate Governance Committee will also conduct inquiries into the background and qualifications of potential candidates.

Our Nominating and Corporate Governance Committee's purpose and responsibilities are more fully set forth in its charter.

Corporate Governance

Code of Business Conduct and Ethics

We will adopt a code of business conduct and ethics that will apply to all of our directors and employees (if any), including our principal executive officer, principal financial officer and principal accounting officer, and to all of the officers and employees of our Manager and its affiliates who

provide services to us. Our code of business conduct and ethics will be available on our website upon the closing of this offering.

Any waiver of the code of business conduct and ethics for our executive officers or directors may be made only by our board of directors or a committee thereof and will be promptly disclosed on the corporate governance section on our corporate website as required by law or stock exchange regulation.

Director Compensation

We have not paid any cash compensation or granted any equity awards to any of the members of our board of directors since our incorporation. We do not have, and we do not currently intend to adopt, any plans or programs for our directors that provide for pension benefits or the deferral of compensation.

Any member of our board of directors who is also an employee or partner of our Manager, or any of its affiliates, will not receive any compensation from us for serving on our board of directors.

Upon completion of this offering, each independent director will receive fees for their service as follows:

- each independent director will receive an annual fee of $100,000;
- the lead independent director will receive an additional annual fee of $35,000; and
- the audit committee chair will receive an additional fee of $15,000.

The above fees will be payable half in cash and half in fully-vested shares of our common stock. The cash portion of the fee will be paid in quarterly installments and prorated in the case of service for less than the entire quarter. The stock portion of the fee will be granted pursuant to a stock award agreement under the 2017 Equity Incentive Plan on the date of the annual meeting of stockholders at which such director is elected or re-elected and the number of shares subject to issuance will be based on the closing sale price for the regular trading session of our common stock on the NYSE on the date of grant. Director fees for independent directors who are appointed to serve on the board of directors for a partial term will be prorated from the date of appointment through the date of the next annual meeting of stockholders. Directors will also be reimbursed for their reasonable out-of-pocket expenses in connection with their attendance at board and committee meetings. Each independent director on our board of directors on the closing of this offering will receive a grant of fully-vested shares of our common stock on that date in an amount prorated through the estimated date of our first annual meeting of stockholders and the number of shares subject to issuance will be based on the initial public offering price.

Stock Ownership Guidelines

Our stock ownership guidelines require each director to own at least $200,000 of shares of our common stock within five years of being elected to our board of directors and thereafter so long as such person continues to serve as a director. Restricted common stock awards, including unvested restricted stock, granted in respect of annual director fees or otherwise are counted toward achieving the stock ownership guidelines.

Executive Officer Compensation

We are externally managed by our Manager under the terms of the management agreement, pursuant to which our Manager provides us with all of the personnel required to manage our operations, including our executive officers. Since our formation, we have not paid any compensation to our executive officers and have not made any grants of plan-based awards, stock options or stock grants of any kind to them. We do not provide any of our executive officers with pension benefits or nonqualified deferred compensation plans. We do not have any employment agreements with any

persons and are not obligated to make any payments to any of our executive officers upon termination of employment or a change in control of the company.

We have not paid, and we do not currently intend to pay, any cash compensation to any of our officers, and we do not currently intend to adopt any policies with respect thereto. We have engaged our Manager pursuant to the terms of the management agreement. Under the management agreement, our Manager has agreed to provide us with a management team, including a chief executive officer and/or president, chief financial officer and general counsel or similar positions along with appropriate support personnel. Our officers are employees of an affiliate of our Manager and receive compensation therefrom. Our Manager makes all decisions relating to the compensation of such officers based on factors it deems appropriate. Except as specifically excluded from our reimbursement obligations under the management agreement, we directly or indirectly reimburse our Manager for our allocable share of compensation paid to our chief financial officer and general counsel. The fees that we pay our Manager under the management agreement provides an additional source of funds that our Manager may use to compensate our officers. See "Our Manager and the Management Agreement" for a description of the terms of the management agreement, including the fees payable to our Manager thereunder and our reimbursement obligations to our Manager.

Corporate Governance Guidelines

In order to foster the highest standards of ethics and conduct in all of our business relationships, our board of directors has adopted a Code of Business Conduct and Ethics and Corporate Governance Guidelines, which cover a wide range of business practices and procedures that apply to all of our directors, officers and employees.

2017 Equity Incentive Plan

We will adopt prior to the completion of this offering, the 2017 Equity Incentive Plan, or 2017 Plan, to provide incentive compensation to attract and retain qualified directors, officers, advisors, consultants and other personnel, including certain personnel of our Manager and their respective affiliates. The 2017 Plan permits the granting of stock options, restricted shares of common stock, phantom shares, dividend equivalent rights (or DERs), and other equity-based awards.

Administration

The 2017 Plan will be administered by the compensation committee appointed by our board of directors. The compensation committee, appointed by our board of directors, will have the full authority to administer and interpret the 2017 Plan; to authorize the granting of awards; to determine the eligibility of directors, officers, advisors, consultants and other personnel, including personnel of our Manager and its affiliates, to receive an award; to determine the number of shares of common stock to be covered by each award (subject to the individual participant limitations provided in the 2017 Plan); to determine the terms, provisions and conditions of each award (which may not be inconsistent with the terms of the 2017 Plan); to prescribe the form of instruments evidencing awards; and to take any other actions and make all other determinations that it deems necessary or appropriate in connection with the 2017 Plan or the administration or interpretation thereof. In connection with this authority, the compensation committee may, among other things, establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse. The compensation committee administering the 2017 Plan will consist of three directors, each of whom is intended to be, to the extent required by Rule 16b-3 of the Exchange Act, a non-employee director and will, at such times as we are subject to Section 162(m) of the Code, qualify as an outside director for purposes of Section 162(m) of the Code. References below to the compensation committee include a reference to the board of directors for those periods in which the board of directors is acting as the administrator of the 2017 Plan.

Available Shares

The maximum number of shares available for grant and issuance under the 2017 Plan pursuant to awards (other than DERs) will be equal to the lesser of (i) 3,242,306 shares of our common stock and (ii) 7.5% of the outstanding shares of our common stock as measured as of immediately following the closing of this offering. All of the shares reserved under the 2017 Plan may be issued as incentive stock options. In the case of grants intended to qualify for relief from the limitations of Section 162(m) of the Code, the maximum number of shares that may underlie awards over any three-year period to any eligible person may not exceed 1,500,000 as options and 600,000 as other grants. The maximum number of shares subject to awards granted under the 2017 Plan or otherwise during any one fiscal year to any member of the board of directors for services on the board of directors, taken together with any cash fees paid by us to such individual during such fiscal year for service as a member of the board of directors, will not exceed $500,000 in total value.

If an award granted under the 2017 Plan expires, terminates, or is forfeited, the shares subject to any portion of the award that expires, terminates, or is forfeited without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. In addition, shares underlying any phantom shares or DERs paid out in cash may again be made the subject of grants under the 2017 Plan. However, any shares tendered or withheld in payment of an option exercise price or to satisfy a participant's tax withholding obligations with respect to a stock award will not become available again for issuance. In addition, any shares that are not issued to a participant upon the exercise of his or her option, because he or she elected to receive cash, and any shares that have been repurchased by us using stock option exercise proceeds will not become available again for issuance. Plan termination will not affect the rights and obligations of those with outstanding grants then in effect. No award may be granted under the 2017 Plan to any person who, assuming payment of all awards held by such person, would own or be deemed to own more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock.

Awards under the Plan

Restricted Shares of Common Stock. A restricted share award is an award of shares of common stock that is subject to restrictions on transferability and such other restrictions, if any, that the compensation committee may impose at the date of grant. Grants of restricted shares of common stock may be subject to vesting schedules as determined by the compensation committee. The restrictions may lapse separately or in combination at such times and under such circumstances, including a specified period of employment or the satisfaction of pre-established criteria, in such installments or otherwise, as the compensation committee may determine. Unless otherwise provided in the grant agreement, after the termination of service of a participant by the company or its affiliates for cause or by the participant for any reason (other than the participant's death, disability or retirement), then all restricted shares of common stock still subject to restrictions shall be forfeited (and if applicable, repurchased by the company for the lesser of cost or fair market value). If the termination is due to death, disability or retirement, or such termination is by the company or its affiliates other than for cause, then all restrictions on restricted shares of common stock granted to the participant will lapse. Except to the extent restricted under the award agreement relating to the restricted shares of common stock, a participant granted restricted shares of common stock has all of the rights of a stockholder, including the right to vote and the right to receive dividends on the restricted shares of common stock. Dividends may be paid on restricted shares of common stock, whether or not vested, at the same rate and on the same date as on shares of our common stock. In addition, dividends otherwise owed on restricted shares that vest based on performance measures shall not be paid unless and until the performance measurements are met.

Phantom Shares. Phantom shares, when issued, will reduce the number of shares available for grant under the 2017 Plan and will vest as provided in the applicable award agreement. A phantom

share represents a right to receive the fair value of a share of common stock, or, if provided by the compensation committee, the right to receive the fair value of a share of common stock in excess of a base value established by the compensation committee at the time of grant. Unless otherwise provided in the grant agreement, after the termination of service of a participant by the company or its affiliates for cause, then all phantom shares shall be forfeited (whether or not then vested). If the termination is due to death, disability or retirement, or such termination is by the company or its affiliates other than for cause, then all phantom shares granted to the participant will become immediately vested. If the termination is by the participant for any reason (other than the participant's death, disability or retirement), then all unvested phantom shares will be forfeited. Phantom shares may generally be settled in cash or by transfer of shares of common stock (as may be elected by the participant or the compensation committee, as may be provided by the compensation committee at the time of grant). The compensation committee may, in its discretion and under certain circumstances, permit a participant to receive as settlement of the phantom shares installments over a period not to exceed ten years. The compensation committee may determine that the holders of awards of phantom shares will be entitled to receive dividend equivalents, which shall be payable at such time that dividends are paid on outstanding shares. However, dividends otherwise owed on phantom shares that vest based on performance measures shall not be paid unless and until the performance measures are met.

Stock Options. A stock option award is an award of the right to purchase a specific number of shares of common stock at a fixed exercise price determined on the date of grant. Stock option awards may either be incentive or non-qualified stock options; provided that incentive stock options may only granted to our employees. The exercise price of such options must equal at least the fair market value of our common stock on the date of grant. An incentive stock option held by a participant who owns more than 10% of the total combined voting power of all classes of our stock, or of certain of our subsidiary corporations, may not have a term in excess of five years and must have an exercise price of at least 110% of the fair market value of our common stock on the grant date. The compensation committee will determine the methods of payment of the exercise price of an option, which may include cash, shares or cancellation of indebtedness acceptable to the compensation committee. Subject to the provisions of the 2017 Plan, the compensation committee determines the remaining terms of the options (e.g., vesting). Unless otherwise provided in the grant agreement, after the termination of service of an employee, director or consultant, the participant may exercise his or her option, to the extent vested as of such date of termination, for three months following the date of termination, except that if the participant terminates or is terminated for cause, no exercise after termination is permitted. If termination is due to death, the option, to the extent vested, will remain exercisable for 12 months. If the termination is due to retirement or disability, the option, to the extent vested, will remain exercisable for 24 months. In no event may an option be exercised later than the expiration of its term. A participant shall have no rights as a stockholder until the participant exercises the option and the stock certificate is issued to the participant. Without stockholder approval, the compensation committee may not permit any "repricing," meaning any reduction in exercise price or cancellation of an option in exchange for an option with a lower exercise price or a cancellation of an option for cash or another grant if the exercise price of the option is greater than the fair market value of the shares subject to the option at the time of cancellation, other than in conjunction with a change of control or other anti-dilution adjustments permitted.

DERs. An award of DERs represents the right to receive (or have credited) the equivalent value (in cash, common stock or a combination of both, as determined by the compensation committee at the time of grant) of dividends paid on common stock. A participant holding DERs receives a credit for dividends declared on common stock on each dividend payment date during the period between (x) the date the award is granted to the participant and (y) the date the award is exercised, vests or expires, as determined by the compensation committee. The specific terms of a DER will be established by the compensation committee in its discretion.

Other Share-Based Awards. The 2017 Plan authorizes the granting of other awards based upon shares of our common stock, including the grant of shares without conditions (including the grant of shares without conditions to our independent directors), the grant of shares based upon certain conditions, grants of restricted stock units and the grant of securities convertible into common stock, subject to terms and conditions established at the time of grant.

Performance Awards. The compensation committee may, in its discretion, grant awards based on performance goals, which are intended to qualify for an exception from the limitation imposed by Section 162(m) of the Code. Such performance-based awards will result in a payment to a participant only if performance goals established by the compensation committee are achieved, as determined by the compensation committee, and any other applicable vesting provisions are satisfied. For purposes of such awards, the performance goals may be one or more of the following, as determined by the compensation committee: (i) pre-tax income, (ii) after-tax income, (iii) net income (meaning net income as reflected in our financial reports for the applicable period, on an aggregate, diluted and/or per share basis), (iv) operating income, (v) cash flow, (vi) earnings per share, (vii) return on equity, (viii) return on invested capital or assets, (ix) cash and/or funds available for distribution, (x) appreciation in the fair market value of our common stock, (xi) return on investment, (xii) total return to stockholders (meaning the aggregate of our common stock price appreciation and dividends paid (assuming full reinvestment of dividends) during the applicable period), (xiii) net earnings growth, (xiv) stock appreciation (meaning an increase in the price or value of our common stock after the date of grant of an award and during the applicable period), (xv) related return ratios, (xvi) increase in revenues, (xvii) our published ranking against our peer group of real estate investment trusts based on total stockholder return, (xviii) net earnings, (xix) changes (or the absence of changes) in the per share or aggregate market price of our common stock, (xx) number of securities sold, (xxi) earnings before any one or more of the following items: interest, taxes, depreciation or amortization for the applicable period, as reflected in our financial reports for the applicable period and (xxii) total revenue growth (meaning the increase in total revenues after the date of grant of an award and during the applicable period, as reflected in our financial reports for the applicable period).

To the extent permitted by Section 162(m) of the Code, the compensation committee may provide for objectively determinable adjustments at the time of establishing the performance goals for each performance period, including among other things, adjustments to items related gain, loss, profit or expense: (A) determined to be unusual or infrequently occurring items in each case as deferred in accordance with GAAP, (B) related to the disposal of a segment of a business, (C) related to a change in accounting principle under GAAP, (D) related to discontinued operations that do not qualify as a segment of a business under GAAP, and/or (E) attributable to the business operations of any entity acquired by the Company during the fiscal year.

Prohibitions on Transfers of Options

No option shall be assignable or transferable, except by will or the laws of descent and distribution of the state wherein the participant is domiciled at the time of his death; provided, however, that the compensation committee may (but need not) permit other transfers, where the compensation committee concludes that such transferability (i) does not result in accelerated taxation, (ii) does not cause any option intended to be an incentive stock option to fail to be described in Section 422(b) of the Code and (iii) is otherwise appropriate and desirable. Such transfers must be made without consideration and only to family members (or pursuant to a qualified domestic relations order in the event of divorce of a participant) or to trusts or other entities for the benefit of family members. The compensation committee may also allow transfers to nonprofit organizations exempt from tax under Section 501(c)(3) of the Code.

Change of Control

Under the 2017 Plan, a "change of control" is generally defined as the occurrence of any of the following events: (i) the acquisition of more than 50% of our voting shares or outstanding shares by any person; (ii) the sale or disposition of all or substantially all of our assets; (iii) a merger or consolidation where our stockholders immediately prior to such event would not, immediately after such merger or consolidation, beneficially own shares representing in the aggregate more than 50% of the voting power of the surviving or resulting entity in substantially the same proportion as such stockholders' ownership immediately prior to the merger or consolidation; (iv) during any 24-calendar-month period, our directors, including subsequent directors recommended or approved by our directors, but excluding directors who became directors as a result of an actual or threatened election contest or consent solicitation, at the beginning of such period cease for any reason other than due to death to constitute a majority of our board of directors; or (v) consummation of a stockholder approved liquidation or dissolution. Notwithstanding the foregoing, no event or condition described in clauses (i) through (v) above shall constitute a change of control if it results from a transaction between us and our external manager or an affiliate of our external manager.

Upon a change of control, the compensation committee may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the change of control, but only if the compensation committee determines that the adjustments do not have a substantial adverse economic impact on the participants (as determined at the time of the adjustments). Unless otherwise provided in the grant agreement or by the compensation committee, all grants under the 2017 Plan (including DERs) shall be deemed fully vested, and all restrictions and conditions on such grant shall lapse, if a participant is terminated other that for cause or good reason (as defined by the compensation committee) within twenty-four months of a change of control. The settlement date for phantom shares shall be the date of such change of control and all amounts due with respect to phantom shares to a participant hereunder shall be paid as soon as practicable (but in no event more than 30 days) after such change of control, unless such participant elects otherwise in accordance with procedures established by the compensation committee.

Upon a change of control or the dissolution or liquidation of the Company, if the outstanding grants are not assumed or substituted for new grants by the successor entity or parent thereof (with appropriate adjustments as applicable), the 2017 Plan and all outstanding grants shall terminate as of such transaction. In the event of such termination, all outstanding options and grants shall be exercisable in full, if applicable, for at least fifteen days prior to such termination, whether or not otherwise exercisable during such period.

Amendments and Termination

Our board of directors may amend, alter or discontinue the 2017 Plan but cannot take any action that would impair the rights of a participant with respect to grants previously made without such participant's consent. To the extent necessary and desirable, our board of directors must obtain approval of our stockholders for any amendment that would:

- other than through anti-dilution or similar adjustments as provided in the 2017 Plan, increase the total number of shares of common stock reserved for issuance under the 2017 Plan or the maximum number of shares permitted to be issued to any participant in any one year;
- change the class of officers, directors, employees, consultants and advisors eligible to participate in the 2017 Plan;
- reprice any awards under the 2017 Plan;
- replace any "underwater" awards under the 2017 Plan; or
- otherwise require such approval.

The compensation committee may amend the terms of any award granted under the 2017 Plan, prospectively or retroactively, but generally may not impair the rights of any participant without his or her consent.

Federal Income Tax Consequences

The following is a very general description of some of the basic tax principles that apply to awards under the 2017 Plan. The grant of an option will create no tax consequences for the participant or the company. A participant will have no taxable income upon exercise of an incentive stock option, except that the alternative minimum tax may apply. Upon exercise of a non-qualified option, a participant generally must recognize ordinary income equal to the fair market value of the shares acquired minus the exercise price. Upon a disposition of shares acquired by exercise of an incentive stock option before the end of the applicable incentive stock option holding periods, the participant generally must recognize ordinary income equal to the lesser of (i) the fair market value of the shares at the date of exercise minus the exercise price or (ii) the amount realized upon the disposition of the option shares minus the exercise price. Otherwise, a participant's disposition of shares acquired upon the exercise of an option generally will result in capital gain or loss. Other awards under the 2017 Plan, including restricted stock, restricted stock units, phantom shares and DERs generally will result in ordinary income to the participant at the later of the time of delivery of cash or shares, or the time that either the risk of forfeiture or restriction on transferability lapses on previously delivered shares or other property. Except as discussed below, we generally will be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with an award, but will be entitled to no tax deduction relating to amounts that represent a capital gain to a participant. Thus, we will not be entitled to any tax deduction with respect to an incentive stock option if the participant holds the shares for the incentive stock option holding periods.

Code Section 162(m) generally limits the tax deductibility of compensation paid to each of certain executive officers to $1 million per year, but allows deductions in excess of this amount for "performance-based compensation" as defined under Code Section 162(m). We intend that options granted under the 2017 Plan will qualify as performance-based compensation under Code Section 162(m). In addition, other awards under the 2017 Plan, such as restricted stock, restricted stock units, phantom shares, DERs and other stock-based awards, generally may not qualify, so that compensation paid to executive officers in connection with such awards may not be deductible.

The forgoing is general tax discussion and different tax rules may apply to specific participants and transactions under the 2017 Plan. The 2017 Plan is qualified in its entirety by reference to the full text of the 2017 Plan which is filed as an exhibit to the registration statement of which this prospectus forms a part.

OUR MANAGER AND THE MANAGEMENT AGREEMENT

General

We will be externally managed and advised by Pine River Capital Management L.P., or our Manager. Each of our officers is an employee of Pine River Domestic Management L.P., an affiliate of our Manager. The executive offices of our Manager are located at 590 Madison Avenue, 38th Floor, New York, NY 10022, and the telephone number of our Manager's executive offices is (212) 364-3200. See "Business—Our Manager" for a description of our Manager.

Management Agreement

Upon the closing of this offering, we will enter into a management agreement with our Manager pursuant to which it will manage our investments and day-to-day operations. The management agreement will require our Manager to manage our business affairs in conformity with the investment guidelines and policies that are approved and monitored by our board of directors. Our Manager's role as Manager will be under the supervision and direction of our board of directors.

Management Services

Our Manager will be responsible for our day-to-day operations, and will perform (or cause to be performed) such services and activities relating to our investments and operations as may be appropriate, which may include the following:

- serving as our consultant with respect to the periodic review of the investment guidelines and other parameters for our investments, financing activities and operations, any modification to which will be approved by a majority of our independent directors;
- identifying, investigating, analyzing, and selecting possible investment opportunities and originating, negotiating, acquiring, consummating, monitoring, financing, retaining, selling, amending, negotiating for prepayment, restructuring, refinancing, foreclosing, hypothecating, pledging or otherwise disposing of investments consistent with our investment guidelines;
- with respect to prospective purchases, sales, exchanges or other dispositions of investments, conducting negotiations on our behalf with sellers, purchasers and other counterparties and, if applicable, their respective agents, advisors and representatives;
- negotiating and entering into, on our behalf, repurchase agreements, securitizations, commercial papers, interest rate or currency swap agreements, hedging arrangements, financing arrangements (including one or more credit facilities), foreign exchange transactions, derivative transactions and other agreements and instruments required or appropriate in connection with our activities;
- engaging and supervising, on our behalf and at our expense, independent contractors, advisors, consultants, attorneys, accountants, auditors, and other service providers (which may include affiliates of our Manager) that provide various services with respect to us;
- coordinating and managing operations of any joint venture or co-investment interests held by us and conducting all matters with the joint venture or co-investment partners;
- providing executive and administrative personnel, office space and office services required in rendering services to us;
- administering the day-to-day operations and performing and supervising the performance of such other administrative functions necessary to our management as may be agreed upon by our Manager and our board of directors;
- communicating on our behalf with the holders of any of our equity or debt securities as required to satisfy the reporting and other requirements of any governmental bodies or agencies or

trading markets and to maintain effective relations with such holders, including website maintenance, logo design, analyst presentations, investor conferences and annual meetings arrangements;

- counseling us in connection with policy decisions to be made by our board of directors;
- evaluating and recommending to our board of directors hedging strategies and engaging in hedging activities on our behalf, consistent with such strategies as so modified from time to time, with our qualification as a REIT and with the Investment Guidelines;
- counseling us regarding the maintenance of our qualification as a REIT and monitoring compliance with the various REIT qualification tests and other rules set out in the Code and Treasury Regulations thereunder and using commercially reasonable efforts to cause us to qualify for taxation as a REIT;
- counseling us regarding the maintenance of our exemption from the status of an investment company required to register under the Investment Company Act, monitoring compliance with the requirements for maintaining such exemption and using commercially reasonable efforts to cause us to maintain such exemption from such status;
- furnishing reports and statistical and economic research to us regarding our activities and services performed for us by our Manager;
- monitoring the operating performance of our investments and providing periodic reports with respect thereto to our board of directors, including comparative information with respect to such operating performance and budgeted or projected operating results;
- investing and reinvesting any monies and securities of us (including investing in short-term investments pending investment in other investments, payment of fees, costs and expenses or payments of dividends or distributions to our stockholders, partners or members) and advising us as to our capital structure and capital raising;
- causing us to retain qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures and systems, internal controls and other compliance procedures and testing systems with respect to financial reporting obligations and compliance with the provisions of the Code applicable to REITs and, if applicable, taxable REIT subsidiaries, and to conduct quarterly compliance reviews with respect thereto;
- assisting us in qualifying to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;
- assisting us in complying with all regulatory requirements applicable to us in respect of our business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any, required under the Exchange Act or the Securities Act or by the NYSE;
- assisting us in taking all necessary action to enable us to make required tax filings and reports, including soliciting information from stockholders, partners or members to the extent required by the provisions of the Code applicable to REITs;
- placing, or arranging for the placement of, all orders pursuant to our Manager's investment determinations for us either directly with the issuer or with a broker or dealer (including any affiliated broker or dealer);
- handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which we may be involved or to which we may be subject arising out of our day-to-day operations (other than with our Manager or its affiliates), subject to such reasonable limitations or parameters as may be imposed from time to time by our board of directors;

- using commercially reasonable efforts to cause expenses incurred by us or on our behalf to be commercially reasonable or commercially customary and within any budgeted parameters or expense guidelines set by our board of directors from time to time;
- advising us with respect to and structuring long-term financing vehicles for our portfolio of assets, and offering and selling securities publicly or privately in connection with any such structured financing;
- advising us with respect to decisions regarding any of our financings, hedging activities or borrowings undertaken by us, including (A) assisting us in developing criteria for debt and equity financing that is specifically tailored to our investment objectives and (B) advising us with respect to obtaining appropriate financing for our investments;
- providing us with portfolio management services and monitoring services; and
- arranging marketing materials, advertising, industry group activities (such as conference participations and industry organization memberships) and other promotional efforts designed to promote our business;
- using commercially reasonable efforts to cause us to comply with all applicable laws; and
- performing such other services as may be required from time to time for management and other activities relating to our assets and business as our board of directors shall reasonably request or our Manager shall deem appropriate under the particular circumstances.

Liability and Indemnification

Pursuant to the management agreement, our Manager will not assume any responsibility other than to render the services under the management agreement in good faith. It will not be responsible for any action of our board of directors in following or declining to follow any advice or recommendations of our Manager, including as set forth in our investment guidelines. Our Manager and its affiliates, and any of their members, stockholders, managers, partners, personnel, officers, directors, employees, consultants and any person providing sub-advisory services to our Manager, will not be liable to us, our board of directors or our stockholders, partners or members for any acts or omissions (including errors that may result from ordinary negligence, such as errors in the investment decision making process or in the trade process) performed in accordance with the management agreement, except by reason of acts or omission constituting bad faith, willful misconduct, gross negligence or reckless disregard of their respective duties under the management agreement, as determined by a final non-appealable order of a court of competent jurisdiction

We will agree, to the full extent lawful, to reimburse, indemnify and hold harmless our Manager, its affiliates and any of their officers, stockholders, members, partners, managers, directors, personnel, employees, consultants and any person providing sub-advisory services to our Manager of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorney's fees and amounts reasonably paid in settlement) incurred by the indemnified party in or by reason of any pending, threatened or completed action, suit, investigation or other proceedings (including an action or suit by or in the right of us or our security holders) arising from any acts or omissions of our Manager not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties, arising from acts or omissions performed in good faith in accordance with and pursuant to the management agreement. Our Manager will agree, to the full extent lawful, to reimburse, indemnify and hold harmless us, our directors, officers, stockholders, partners or members and any persons controlling us of and from any and all expenses, losses, damages, liabilities, demands, charges and claims arising from acts or omissions of our Manager constituting bad faith, willful misconduct, gross negligence or reckless disregard of its duties under the management agreement or any claims by our Manager's employees relating to the terms and conditions of their employment by our Manager. Our Manager will carry, at its sole cost and expense, reasonable and

customary errors and omissions and other customary insurance coverage upon the completion of this offering in respect of its obligations and activities under, or pursuant to, the management agreement.

Management Team

Pursuant to the terms of the management agreement, our Manager is required to provide us with our management team, including a Chief Executive Officer and/or President, Chief Financial Officer and/or Treasurer, Chief Investment Officer, Chief Operating Officer and General Counsel and/or Secretary, each of whom must be satisfactory and approved by our Board, along with appropriate support personnel, to provide the management services to be provided by our Manager to us. The management team will be required to devote such of their time to the management of the company as necessary and appropriate, commensurate with the level of activity of the company from time to time.

Our Manager is required to refrain from any action that, in its sole judgment made in good faith,

- is not in compliance with the investment guidelines,
- would adversely and materially affect our qualification as a REIT under the Code or our status as an entity intended to be exempted or excluded from investment company status under the Investment Company Act, or
- would violate any law, rule or regulation of any governmental body or agency having jurisdiction over us or of any exchange on which our securities may be listed or that would otherwise not be permitted by our charter or bylaws.

If our Manager is ordered to take any action by our board of directors, our Manager will promptly notify the board of directors if in our Manager's reasonable judgment such action would adversely and materially affect such status or violate any such law, rule or regulation or our charter or bylaws.

Term and Termination

The management agreement may be amended, supplemented or modified by agreement between us and our Manager. The initial term of the management agreement expires on the third anniversary of the completion of this offering and will be automatically renewed for a one-year term each succeeding anniversary date unless it is previously terminated as described below. Our independent directors will review our Manager's performance and the management fees annually and, following the initial term, the management agreement may be terminated annually upon the affirmative vote of at least two-thirds of our independent directors or upon a determination by the holders of a majority of outstanding shares of common stock, based upon (a) unsatisfactory performance that is materially detrimental to us taken as a whole, or (b) our determination that the management fees payable to our Manager are not fair, subject to our Manager's right to prevent such termination due to unfair fees by accepting a reduction of management fees agreed to by at least two-thirds of our independent directors. We must provide 180 days' prior notice of any such termination. Unless terminated for cause, our Manager will be paid a termination fee equal to three times the sum of (i) the average annual base management fee and (ii) average annual incentive compensation, in each case earned by our Manager during the 24-month period immediately preceding the most recently completed calendar quarter prior to the termination date.

We may also terminate the management agreement at any time, including during the initial term, without the payment of any termination fee, with 30 days' prior written notice from our board of directors for cause, which is defined as:

- the continued breach by our Manager, its agents or its assignees of any material provision of the management agreement following a period of 30 days after written notice thereof (or 45 days after written notice of such breach if our Manager, under certain circumstances, has taken steps to cure such breach within 30 days of the written notice);

- the commencement of any proceeding relating to the bankruptcy or insolvency of our Manager, including an order for relief in an involuntary bankruptcy case or our Manager authorizing or filing a voluntary bankruptcy petition;

- any change of control of our Manager which a majority of our independent directors determines is materially detrimental to us taken as a whole;

- our Manager committing fraud against us, misappropriating or embezzling our funds, or acting, or failing to act, in a manner constituting bad faith, willful misconduct, gross negligence or reckless disregard in the performance of its duties under the management agreement; provided, however, that if any of these actions or omissions is caused by an employee, personnel and/or officer of our Manager or one of its affiliates and our Manager (or such affiliate) takes all necessary and appropriate action against such person and cures the damage caused by such actions or omissions within 30 days of our Manager's actual knowledge of its commission or omission, the management agreement will not be terminable; and

- the dissolution of our Manager.

During the initial three-year term of the management agreement, we may not terminate the management agreement except for cause.

Our Manager may assign the management agreement in its entirety or delegate the performance of any of its responsibilities thereunder, to any of its affiliates without the approval of us or our independent directors so long as it remains liable for any such affiliate's performance, in each case so long as assignment or delegation does not require our approval under the Investment Company Act or does not result in a "change of control" as interpreted under the Investment Advisers Act of 1940, as amended.

Our Manager may terminate the management agreement if we become required to register as an investment company under the Investment Company Act, with such termination deemed to occur immediately before such event, in which case we would not be required to pay a termination fee. Our Manager may decline to renew the management agreement by providing us with 180 days' written notice, in which case we would not be required to pay a termination fee. In addition, if we default in the performance or observance of any material term, condition or covenant contained in the management agreement and the default continues for a period of 30 days after written notice to us requesting that the default be remedied within that period, our Manager may terminate the management agreement upon 60 days' written notice. If the management agreement is terminated by our Manager upon our breach, we would be required to pay our Manager the termination fee described above.

We may not assign our rights or responsibilities under the management agreement without the prior written consent of our Manager, except in the case of assignment to another REIT or other organization which is our successor, in which case such successor organization will be bound under the management agreement and by the terms of such assignment in the same manner as we are bound under the management agreement.

Management Fees, Incentive Fees and Expense Reimbursements

We do not expect to maintain an office or directly employ personnel. Instead, we will rely on the facilities and resources of our Manager and its affiliates to manage our day-to-day operations.

Base Management Fee

We will pay our Manager a base management fee in an amount equal to one-fourth of 1.50% per annum of our "Equity," calculated and payable quarterly in arrears in cash. For the purposes of calculating the management fee, our "Equity" means: (a) the sum of (1) the net proceeds received by

us from all issuances of our equity securities, plus (2) our cumulative "Core Earnings" for the period commencing on the completion of this offering to the end of the most recently completed calendar quarter, (b) less (1) any distribution to our stockholders, (2) any amount that we or any of our subsidiaries have paid to repurchase for cash our stock following the completion of this offering and (3) any incentive compensation earned by our Manager following the completion of this offering, but excluding incentive compensation earned in the current quarter*, provided*, that, for the avoidance of doubt, the "net proceeds" from all issuances of our stock under (a)(1) above shall be deemed to include the common stock issued to Two Harbors as part of the Formation Transaction, valued at the amount that will be recorded in our stockholders' equity in accordance with GAAP. All items in the foregoing sentence (other than clause (a)(2) are calculated on a daily weighted average basis. As a result, our Equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. Our Manager uses the proceeds from its management fee in part to pay compensation to its officers and personnel who, notwithstanding that certain of them also are our officers, receive no cash compensation directly from us. The management fee is payable independent of the performance of our portfolio.

Incentive Compensation

We will pay our Manager incentive compensation with respect to each calendar quarter (or part thereof that the management agreement is in effect) in arrears. The incentive compensation will be an amount, not less than zero, equal to the excess of (1) the product of (a) 20% and (b) the result of (i) our Core Earnings for the previous 12-month period, minus (ii) the product of (A) our Equity in the previous 12-month period, and (B) 8% per annum, less (2) the sum of any incentive compensation paid to our Manager with respect to the first three calendar quarters of such previous 12-month period; *provided, however*, that no Incentive Compensation is payable with respect to any calendar quarter unless Core Earnings for the 12 most recently completed calendar quarters in the aggregate is greater than zero. The first quarter for which incentive compensation will be payable, if earned, will be the quarter ending December 31, 2018.

"Core Earnings" means the net income (loss) attributable to our common stockholders, computed in accordance with GAAP, and excluding (1) non-cash equity compensation expense, (2) the incentive compensation earned by our Manager, (3) depreciation and amortization, (4) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable period, regardless of whether such items are included in other comprehensive income or loss or in net income and (5) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items, in each case after discussions between our Manager and our independent directors and approved by a majority of our independent directors. Pursuant to the terms of our Management Agreement, the exclusion of depreciation and amortization from the calculation of Core Earnings only applies to depreciation and amortization related to our Target Investments that are structured as debt to the extent that we foreclose upon the property or properties underlying such debt.

The table below sets forth a simplified, hypothetical example of the incentive compensation calculation pursuant to the management agreement using a hurdle rate (the rate of return on Equity above which our Manager earns incentive compensation) of 8.0% per annum and an incentive rate (the proportion of the rate of return on Equity above the hurdle rate earned by our Manager as incentive compensation) of 20.0%, based on the following assumptions:

- Equity in the previous 12-month period of $1,000,000,000;
- Core Earnings for the previous 12-month period, representing an annual yield of 9.0% on Equity;
- no prior incentive fees were earned and quarterly incentive fees earned during the hypothetical annual period are paid quarterly; and

- quarterly distributions of all accumulated Core Earnings.

This example of the incentive compensation earned by our Manager is provided for illustrative purposes only and is qualified in its entirety by the terms of the management agreement, which is filed as an exhibit to the registration statement on Form S-11 of which this prospectus forms a part.

	Illustrative Amount	Calculation
1. What are the Core Earnings?	$ 90,000,000	The annual yield on Equity (9.0%) multiplied by Equity in the previous 12-month period ($90,000,000)
2. What is the Hurdle Amount?	$ 80,000,000	The hurdle rate (8.0% per annum) multiplied by Equity in the previous 12-month period ($80,000,000)
3. What is the Incentive Compensation?	$ 2,000,000	The incentive rate (20.0%) multiplied by the excess of the Core Earnings ($90,000,000) above the Hurdle Amount ($80,000,000)

Reimbursement of Expenses

We will reimburse our Manager or its affiliates for the expenses described below. Expense reimbursements to our Manager will be made in cash on a monthly basis following the end of each month. Our reimbursement obligation is not subject to any dollar limitation. Because our Manager's personnel perform certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, our Manager is paid or reimbursed for the documented cost of performing such tasks, provided that such costs and reimbursements are in amounts which are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's length basis.

In addition to the items described in the preceding paragraph, we will also pay all operating expenses, except those specifically required to be borne by our Manager under the management agreement. The expenses required to be paid by us include:

- fees, costs and expenses in connection with the issuance and transaction costs incident to the diligencing, underwriting, acquisition, negotiation, structuring, origination, trading, settling, operation, servicing, disposition and financing of our assets and investments (whether or not consummated);
- fees, costs and expenses of legal, financial, tax, accounting, underwriting, originating, servicing, due diligence, consulting, auditing (including internal audit), operational and administrative, investment banking, capital markets and other similar services rendered for us by providers retained by our Manager or, if provided by our Manager's personnel, in amounts that are no greater than those that would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's length basis;
- the compensation and expenses of our directors and the cost of liability insurance to indemnify our directors and officers;
- interest and fees and expenses arising out of borrowings made by us, including, but not limited to costs associated with the establishment and maintenance of any of our credit facilities, other financing arrangements, or other indebtedness of ours (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of our securities offerings;

- expenses connected with communications to holders of our securities and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies;
- costs associated with technology related expenses, including any computer software or hardware, electronic equipment or purchased information technology services from third party vendors or affiliates of our Manager, technology service providers and related software/hardware utilized in connection with our investment and operational activities;
- expenses incurred by managers, officers, personnel and agents of our Manager for travel on our behalf and other out-of-pocket expenses incurred by managers, officers, personnel and agents of our Manager in connection with the services provided hereunder, including in connection with any purchase, financing, refinancing, sale or other disposition of an investment or establishment and maintenance of any of our securitizations or any of our securities offerings;
- costs and expenses incurred with respect to market information systems and publications, research publications and materials, and settlement, clearing and custodial fees and expenses;
- the costs of maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency;
- all federal, state and local taxes and license fees;
- all insurance costs incurred in connection with the operation of our business except for the costs attributable to the insurance that our Manager elects to carry for itself and its personnel;
- all other costs and expenses relating to our business and investment operations, including the costs and expenses of originating, acquiring, owning, protecting, servicing, maintaining, developing and disposing of investments, including appraisal, reporting, audit and legal fees;
- expenses (including our portion of rent, telephone, printing, mailing, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses) relating to any office(s) or office facilities, calculated in accordance with our actual usage of such facilities, equipment or services, including disaster backup recovery sites and facilities, maintained for us or our investments, our Manager or their affiliates required for our operation;
- expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by our board of directors to or on account of holders of our securities, including in connection with any dividend reinvestment plan;
- the costs of any litigation involving us or our assets and the amount of any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against us, or against any trustee, director, partner, member or officer of our in his or her capacity paid in connection therewith, directors and officers, liability or other insurance and indemnification or extraordinary expense or liability relating to our affairs; and
- all other expenses actually incurred by our Manager (except as specified in the management agreement) that are reasonably necessary for the performance by our Manager of its duties and functions under the management agreement.

Non-Solicitation

If we determine not to renew the management agreement upon the affirmative vote of at least two-thirds of the independent directors that either there has been unsatisfactory performance by the Manager that is materially detrimental to us taken as a whole or the base management fee and incentive compensation payable to our Manager are not fair, subject to our Manager's right to renegotiate such fees, then for a period of two years after such termination, we may not, without our Manager's consent, employ or otherwise retain any employee of the Manager or any of its affiliates or

any person who has been employed by the Manager or any of its affiliates at any time within the two year period immediately preceding the date on which such person commences employment with or is otherwise retained by us.

Grants of Equity Compensation Concurrent with this Offering

Concurrently with the closing on this offering, we will issue, in aggregate, approximately 13,415 shares of our common stock to our independent directors, and an aggregate of 146,341 restricted shares of our common stock to our executive officers and certain personnel of an affiliate of our Manager, both based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus. Following this offering, we intend to offer stock-based compensation to an affiliate of our Manager. See "Management—2017 Equity Incentive Plan" above.

Limitation of Liability and Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter will contain such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

Our charter will provide that we have the power, and our bylaws will obligate us, to the fullest extent permitted by Maryland law, to indemnify, and to pay or reimburse reasonable costs, fees and expenses (including attorneys' fees, costs and expenses) in advance of final disposition of a proceeding and without requiring a preliminary determination of ultimate entitlement to indemnification, to any present or former director or officer of the company or any individual who, while a director or officer of our company and at our request, serves or has served another corporation, REIT, partnership, joint venture, trust, limited liability company, employee benefit plan or any other enterprise as a director, officer, partner, trustee, member or manager of such corporation, REIT, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise, and who was or is made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of his or her service in that capacity. Our charter and bylaws will also permit us to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any personnel or agent of our company or a predecessor of our company.

The Maryland General Corporation Law, or the MGCL, requires us (unless our charter provides otherwise, which our charter will not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made or threatened to be made a party by reason of his service in that capacity. The MGCL permits us to indemnify our present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that: (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse

judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses. In addition, the MGCL permits us to advance reasonable expenses to a director or officer upon our receipt of (i) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by us and (ii) a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by us if it is ultimately determined that the director or officer did not meet the standard of conduct.

Under the management agreement, our Manager will maintain a contractual as opposed to a fiduciary relationship with us which will limit our Manager's obligations to us to those specifically set forth in the management agreement. The ability of our Manager and its affiliates to engage in other business activities may reduce the time our Manager spends managing us. In addition, unlike for directors, there is no statutory standard of conduct under the MGCL for officers of a Maryland corporation. Instead, officers of a Maryland corporation, including our officers who are employees of our Manager, are subject only to general agency principles, including the exercise of reasonable care and skill in the performance of their responsibilities, as well as the duties of loyalty, good faith and candid disclosure.

We expect to enter into indemnification agreements with each of our directors and executive officers that provide for indemnification to the maximum extent permitted by Maryland law.

CONFLICTS OF INTEREST

We are subject to conflicts of interest relating to our Manager and its affiliates because, among other things:

- Each of our executive officers is an employee of an affiliate of our Manager. Therefore, these individuals have interests in our relationship with our Manager that are different than the interests of our stockholders. In particular, these individuals will have a direct interest in the financial success of our Manager, which may encourage these individuals to support strategies that impact us based upon these considerations. As a result of these relationships, these persons have a conflict of interest with respect to the agreements and arrangements we have with our Manager and its affiliates.

- Our Manager may retain, for and on behalf and at our sole cost and expense, such services of persons and firms as our Manager deems necessary or advisable in connection with our management and operations, which may include affiliates of our Manager; provided, that any such services may only be provided by affiliates to the extent (i) such services are on arm's length terms and competitive market rates in relation to terms that are then customary for agreements regarding the provision of such services to companies that have assets similar in type, quality and value to our investments, or (ii) such services are approved by a majority of our independent directors. Our Manager is entitled to rely reasonably on qualified experts and professionals (including accountants, legal counsel and other professional service providers) hired by our Manager at our sole cost and expense. In addition, our Manager is authorized to enter into one or more sub-advisory agreements with other investment managers, or, each, a Sub-Manager, pursuant to which our Manager may obtain the services of the Sub-Manager to assist our Manager in providing the investment advisory services required to be provided by our Manager under the management agreement. Specifically, our Manager may retain a Sub-Manager to recommend specific securities or other investments based upon our investment guidelines, and work, along with our Manager, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on our behalf, subject to oversight of our Manager and us. Our Manager, and not us, is responsible for any compensation payable to any Sub-Manager. Any sub-management agreement entered into by our Manager will be in accordance with applicable laws.

- Our Manager may engage and supervise, on our behalf and at our expense, independent contractors, advisors, consultants, attorneys, accountants, auditors, and other service providers, which may include affiliates of our Manager, that provide various services with respect to us, including investment banking, securities brokerage, mortgage brokerage, credit analysis, risk management services, asset management services, loan servicing, other financial, legal or accounting services, due diligence services, underwriting review services, and all other services (including transfer agent and registrar services) as may be required related to our activities or investments (or potential investments).

Our Manager may assign or delegate to one or more of its affiliates the performance of its responsibilities under the management agreement in accordance with the terms of the management agreement.

Our Manager's liability is limited under the management agreement, and we will agree to indemnify our Manager and its affiliates with respect to all expenses, losses, damages, liabilities, demands, charges and claims incurred by our Manager and its affiliates in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding arising from acts or omissions of such indemnified parties except by reason of acts or omission constituting bad faith, willful misconduct, gross negligence or reckless disregard of their respective duties under the management agreement, as

determined by a final non-appealable order of a court of competent jurisdiction. As a result, we could experience poor performance or losses for which our Manager would not be liable.

We will agree to pay our Manager a base management fee, which is not based upon performance metrics or goals, and which might reduce our Manager's incentive to devote its time and effort to seeking loans and investments that provide attractive risk-adjusted returns for our portfolio. Because the base management fees will be based on our outstanding equity, our Manager may also be incentivized to advance strategies that increase our equity, and there may be circumstances where increasing our equity will not optimize the returns for our stockholders.

In addition, our Manager has the ability to earn incentive fees based on our earnings, which may create an incentive for our Manager to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase our short-term net income and thereby increase the incentive fees to which it is entitled.

Resolution of Potential Conflicts of Interest in Allocation of Investment Opportunities

Our Manager has agreed that for so long as our Manager is managing us, neither our Manager nor any of its affiliates will sponsor or manage any other U.S. publicly traded REIT that invests in senior commercial mortgage loans, mezzanine loans, preferred equity, subordinated mortgage interests, and any other types of investments from time to time mutually agreed to by our Manager and a majority of our independent directors, all of which we refer to as "Specified Target Investments." In addition, our Manager and its affiliates may not sponsor or manage one or more private investment funds that invest in investment classes that are the same or similar to the Specified Target Investments, for a period of one year following the closing of the this offering, or the Restricted Period, except that the Manager and its affiliates may perform investment advisory services related to a single Specified Target Investment on a one-off basis for one or more private investors or investment funds, so long as the investment advisory services are provided at the request of a client of the Manager or an affiliate and the Manager promptly notifies us that such services have been rendered.

Following the Restricted Period, our Manager has agreed to offer us the right to participate in all investment opportunities that our Manager determines are appropriate for us in view of our investment objectives, policies and strategies, and other relevant factors, subject to the exception that we might not participate in each such opportunity but will on an overall basis equitably participate with our Manager's other clients in relevant investment opportunities in accordance with our Manager's then prevailing investment allocation policy. Our Manager's investment allocation policy is subject to approval by our independent directors and, at the request of our independent directors, will be subject to periodic review and back-testing by our internal audit function or an independent third party. When making decisions where a conflict of interest may arise, our Manager will endeavor to allocate investment and financing opportunities in a fair and equitable manner over time as between us and our Manager's other clients, in each case in accordance with our Manager's investment allocation policy. Our Manager has broad discretion in making that determination, and in amending that determination over time. In allocating investments among us and a Pine River Fund, our Manager's reasons for its allocation decisions may include the following:

- the contrasting strategies, time horizons and risk profiles of the participating clients;
- the relative capitalization and cash availability of the clients;
- the different liquidity positions and requirements of the participating clients;
- whether a client has appropriate exposure to or concentration in the asset type, geography or property type in question, taking into account both the client's overall investment objectives and the client's exposure or concentration relative to other clients sharing in the allocation;

- whether an opportunity can be split between the clients, or whether it must be allocated entirely to one client or the other;
- borrowing base considerations (such as repurchase agreements or other revolving credit facility terms);
- expectations regarding the timing and sources of new capital and, in the case of the Pine River Funds, historical and anticipated subscription and redemption patterns of the Pine River Funds; and
- regulatory or tax considerations.

In certain circumstances strict compliance with the foregoing allocation procedures may not be feasible and unusual or extraordinary conditions may, on occasion, warrant deviation from the practices and procedures described above. In such circumstances, senior personnel of our Manager and/or our board of directors may be called upon to determine the appropriate action which will serve the best interests of, and will be fair and equitable to, all clients involved.

Our Manager is entitled to receive a termination fee from us, under certain circumstances. See "Our Manager and the Management Agreement—Management Agreement."

Our Manager may in the future adopt additional conflicts of interest resolution policies and procedures designed to support the equitable allocation and to prevent the preferential allocation of investment opportunities among entities with overlapping investment objectives.

For additional discussion of potential conflicts of interest with our Manager, see "Risk Factors—Risks Related to Our Relationship with Our Manager" and "Our Manager and the Management Agreement—Conflicts of Interest Relating to Our Manager."

EMERGING GROWTH COMPANY STATUS

We currently qualify as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have not made a decision whether to take advantage of certain of these exemptions. If we do take advantage of any of these exemptions, we do not know if some investors will find our common stock less attractive as a result. The result may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies which are not emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We could remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1.0 billion in non-convertible debt during the preceding three year period.

STRUCTURE AND FORMATION OF OUR COMPANY

Formation Transaction

We are a newly formed entity, formed specifically for the purpose of consummating this offering. We currently do not own any property or investments. Two Harbors currently owns 100% of our outstanding common stock. Prior to the closing of this offering, we will enter into a Contribution Agreement with Two Harbors, pursuant to which, Two Harbors will transfer and assign all of the membership interests of TH Commercial Holdings LLC and its direct and indirect subsidiaries to us in exchange for the consideration described below after which we will transfer such interests to Granite Point Operating Company LLC, our direct wholly-owned subsidiary. Upon the closing of this offering and the Formation Transaction, Two Harbors will own 76.5% of our outstanding common stock. If the underwriters' option to purchase additional shares is exercised in full, Two Harbors will own 73.9% of our outstanding common stock.

Consideration Payable to Two Harbors

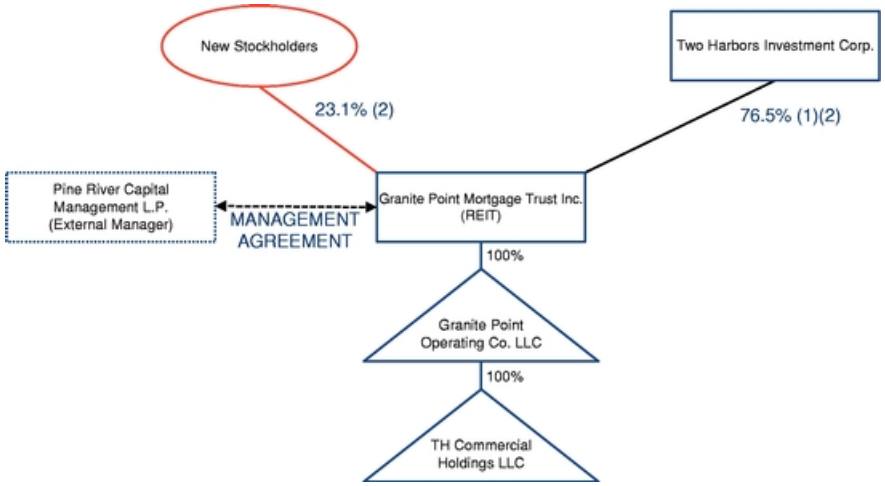
We and Two Harbors have agreed that, concurrently with the closing of this offering and the consummation of the Formation Transaction, Two Harbors or an affiliate of Two Harbors will receive 33,071,000 shares of our common stock representing approximately 76.5% of our outstanding common stock after this offering and 1,000 shares of our 10% cumulative redeemable preferred stock having a liquidation preference of $1,000 per share in exchange for all of the equity interests in our Predecessor, which includes cash. The closing cash amount will be adjusted to reflect settlement of working capital and intercompany payables, among other things, following the closing of the Formation Transaction in accordance with the contribution agreement.

Two Harbors has agreed to indemnify us for certain losses arising out of, relating to or as a result of a breach by Two Harbors of a representation in the contribution agreement, subject to certain exceptions, up to a maximum of the number of shares of common stock Two Harbors will receive in the Formation Transaction, or 33,071,000 shares, multiplied by the initial public offering price per share.

We have agreed to indemnify Two Harbors for certain losses arising out of, relating to or as a result of any breach of a representation by us in the contribution agreement subject to the same limit that applies to Two Harbors' indemnification obligation.

Our Structure After Consummation of the Formation Transaction and This Offering

The following chart summarizes our organizational structure and equity ownership immediately after giving effect to the Formation Transaction and this offering. This chart is provided for illustrative purposes only and does not show all of our legal entities or ownership percentages of such entities.



(1) After a 120-day lock-up period following the closing of this offering, Two Harbors currently expects to make a distribution of the shares of common stock issued to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders.

(2) Does not reflect the initial grants under our 2017 Equity Incentive Plan to our independent directors, executive officers and certain other personnel of an affiliate of our Manager.

Determination of Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by a negotiation among us and the representatives of the underwriters. In determining the initial public offering price of our common stock, the representatives of the underwriters will consider, among other things, the information presented in this prospectus, the history and prospects for the industry in which we will compete, the ability of our management, prospects for our future earnings, the present state of our development and current financial condition, the recent market prices of, and the demand for, publicly traded shares of generally comparable companies and the general condition of the securities markets at the time of this offering. The initial public offering price does not necessarily bear any relationship to the book value of the properties and investments to be acquired in the Formation Transaction, our financial condition or any other established criteria of value and may not be indicative of the market price for our common stock after this offering.

Disposition of Shares Issued to Two Harbors

Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120-day lock-up period following the closing of this offering, after which Two Harbors currently expects to make a distribution of the shares of common stock issued to it in connection with the Formation Transaction by means of a special pro rata dividend to Two Harbors common stockholders.

Benefits to Related Parties

In connection with this offering and the Formation Transaction, our Predecessor and certain of our directors and executive officers will receive material benefits. All amounts are based on an assumed initial public offering price of $20.50 per share, the midpoint of the range indicated on the cover page of this prospectus:

- Two Harbors will receive shares of common stock with a value of approximately $678 million and 1,000 shares of our 10% cumulative redeemable preferred stock with a value of approximately $1,000,000, both as described above.

- Our independent directors will be granted an aggregate of approximately 13,415 shares of our common stock, based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus, and certain of our executive officers and certain other personnel of our Manager will be granted an aggregate of 146,341 restricted shares of our common stock.

We will also enter into indemnification agreements with our directors and officers upon the closing of this offering, providing for indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against such officers and/or directors, in their capacities as such.

PRINCIPAL STOCKHOLDERS

Immediately prior to the completion of this offering, there will be 1,000 shares of common stock outstanding held by an affiliate of Two Harbors, which will be our only stockholder of record. We will repurchase these shares at cost upon completion of this offering. We will have no other shares of capital stock outstanding immediately prior to the completion of this offering. The following table sets forth certain information, prior to and after this offering, regarding the ownership of each class of our common stock by:

- each of directors;
- each of our executive officers;
- each holder of 5% of more of each class of our capital stock; and
- all of our directors and executive officers as a group.

In accordance with SEC rules, each listed person's beneficial ownership includes:

- all shares the investor actually owns beneficially or of record;
- all shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and
- all shares the investor has the right to acquire within 60 days (such as shares of restricted common stock that are currently vested or which are scheduled to vest within 60 days).

Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. Except as indicated in the footnotes to the table below, the business address of the stockholders listed below is the address of our principal executive office, 590 Madison Avenue, 36th Floor, New York, NY 10022.

The table below does not reflect the aggregate of 146,341 restricted shares of our common stock to be granted to our executive officers and certain personnel of our Manager in connection with the closing of this offering. The table below also does not reflect any shares of common stock that directors, director nominees and executive officers may purchase in this offering through the directed share program described under "Underwriting." The table below does reflect the approximately 13,415 shares of common stock to be granted to our independent directors based on the assumed initial public

offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus.

	Percentage of Common Stock Outstanding			
	Immediately Prior to this Offering		Immediately After the Formation Transaction and this Offering[1]	
Name and Address	Shares Owned	Percentage	Shares Owned[4]	Percentage
Two Harbors Operating Company LLC[2]	1,000	100.0%	31,071,000	76.5%
Stephen Alpart	—	—		*
Tanuja M. Dehne[3]**	—	—	2,439	*
Martin A. Kamarck[3]**	—	—	2,439	*
Stephen G. Kasnet[3]**	—	—	2,805	*
Steven Plust	—	—		*
William Roth	—	—		*
Rebecca B. Sandberg	—	—		*
W. Reid Sanders[3]**	—	—	2,439	*
Thomas E. Siering	—	—		*
Brian C. Taylor	—	—		*
John ("Jack") A. Taylor	—	—		*
Marcin Urbaszek	—	—		*
Hope B. Woodhouse[3]**	—	—	2,439	*
All directors and executive officers as a group (13 persons)	—	—	12,561	*

* Represents less than 1% of the common shares outstanding upon the closing of this offering.

** This individual has agreed to become a member of our board of directors upon the completion of this offering.

(1) Assumes no exercise of the underwriters' option to purchase additional shares.

(2) In connection with our initial formation, these shares were issued to Two Harbors Operating Company LLC for a total of $1,000 in cash and we will repurchase these at cost upon the completion of this offering.

(3) Represents 2,439 shares of our common stock to each of our independent directors as initial grants, and for Mr. Kasnet an additional 366 shares of our common stock based on his position as chair of our audit committee upon effectiveness of the registration statement of which this prospectus forms a part, all based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus.

(4) Excludes an additional 854 shares of our common stock to be granted to the lead independent director upon his or her appointment. As of the date of this prospectus, we have not yet appointed a lead independent director.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Formation Transaction

The commercial mortgage loans and other real estate-related debt investments that we will own upon the closing of this offering and the Formation Transaction are currently owned indirectly by our Predecessor. As part of the Formation Transaction, we are entering into a contribution agreement with Two Harbors pursuant to which we will acquire full ownership of our Predecessor and its subsidiaries substantially concurrently with the closing of this offering. Two Harbors or an affiliate of Two Harbors will receive 33,071,000 shares of our common stock representing approximately 76.5% of our outstanding common stock after this offering and 1,000 shares of our 10% cumulative redeemable preferred stock having a liquidation preference of $1,000 per share. For further information regarding the terms of the Formation Transaction, including the benefits to related parties, see "Business—Our Company."

Director Designation Agreement

In connection with the Formation Transaction, we will enter into a director designation agreement with Two Harbors that will allow Two Harbors, at the direction of its independent directors, to designate three individuals for nomination for election to our board of directors, to serve following the closing of this offering. The independent directors that Two Harbors has initially designated are Mr. Kasnet, Ms. Woodhouse and Mr. Sanders. Pursuant to the director designation agreement, the designees must qualify as independent directors, as defined under the rules of the SEC and NYSE. The director designation agreement also allows Two Harbors to re-designate these directors, or to designate other qualifying individuals in their stead, for nomination for election to our board of directors, to serve until our annual meeting of our stockholders in 2019. For a discussion of the compensation these directors will receive, see "Management—Corporate Governance—Director Compensation."

Management Agreement

Prior to the closing of this offering, we will enter into a management agreement with PRCM, our Manager, pursuant to which our Manager will provide the day-to-day management of our operations. The management agreement requires our Manager to manage our business affairs in conformity with the policies and the investment guidelines that are approved and monitored by our board of directors. See "Our Manager and the Management Agreement—Management Agreement." The management agreement requires us to pay our Manager management fees and to reimburse it for various expenses. The management agreement has an initial three-year term and will be renewed for one-year terms thereafter unless terminated by either us or our Manager. Our Manager is entitled to receive a termination fee from us, under certain circumstances. See "Our Manager and the Management Agreement—Management Agreement."

Each of our officers is also an employee of Pine River Domestic Management L.P., an affiliate of our Manager. As a result, the management agreement between us and our Manager was negotiated between related parties, and the terms, including fees and other amounts payable, may not be as favorable to us as if it had been negotiated with an unaffiliated third party. See "Management—Conflicts of Interest" and "Risk Factors—Risks Related to Our Relationship With Our Manager—There are various conflicts of interest in our relationship with our Manager and its affiliates, which could result in decisions that are not in the best interests of our stockholders."

The management agreement is intended to provide us with access to our Manager's pipeline of investment opportunities and its personnel and its experience in capital markets, credit analysis, debt structuring and risk and investment management, as well as assistance with corporate operations, legal and compliance functions and governance.

Stock Awards

We intend to grant initial equity awards to our independent directors of an aggregate of approximately 13,415 shares of our common stock, and an aggregate of 146,341 restricted shares of our common stock to our executive officers and certain personnel of an affiliate of our Manager, both based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus.

Related Party Transaction Policies; Conflicts of Interest

Prior to the closing of this offering, we will also adopt a related party transaction policy and a code of business conduct and ethics and other policies that are designed to reduce certain potential conflicts of interest between our officers, employees and directors on the one hand and us on the other hand. See "Management—Code of Business Conduct and Ethics" and "Our Manager and the Management Agreement—Conflicts of Interest Relating to Our Manager."

Indemnification and Limitation of Directors' and Officers' Liability

Our charter authorizes us and our bylaws will obligate us to provide certain indemnification rights to our directors and officers and we will enter into an indemnification agreement with each of our executive officers and directors, providing for procedures for indemnification and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors or otherwise, to the maximum extent permitted by Maryland law. See "Management—Limitation of Liability and Indemnification."

Purchases in Directed Share Program

Directors and officers of Two Harbors, our Manager and its affiliates, will be able to purchase shares of our common stock in the directed share program. See "Underwriting." All purchases of common stock in the directed share program will be at the public offering price. Purchases by any of these directors and officers may individually exceed $120,000.

Stock Purchase Plan

Two Harbors has agreed to adopt the 10b5-1 Plan in accordance with Rules 10b5-1 and 10b-18 under the Exchange Act, under which Two Harbors will agree to buy in the open market up to $20 million in the aggregate of shares of our common stock during the period commencing four full calendar weeks after the completion of this offering and ending on the earlier of the date on which all the capital committed to the plan has been exhausted or the date preceding the ex-dividend date associated with Two Harbor's declaration of the pro rata distribution of our common stock to Two Harbors stockholders but no later than December 31, 2017. During such time, the 10b5-1 Plan will require Two Harbors to purchase shares of our common stock when the market price per share is below book value. The purchase of shares by Two Harbors pursuant to the 10b5-1 Plan is intended to satisfy the conditions of Rules 10b5-1 and 10b-18 under the Exchange Act, and will otherwise be subject to applicable law, including Regulation M, which may prohibit purchases under certain circumstances. Under the 10b5-1 Plan, Two Harbors will increase the volume of purchases made as the price of our common stock declines below the book value of such shares, subject to volume restrictions imposed by the 10b5-1 Plan and the Exchange Act rules and regulations. For purposes of the 10b5-1 Plan, "book value" means, as of the date of any repurchase, the last reported book value per share of our common stock for which financial statements are made available, calculated in accordance with GAAP. The reported book value per share subsequent to the closing of this offering will be the pro forma net tangible book value per share disclosed in "Dilution." This initial reported book value per share will remain in effect until a future reported book value is made available as of the end of the most recent quarterly period for which financial statements are available. Whether purchases will be

made under the 10b5-1 Plan and how much will be purchased at any time is uncertain, dependent on prevailing market prices and trading volumes, all of which we cannot predict. These activities may have the effect of maintaining the market price of the common stock or retarding a decline in the market price of the common stock, and, as a result, the price of our common stock may be higher than the price that otherwise might exist in the open market without such purchases. See "Risk Factors—Purchases of our common stock by Two Harbors under the 10b5-1 Plan may result in the price of our common stock being higher than the price that otherwise might exist in the open market without such purchases."

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the rights and preferences of our capital stock. This summary is subject to, and qualified in its entirety by reference to, our charter and bylaws and the applicable provisions of the Maryland General Corporation Law, or the MGCL. While we believe that the following description covers the material terms of our capital stock, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire prospectus, our charter and bylaws and the other documents we refer to for a more complete understanding of our capital stock. Copies of our charter and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

General

We are incorporated under the laws of the state of Maryland. The rights of our stockholders are governed by Maryland law as well as our charter and bylaws.

Following the closing of this offering, we will have in place a charter that authorizes us to issue up to 450,000,000 shares of common stock, $0.01 par value per share, and 50,000,000 shares of preferred stock, $0.01 par value per share, of which 1,000 shares are classified as 10% cumulative redeemable preferred stock, par value $0.01 per share. Our charter authorizes our board of directors to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of shares of stock of any class or series without stockholder approval. After giving effect to this offering and the other transactions described in this prospectus, 43,230,756 shares of common stock will be issued and outstanding on a fully diluted basis (44,730,756 shares if the underwriters' option to purchase additional shares is exercised in full), and 1,000 shares of 10% cumulative redeemable preferred stock will be issued and outstanding. Under Maryland law, stockholders are generally not liable for our debts or obligations.

Common Stock

Subject to the preferential rights of any other class or series of shares of stock and to the provisions of our charter regarding the restrictions on ownership and transfer of shares of our stock, holders of shares of our common stock are entitled to receive dividends on such shares of common stock out of investments legally available therefor if, as and when authorized by our board of directors and declared by us, and the holders of our shares of common stock are entitled to share ratably in our investments legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all our known debts and liabilities.

Subject to the provisions of our charter regarding the restrictions on transfer and ownership of shares of our stock and except as may otherwise be specified in the terms of any class or series of shares of stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of shares of stock, the holders of such shares of common stock will possess the exclusive voting power. There is no cumulative voting in the election of our board of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares of common stock will not be able to elect any directors.

Holders of shares of common stock have no preference, conversion, exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any securities of our company and generally have no appraisal rights. Subject to the provisions of our charter regarding the restrictions on transfer and ownership of shares of our stock, shares of common stock will have equal dividend, liquidation and other rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge with another entity, transfer all or substantially all of its investments, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless declared advisable by its board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides that these matters (other than certain amendments to the provisions of our charter related to the removal of directors, the restrictions on ownership and transfer of shares of our stock and the requirement of a two-thirds vote for amendment to these provisions) may be approved by our stockholders by a majority of all of the votes entitled to be cast on the matter.

Power to Reclassify Our Unissued Shares of Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of common or preferred stock into other classes or series of shares of stock. Prior to issuance of shares of each other class or series, our board of directors will be required by Maryland law and by our charter to set, subject to our charter restrictions on transfer and ownership of shares of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Therefore, among other things, our board of directors could authorize the issuance of shares of common or preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders.

Cumulative Redeemable Preferred Stock

The articles supplementary designating the terms of our 10% cumulative redeemable preferred stock, which we refer to herein as the cumulative redeemable preferred stock, will initially authorize 1,000 shares of cumulative redeemable preferred stock, with an aggregate liquidation preference of $1,000,000. The cumulative redeemable preferred stock will rank, with respect to dividend rights and rights upon our liquidation, dissolution or winding up, senior to all classes or series of our common stock and junior to all other classes or series of our preferred stock that may be issued in the future (except as noted in the next sentence). We may issue other classes or series of capital stock in the future, including preferred stock, and expressly designate such classes or series as ranking junior to, on parity with or senior to the cumulative redeemable preferred stock. We may not, however, issue capital stock ranking as to dividends or rights upon our liquidation, dissolution or winding up, senior to the cumulative redeemable preferred stock, without the affirmative vote or consent of two-thirds of the issued and outstanding shares of cumulative redeemable preferred stock.

The holders of the cumulative redeemable preferred stock will be entitled to receive, when, as and if authorized and declared by us, cumulative cash dividends at the rate of 10% per annum of the $1,000 liquidation preference per share of the cumulative redeemable preferred stock, equivalent to $100 per annum per share. Such dividends will accrue on a daily basis and be cumulative from and including the initial issue date of the cumulative redeemable preferred stock. Upon our liquidation, dissolution or winding up, the holders of the cumulative redeemable preferred stock will be entitled to receive a liquidating preference of $1,000 per share, plus any accrued and unpaid dividends thereon, before we distribute any investments to holders of our common stock or any other shares of stock that rank junior to the cumulative redeemable preferred stock as to liquidation rights.

Beginning on the fifth anniversary of the initial issue date of the cumulative redeemable preferred stock, we may, at our option, redeem the cumulative redeemable preferred stock, in whole or in part, at any time or from time to time, by paying $1,000 per share, plus any accrued and unpaid dividends thereon. Beginning on the sixth anniversary of the initial issue date of the cumulative redeemable

preferred stock, we will, at the request of any stockholder holding shares of cumulative redeemable preferred stock, repurchase the number of shares of cumulative redeemable preferred stock that such stockholder proposes to sell to us from time to time, at a price per share equal to the liquidation preference of $1,000 plus all accrued and unpaid dividends thereon.

Holders of cumulative redeemable preferred stock will have no preemptive or appraisal rights, nor will such holders have any voting rights (except in limited circumstances relating to any amendment, alteration or repeal of the terms of the cumulative redeemable preferred stock that would materially and adversely affect any right, preference, privilege or voting power of the cumulative redeemable preferred stock or the holders thereof or as a condition to the issuance of senior stock, as described above). The cumulative redeemable preferred stock is not convertible into or exchangeable for any of our other property or securities.

In order to ensure that we continue to meet the requirements for qualification as a REIT, the cumulative redeemable preferred stock will be subject to the restrictions on ownership and transfer set forth in our charter, including the aggregate stock ownership limit. See "Description of Capital Stock—Restrictions on Ownership and Transfer."

Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock

We believe that the power of our board of directors to amend our charter to increase or decrease the number of authorized shares of stock, to issue additional authorized but unissued shares of common or preferred stock and to classify or reclassify unissued shares of common or preferred stock and thereafter to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the shares of common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the terms of any issued and outstanding class or series, or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not intend to do so, the board of directors could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a change in control or other transaction that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders.

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT under the Code, our shares of stock must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock may be owned, directly or indirectly, applying certain attribution rules, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter contains restrictions on the ownership and transfer of our shares of common stock and other outstanding shares of stock. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock (the common share ownership limit), or 9.8% by value or number of shares, whichever is more restrictive, of our outstanding capital stock (the aggregate share ownership limit). We refer to the common share ownership limit and the aggregate share ownership limit collectively as the "ownership limits." A

person or entity that becomes subject to the ownership limits by virtue of a violative transfer that results in a transfer to a trust, as set forth below, is referred to as a "purported beneficial transferee" if, had the violative transfer been effective, the person or entity would have been a record owner and beneficial owner or solely a beneficial owner of our shares of stock, or is referred to as a "purported record transferee" if, had the violative transfer been effective, the person or entity would have been solely a record owner of our shares of stock.

The constructive ownership rules under the Code are complex and may cause shares of stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or 9.8% by value of our outstanding capital stock (or the acquisition of an interest in an entity that owns, actually or constructively, our shares of stock by an individual or entity), could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or 9.8% by value of our outstanding capital stock and thereby subject the shares of common stock or total shares of stock to the applicable ownership limits.

Our board of directors may, in its sole discretion, exempt a person from the above-referenced ownership limits. However, the board of directors may not exempt any person whose ownership of our outstanding stock would result in our being "closely held" within the meaning of Section 856(h) of the Code or otherwise would result in our failing to qualify as a REIT. As a condition of its waiver, our board of directors may require an opinion of counsel or IRS ruling satisfactory to our board of directors with respect to our qualification as a REIT. Our board intends to adopt a resolution providing for the exemption of Two Harbors and certain of its affiliates from the ownership limits in connection with the Formation Transaction, which will allow them to own up to [ ]% of our stock.

In connection with any waiver of the ownership limits or at any other time, our board of directors may from time to time increase or decrease the ownership limits for all other persons and entities; provided, however, that any decrease may be made only prospectively as to existing holders (other than a decrease as a result of a retroactive change in existing law, in which case the decrease will be effective immediately); and provided further that the ownership limits may not be increased if, after giving effect to such increase, five or fewer individuals could own or constructively own in the aggregate, more than 50.0% in value of the shares then outstanding. Prior to the modification of the ownership limits, our board of directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure our qualification as a REIT. Reduced ownership limits will not apply to any person or entity whose percentage ownership in our shares of common stock or total shares of stock, as applicable, is in excess of such decreased ownership limits until such time as such person's or entity's percentage of our shares of common stock or total shares of stock, as applicable, equals or falls below the decreased ownership limits, but any further acquisition of our shares of common stock or total shares of stock, as applicable, in excess of such percentage ownership of our shares of common stock or total shares of stock will be in violation of the ownership limits.

Our charter provisions are further designed to prohibit:

- any person from beneficially or constructively owning, applying certain attribution rules of the Code, our shares of stock that would result in our being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT; and
- any person from transferring our shares of stock if such transfer would result in our shares of stock being owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our shares of stock that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give at least 15 days prior written notice to us and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Our charter provides that, if any transfer of our shares of stock would result in our shares of stock being owned by fewer than 100 persons, such transfer will be null and void and the intended transferee will acquire no rights in such shares. In addition, our charter provides that, if any purported transfer of our shares of stock or any other event would otherwise result in any person violating the ownership limits or such other limit established by our board of directors or in our being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT, then that number of shares (rounded up to the nearest whole share) that would cause us to violate such restrictions will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us and the intended transferee will acquire no rights in such shares. Our charter provides that the automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. Any dividend or other distribution paid to the purported record transferee, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary by the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limits or our being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT, then our charter provides that the transfer of the shares will be void.

Our charter provides that shares of stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid by the purported record transferee for the shares (or, if the event that resulted in the transfer to the trust did not involve a purchase of such shares of stock at market price, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (ii) the market price on the date we, or our designee, accepts such offer. We have the right to accept such offer until the trustee has sold the shares of stock held in the trust pursuant to the clauses discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates, our charter provides that the trustee must distribute the net proceeds of the sale to the purported record transferee and any dividends or other distributions held by the trustee with respect to such shares of stock will be paid to the charitable beneficiary.

Our charter provides that, if we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits or such other limit as established by our board of directors. After that, the trustee must distribute to the purported record transferee an amount equal to the lesser of (1) the price paid by the purported record transferee for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares at market price, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares. Any net sales proceeds in excess of the amount payable to the purported record transferee will be immediately paid to the beneficiary, together with any dividends or other distributions thereon. In addition, if prior to discovery by us that shares of stock have been transferred to a trust, such shares of stock are sold by a purported record transferee, then our charter provides that such shares will be deemed to have been sold on behalf of the trust and to the extent that the

purported record transferee received an amount for or in respect of such shares that exceeds the amount that such purported record transferee was entitled to receive, such excess amount will be paid to the trustee upon demand. Our charter provides that the purported beneficial transferee or purported record transferee has no rights in the shares held by the trustee.

The trustee will be designated by us and will be unaffiliated with us and with any purported record transferee or purported beneficial transferee. Prior to the sale of any shares by the trust, our charter provides that the trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to the shares held in trust and may also exercise all voting rights with respect to the shares held in trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, our charter provides that the trustee will have the authority, at the trustee's sole discretion:

- to rescind as void any vote cast by a purported record transferee prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible action, then the trustee may not rescind and recast the vote.

In addition, if our board of directors or other permitted designees determine in good faith that a proposed transfer would violate the restrictions on ownership and transfer of our shares of stock set forth in our charter, our board of directors or other permitted designees will take such action as it deems or they deem advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem the shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of more than 5% (or such lower percentage as required by the Code or applicable Treasury regulations) of our stock, within 30 days after the end of each taxable year, is required to give us written notice, stating his name and address, the number of shares of each class and series of our stock which he beneficially owns and a description of the manner in which the shares are held. Each such owner shall provide us with such additional information as we may request in order to determine the effect, if any, of his beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder shall upon demand be required to provide us with such information as we may request in good faith in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

These ownership limits could delay, defer or prevent a transaction or a change in control that might involve a premium price for the common stock or otherwise be in the best interest of the stockholders.

Listing

Our common stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange under the symbol "GPMT."

Transfer Agent and Registrar

We expect the transfer agent and registrar for our shares of common stock to be Wells Fargo Shareowner Services.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering and the Formation Transaction, we will have outstanding 43,230,756 shares of our common stock (44,730,756 shares if the underwriters exercise their option to purchase additional shares in full).

Of these shares, the 10,000,000 shares sold in this offering (11,500,000 shares if the underwriters exercise their option to purchase additional shares in full) will be freely transferable without restriction or further registration under the Securities Act, subject to the limitations on ownership set forth in our charter, except for any shares held by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Any shares received in the Formation Transaction will be "restricted shares" as defined in Rule 144. See "—Rule 144" below.

Our shares of common stock are newly issued securities for which there is no established trading market. No assurance can be given as to (i) the likelihood that an active market for our shares of common stock will develop, (ii) the liquidity of any such market, (iii) the ability of the stockholders to sell the shares or (iv) the prices that stockholders may obtain for any of the shares. No prediction can be made as to the effect, if any, that future sales of shares or the availability of shares for future sale will have on the market price prevailing from time to time. Sales of substantial amounts of shares of common stock, or the perception that such sales could occur, may affect adversely prevailing market prices of the shares of common stock. See "Risk Factors—Risks Related to Our Common Stock."

For a description of certain restrictions on transfers of our shares of common stock held by certain of our stockholders, see "Description of Capital Stock—Restrictions on Ownership and Transfer."

Rule 144

Shares of common stock that are "restricted" securities under the meaning of Rule 144 under the Securities Act may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption provided by Rule 144.

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the other provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of our common stock or the average weekly trading volume of our common stock during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us (which requires that we are current in our periodic reports under the Exchange Act).

Distribution

Two Harbors has informed us that it currently expects to distribute all the shares of our common stock issued to it in connection with the Formation Transaction to its common stockholders, subject to compliance with REIT rules and a variety of other considerations. Two Harbors expects the distribution to take the form of a spin-off by means of a special pro rata dividend to Two Harbors common

stockholders of all our common stock then owned by Two Harbors. Two Harbors has agreed with the underwriters that the distribution of our common stock will occur no earlier than 120 days following the consummation of this offering.

Our 2017 Equity Incentive Plan

We will adopt prior to the closing of this offering the 2017 Equity Incentive Plan, which will provide for the grant to directors, officers, advisors, consultants and other personnel of our company and its affiliates of equity and equity-based awards. The maximum number of shares reserved for issuance under the 2017 Plan will be equal to the lesser of (i) 3,242,306 shares of our common stock and (ii) 7.5% of the outstanding shares of our common stock as measured as of immediately following the closing of this offering. Concurrently with the closing of this offering, we expect to issue, in aggregate, approximately 13,415 shares of our common stock to our independent directors, and an aggregate of 146,341 restricted shares of our common stock to certain executive officers, and certain other personnel of our Manager, both based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range indicated on the cover page of this prospectus.

We anticipate that we will file a registration statement with respect to the shares of our common stock issuable under the 2017 Plan after we complete this offering. Shares of our common stock covered by the registration statement for the 2017 Plan, including shares of our common stock issuable upon the exercise of options or restricted shares of our common stock, will be eligible for transfer or resale without restriction under the Securities Act unless held by affiliates.

Lock-Up Agreements

We, our directors and officers, certain employees of our Manager, together with certain other persons buying shares of our common stock through the directed share program have entered into lock-up agreements with certain of the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus may not, without the prior written consent of the representatives of the underwriters, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for any shares of our common stock or publicly disclose the intention to make any offer, sale, pledge or disposition, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of our common stock or other securities, in cash or otherwise, or (iii) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock in each case subject to certain exceptions. Two Harbors is restricted from disposing of any shares of our common stock until the expiration of a 120-day lock-up period following the closing of this offering.

Any shares of common stock purchased by Two Harbors pursuant to the 10b5-1 Plan will also be subject to lock-up arrangements between Two Harbors and the underwriters.

CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS

The following description of the terms of our stock and of certain provisions of Maryland law is only a summary. This summary is subject to, and qualified in its entirety by reference to, our charter and bylaws and the applicable provisions of the MGCL. For a complete description, we refer you to the MGCL, and our charter and our bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is a part.

Our Board of Directors

Our charter and bylaws provide that the number of directors we have may be established only by our board of directors but may not be fewer than the minimum number required under the MGCL, which is one, and our bylaws provide that the number of our directors may not be more than 15. Upon the closing of this offering we expect to have nine directors. Our charter also provides that, at such time as we become eligible to elect to become subject to certain elective provisions of the MGCL (which we expect will be upon closing of this offering) and except as may be provided by our board of directors in setting the terms of any class or series of stock, any vacancy on our board of directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director so elected to fill a vacancy will hold office for the remainder of the full term of the directorship in which the vacancy occurred and until his or her successor is duly elected and qualifies.

Each of our directors elected by our stockholders is elected to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Holders of shares of common stock will have no right to cumulative voting in the election of directors. Our bylaws provide for the election of directors, in uncontested elections, by a majority of the votes cast. In contested elections, the election of directors shall be by a plurality of the votes cast.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed by the affirmative vote of the holders of shares entitled to cast at least two-thirds of all the votes of common stockholders entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our board of directors to fill vacancies on the board of directors, may preclude stockholders from (i) removing incumbent directors except upon a substantial affirmative vote and (ii) filling the vacancies created by such removal with their own nominees.

Business Combinations

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an investment transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns ten percent or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. As permitted by the MGCL, our board of directors will by resolution exempt business combinations (i) between us and any person not then already an interested stockholder, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons) and (ii) between us and PRCM or any of its affiliates. Consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations between us and any other person as described above, and as a result, any such person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute. However, our board of directors may repeal or modify this resolution at any time. The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any such acquisition.

Control Share Acquisitions

The MGCL provides that holders of control shares of a Maryland corporation acquired in a control share acquisition have no voting rights with respect to the control shares, except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third,
- one-third or more but less than a majority, or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL, which is commonly referred to as the "Maryland Unsolicited Takeovers Act" or "MUTA," permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934 (which we will be upon closing of this offering) and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors, without stockholder approval, and notwithstanding any contrary provision in its charter or bylaws, to any or all of five provisions of the MGCL which provide, respectively, that:

- the corporation's board of directors will be divided into three classes,
- the affirmative vote of two-thirds of the votes entitled to be cast generally in the election of directors is required to remove a director,
- the number of directors be fixed only by vote of the directors,
- a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred, and
- the request of stockholders entitled to cast at least a majority of all votes entitled to be cast at the meeting is required for the calling of a special meeting of stockholders.

Our charter provides that, at such time as we are able to make a Subtitle 8 election (which we expect to be upon the closing of this offering), vacancies on our board may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (i) require the affirmative vote of stockholders entitled to cast not less than two-thirds of all of the votes entitled to be cast on the matter for the removal of any

director from the board, which removal will be allowed only for cause, (ii) vest in the board the exclusive power to fix the number of directorships and (iii) require, unless called by our chairman of the board, our chief executive officer, our president or the board of directors, the written request of stockholders of not less than a majority of all votes entitled to be cast at such a meeting to call a special meeting.

Meetings of Stockholders

Pursuant to our bylaws, a meeting of our stockholders for the election of directors and the transaction of any business will be held annually on a date and at the time and place set by our board of directors beginning in 2018. The chairman of our board of directors, our chief executive officer, our president or our board of directors may call a special meeting of our stockholders. Subject to the provisions of our bylaws, a special meeting of our stockholders to act on any matter that may properly be brought before a meeting of our stockholders will also be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at the meeting containing the information required by our bylaws. Our secretary will inform the requesting stockholders of the reasonably estimated cost of preparing and delivering the notice of meeting (including our proxy materials), and the requesting stockholder must pay such estimated cost before our secretary is required to prepare and deliver the notice of the special meeting.

Amendment to Our Charter and Bylaws

Except for amendments to the provisions of our charter relating to the removal of directors, the restrictions on ownership and transfer of our shares of stock and the vote required to amend these provisions (each of which must be advised by our board of directors and approved by the affirmative vote of stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter), our charter generally may be amended only if advised by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Our board of directors, with the approval of a majority of the entire board, and without any action by our stockholders, may also amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series we are authorized to issue.

Our board of directors has the power to adopt, alter or repeal any provision of our bylaws and to make new bylaws. In addition, stockholders may alter or repeal any provision of our bylaws and adopt new bylaws if such alteration, repeal or adoption is approved by the affirmative vote of a majority of the votes entitled to be cast on the matter at an annual or special meeting or by written consent, in each case in accordance with the procedures outlined in our bylaws.

Extraordinary Transactions

Under the MGCL, a Maryland corporation generally cannot dissolve, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless declared advisable by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. As permitted by the MGCL, our charter provides that any of these actions may be approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Many of our operating assets will be held by our subsidiaries, and these subsidiaries may be able to merge or sell all or substantially all of their assets without the approval of our stockholders.

Appraisal Rights

Our charter provides that our stockholders generally will not be entitled to exercise statutory rights of objecting stockholders, or appraisal rights.

Dissolution of the Company

The dissolution of our company must be advised by a majority of our entire board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

Our Bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of the Board of Directors or (iii) by a stockholder who is a stockholder of record both at the time of giving the advance notice required by the Bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with the advance notice procedures of the Bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to the Board of Directors at a special meeting may be made only (i) by or at the direction of the Board of Directors or (ii) provided that the special meeting has been called in accordance with the Bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving the advance notice required by the Bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions of the Bylaws.

Anti-takeover Effect of Certain Provisions of Maryland Law and of the Charter and Bylaws

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change in control or other transaction that might involve a premium price for shares of our common stock or otherwise be in the best interests of our stockholders, including

- supermajority vote for removal of directors;
- requirement that stockholders holding at least a majority of our outstanding common stock must act together to make a written request before our stockholders can require us to call a special meeting of stockholders;
- provisions that vacancies on our board of directors may be filled only by the remaining directors for the full term of the directorship in which the vacancy occurred;
- the power of our board to increase or decrease the aggregate number of authorized shares of stock or the number of shares of any class or series of stock;
- the power of our board of directors to cause us to issue additional shares of stock of any class or series and to fix the terms of one or more classes or series of stock without stockholder approval;
- restrictions on ownership and transfer of our stock; and
- advance notice requirements for director nominations and stockholder proposals.

Likewise, if the provision in our bylaws opting out of the control share acquisition provisions of the MGCL or the resolution of our board opting out of the business combination provisions of the MGCL

are rescinded or if we opt in to provisions of Subtitle 8, these provisions of the MGCL could have similar anti-takeover effects.

Indemnification and Limitation of Directors' and Officers' Liability

The MGCL permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires us (unless our charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made or threatened to be made a party by reason of his service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter provides that we have the power, and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our company and at our request, serves or has served another corporation, REIT, partnership, joint venture, trust, limited liability company, employee benefit plan or any other enterprise as a director, officer, partner, trustee, member or

manager of such corporation, REIT, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

We will enter into indemnification agreements with each of our directors and executive officers that provide for indemnification to the maximum extent permitted by Maryland law.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT.

Exclusive Forum Bylaws

Our amended and restated bylaws will provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for the following: any derivative action or proceeding brought on behalf of the corporation; any action asserting a claim of breach of any duty owed by any of our present or former directors, officers or other employees or our stockholders to the corporation or to our stockholders or any standard of conduct applicable to our directors; any action asserting a claim against the corporation or any of our present or former directors, officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws; or any action asserting a claim against the corporation or any of our present or former directors, officers or other employees that is governed by the internal affairs doctrine.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the material U.S. federal income tax considerations relating to the ownership of our common stock as of the date hereof by U.S. and non-U.S. holders, each as defined below. Except where noted, this summary deals only with common stock held as a capital asset and does not deal with special situations, such as those of dealers in securities or currencies, financial institutions, regulated investment companies, tax-exempt entities (except as described in "—Taxation of Tax-Exempt Holders of Our Common Stock" below), insurance companies, persons holding common stock as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons liable for alternative minimum tax, persons who are "foreign governments" within the meaning of Section 892 of the Code, investors in pass-through entities or U.S. holders of common stock whose "functional currency" is not the U.S. dollar. Furthermore, the discussion below is based upon the provisions of the Code and Treasury regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below.

You should consult your own tax advisors concerning the U.S. federal income tax consequences in light of your particular situation as well as consequences arising under the laws of any other taxing jurisdiction.

Our Taxation as a REIT

We intend to elect to be taxed as a REIT commencing with our initial taxable year ending December 31, 2017. We believe that we were organized and expect to be operated in such a manner as to qualify for taxation as a REIT under the U.S. federal income tax laws.

In connection with this offering, Orrick, Herrington & Sutcliffe LLP is expected to render an opinion that, commencing with our taxable year ending December 31, 2017, we have been organized in conformity with the requirements for qualification as a REIT under the federal income tax laws, and our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT under the Code. Investors should be aware that the opinion of Orrick, Herrington & Sutcliffe LLP will be based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, and will not be binding upon the IRS or any court. We have not received, and do not intend to seek, any rulings from the IRS regarding our status as a REIT or our satisfaction of the REIT requirements. The IRS may challenge our status a REIT, and a court could sustain any such challenge. In addition, the opinion of Orrick, Herrington & Sutcliffe LLP will be based on existing federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT depend upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal income tax laws. Those qualification tests generally involve the percentage of income that we earn from specified sources, the percentage of our assets that falls within specified categories, the diversity of the ownership of our shares, and the percentage of our earnings that we distribute. Orrick, Herrington & Sutcliffe LLP will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of our failure to qualify as a REIT, see "—Failure to Qualify."

In any year in which we qualify for taxation as a REIT, we generally will not be subject to U.S. federal income tax on that portion of our REIT taxable income that we distribute currently to our stockholders, although taxable income generated by domestic TRSs, if any, will be subject to regular corporate income tax. Our stockholders will generally be taxed on dividends that they receive at

ordinary income rates unless such dividends are designated by us as capital gain dividends or qualified dividend income. Distributions we make are not eligible for the dividends received deduction for corporations. We expect that ordinary dividends paid by us generally will not be eligible for the reduced rate imposed on qualified dividend income received by individuals, trusts and estates.

We will be subject to U.S. federal tax as follows:

- We will pay U.S. federal income tax on our taxable income, including net capital gain, that we do not distribute to stockholders during, or within a specified time after, the calendar year in which the income is earned.
- Under some circumstances, we may be subject to the "alternative minimum tax" due to our undistributed items of tax preference and alternative minimum tax adjustments.
- If we have net income from "prohibited transactions," which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax.
- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or from certain leasehold terminations as "foreclosure property," we may thereby avoid (a) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction) and (b) the inclusion of any income from such property not qualifying for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to U.S. corporate income tax at the highest applicable rate (currently 35%).
- If due to reasonable cause and not willful neglect we fail to satisfy either the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, multiplied in either case by a fraction intended to reflect our profitability.
- If we fail to satisfy the asset tests (other than a *de minimis* failure of the 5% asset test or the 10% vote or value test, as described below under "—Asset Tests") as long as the failure was due to reasonable cause and not to willful neglect, we dispose of the assets or otherwise comply with such asset tests within six months after the last day of the quarter in which we identify such failure and we file a schedule with the IRS describing the assets that caused such failure, we will generally pay a tax equal to the greater of $50,000 or 35% of the net income from the nonqualifying assets during the period in which we failed to satisfy such asset tests.
- If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and the failure was due to reasonable cause and not to willful neglect, we will be required to pay a penalty of $50,000 for each such failure.
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet recordkeeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in "—Requirements for Qualification as a REIT."
- If we fail to distribute during each calendar year at least the sum of: (i) 85% of our ordinary income for such calendar year; (ii) 95% of our capital gain net income for such calendar year; and (iii) any undistributed taxable income from prior taxable years, we will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount we actually distributed, plus any retained amounts on which income tax has been paid at the corporate level.

- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a U.S. stockholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income, and would receive a credit or a refund for its proportionate share of the tax we paid.

- We will be subject to a 100% excise tax on amounts of any redetermined rents, redetermined deductions, excess interest or redetermined TRS service income (as those terms are defined in the Code) if certain arrangements between us and any TRS of ours are not comparable to similar arrangements among unrelated parties.

- With respect to an interest in a taxable mortgage pool or a residual interest in a real estate mortgage investment conduit, or "REMIC," the ownership of which is attributed to us or to a REIT in which we own an interest, although the law on the matter is unclear as to the ownership of an interest in a taxable mortgage pool, we may be taxable at the highest corporate rate on the amount of any excess inclusion income for the taxable year allocable to the percentage of our stock that is held by "disqualified organizations." For a discussion of "excess inclusion income," see "—Taxable Mortgage Pools and REMICs." A "disqualified organization" includes:

  - the United States;
  - any state or political subdivision of the United States;
  - any foreign government;
  - any international organization;
  - any agency or instrumentality of any of the foregoing;
  - any other tax-exempt organization, other than a farmer's cooperative described in section 521 of the Code, that is exempt both from income taxation and from taxation under the unrelated business taxable income provisions of the Code; and
  - any rural electrical or telephone cooperative.

- If we acquire any assets from a non-REIT C corporation in a carry-over basis transaction, we could be liable for specified tax liabilities inherited from that non-REIT C corporation with respect to that corporation's "built-in gain" in its assets. Built-in gain is the amount by which an asset's fair market value exceeds its adjusted tax basis at the time we acquire the asset. Applicable Treasury regulations, however, allow us to avoid the recognition of gain and the imposition of corporate level tax with respect to a built-in gain asset acquired in a carry-over basis transaction from a non-REIT C corporation unless and until we dispose of that built-in gain asset during the five-year period following its acquisition, at which time we would recognize, and would be subject to tax at the highest regular corporate rate on, the built-in gain.

In addition, notwithstanding our status as a REIT, we may also have to pay certain state and local income taxes, because not all states and localities treat REITs in the same manner that they are treated for U.S. federal income tax purposes. Moreover, as further described below, any domestic TRS in which we own an interest will be subject to U.S. federal corporate income tax on its net income.

Requirements for Qualification as a REIT. The Code defines a REIT as a corporation, trust or association:

1) that is managed by one or more trustees or directors;

2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

3) that would be taxable as a domestic corporation, but for its election to be subject to taxation as a REIT;

4) that is neither a financial institution nor an insurance company subject to certain provisions of the Code;

5) the beneficial ownership of which is held by 100 or more persons;

6) of which not more than 50% in value of the outstanding shares are owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) after applying certain attribution rules;

7) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year, which has not been terminated or revoked; and

8) that meets other tests, described below, regarding the nature of its income and assets.

Conditions (1) through (4), inclusive, must be met during the entire taxable year. Condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months other than the first taxable year for which an election to become a REIT is made. Condition (6) must be met during the last half of each taxable year but neither conditions (5) nor (6) apply to the first taxable year for which an election to become a REIT is made. We believe that we will maintain sufficient diversity of ownership to allow us to satisfy conditions (5) and (6) above. In addition, our charter contains restrictions regarding the ownership and transfer of our stock that are intended to assist us in satisfying the share ownership requirements described in (5) and (6) above. The provisions of our charter restricting the ownership and transfer of our stock are described in the section entitled "Description of Capital Stock—Certain Provisions of Our Charter and Bylaws and of Maryland Law—REIT Qualification Restrictions on Ownership and Transfer." These restrictions, however, may not ensure that we will be able to satisfy these share ownership requirements. If we fail to satisfy these share ownership requirements, we will fail to qualify as a REIT.

To monitor compliance with the share ownership requirements, we generally are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the shares (i.e., the persons required to include our dividends in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If we comply with these record-keeping requirements, and we do not know, or exercising reasonable diligence would not have known, whether we failed to meet requirement (6) above, we will be treated as having met the requirement. If you fail or refuse to comply with the demands, you will be required by applicable Treasury regulations to submit a statement with your tax return disclosing your actual ownership of our shares and other information. In addition, we must satisfy all relevant filing and other administrative requirements established by the IRS to elect and maintain REIT status, use a calendar year for federal income tax purposes, and comply with the record keeping requirements of the Code and regulations promulgated thereunder.

Ownership of Partnership Interests. In the case of a REIT that is a partner in an entity that is treated as a partnership for U.S. federal income tax purposes, Treasury regulations provide that the REIT is deemed to own its proportionate share of the partnership's assets and to earn its proportionate share of the partnership's gross income based on its pro rata share of capital interests in the partnership for purposes of the asset and gross income tests applicable to REITs, as described below. However, solely for purposes of the 10% value test, described below (see "—Asset Tests"), the determination of a REIT's interest in partnership assets will be based on the REIT's proportionate interest in any securities issued by the partnership, excluding for these purposes, certain securities as described in the Code. In addition, the assets and gross income of the partnership generally are

deemed to retain the same character in the hands of the REIT. Thus, our proportionate share of the assets and items of income of any partnerships in which we own an equity interest is treated as assets and items of income of our company for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold a preferred or other equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control or only limited influence over the partnership.

Qualified REIT Subsidiaries and other Disregarded Subsidiaries. If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," the separate existence of that subsidiary is disregarded for U.S. federal income tax purposes. Generally, a qualified REIT subsidiary is a corporation, other than a TRS, all of the stock of which is owned directly or indirectly by the REIT. All assets, liabilities and items of income, deduction and credit of a disregarded subsidiary will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A disregarded subsidiary of ours is not subject to U.S. federal corporate income taxation, although it may be subject to state and local taxation in some states.

In the event that a disregarded subsidiary ceases to be wholly-owned by us (for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of us), the subsidiary's separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See "—Asset Tests" and "—Income Tests."

Taxable REIT Subsidiaries. A TRS is an entity that is taxable as a corporation in which we directly or indirectly own stock and that jointly elects with us for the subsidiary to be treated as a TRS. In addition, if a TRS owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a TRS. However, an entity will not qualify as a TRS if it directly or indirectly operates or manages a lodging or health care facility or, generally, provides to another person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated. We generally may not own more than 10%, as measured by voting power or value, of the securities of a corporation that is not a qualified REIT subsidiary unless we and such corporation elect to treat such corporation as a TRS. Overall, no more than 25% (20% in taxable years beginning after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more TRSs.

Several provisions of the Code regarding arrangements between a REIT and its TRSs ensure that a TRS will be subject to an appropriate level of U.S. federal income taxation. For example, a TRS is limited in its ability to deduct interest payments to an affiliated REIT. In addition, we would be obligated to pay a 100% penalty tax on any redetermined rents, redetermined deductions, excess interest or redetermined TRS service income (as those terms are defined in the Code) in respect of any TRS of ours if the IRS were to assert successfully that the economic arrangements between us and the TRS are not comparable to similar arrangements among unrelated parties.

Taxable Mortgage Pools and REMICs. An entity, or a portion of an entity, that does not elect to be treated as a REMIC may be classified as a taxable mortgage pool under the Code if:

- substantially all of its assets consist of debt obligations or interests in debt obligations;
- more than 50% of those debt obligations are real estate mortgages or interests in real estate mortgages as of specified testing dates;
- the entity has issued debt obligations (liabilities) that have two or more maturities; and

- the payments required to be made by the entity on its debt obligations "bear a relationship" to the payments to be received by the entity on the debt obligations that it holds as assets.

Under applicable Treasury regulations, if less than 80% of the assets of an entity (or a portion of an entity) consists of debt obligations, these debt obligations are considered not to comprise "substantially all" of its assets, and therefore the entity would not be treated as a taxable mortgage pool. It is possible that certain of our financing activities, including securitizations, will result in the treatment of us or a portion of our assets as a taxable mortgage pool.

An entity or portion of an entity will be treated as a REMIC for purposes of the Code if:

- it satisfies certain requirements relating to the types of interests in the entity and the distributions thereon;
- substantially all of its assets are comprised of qualified mortgages and certain other permitted instruments at all times, except during (i) the three month period beginning after the startup date and (ii) the period beginning on the date of liquidation and ending on the close of the 90th day after such date, provided that a complete liquidation has occurred within such period;
- it adopts arrangements to ensure that disqualified organizations will not hold residual interests and that information needed to calculate the tax on transfers of residual interests to such organizations will be made available by the entity;
- it has a taxable year that is the calendar year; and
- the election to be treated as a REMIC applies for the taxable year and all prior taxable years.

Where an entity, or a portion of an entity, is classified as a taxable mortgage pool, it is generally treated as a taxable corporation for federal income tax purposes. In the case of a REIT, a portion of a REIT, or a REIT subsidiary that is disregarded as a separate entity from a REIT that is a taxable mortgage pool, however, special rules apply. The portion of a REIT's assets, held directly or through a REIT subsidiary that is disregarded as a separate entity from the REIT, that qualifies as a taxable mortgage pool is treated as a qualified REIT subsidiary that is not subject to corporate income tax, and the taxable mortgage pool classification does not adversely affect the qualification of the REIT.

A portion of our income from a REMIC residual interest or taxable mortgage pool arrangement could be treated as "excess inclusion income." Excess inclusion income is an amount, with respect to any calendar quarter, equal to the excess, if any, of (i) income allocable to the holder of a residual interest in a REMIC or taxable mortgage pool interest during such calendar quarter over (ii) the sum of an amount for each day in the calendar quarter equal to the product of (a) the adjusted issue price of the interest at the beginning of the quarter multiplied by (b) 120 percent of the long-term federal rate (determined on the basis of compounding at the close of each calendar quarter and properly adjusted for the length of such quarter).

Our excess inclusion income would be allocated among our stockholders in proportion to dividends paid. A stockholder's share of excess inclusion income (i) would not be allowed to be offset by any net operating losses otherwise available to the stockholder, (ii) would be subject to tax as unrelated business taxable income in the hands of most types of stockholders that are otherwise generally exempt from U.S. federal income tax and (iii) would result in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction for any otherwise applicable income tax treaty, to the extent allocable to most types of non-U.S. stockholders. See "—Taxation of Non-U.S. Holders of Our Common Stock—Distributions." Although the law on this matter is not clear with regard to taxable mortgage pool interests, to the extent excess inclusion income is allocated to a tax-exempt stockholder of record of ours that is a "disqualified organization" (as defined above under "—Our Taxation as a REIT"), we would be taxable on this income at the highest applicable corporate tax rate (currently 35%). To the extent that our common stock owned by "disqualified organizations" is

held by a broker/dealer or other nominee, the broker/dealer or other nominee would be liable for a tax at the highest applicable corporate tax rate on the portion of our excess inclusion income allocable to the common stock held by the broker/dealer or other nominee on behalf of the "disqualified organizations." A regulated investment company or other pass-through entity owning our common stock will be subject to tax at the highest applicable corporate tax rate on any excess inclusion income allocated to its record name owners that are "disqualified organizations." The manner in which excess inclusion income would be allocated among shares of different classes of our stock or how such income is to be reported to stockholders is not clear under current law. Tax-exempt investors, non-U.S. investors and taxpayers with net operating losses should carefully consider the tax consequences described above and are urged to consult their tax advisors in connection with their decision to invest in our common stock.

If a subsidiary partnership of ours, not wholly-owned by us directly or through one or more disregarded entities, were a taxable mortgage pool, the foregoing rules would not apply. Rather, the partnership that is a taxable mortgage pool would be treated as a corporation for U.S. federal income tax purposes, and would potentially be subject to corporate income tax. In addition, this characterization would alter our REIT income and asset test calculations and could adversely affect our compliance with those requirements.

Income Tests

To qualify as a REIT, we must satisfy two gross income requirements, each of which is applied on an annual basis. First, at least 75% of our gross income, excluding gross income from prohibited transactions and certain hedging transactions, for each taxable year generally must be derived directly or indirectly from:

- rents from real property;
- interest on debt secured by mortgages on real property or on interests in real property;
- dividends or other distributions on, and gain from the sale of, stock in other REITs;
- gain from the sale of real estate assets (other than a nonqualified publicly offered REIT debt instrument) which is not a prohibited transaction solely by reason of Section 857(b)(6) of the Code;
- abatements and refunds of taxes on real property;
- income and gain derived from foreclosure property (as described below);
- amounts (other than amounts the determination of which depends in whole or in part on the income or profits of any person) received or accrued as consideration for entering into agreements (i) to make loans secured by mortgages on real property or on interests in real property or (ii) to purchase or lease real property (including interests in real property and interests in mortgages on real property);
- income derived from a REMIC in proportion to the real estate assets held by the REMIC, unless at least 95% of the REMIC's assets are real estate assets, in which case all of the income derived from the REMIC; and
- interest or dividend income from investments in stock or debt instruments attributable to the temporary investment of new capital during the one-year period following our receipt of new capital that we raise through equity offerings or public offerings of debt obligations with at least a five-year term.

Second, at least 95% of our gross income, excluding gross income from prohibited transactions and certain hedging transactions, for each taxable year must be derived from sources that qualify for purposes of the 75% gross income test, and from (i) dividends, (ii) interest and (iii) gain from the sale or disposition of stock or securities which does not constitute property held primarily for sale to customers in the ordinary course of business.

Gross income from our sale of inventory or property that we hold primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both gross income tests. In addition, income and gain from hedging transactions that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets, or to manage risk with respect to currency fluctuations, and that are clearly and timely identified as such will be excluded from both the numerator and the denominator for purposes of both gross income tests. In addition, certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. Finally, gross income attributable to cancellation of indebtedness income will be excluded from both the numerator and the denominator for purposes of both gross income tests. We will monitor the amount of our nonqualifying income and we will seek to manage our portfolio to comply at all times with the gross income tests. The following paragraphs discuss some of the specific applications of the gross income tests to us.

Dividends. Our dividend income from stock in any corporation (other than any REIT) and from any TRS will be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. If we own stock in other REITs, the dividends that we receive from those REITs and our gain on the sale of the stock in those REITs will be qualifying income for purposes of both gross income tests. However, if a REIT in which we own stock fails to qualify as a REIT in any year, our income from such REIT would be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test.

Interest. The term "interest," as defined for purposes of both gross income tests, generally excludes any amount that is based in whole or in part on the income or profits of any person, however, it generally includes the following: (i) an amount that is received or accrued based on a fixed percentage or percentages of receipts or sales, and (ii) an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from the real property securing the debt by leasing substantially all of its interest in the property, and only to the extent that the amounts received by the debtor would be qualifying "rents from real property" if received directly by a REIT. We do not expect that any of our loans will be based in whole or in part on the income or profits of any person.

Interest on debt secured by mortgages on real property or on interests in real property, including, for this purpose, prepayment penalties, loan assumption fees and late payment charges that are not compensation for services, generally is qualifying income for purposes of the 75% gross income test. If a loan is secured by both real property and other property and if the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date (i) we agreed to originate or acquire the loan or (ii) as discussed below, in the event of a "significant modification," the date we modified the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test but will be qualifying income for purposes of the 95% gross income test. However, in the case of a loan that is secured by both real property and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining the interest on the loan that is qualifying income for purposes of the 75% gross income test. If apportionment is required, the portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the portion of the principal amount of the loan that is not secured by real property—that is, the amount by which the loan exceeds the value of the real estate that is security for the loan.

We expect that the CMBS in which we invest generally will be treated either as interests in a grantor trust or as interests in a REMIC for U.S. federal income tax purposes and that all interest income from such CMBS will be qualifying income for the 95% gross income test. In the case of CMBS treated as interests in grantor trusts, we would be treated as owning an undivided beneficial

ownership interest in the mortgage loans held by the grantor trust. The interest on such mortgage loans would be qualifying income for purposes of the 75% gross income test to the extent that the obligation is secured by real property, as discussed above. In the case of CMBS treated as interests in a REMIC, income derived from REMIC interests will generally be treated as qualifying income for purposes of the 75% and 95% gross income tests. If less than 95% of the assets of the REMIC are real estate assets, however, then only a proportionate part of our interest in the REMIC and income derived from the interest will qualify for purposes of the 75% gross income test. In addition, some REMIC securitizations include imbedded interest swap or cap contracts or other derivative instruments that potentially could produce nonqualifying income for the holder of the related REMIC securities.

We may acquire participation interests, or subordinated mortgage interests, in mortgage loans and mezzanine loans. A subordinated mortgage interest is an interest created in an underlying loan by virtue of a participation or similar agreement, to which the originator of the loan is a party, along with one or more participants. The borrower on the underlying loan is typically not a party to the participation agreement. The performance of a participant's investment depends upon the performance of the underlying loan and if the underlying borrower defaults, the participant typically has no recourse against the originator of the loan. The originator often retains a senior position in the underlying loan and grants junior participations, which will be in a first loss position in the event of a default by the borrower. We anticipate any participation interests we acquire will qualify as real estate assets for purposes of the REIT asset tests described below and that interest derived from such investments will be treated as qualifying interest for purposes of the 75% gross income test. The appropriate treatment of participation interests for U.S. federal income tax purposes is not entirely certain, and no assurance can be given that the IRS will not challenge our treatment of any participation interests we acquire.

We may own interests in mezzanine loans, which are loans secured by equity interests in an entity that directly or indirectly owns real property, rather than by a direct mortgage of the real property. In Revenue Procedure 2003-65, the IRS established a safe harbor under which loans secured by a first priority security interest in the ownership interests in a partnership or limited liability company owning real property will be treated as real estate assets for purposes of the REIT asset tests described below, and interest derived from those loans will be treated as qualifying income for both the 75% and 95% gross income tests, provided several requirements are satisfied. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. Moreover, our mezzanine loans typically may not meet all of the requirements for reliance on the safe harbor. To the extent any mezzanine loans that we acquire do not qualify for the safe harbor described above, the interest income from the loans will be qualifying income for purposes of the 95% gross income test, but there is a risk that such interest income will not be qualifying income for purposes of the 75% gross income test. We intend to invest in any mezzanine loans in a manner that will enable us to satisfy the REIT gross income and asset tests.

There is limited case law and administrative guidance addressing whether instruments similar to our mezzanine loans or our preferred equity investments will be treated as equity or debt for U.S. federal income tax purposes. We expect that our mezzanine loans generally will be treated as a debt for U.S. federal income tax purposes, but we typically do not anticipate obtaining private letter rulings from the IRS or opinions of counsel on the characterization of those investments for U.S. federal income tax purposes and our preferred equity investments generally will be treated as equity for U.S. federal income tax purposes. If a mezzanine loan is treated as equity for U.S. federal income tax purposes, we would be treated as owning the assets held by the partnership or limited liability company that issued the mezzanine loan. As a result, we would not be treated as receiving interest income from the mezzanine loan, but rather we would be treated as receiving our proportionate share of the income of the entity that issued the mezzanine loan, and there can be no assurance that such an entity will not derive nonqualifying income for purposes of the 75% or 95% gross income test. Alternatively, if the IRS successfully asserts that a preferred equity investment is debt for U.S. federal income tax purposes,

then that investment may be treated as producing interest income that would be qualifying income for the 95% gross income test, but not for the 75% gross income test. If the IRS successfully challenges the classification of our mezzanine loans or preferred equity investments for U.S. federal income tax purposes, no assurance can be provided that we will not fail to satisfy the 75% or 95% gross income test.

We may modify the terms of our mortgage or mezzanine loans. Under the Code, if the terms of a loan are modified in a manner constituting a "significant modification," such modification triggers a deemed exchange of the original loan for the modified loan. Revenue Procedure 2014-51 provides a safe harbor pursuant to which we will not be required to redetermine the fair market value of the real property securing a loan for purposes of the gross income and asset tests in connection with a loan modification that is (i) occasioned by a borrower default or (ii) made at a time when we reasonably believe that the modification to the loan will substantially reduce a significant risk of default on the original loan. To the extent we significantly modify loans in a manner that does not qualify for that safe harbor, we will be required to redetermine the value of the real property securing the loan at the time it was significantly modified, which could result in a portion of the interest income on the loan being treated as nonqualifying income for purposes of the 75% gross income test. In determining the value of the real property securing such a loan, we generally will not obtain third-party appraisals but rather will rely on internal valuations.

We anticipate that the interest, original issue discount, and market discount income that we will receive from our mortgage-related assets generally will be qualifying income for purposes of both gross income tests.

Hedging Transactions. We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swap agreements, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury regulations, any income from a hedging transaction we enter into, including gain from the sale or disposition of such a transaction, (i) in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which is clearly identified as specified in Treasury regulations before the close of the day on which it was acquired, originated or entered into and satisfies other identification requirements, (ii) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income tests that is clearly identified as such before the close of the day on which it was acquired, originated or entered into and satisfies other identification requirements or (iii) in connection with a termination of certain hedging transactions described above, will not constitute gross income for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as nonqualifying income for purposes of both of the 75% and 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT.

We may conduct some or all of our hedging activities through a TRS or other corporate entity, the income of which may be subject to U.S. federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries.

Fee Income. Fee income generally will be qualifying income for purposes of both the 75% and 95% gross income tests if it is received in consideration for entering into an agreement to make a loan secured by real property and the fees are not determined by income and profits. Other fees generally are not qualifying income for purposes of either gross income test. Any fees earned by a TRS will not be included for purposes of the gross income tests.

Rents from Real Property. To the extent that we own or acquire real property or an interest therein, rents we receive will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions are met. These conditions relate to the identity of the tenant, the computation of the rent payable, and the nature of the property leased. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents we receive from a "related party tenant" will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a TRS, at least 90% of the property is leased to unrelated tenants, the rent paid by the TRS is substantially comparable to the rent paid by the unrelated tenants for comparable space and the rent is not attributable to an increase in rent due to a modification of a lease with a "controlled TRS" (*i.e.*, a TRS in which we own directly or indirectly more than 50% of the voting power or value of the stock). A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property. Finally, for rents to qualify as "rents from real property" for purposes of the gross income tests, we are only allowed to provide services that are both usually or "customarily rendered" in connection with the rental of real property and not otherwise considered "rendered to the occupant." We may, however, render services to our tenants through an "independent contractor" who is adequately compensated and from whom we do not derive revenue. We may also own a TRS which provides non-customary services to tenants without tainting our rental income from the related properties.

Even if a REIT furnishes or renders services that are non-customary with respect to a property, if the greater of (i) the amounts received or accrued, directly or indirectly, or deemed received by the REIT with respect to such services, or (ii) 150% of our direct cost in furnishing or rendering the services during a taxable year is not more than 1% of all amounts received or accrued, directly or indirectly by the REIT with respect to the property during the same taxable year, then only the amounts with respect to such non-customary services are not treated as rent for purposes of the REIT gross income tests.

Prohibited Transactions Tax. A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds primarily for sale to customers in the ordinary course of a trade or business. Whether a REIT holds an asset primarily for sale to customers in the ordinary course of a trade or business depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset. Nevertheless, we will attempt to conduct our operations so that no asset that we own will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. We cannot assure you that we will comply with certain safe harbor provisions or that we will avoid owning property that may be characterized as property that we hold primarily for sale to customers in the ordinary course of a trade or business. The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate income tax rates.

Foreclosure Property. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

- that is acquired by a REIT as the result of the REIT having bid in such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or default was imminent on a lease of such property or on indebtedness that such property secured;

- for which the related loan was acquired by the REIT at a time when the default was not imminent or anticipated; and
- for which the REIT makes a proper election to treat the property as foreclosure property.

However, a REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor.

Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer if an extension is granted by the Secretary of the Treasury. This grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;
- on which any construction takes place on the property, other than completion of a building or any other improvement, if more than 10% of the construction was completed before default became imminent; or
- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business that is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income or through a TRS.

We will be subject to tax at the maximum corporate rate on any income from foreclosure property, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, income from foreclosure property, including gain from the sale of foreclosure property held for sale in the ordinary course of a trade or business, will qualify for purposes of the 75% and 95% gross income tests.

We may have the option to foreclose on mortgage loans when a borrower is in default. The foregoing rules could affect a decision by us to foreclose on a particular mortgage loan and could affect whether we choose to foreclose with regard to a particular mortgage loan.

Phantom income. Due to the nature of the assets in which we will invest, we may be required to recognize taxable income from certain assets in advance of our receipt of cash flow from or proceeds from disposition of such assets, and may be required to report taxable income that exceeds the economic income ultimately realized on such assets.

We may acquire debt instruments in the secondary market for less than their face amount. The amount of such discount generally will be treated as "market discount" for U.S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made, unless we elect to include accrued market discount in income as it accrues. Principal payments on certain loans are made monthly, and consequently accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If we collect less on the debt instrument than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions.

We may agree to modify the terms of distressed and other loans we hold. These modifications may be considered "significant modifications" for U.S. federal income tax purposes that give rise to a

deemed debt-for-debt exchange upon which we may recognize taxable income or gain without a corresponding receipt of cash.

Some of the loans and debt securities that we acquire may have been issued with original issue discount. In general, we will be required to accrue original issue discount based on the constant yield to maturity of the debt securities, and to treat it as taxable income in accordance with applicable U.S. federal income tax rules even though such yield may exceed cash payments, if any, received on such debt instrument.

In addition, in the event that any debt instruments or debt securities acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income. Similarly, we may be required to accrue interest income with respect to subordinated mortgage-backed securities at the stated rate regardless of whether corresponding cash payments are received.

Finally, we may be required under the terms of indebtedness that we incur to use cash received from interest payments to make principal payments on that indebtedness, with the effect of recognizing income but not having a corresponding amount of cash available for distribution to our stockholders.

As a result of each of these potential timing differences between income recognition or expense deduction and cash receipts or disbursements, there is a significant risk that we may have substantial taxable income in excess of cash available for distribution. In that event, we may need to borrow funds or take other action to satisfy the REIT distribution requirements for the taxable year in which this "phantom income" is recognized. See "—Annual Distribution Requirements Applicable to REITs."

If we fail to satisfy one or both of the 75% and 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are entitled to relief under the Code. These relief provisions generally will be available if our failure to meet the tests is due to reasonable cause and not due to willful neglect, and we attach a schedule of the sources of our income to our U.S. federal income tax return. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally recognize exceeds the limits on nonqualifying income, the IRS could conclude that the failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances, we will fail to qualify as a REIT. Even if these relief provisions apply, a penalty tax would be imposed based on the amount of nonqualifying income. See "—Our Taxation as a REIT."

Asset Tests

At the close of each quarter of our taxable year, we must satisfy the following tests relating to the nature of our assets.

- At least 75% of the value of our total assets must be represented by the following:
    - interests in real property, including leaseholds and options to acquire real property and leaseholds, and personal property to the extent such personal property is leased in connection with real property and rents attributable to such personal property are treated as "rents from real property";
    - interests in mortgages on real property;
    - stock in other REITs and debt instruments issued by "publicly offered REITs";
    - cash and cash items;
    - government securities;

- investments in stock or debt instruments attributable to the temporary investment of new capital during the one-year period following our receipt of new capital that we raise through equity offerings or public offerings of debt obligations with at least a five-year term; and
- regular or residual interests in a REMIC. However, if less than 95% of the assets of a REMIC consists of assets that are qualifying real estate-related assets under the federal income tax laws, determined as if we held such assets directly, we will be treated as holding directly our proportionate share of the assets of such REMIC.

- Not more than 25% of our total assets may be represented by securities, other than those in the 75% asset class described in the first bullet point above.
- Except for securities in TRSs and the securities in the 75% asset class described in the first bullet point above, the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets, or the 5% asset test.
- Except for securities in TRSs and the securities in the 75% asset class described in the first bullet point above, we may not own more than 10% of any one issuer's outstanding voting securities, or the 10% vote test.
- Except for securities of TRSs and the securities in the 75% asset class described in the first bullet point above, we may not own more than 10% of the total value of the outstanding securities of any one issuer, other than securities that qualify for the "straight debt" exception discussed below, or the 10% value test.
- Not more than 25% (20% in taxable years beginning after December 31, 2017) of the value of our total assets may be represented by the securities of one or more TRSs.
- Not more than 25% of the value of our total assets may be represented by nonqualified publicly offered REIT debt instruments that are not secured by real property or interests in real property.

Securities, for the purposes of the asset tests, may include debt we hold from other issuers. However, debt we hold in an issuer that does not qualify for purposes of the 75% asset test will not be taken into account for purposes of the 10% value test if the debt securities meet the "straight debt" safe harbor. Debt will meet the "straight debt" safe harbor if the debt is a written unconditional promise to pay on demand or on a specified date a sum certain in money, the debt is not convertible, directly or indirectly, into stock, and the interest rate and the interest payment dates of the debt are not contingent on the profits, the borrower's discretion or similar factors. In the case of an issuer that is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if we, and any of our "controlled taxable REIT subsidiaries" as defined in the Code, hold any securities of the corporate or partnership issuer that (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer's outstanding securities (including, for the purposes of a partnership issuer, our interest as a partner in the partnership).

In addition, the following instruments are not taken in to account for purposes of the 10% value test: (i) a REIT's interest as a partner in a partnership; (ii) any debt instrument issued by a partnership (other than straight debt or any other excluded security) if at least 75% of the partnership's gross income is derived from sources that would qualify for the 75% REIT gross income test; (iii) any debt instrument issued by a partnership (other than straight debt or any other excluded security) to the extent of the REIT's interest as a partner in the partnership; (iv) any loan to an individual or an estate; (v) any "section 467 rental agreement" other than an agreement with a related party tenant; (vi) any obligation to pay "rents from real property"; (vii) certain securities issued by governmental entities that

are not dependent in whole or in part on the profits of any other entity or payments on any obligation issued by such an entity); and (viii) any security issued by a REIT.

For purposes of the 75% asset test, mortgage loans will generally qualify as real estate assets to the extent that they are secured by real property. The IRS has stated that it will not challenge a REIT's treatment of a loan as being, in part, a qualifying real estate asset in an amount equal to the lesser of (i) the fair market value of the loan on the date of the relevant quarterly REIT asset testing date or (ii) the greater of (a) the fair market value of the real property securing the loan on the date of the relevant quarterly REIT asset testing date or (b) the fair market value of the real property securing the loan determined as of the date the REIT committed to acquire the loan.

As noted above, Revenue Procedure 2003-65 provides a safe harbor pursuant to which certain mezzanine loans secured by a first priority security interest in ownership interests in a partnership or limited liability company will be treated as qualifying assets for purposes of the 75% asset test (and therefore, are not subject to the 5% asset test and the 10% vote test or 10% value test). See "—Income Tests." Although we anticipate that our mezzanine loans typically may not qualify for that safe harbor, we believe our mezzanine loans should be treated as qualifying assets for the 75% asset test or should be excluded from the definition of securities for purposes of the 10% vote or 10% value test. We intend to originate and acquire mezzanine loans only to the extent such loans will not cause us to fail the asset tests described above.

As noted above, there is limited case law and administrative guidance addressing whether instruments similar to our mezzanine loans or our preferred equity investments will be treated as equity or debt for U.S. federal income tax purposes. If a mezzanine loan is treated as equity for U.S. federal income tax purposes, we would be treated as owning the assets held by the partnership or limited liability company that issued the mezzanine loan. If that partnership or limited liability company owned nonqualifying assets, we may not be able to satisfy all of the asset tests. Alternatively, if the IRS successfully asserts a preferred equity investment is debt for U.S. federal income tax purposes, then that investment may be treated as a nonqualifying asset for purposes of the 75% asset test and would be subject to the 10% value test and the 5% asset test. It is possible that a preferred equity investment that is treated as debt for U.S. federal income tax purposes could cause us to fail one or more of those tests.

As noted above, we expect that our investments in CMBS will generally be treated as interests in a grantor trust or as interests in a REMIC for U.S. federal income tax purposes. In the case of CMBS treated as interests in grantor trusts, we would be treated as owning an undivided beneficial ownership interest in the mortgage loans held by the grantor trust. In the case of CMBS treated as an interest in a REMIC, such interests will generally qualify as real estate assets, and income derived from REMIC interests will generally be treated as qualifying income for purposes of the REIT income tests described above. If less than 95% of the assets of a REMIC are real estate assets, however, then only a proportionate part of our interest in the REMIC and income derived from the interest will qualify for purposes of the REIT asset and income tests.

We believe that any stock that we acquire in other REITs will be a qualifying asset for purposes of the 75% asset test. However, if a REIT in which we own stock fails to qualify as a REIT in any year, the stock in such REIT will not be a qualifying asset for purposes of the 75% asset test. Instead, we would be subject to the asset tests described in the second, third, fourth and fifth bullet points above. We will also be subject to those assets tests with respect to our investments in any non-REIT C corporations for which we do not make a TRS election.

We may enter into repurchase agreements under which we will nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase the sold assets. We believe that we will be treated for U.S. federal income tax purposes as the owner of the assets that are the subject of any such agreements notwithstanding that we may transfer record ownership of the assets to

the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the repurchase agreement, in which case we could fail to qualify as a REIT.

We will monitor the status of our assets for purposes of the various asset tests and will seek to manage our portfolio to comply at all times with such tests. There can be no assurances, however, that we will be successful in this effort. In this regard, to determine our compliance with these requirements, we will need to estimate the value of the real estate securing our mortgage loans at various times. In addition, we will be required to value our investment in our other assets to ensure compliance with the asset tests. Although we will seek to be prudent in making these estimates, there can be no assurances that the IRS may not disagree with these determinations and assert that a different value is applicable, in which case we may not satisfy the 75% and the other asset tests.

We will not lose our REIT status for a *de minimis* failure to meet the 5% or 10% asset requirements if the failure is due to ownership of assets the total value of which does not exceed the lesser of 1% of the total value of our assets or $10 million. If we fail to satisfy any of the asset requirements for a particular tax quarter, we may still qualify as a REIT if we (1) identify the failure on a separate schedule, (2) the failure is due to reasonable cause and not willful neglect, (3) the assets causing the failure are disposed of within six months of the last day of the quarter in which the failure occurred and (4) we pay a tax computed as the greater of either $50,000 or the net income generated by the assets causing the failure multiplied by the highest tax rate under Section 11 of the Code.

After initially meeting the asset tests after the close of any quarter, we will not lose our status as a REIT if we fail to satisfy the asset tests at the end of a later quarter solely by reason of changes in the relative values of our assets. However, an acquisition of property by a REIT requires the REIT to revalue all of its assets. If the failure to satisfy the asset tests results from an increase in the value of our assets after the acquisition of securities or other property during a quarter, the failure can be cured by eliminating the discrepancy within 30 days after the close of that quarter. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take any available action within 30 days after the close of any quarter as may be required to cure any noncompliance with the asset tests. We cannot ensure that these steps always will be successful. If we fail to cure the noncompliance with the asset tests within this 30-day period, we could fail to qualify as a REIT.

We currently believe that the loans, securities and other assets that we expect to hold will satisfy the foregoing asset test requirements. However, no independent appraisals will be obtained to support our conclusions as to the value of our assets and securities, or in many cases, the real estate collateral for the mortgage loans and mezzanine loans that we hold. Moreover, values of some assets may not be susceptible to a precise determination. As a result, there can be no assurance that the IRS will not contend that our interest in securities and other assets will not cause a violation of the asset tests applicable to REITs.

Annual Distribution Requirements Applicable to REITs

To qualify as a REIT, we generally must distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to:

- the sum of (i) 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain and (ii) 90% of our net income after tax, if any, from foreclosure property; *minus*
- the excess of the sum of specified items of non-cash income (including original issue discount on our mortgage loans and mezzanine loans) over 5% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain.

Distributions generally must be made during the taxable year to which they relate. Distributions may be made in the following year in two circumstances. First, if we declare a dividend in October, November or December of any year with a record date in one of these months and pay the dividend on or before January 31 of the following year, we will be treated as having paid the dividend on December 31 of the year in which the dividend was declared. Second, distributions may be made in the following year if the dividends are declared before we timely file our tax return for the year and if made before the first regular dividend payment made after such declaration. These distributions are taxable to our stockholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement. To the extent that we do not distribute all of our net capital gain or we distribute at least 90%, but less than 100% of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed amount at regular corporate tax rates.

Generally, in order for distributions to be counted as satisfying the annual distribution requirements for REITs and to provide a REIT-level tax deduction, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is (1) pro-rata among all outstanding shares of stock within a particular class, and (2) in accordance with the preferences among different classes of stock as set forth in our organizational documents. However, so long as we are treated as a "publicly offered REIT" we will not be subject to these preferential dividend rules.

If we fail to distribute during a calendar year (or, in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January following such calendar year) at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed taxable income from prior years, we will be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed (taking into account excess distributions from prior years) and (y) the amounts of income retained on which we have paid corporate income tax.

We may elect to retain rather than distribute all or a portion of our net capital gains and pay the tax on the gains. In that case, we may elect to have our stockholders include their proportionate share of the undistributed net capital gains in income as long-term capital gains and receive a credit for their share of the tax paid by us. For purposes of the 4% excise tax described above, any retained amounts for which we elect this treatment would be treated as having been distributed.

We intend to make timely distributions sufficient to satisfy the distribution requirements. It is possible that, from time to time, we may not have sufficient cash to meet the distribution requirements due to timing differences between the actual receipt of cash and the inclusion of items of income by us for U.S. federal income tax purposes. Other potential sources of non-cash taxable income include (i) loans and securities that are financed through loan or securitization structures that require some or all of the available interest income from these assets to be used to repay principal on these borrowings, (ii) distressed loans on which we may be required to accrue interest or discount income even though the borrower is unable to make current or past due debt service payments; and, (iii) loans or mortgage-backed securities held by us as assets that are issued at a discount and require the accrual of taxable income in advance of the receipt of the related cash flow. In the event that such timing differences occur, and in other circumstances, it may be necessary in order to satisfy the distribution requirements to arrange for short-term, or possibly long-term, borrowings, or to pay the dividends in the form of taxable in-kind distributions of property (including, for example, our own debt securities or our stock).

Although several types of non-cash income are excluded in determining the annual distribution requirement, we will incur corporate income tax and the 4% nondeductible excise tax with respect to those non-cash income items if we do not distribute those items on a current basis. As a result of the foregoing, we may not have sufficient cash to distribute all of our taxable income and thereby avoid

corporate income tax and the excise tax imposed on certain undistributed income. In such a situation, we may need to borrow funds or issue additional common stock or preferred stock.

We may satisfy the 90% distribution test with taxable distributions of our stock or debt securities. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in stock as dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers whom they were issued, but we could request a similar ruling from the IRS. Accordingly, it is unclear whether and to what extent we will be able to make taxable dividends payable in cash and stock. We have no current intention to make a taxable dividend payable in our stock.

Under some circumstances, we may be able to rectify a failure to meet the distribution requirement for a year by paying deficiency dividends to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends. However, we will be required to pay interest based upon the amount of any deduction taken for deficiency dividends. It is intended that the Formation Transaction will be treated as a taxable transaction, and not as a transaction that qualifies as tax-free under Section 351 of the Code, to Two Harbors. Thus, we expect to establish our initial tax basis in the assets received in the Formation Transaction by reference to the initial trading price of our common stock and our valuation of the respective assets contributed by Two Harbors (rather than utilizing a carryover basis). The IRS could assert that the initial tax basis of our assets (or particular assets) is less than the amount determined by us (or is a carryover basis). If the IRS were successful in sustaining such an assertion, this could result in increased taxable income and gain to us as compared to the amounts we had originally calculated and reported. This could further result in our being required to distribute additional amounts in order to maintain our REIT status and avoid corporate taxes and also could result in our owing interest and penalties.

Failure to Qualify

If we fail to satisfy one or more requirements of REIT qualification, other than the income tests or asset requirements, then we may still retain REIT qualification if the failure is due to reasonable cause and not willful neglect, and we pay a penalty of $50,000 for each failure.

If we fail to qualify for taxation as a REIT in any taxable year and the relief provisions do not apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. This would significantly reduce both our cash available for distribution to our stockholders and our earnings. If we fail to qualify as a REIT, we will not be required to make any distributions to stockholders and any distributions that are made will not be deductible by us. Moreover, all distributions to stockholders would be taxable as dividends to the extent of our current and accumulated earnings and profits, whether or not attributable to capital gains of ours. Subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction with respect to those distributions, and individual, trust and estate distributees may be eligible for reduced income tax rates on such dividends. Unless we are entitled to relief under specific statutory provisions, we also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost.

Taxation of U.S. Holders of Our Common Stock

As used in the remainder of this discussion, the term "U.S. holder" means a beneficial owner of our common stock that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;

- a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof (including the District of Columbia);
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding common stock, you should consult your tax advisors. A "non-U.S. holder" is a beneficial owner of our common stock that is neither a U.S. holder nor a partnership (or an entity treated as a partnership for U.S. federal income tax purposes).

Distributions Generally. As long as we qualify as a REIT, distributions made to taxable U.S. holders of our common stock out of current or accumulated earnings and profits that are not designated as capital gain dividends or qualified dividend income will be taken into account by them as ordinary income taxable at ordinary income tax rates and will not qualify for the reduced capital gains rates that currently generally apply to distributions by non-REIT C corporations to certain non-corporate U.S. holders. In determining the extent to which a distribution constitutes a dividend for tax purposes, our earnings and profits will be allocated first to distributions with respect to our preferred stock, if any, and then to our common stock. Corporate stockholders will not be eligible for the dividends received deduction with respect to these distributions.

Distributions in excess of both current and accumulated earnings and profits will not be taxable to a U.S. holder to the extent that the distributions do not exceed the adjusted basis of the holder's stock. Rather, such distributions will reduce the adjusted basis of the stock. To the extent that distributions exceed the adjusted basis of a U.S. holder's stock, the distributions will be taxable as capital gains.

Distributions will generally be taxable, if at all, in the year of the distribution. However, if we declare a dividend in October, November or December of any year with a record date in one of these months and pay the dividend on or before January 31 of the following year, we will be treated as having paid the dividend, and the stockholder will be treated as having received the dividend, on December 31 of the year in which the dividend was declared.

We may elect to designate distributions of our net capital gain as "capital gain dividends." Capital gain dividends are taxed to U.S. holders of our stock as gain from the sale or exchange of a capital asset held for more than one year. This tax treatment applies regardless of the period during which the stockholders have held their stock. If we designate any portion of a dividend as a capital gain dividend, the amount that will be taxable to the stockholder as capital gain will be indicated to U.S. holders on IRS Form 1099-DIV. Corporate stockholders, however, may be required to treat up to 20% of capital gain dividends as ordinary income. Capital gain dividends are not eligible for the dividends-received deduction for corporations.

Instead of paying capital gain dividends, we may elect to require stockholders to include our undistributed net capital gains in their income. If we make such an election, U.S. holders (i) will include in their income as long-term capital gains their proportionate share of such undistributed capital gains and (ii) will be deemed to have paid their proportionate share of the tax paid by us on such undistributed capital gains and thereby receive a credit or refund for such amount. A U.S. holder of our common stock will increase the basis in its shares of our common stock by the difference

between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. Our earnings and profits will be adjusted appropriately.

We must classify portions of our designated capital gain dividend into the following categories:

- a 20% gain distribution, which would be taxable to non-corporate U.S. holders of our stock at a rate of up to 20%; or
- an unrecaptured Section 1250 gain distribution, which would be taxable to non-corporate U.S. holders of our stock at a maximum rate of 25%.

We must determine the maximum amounts that we may designate as 20% and 25% capital gain dividends by performing the computation required by the Code as if the REIT were an individual whose ordinary income were subject to a marginal tax rate of at least 28%. The IRS currently requires that distributions made to different classes of stock be composed proportionately of dividends of a particular type.

Other Tax Considerations. U.S. holders of our common stock may not include in their individual income tax returns any of our net operating losses or capital losses. Our operating or capital losses would be carried over by us for potential offset against future income, subject to applicable limitations.

Sales of Our Common Stock. Upon any taxable sale or other disposition of our common stock, a U.S. holder of our common stock will recognize gain or loss for federal income tax purposes on the disposition of our common stock in an amount equal to the difference between:

- the amount of cash and the fair market value of any property received on such disposition; and
- the U.S. holder's adjusted basis in such common stock for tax purposes.

Gain or loss will be capital gain or loss. The applicable tax rate will depend on the holder's holding period in the asset (generally, if an asset has been held for more than one year it will produce long-term capital gain) and the holder's tax bracket.

In general, any loss upon a sale or exchange of our common stock by a U.S. holder who has held such stock for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss, but only to the extent of distributions from us received by such U.S. holder that are required to be treated by such U.S. holder as long-term capital gains.

Passive Activity Loss and Investment Interest Limitation. Distributions and gain from the disposition of our common stock will not be treated as passive activity income, and therefore U.S. holders will not be able to apply any "passive activity losses" against such income. Dividends paid by us, to the extent they do not constitute a return of capital, will generally be treated as investment income for purposes of the investment income limitation on the deduction of the investment interest.

Medicare Tax. Certain U.S. holders, including individuals and estates and trusts, are subject to an additional 3.8% Medicare tax on all or a portion of their "net investment income," which includes net gain from a sale or exchange of common stock and income from dividends paid on common stock. U.S. holders are urged to consult their own tax advisors regarding the Medicare tax.

Taxation of Non-U.S. Holders of Our Common Stock

The rules governing U.S. federal income taxation of non-U.S. holders are complex. This section is only a summary of such rules.**We urge non-U.S. holders to consult their own tax advisors to determine the impact of federal, state and local income tax laws on ownership of the common stock, including any reporting requirements.**

Distributions. Distributions by us to a non-U.S. holder of our common stock that are neither attributable to gain from sales or exchanges by us of "United States real property interests" nor

designated by us as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. These distributions ordinarily will be subject to U.S. federal income tax on a gross basis at a rate of 30%, or a lower rate as permitted under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs. Further, reduced treaty rates are not available to the extent the income allocated to the non-U.S. holder is excess inclusion income. Excess inclusion income will generally be allocated to our stockholders to the extent we have "excess inclusion income" that exceeds our undistributed REIT taxable income in a particular year. See "—Our Taxation as a REIT—Taxable Mortgage Pools and REMICs." Dividends that are effectively connected with a U.S. trade or business will be subject to tax on a net basis, that is, after allowance for deductions, at graduated rates, in the same manner as U.S. holders are taxed with respect to these dividends, and are generally not subject to withholding. Applicable certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exception. Any dividends received by a corporate non-U.S. holder that is engaged in a U.S. trade or business also may be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate. We expect to withhold U.S. income tax at the rate of 30% on any dividend distributions, not designated as (or deemed to be) capital gain dividends, made to a non-U.S. holder unless:

- a lower treaty rate applies and the non-U.S. holder files an IRS Form W-8BEN or IRS Form W-8BEN-E with us evidencing eligibility for that reduced rate is filed with us; or

- the non-U.S. holder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. holder's U.S. trade or business.

Distributions in excess of our current or accumulated earnings and profits that do not exceed the adjusted basis of the non-U.S. holder in its common stock will reduce the non-U.S. holder's adjusted basis in its common stock and will not be subject to U.S. federal income tax. Distributions in excess of current and accumulated earnings and profits that do exceed the adjusted basis of the non-U.S. holder in its common stock will be treated as gain from the sale of its stock, the tax treatment of which is described below. See "—Taxation of Non-U.S. Holders of Our Common Stock—Sales of Our Common Stock." Because we generally cannot determine at the time we make a distribution whether or not the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend.

We would be required to withhold at least 15% of any distribution to a non-U.S. holder in excess of our current and accumulated earnings and profits if our common stock constitutes a United States real property interest with respect to such non-U.S. holder, as described below under "—Taxation of Non-U.S. Holders of Our Common Stock—Sales of Our Common Stock." This withholding would apply even if a lower treaty rate applies or the non-U.S. holder is not liable for tax on the receipt of that distribution. However, a non-U.S. holder may seek a refund of these amounts from the IRS if the non-U.S. holder's U.S. tax liability with respect to the distribution is less than the amount withheld.

Distributions to a non-U.S. holder that are designated by us at the time of the distribution as capital gain dividends, other than those arising from the disposition of a United States real property interest, generally should not be subject to U.S. federal income taxation unless:

- the investment in the common stock is effectively connected with the non-U.S. holder's U.S. trade or business, in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to any gain, except that a holder that is a foreign corporation also may be subject to the 30% branch profits tax, as discussed above; or

- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which

case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains.

Under the Foreign Investment in Real Property Tax Act of 1980, which is referred to as "FIRPTA," distributions to certain non-U.S. holders that are attributable to gain from sales or exchanges by us of United States real property interests, whether or not designated as a capital gain dividend, will cause the non-U.S. holders to be treated as recognizing gain that is income effectively connected with a U.S. trade or business. Non-U.S. holders will be taxed on this gain at the same rates applicable to U.S. holders, subject to a special alternative minimum tax in the case of nonresident alien individuals. Also, this gain may be subject to a 30% (or lower applicable treaty rate) branch profits tax in the hands of a non-U.S. holder that is a corporation. The term "United States real property interests" generally does not include mortgage loans or mortgage-backed securities. As a result, we do not anticipate that we will generate material amounts of gain that would be subject to FIRPTA.

Subject to the discussion below regarding an exception generally applicable to non-U.S. holders if our stock is regularly traded on an established securities market located in the United States, unless the non-U.S. holder is a "qualified shareholder" or a "qualified foreign pension fund" (as those terms are defined in Section 897 of the Code), we will be required to withhold and remit to the IRS 35% of any distributions to non-U.S. holders that are designated as capital gain dividends, or, if greater, 35% of a distribution that could have been designated as a capital gain dividend, whether or not attributable to sales of U.S. real property interests. Distributions can be designated as capital gains to the extent of our net capital gain for the taxable year of the distribution. The amount withheld is creditable against the non-U.S. holder's U.S. federal income tax liability. If the amount withheld exceeds the actual tax liability of the non-U.S. holder, such excess may be refunded to the non-U.S. holder upon the filing of an appropriate return with the IRS.

However, the 35% withholding tax will not apply to any capital gain dividend with respect to any class of our stock which is regularly traded on an established securities market located in the United States if the non-U.S. stockholder did not own more than 10% of such class of stock at any time during the one-year period ending on the date of such dividend. Instead, any capital gain dividend will be treated as a distribution subject to the rules discussed above under "—Taxation of Non-U.S. Stockholders of Our Common Stock—Distributions." Also, the branch profits tax will not apply to such a distribution.

Sales of Our Common Stock. Gain recognized by a non-U.S. holder upon the sale or exchange of our common stock generally would not be subject to U.S. taxation unless:

- the investment in our common stock is effectively connected with the non-U.S. holder's U.S. trade or business, in which case the non-U.S. holder will be subject to the same treatment as domestic holders with respect to any gain;
- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual's net capital gains for the taxable year; or
- the non-U.S. holder is not a "qualified stockholder" or a "qualified foreign pension fund" (as those terms are defined in Section 897 of the Code) and our common stock constitutes a United States real property interest within the meaning of FIRPTA, as described below.

Our common stock will not constitute a U.S. real property interest if we either are not a U.S. real property holding corporation or we are a domestically-controlled REIT. Whether we are a U.S. real property holding corporation will depend upon whether the fair market value of United States real property interests owned by us equals or exceeds 50% of the fair market value of these interests, any interests in real estate outside of the United States, and our other trade and business assets. Because

U.S. real property interests do not generally include mortgage loans or mortgage-backed securities, we do not expect to be a U.S. real property holding corporation although we cannot guarantee that we will not be treated as such. We will be a domestically-controlled REIT if, at all times during a specified testing period, less than 50% in value of our stock is held directly or indirectly by non-U.S. holders.

Because our common stock will be publicly traded after this offering, no assurance can be given that we are or will be a domestically-controlled REIT. Even if we were a United States real property holding corporation and were not a domestically-controlled REIT, a sale of common stock by a non-U.S. holder would nevertheless not be subject to taxation under FIRPTA as a sale of a United States real property interest if:

- our common stock is "regularly traded" on an established securities market within the meaning of applicable Treasury regulations; and
- the non-U.S. holder did not actually, or constructively under specified attribution rules under the Code, own more than 10% of our common stock at any time during the shorter of the five-year period preceding the disposition or the holder's holding period.

If gain on the sale or exchange of our common stock were subject to taxation under FIRPTA, the non-U.S. holder would be subject to regular U.S. income tax with respect to any gain in the same manner as a taxable U.S. holder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals. In such case, under FIRPTA the purchaser of common stock may be required to withhold 15% of the purchase price and remit this amount to the IRS.

Taxation of Tax-Exempt Holders of Our Common Stock

Provided that a tax-exempt holder has not held its common stock as "debt-financed property" within the meaning of the Code, the dividend and interest income from us generally will not be unrelated business taxable income, referred to as "UBTI," to a tax-exempt holder. Similarly, income from the sale of our common stock generally will not constitute UBTI unless the tax-exempt holder has held its common stock as debt-financed property. To the extent, however, that we, or a part of us, or a disregarded subsidiary of ours, is a taxable mortgage pool, a portion of the dividends paid to a tax-exempt stockholder that is allocable to excess inclusion income may be subject to tax as UBTI. See "—Our Taxation as a REIT—Taxable Mortgage Pools and REMICs."

Notwithstanding the foregoing, however, certain entities such as social clubs, voluntary employee benefit associations and supplemental unemployment benefit trusts that are generally exempt from federal income taxation under the Code, are subject to different UBTI rules, which generally will require them to characterize distributions that they receive from us as UBTI. In addition, a portion of the dividends paid by a "pension-held REIT" are treated as UBTI as to any trust which is described in Section 401(a) of the Code, is tax-exempt under Section 501(a) of the Code, and holds more than 10%, by value, of the interests in the REIT. Tax-exempt pension funds that are described in Section 401(a) of the Code are referred to below as "pension trusts."

A REIT is a "pension-held REIT" if it meets the following two tests:

- it would not have qualified as a REIT but for Section 856(h)(3) of the Code, which provides that stock owned by pension trusts will be treated, for purposes of determining whether the REIT is closely held, as owned by the beneficiaries of the trust rather than by the trust itself; and
- either (i) at least one pension trust holds more than 25% of the value of the interests in the REIT, or (ii) a group of pension trusts each individually holding more than 10% of the value of the REIT's stock, collectively owns more than 50% of the value of the REIT's stock.

The percentage of any REIT dividend from a "pension-held REIT" that is treated as UBTI is equal to the ratio of the UBTI earned by the REIT, treating the REIT as if it were a pension trust and therefore subject to tax on UBTI, to the total gross income of the REIT. An exception applies where the percentage is less than 5% for any year, in which case none of the dividends would be treated as UBTI. The provisions requiring pension trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is not a "pension-held REIT" (for example, if the REIT is able to satisfy the "not closely held requirement" without relying on the "look through" exception with respect to pension trusts).

Reportable Transactions

If a stockholder recognizes a loss with respect to stock of $2 million or more for an individual stockholder or $10 million or more for a corporate stockholder, the stockholder must file a disclosure statement with the IRS on Form 8886. Direct stockholders of portfolio securities are in many cases exempt from this reporting requirement, but stockholders of a REIT currently are not excepted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Withholding Requirements Under FATCA

Under the provisions of the Code referred to as "FATCA" additional U.S. federal withholding tax may apply to certain types of payments in respect of stock held by or through "foreign financial institutions," as specially defined under such rules, and certain other non-U.S. entities (including in circumstances where the foreign financial institution or other non-U.S. entity is acting as an intermediary). FATCA imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, stock held by or through a foreign financial institution unless the foreign financial institution enters into an agreement with the U.S. Treasury to provide certain information regarding such institution's account holders and owners of its equity or debt on an annual basis or, in the case of a foreign financial institution in a jurisdiction that has entered into an intergovernmental agreement with the U.S., complies with the requirements of such agreement. In addition, FATCA imposes a 30% withholding tax on the same types of payments in respect of stock held by or through a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner, which we or the applicable withholding agent will in turn provide to the Secretary of the Treasury. FATCA applies to payments of dividends on our common stock and, after December 31, 2018, to gross proceeds from the sale or other disposition of our common stock. We will not pay any additional amount to stockholders in respect of any amounts withheld. Holders of our common stock should consult their tax advisors regarding the application of and compliance with FATCA in their particular situations.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the Treasury. According to publicly released statements, a top legislative priority of the new Congress and administration may be to enact significant reform of the Code, including significant changes to taxation of business entities and the deductibility of interest expense and capital investment. There is a substantial lack of clarity around the likelihood, timing and details of any such tax reform and the impact of any potential tax reform on us or an investment in our stock. Any such changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the U.S. federal income tax consequences to our investors and us of such qualification. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our securities.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of our common stock, including purchases by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such a Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in our common stock of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

This offering is not directed to any particular purchaser, nor does it address the needs of any particular purchaser. We will not provide, and none of PRCM, any of our respective affiliates or the underwriters will provide any advice or recommendation with respect to the management of any purchase of our common stock or the advisability of acquiring, holding, disposing or exchanging of our common stock.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets of an ERISA plan with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

Whether or not our underlying assets were deemed to include "plan assets," as described below, the acquisition and/or holding of our common stock by an ERISA Plan with respect to which we, PRCM or an underwriter is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor (the "DOL") has issued prohibited transaction class exemptions, or "PTCEs," that may provide exemptive relief for direct or indirect prohibited transactions resulting from the sale, acquisition and holding of our common stock. These PTCEs include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance

company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Plan Asset Issues

ERISA and the DOL regulations promulgated under ERISA, as modified by Section 3(42) of ERISA (the "Plan Asset Regulations"), generally provide that when an ERISA Plan acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include, for purposes of applying the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code, both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that less than 25% of the total value of each class of equity interest in the entity is held by "benefit plan investors" as defined in Section 3(42) of ERISA (the "25% Test") or that the entity is an "operating company," as defined in the Plan Asset Regulations. For purposes of the 25% Test, the assets of an entity will not be treated as "plan assets" if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the total value of each class of equity interest in the entity is held by "benefit plan investors," excluding equity interests held by persons (other than benefit plan investors) who have discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. The term "benefit plan investors" is generally defined to include employee benefit plans subject to Title I of ERISA or Section 4975 of the Code (including "Keogh" plans and IRAs), as well as any entity whose underlying assets include plan assets by reason of a plan's investment in such entity (e.g., an entity of which 25% or more of the value of any class of equity interests is held by benefit plan investors and which does not satisfy another exception under ERISA or the Plan Asset Regulations).

There can be no assurance that we will satisfy the 25% Test and it is not anticipated that we will qualify as an operating company or register as an investment company under the Investment Company Act.

For purposes of the Plan Asset Regulations, a "publicly offered security" is a security that is (a) "freely transferable," (b) part of a class of securities that is "widely held," and (c) (i) sold to the Plan as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act and the class of securities to which such security is a part is registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering of such securities to the public has occurred, or (ii) is part of a class of securities that is registered under Section 12 of the Exchange Act. We intend to effect such a registration under the Securities Act and the Exchange Act. The Plan Asset Regulations provide that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and one another. A security will not fail to be "widely held" because the number of independent investors falls below 100 subsequent to the initial offering thereof as a result of events beyond the control of the issuer. It is anticipated that our common stock will be "widely held" within the meaning of the Plan Asset Regulations, although no assurance can be given in this regard. The Plan Asset Regulations provide that whether a security is "freely transferable" is a factual question to be

determined on the basis of all the relevant facts and circumstances. It is anticipated that our common stock will be "freely transferable" within the meaning of the Plan Asset Regulations, although no assurance can be given in this regard.

Plan Asset Consequences

If our assets were deemed to be "plan assets" under ERISA, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by us, and (ii) the possibility that certain transactions in which we might seek to engage could constitute "prohibited transactions" under ERISA and the Code.

Because of the foregoing, our common stock should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of our common stock, each purchaser and subsequent transferee of our common stock will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold our common stock constitutes assets of any Plan or (ii) the purchase and holding of our common stock by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing our common stock on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether such investment will constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA, Section 4975 of the Code or any applicable Similar Laws.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as representatives of the underwriters named below. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
Citigroup Global Markets Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
JMP Securities LLC	
Keefe, Bruyette & Woods, Inc.	
Total	10,000,000

The underwriters are committed to purchase all the common shares offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or this offering may be terminated.

The underwriters propose to offer the common shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares to the public, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to purchase up to 1,500,000 additional shares of common stock from us. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $3.0 million. We have agreed to reimburse the underwriters for their out-of-pocket expenses, including the fees of their legal counsel incurred in connection with the clearance of this offering with the Financial Industry Regulatory Authority, Inc. in an amount not to exceed $30,000.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of shares of common stock or any such other securities whether any such transaction described in clause (i) or (ii) above is to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise, in each case without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold in this offering as well as shares issued pursuant to our 2017 Equity Incentive Plan.

Our directors and officers, certain employees of our Manager, together with certain other persons buying shares of our common stock through the directed share program and Two Harbors, have entered into lock-up agreements with underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus (120 days with respect to Two Harbors), may not, without the prior written consent of the representatives of the underwriters, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for any shares of our common stock or publicly disclose the intention to make any offer, sale, pledge or disposition, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (iii) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock in each case subject to certain exceptions. Any shares of common stock purchased by Two Harbors pursuant to the 10b5-1 Plan will also be subject to lock-up arrangements between Two Harbors and the underwriters.

At our request, the underwriters have reserved up to 5% of the shares of common stock being offered for sale at the initial public offering price to persons who are directors, officers or employees, or who are otherwise associated with us through a directed share program. The sales will be made by J.P. Morgan Securities LLC, an underwriter of this offering. The number of shares of common stock available for sale to the general public will be reduced by the number of directed shares of common stock purchased by participants in the program. Certain persons buying shares of our common stock

through our directed share program have entered into lock-up agreements with certain of the underwriters prior to the commencement of this offering. For certain officers, directors and employees purchasing shares of common stock through the directed share program, the lock-up agreements contemplated above shall govern with respect to their purchases. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. Any directed shares of common stock not purchased will be offered by J.P. Morgan Securities LLC to the general public on the same basis as all other shares of common stock offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed common shares.

We have agreed to indemnify the underwriters and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

Our common stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange under the symbol "GPMT."

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional shares referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives of the

underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common shares, or that the shares will trade in the public market at or above the initial public offering price.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to this offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, affiliates of our predecessor are party to financing arrangements in the form of master repurchase agreements with affiliates of certain of the underwriters, which will be amended in connection with the Formation Transaction to add Granite Point as a guarantor. In addition, from time to time we expect to enter into additional master repurchase agreements and other similar financing agreements for the financing of our target assets with affiliates of certain of the underwriters. Affiliates of the underwriters have received and will receive only customary cash compensation for these financings.

In addition, in the ordinary course of their business activities, the underwriters and their respective 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 underwriters and their respective affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. In addition, the description of the material U.S. federal income tax consequences contained in the section of the prospectus entitled "Material U.S. Federal Income Tax Considerations" is based upon the opinion of Orrick, Herrington & Sutcliffe LLP. The validity of the shares of common stock sold in this offering and certain other matters of Maryland law will be passed upon for us by Ballard Spahr LLP, Baltimore, Maryland. Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York will act as counsel to the underwriters.

EXPERTS

The consolidated financial statements of TH Commercial Holdings LLC as of December 31, 2016 and for the two periods ended December 31, 2016 and 2015 and the balance sheet of Granite Point Mortgage Trust Inc. as of May 15, 2017 appearing in this prospectus and registration statement have been audited by Ernst & Young, LLP, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a Registration Statement on Form S-11, including exhibits, schedules and amendments filed with the registration statement, of which this prospectus is a part, under the Securities Act with respect to the shares of common stock we propose to sell in this offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and the shares of common stock to be sold in this offering, reference is made to the registration statement, including the exhibits and schedules thereto. Statements contained in this prospectus as to the contents of any contract or other document referred to in this prospectus are not necessarily complete and, where that contract or other document has been filed as an exhibit to the registration statement, each statement in this prospectus is qualified in all respects by the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined without charge at the public reference room of the SEC, 100 F Street, N.E., Washington, DC 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0300. Copies of all or a portion of the registration statement can be obtained from the public reference room of the SEC upon payment of prescribed fees. Our SEC filings, including our registration statement, are also available to you, free of charge, on the SEC's website at http://www.sec.gov.

As a result of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act, and will file periodic reports and other information with the SEC. These periodic reports and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above.

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GRANITE POINT MORTGAGE TRUST INC.

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

We have presented unaudited pro forma condensed consolidated financial information that reflects the historical consolidated operations of TH Commercial Holdings LLC and its subsidiaries, which we refer to collectively as our Predecessor, as adjusted to give pro forma effect to the offering and the use of net proceeds therefrom and the Formation Transaction. We have not presented historical information for Granite Point Mortgage Trust Inc. because we have not had any operations or significant corporate activity since our formation.

The unaudited pro forma condensed consolidated financial information has been derived from, and should be read in conjunction with, the financial statements and related notes of our Predecessor which are included elsewhere in this prospectus. This information should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" also included elsewhere in this prospectus.

The unaudited pro forma condensed consolidated balance sheet data at March 31, 2017 reflects the historical information of our Predecessor as of such date, as adjusted to give pro forma effect to the Formation Transaction, this offering and the application of the net proceeds therefrom as if they had occurred on March 31, 2017. The historical balances of our Predecessor have been reflected at carryover basis because for accounting purposes, the transfer and assignment of our Predecessor's ownership interest in exchange for shares of our cumulative redeemable preferred stock and common stock and this offering are not deemed a business combination and do not result in a change of control. The value our Predecessor's stockholders will receive for their contribution relates to their Predecessor ownership interests only and does not include any value associated with the settlement of any other relationship with our Predecessor.

The unaudited pro forma condensed consolidated statements of comprehensive income data for the three months ended March 31, 2017 and the year ended December 31, 2016 reflect the historical information of our Predecessor adjusted to give pro forma effect to the Formation Transaction, this offering and the application of the net proceeds therefrom as if they had occurred on January 1, 2016.

The pro forma adjustments are based upon available information and assumptions that we believe are reasonable. The unaudited pro forma condensed consolidated statements of comprehensive income data and the unaudited pro forma condensed consolidated balance sheet data do not purport to represent the results of operations that would have occurred had such transactions been consummated on the dates indicated or the financial position for any future date or period.

Granite Point Mortgage Trust Inc.

Unaudited Pro Forma Consolidated Balance Sheet

As of March 31, 2017

(amounts in thousands except share data)

(unaudited)

	Predecessor (A)	Pro Forma Adjustments for the Formation Transaction (B)	Pro Forma Before Offering Adjustments	Pro Forma Adjustments for the Offering (C)	Pro Forma
Assets:					
Commercial real estate assets	$ 1,548,603		$ 1,548,603		$ 1,548,603
Available-for-sale securities, at fair value	12,766		12,766		12,766
Cash and cash equivalents	34,617	$ (25,515)(1)	168,421	190,725(5)	359,146
		(50,156)(2)			
		209,475(3)			
Restricted cash	2,260		2,260		2,260
Accrued interest receivable	4,487		4,487		4,487
Due from counterparties	456		456		456
Income tax receivable	7		7		7
Accounts receivable	8,457		8,457		8,457
Deferred debt issuance costs	2,679		2,679		2,679
Total Assets	$ 1,614,332		$ 1,748,136		$ 1,938,861
Liabilities:					
Repurchase agreements	$ 536,221	559,514(2)	$ 1,095,735		$ 1,095,735
Notes payable to affiliate	609,670	(609,670)(2)	—		—
Accrued interest payable	977		977		977
Unearned interest income	—		—		—
Income taxes payable	—		—		—
Other payables to Two Harbors and affiliates	25,515	(25,515)(1)	—		—
Accrued expenses and other liabilities	424		424		424
Total liabilities	1,172,807		1,097,136		1,097,136
Preferred stock, par value $0.01 per share; 50,000,000 shares authorized and 1,000 shares issued and outstanding	—	1,000(4)	1,000		1,000
Equity:					
Predecessor equity	441,525	209,475(3)	—		—
		(651,000)(4)			
Common stock, par value $0.01 per share; 450,000,000 shares authorized and 43,230,756 shares issued and outstanding	—	650,000(4)	650,000	190,725(5)	840,725
Total equity	441,525		650,000		650,000
Total Liabilities and Equity	$ 1,614,332		$ 1,748,136		$ 1,938,861

The accompanying notes are an integral part of these financial statements

Granite Point Mortgage Trust Inc.

Unaudited Pro Forma Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2017

(amounts in thousands except share data)

(unaudited)

	Predecessor (A)	Pro Forma Adjustments (B)	Pro Forma (C)
Interest income:			
Commercial real estate assets	$ 23,570		$ 23,570
Available-for-sale securities	246		246
Cash and cash equivalents	2		2
Total interest income	23,818		23,818
Interest expense	6,106	$ 3,246(1)	9,352
Net interest income	17,712		14,466
Other income:			
Realized gain on sales of commercial real estate assets	—		—
Ancillary fee income	—		—
Other fee income	—		—
Total other income	—		—
Expenses:			
Management fees	1,662	—(2)	1,662
Professional services	156		156
Subservicing expense	322		322
General and administrative expenses	2,117	808(3)	2,925
Total expenses	4,257		5,065
Income before income taxes	13,455		9,401
Provision for income taxes	1		1
Net income	$ 13,454		$ 9,400
Basic and diluted earnings per weighted average common share		(4)	$ 0.22
Basic and diluted weighted average number of shares of common stock outstanding		(4)	43,230,756
Comprehensive income:			
Net income	$ 13,454		9,400
Other comprehensive income:			
Unrealized gain on available-for-sale securities, net	80		80
Other comprehensive income	80		80
Comprehensive income	$ 13,534		$ 9,480

The accompanying notes are an integral part of these pro forma financial statements

GRANITE POINT MORTGAGE TRUST INC.

Pro Forma Consolidated Statement of Comprehensive Income

For the year ended December 31, 2016

(amounts in thousands except share data)

(unaudited)

	Predecessor (A)	Pro Forma Adjustments (B)	Pro Forma (C)
Interest income:			
Commercial real estate assets	$ 59,819		$ 59,819
Available-for-sale securities	1,002		1,002
Cash and cash equivalents	7		7
Total interest income	60,828		60,828
Interest expense	11,029	$ 8,593(1)	19,622
Net interest income	49,799		41,206
Other income:			
Realized gain on sales of commercial real estate assets	—		—
Ancillary fee income	37		37
Other fee income	166		166
Total other income	203		203
Expenses:			
Management fees	7,173	—(2)	7,173
Professional services	137		137
Subservicing expense	605		605
General and administrative expenses	6,741	4,224(3)	10,965
Total expenses	14,656		18,880
Income before income taxes	35,346		22,529
Benefit from income taxes	(11)		(11)
Net income	$ 35,357		$ 22,540
Basic and diluted earnings per weighted average common share		(4)	$ 0.52
Basic and diluted weighted average number of shares of common stock outstanding		(4)	43,230,756
Comprehensive income:			
Net income	$ 35,357		$ 22,540
Other comprehensive loss:			
Unrealized loss on available-for-sale securities, net	(112)		(112)
Other comprehensive loss	(112)		(112)
Comprehensive income	$ 35,245		$ 22,428

The accompanying notes are an integral part of these pro forma financial statements

Granite Point Mortgage Trust Inc.

Notes to Pro Forma Consolidated Financial Statements

(amounts in thousands except share data)

(unaudited)

Note 1. Notes to Pro Forma Consolidated Balance Sheet

(A) Reflects the historical consolidated balance sheet of the Predecessor as of March 31, 2017, which is included elsewhere in this registration statement.

(B) Reflects the following adjustments to present certain amounts pursuant to the Formation Transaction as if it occurred as of March 31, 2017:

(1) To reflect settlement of intercompany payable to Two Harbors and affiliates:

Cash and cash equivalents	$ (25,515)
Other payables to Two Harbors and affiliates	$ (25,515)

(2) To reflect settlement of Note payable to affiliate and replacement of financing with repurchase agreements:

Repurchase agreements	$ 559,514
Note payable to affiliate	$ (609,670)
Cash and cash equivalents	$ (50,156)

(3) To adjust for the contribution of acquisition cash by our Predecessor to fund certain acquisitions:

Cash and cash equivalents(i)	$ 209,475
Predecessor equity(i)	$ 209,475

(i) As outlined in the "Structure and Formation of Our Company" section, under the caption "Consideration Payable to Two Harbors," included elsewhere in this prospectus, our Predecessor will continue to provide capital funding to support commercial real estate asset acquisitions and will provide acquisition cash and working capital funding requirements. Based upon these estimates our Predecessor made additional contributions summarized in the table below.

Actual capital contributions to fund target investments	$ 54,654
Actual capital contributions to meet acquisition cash and working capital funding requirements	154,821
Total adjustment	$ 209,475

The acquisition cash and working capital funding requirements have been recorded as additional cash and cash equivalents and as additional Predecessor equity. Any acquisition cash and working capital funding that our Predecessor does not spend prior to the closing of the offering will remain in the entity.

Granite Point Mortgage Trust Inc.

Notes to Pro Forma Consolidated Financial Statements (Continued)

(amounts in thousands except share data)

(unaudited)

Note 1. Notes to Pro Forma Consolidated Balance Sheet (Continued)

(4) Reclassification of our Predecessor's equity into common stock issued to Two Harbors in exchange for their contribution:

Predecessor equity	$ (651,000)
10% Cumulative Redeemable Preferred Stock(i),(ii)	$ 1,000
Common stock(i)	$ 650,000

(i) As outlined in the "Structure and Formation of Our Company" section, under the caption "Consideration Payable to Two Harbors," included elsewhere in this prospectus, Two Harbors will receive 33,071,000 shares of our common stock and 1,000 shares of our 10% cumulative redeemable preferred stock in exchange for all of the equity interests in our Predecessor.

(ii) As outlined in the "Description of Capital Stock" section, under the caption "Cumulative Redeemable Preferred Stock," included elsewhere in this prospectus, our 10% Cumulative Redeemable Preferred Stock has a liquidation value of $1,000 and certain redemption features that requires these shares to be reported outside the equity section in the pro forma balance sheet.

(C) Reflects the following adjustments to present certain amounts pursuant to the offering as if it occurred as of March 31, 2017:

(5) To adjust for offering proceeds from the issuance of 10,000,000 shares of common stock at an initial offering price of $20.50 per share, net of transaction costs related to this offering (underwriting discount of $11,275 and other offering estimated offering expenses of $3,000:

Cash and cash equivalents	$ 190,725
Common stock	$ 190,725

Note 2. Notes to Pro Forma Consolidated Statements of Comprehensive Income

(A) Reflects the historical consolidated statement of comprehensive income of our Predecessor for the three months ended March 31, 2017 and for the year ended December 31, 2016 which is included elsewhere in this registration statement.

(B) Reflects the following adjustments to present certain amounts pursuant to the Formation Transaction and the offering:

(1) To adjust for increase to interest expense resulting from replacement of Note Payable to Affiliate with repurchase agreement financing:

	Three Months Ended March 31, 2017	Year Ended December 31, 2016
Interest expense(i)	$ 3,246	$ 8,593

(i) As outlined in "Our Financing Strategy and Leverage" section included elsewhere in this prospectus, our funding sources will initially include the net proceeds of this offering and the

Granite Point Mortgage Trust Inc.

Notes to Pro Forma Consolidated Financial Statements (Continued)

(amounts in thousands except share data)

(unaudited)

Note 2. Notes to Pro Forma Consolidated Statements of Comprehensive Income (Continued)

available capacity under repurchase agreements which will be in place at the closing of this offering. The pro forma increase to interest expense was calculated using the negotiated terms for advance rate and interest margin under the repurchase agreements.

(2) To reflect adjustment to management fee expense pursuant to the Formation Transaction and the offering:

	Three Months Ended March 31, 2017	Year Ended December 31, 2016
Management fees(i)	$ —	$ —

(i) As outlined in the "Our Manager and the Management Agreement" section, under the caption "Management Agreement," included elsewhere in this prospectus, we will enter into a new management agreement with our Manager. In addition to a base management fee, we will pay our Manager an incentive fee as defined in the agreement.

(3) To adjust for additional general & administrative expenses to be incurred operating as a public company:

	Three Months Ended March 31, 2017	Year Ended December 31, 2016
Compensation of our named executive officers (except CEO) and other personnel employed by our Manager(i)	$ 346	$ 1,385
Back-office charges(i)	115	459
Board of directors fees(ii)	125	500
Restricted stock vesting(iii)	210	1,830
	$ 808	$ 4,224

(i) As outlined in the "Our Manager and the Management Agreement" section included elsewhere in this prospectus, we will reimburse our Manager for all expenses incurred on our behalf and otherwise in the operation of its business, including our allocable share of the compensation expense and back office services. We are currently estimating the additional annual expense to be passed through to us to be $1,385 for compensation and $459 for back-office charges. Back-office charges represent certain allocated costs from our Manager and include office rent, information technology, and other similar charges.

(ii) As outlined in the "Management" section, under the caption "Director Compensation," of this prospectus, we will incur additional fees for the independent directors on our board of directors. This adjustment represents the effect for the estimated annual costs of these fees totaling $550, which includes the issuance of 13,415 shares of our common stock. We have assumed the restricted stock portion of the fees will vest at the beginning of each annual period.

Granite Point Mortgage Trust Inc.

Notes to Pro Forma Consolidated Financial Statements (Continued)

(amounts in thousands except share data)

(unaudited)

Note 2. Notes to Pro Forma Consolidated Statements of Comprehensive Income (Continued)

We expect to incur other costs as a public company which could include, but not be limited to, directors and officers insurance, accounting, tax and legal fees. We currently estimate that the additional annual expense to be recognized for these costs to be $1,505, which have not been included in this pro forma adjustment.

(iii) As outlined in the "Management" section, under the caption "2017 Equity Incentive Plan," included elsewhere in this prospectus, we will adopt prior to the completion of this offering the 2017 Equity Incentive Plan to provide incentive compensation to attract and retain qualified directors, officers, advisors, consultants and other personnel, including certain personnel of our Manager and their respective affiliates. The terms and conditions of awards issued under 2017 Incentive Plan will be adminstered by the compensation committee appointed by our board of directors.

Upon completion of this offering, we expect to grant certain of our executive officers and certain personnel of our Manager a total of 146,341 shares of restricted stock which have a total value of $3,000. These shares will vest ratably over a three-year service period, provided they continue to provide services on behalf of the Company and/or our Manager. The amounts reflected in this adjustment assumed the restricted shares issued are valued at the initial public offering price of $20.50 and have an annual time vesting over the three-year service period.

(4) Represents net income available to common stockholders divided by the common shares outstanding after completion of the offering:

	Three Months Ended March 31, 2017	Year Ended December 31, 2016
Shares issued in the Formation Transaction	33,071,000	33,071,000
Shares issued in the offering	10,000,000	10,000,000
Restricted stock grants to board of directors and management	159,756	159,756
	43,230,756	43,230,756

Report of Independent Registered Public Accounting Firm

The Management of Two Harbors Investment Corp.:

We have audited the accompanying balance sheet of Granite Point Mortgage Trust Inc. (the Company), as of May 15, 2017. This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Company at May 15, 2017 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
Minneapolis, Minnesota
May 24, 2017

GRANITE POINT MORTGAGE TRUST INC.

BALANCE SHEET

As of May 15, 2017

(amounts in thousands except share data)

	May 15, 2017
Assets	
Cash and cash equivalents	$ 1
Total Assets	$ 1
Stockholder's Equity	
Common stock, $0.01 par value; 1,000 shares authorized; 1,000 shares issued and outstanding	$ —
Additional paid in capital	1
Total stockholder's equity	$ 1

The accompanying notes are an integral part of this balance sheet.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Balance Sheet

Note 1. Organization and Operations

Granite Point Mortgage Trust Inc., or the Company, is a newly formed Maryland corporation that intends to focus primarily on investing in, financing, and managing commercial real estate debt and related instruments. The Company was organized in Maryland on April 7, 2017. Under its Articles of Incorporation, the Company is authorized to issue up to 1,000 shares of common stock. The Company was initially capitalized by issuing 1,000 shares of common stock to Two Harbors Investment Corp. for a par value of $0.01 per share. The Company has had no other operations since its formation.

The Company is in the process of preparing for an initial public offering, or the Offering, pursuant to which it proposes to issue common stock to the public. The Company intends to file a Registration Statement on Form S-11 with the Securities and Exchange Commission with respect to a proposed initial public offering of common stock. Concurrently with this offering, the Company will complete a Formation Transaction pursuant to which the Company will acquire certain commercial real estate assets in exchange for shares of the Company's common stock and/or cash.

Following the completion of the Offering and Formation Transaction, the Company will be externally managed by Pine River Capital Management L.P., or Pine River.

The Company intends to elect and qualify to be taxed as a REIT for U.S. income tax purposes, commencing with the Company's taxable year ending December 31, 2017. The Company generally will not be subject to U.S. federal income taxes on its taxable income to the extent that it annually distributes all of its net taxable income to stockholders and maintains its intended qualification as a REIT. Accordingly, the financial statements do not reflect any provisions for income taxes. However, certain activities that the Company may perform in the future may cause it to earn income which will not be qualifying income for REIT purposes. The Company may form taxable REIT subsidiaries, or TRSs, as defined in the Internal Revenue Code of 1986, as amended to engage in such activities. These TRSs will be subject to income taxes.

Note 2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying balance sheet has been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP.

Use of Estimates

The preparation of the balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that may affect the amounts reported in the balance sheet and related notes. Actual results could differ from these estimates.

Summary of Significant Accounting Policies

Commercial Real Estate Assets

The Company will originate and purchase commercial real estate debt and related instruments generally to be held as long-term investments. These assets will be classified as commercial real estate assets on the Company's balance sheet. Interest income on commercial real estate assets will be recorded on the statement of comprehensive income.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Balance Sheet (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

Commercial real estate assets will be reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless the assets are deemed impaired. Impairment is indicated when it is deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loan. Because the Company's commercial real estate assets are collateralized either by real property or by equity interests in the commercial real estate borrower, impairment is measured by comparing the estimated fair value of the underlying collateral to the amortized cost of the respective loan. The valuation of the underlying collateral requires significant judgment, which includes assumptions regarding capitalization rates, leasing, credit worthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, overall economic conditions, the broader commercial real estate market, local geographic sub-markets, and other factors deemed necessary. If a loan is determined to be impaired, the Company will record an allowance to reduce the carrying value of the loan through a charge to provision for loan losses. Actual losses, if any, could ultimately differ from these estimates.

Interest income on commercial real estate assets will be recognized at the loan coupon rate. Any premiums or discounts, loan fees and origination costs will be amortized or accreted into interest income over the lives of the loans using the effective interest method. Loans are considered past due when they are 30 days past their contractual due date. Interest income recognition is suspended when loans are placed on nonaccrual status. Generally, commercial real estate loans are placed on nonaccrual status when delinquent for more than 60 days or when determined not to be probable of full collection. Interest accrued, but not collected, at the date loans are placed on nonaccrual is reversed and subsequently recognized only to the extent it is received in cash or until it qualifies for return to accrual status. However, where there is doubt regarding the ultimate collectability of loan principal, all cash received is applied to reduce the carrying value of such loans. Commercial real estate loans are restored to accrual status only when contractually current or the collection of future payments is reasonably assured.

Cash and Cash Equivalents

Cash and cash equivalents includes cash held in bank accounts and cash held in money market funds on an overnight basis.

Underwriting Commissions and Offering Costs

Underwriting commissions and offering costs, as applicable, to be incurred in connection with the Offering will be reflected as a reduction of additional paid-in-capital. Costs incurred that are not directly associated with the completion of the Offering will be expensed as incurred.

Note 3. Related Party Transactions

The Company will be externally managed by Pine River, or the Manager. Upon closing of the Offering, the Company will enter into a management agreement with the Manager, pursuant to which the Manager will be responsible for providing all of the management and operational services required to conduct the Company's business affairs. The Manager will remain at all times subject to the supervision of the Company's board of directors. The Company has no officers or employees, but rather will depend on the Manager, to provide all personnel necessary to conduct the Company's affairs. Under the management agreement, the Company will be required to pay the Manager a base

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Balance Sheet (Continued)

Note 3. Related Party Transactions (Continued)

management fee based on the Company's stockholders' equity, and incentive compensation as defined in the management agreement.

Note 4. Offering Costs

In connection with the Offering, affiliates of the Company have or will incur legal, accounting, and related costs, which will be reimbursed by the Company upon the consummation of the Offering. Such costs will be deducted from the proceeds of this offering.

Note 5. Subsequent Events

Events subsequent to May 15, 2017 were evaluated through May 24, 2017, the date the financial statements were available to be issued. No additional events were identified requiring further disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Member
of TH Commercial Holdings LLC

We have audited the accompanying consolidated balance sheets of TH Commercial Holdings LLC (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, member's equity and cash flows for each of the periods ended December 31, 2016 and 2015. Our audits also included the financial statement schedule listed in the accompanying Index. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the periods ended December 31, 2016 and 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP
Minneapolis, Minnesota
April 18, 2017
except for the financial statement schedule, as to which the date is
May 24, 2017

TH COMMERCIAL HOLDINGS LLC

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 31, 2016	December 31, 2015
ASSETS		
Commercial real estate assets	$ 1,412,543	$ 660,953
Available-for-sale securities, at fair value	12,686	—
Cash and cash equivalents	56,019	56,088
Restricted cash	260	250
Accrued interest receivable	3,745	1,567
Due from counterparties	249	—
Income taxes receivable	5	—
Accounts receivable	7,735	2,309
Deferred debt issuance costs	2,365	1,577
Total Assets(1)	$ 1,495,607	$ 722,744
LIABILITIES AND MEMBER'S EQUITY		
Liabilities		
Repurchase agreements	$ 451,167	$ 59,349
Note payable to affiliate	593,632	167,262
Accrued interest payable	655	73
Unearned interest income	143	155
Income taxes payable	—	70
Other payables to Two Harbors and affiliates	21,460	8,287
Accrued expenses and other liabilities	559	606
Total liabilities	1,067,616	235,802
Member's Equity		
Contributed capital	392,608	486,804
Accumulated other comprehensive loss	(112)	—
Cumulative earnings	35,495	138
Total member's equity	427,991	486,942
Total Liabilities and Member's Equity	$ 1,495,607	$ 722,744

(1) The consolidated balance sheets include assets of consolidated variable interest entities, or VIEs, that can only be used to settle obligations of these VIEs. At December 31, 2016 and December 31, 2015, assets of the VIEs totaled $46,047 and $45,852. See Note 3—Variable Interest Entities for additional information.

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

TH COMMERCIAL HOLDINGS LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Year Ended December 31, 2016	Period Ended December 31, 2015(1)
Interest income:		
Commercial real estate assets	$ 59,819	$ 9,139
Available-for-sale securities	1,002	—
Cash and cash equivalents	7	—
Total interest income	60,828	9,139
Interest expense	11,029	477
Net interest income	49,799	8,662
Other income:		
Realized gain on sales of commercial real estate assets	—	181
Ancillary fee income	37	14
Other fee income	166	—
Total other income	203	195
Expenses:		
Management fees	7,173	1,178
Professional services	137	419
Servicing expense	605	73
General and administrative expenses	6,741	6,979
Total expenses	14,656	8,649
Income before income taxes	35,346	208
(Benefit from) provision for income taxes	(11)	70
Net income	$ 35,357	$ 138
Comprehensive income:		
Net income	$ 35,357	$ 138
Other comprehensive loss:		
Unrealized loss on available-for-sale securities, net	(112)	—
Other comprehensive loss	(112)	—
Comprehensive income	$ 35,245	$ 138

(1) Commenced operations on January 7, 2015.

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

TH COMMERCIAL HOLDINGS LLC

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

(in thousands, except share data)

	Contributed Capital	Accumulated Other Comprehensive Loss	Cumulative Earnings	Total Member's Equity
Balance, January 7, 2015 (commencement of operations)	$ —	$ —	$ —	$ —
Capital contribution from Parent	486,804	—	—	486,804
Net income	—	—	138	138
Balance, December 31, 2015	$ 486,804	$ —	$ 138	$ 486,942
Capital contribution from Parent	10,000	—	—	10,000
Return of capital to Parent	(104,196)	—	—	(104,196)
Net income	—	—	35,357	35,357
Other comprehensive loss before reclassifications	—	(112)	—	(112)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—
Net other comprehensive loss	—	(112)	—	(112)
Balance, December 31, 2016	$ 392,608	$ (112)	$ 35,495	$ 427,991

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

TH COMMERCIAL HOLDINGS LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31, 2016	Period Ended December 31, 2015(1)
Cash Flows From Operating Activities:		
Net income	$ 35,357	$ 138
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of discounts and net deferred fees on commercial real estate assets	(7,244)	(468)
Realized gains on sales of commercial real estate assets	—	(181)
Net change in assets and liabilities:		
Increase in accrued interest receivable	(2,178)	(1,567)
Increase in income taxes receivable	(5)	—
Increase in accounts receivable	(5,426)	(2,309)
Increase in deferred debt issuance costs	(788)	(1,577)
Increase in accrued interest payable	582	73
(Decrease) increase in unearned interest income	(12)	155
(Decrease) increase in income taxes payable	(70)	70
(Decrease) increase in accrued expenses	(47)	606
Increase in other payables to Two Harbors and affiliates	13,173	8,287
Net cash provided by operating activities	33,342	3,227
Cash Flows From Investing Activities:		
Originations and purchases of commercial real estate assets, net of deferred fees	(760,731)	(662,627)
Proceeds from sales of commercial real estate assets	—	1,979
Proceeds from repayment of commercial real estate assets	16,385	344
Purchases of available-for-sale securities	(15,000)	—
Principal payments on available-for-sale securities	2,202	—
Increase in due from counterparties	(249)	—
Increase in restricted cash	(10)	(250)
Net cash used in investing activities	(757,403)	(660,554)
Cash Flows From Financing Activities:		
Proceeds from repurchase agreements	998,698	242,523
Principal payments on repurchase agreements	(606,880)	(183,174)
Proceeds from note payable to affiliate	437,888	167,262
Repayment of note payable to affiliate	(11,518)	—
Proceeds from capital contribution from Parent	10,000	486,804
Payments for return of capital to Parent	(104,196)	—
Net cash provided by financing activities	723,992	713,415
Net (decrease) increase in cash and cash equivalents	(69)	56,088
Cash and cash equivalents at beginning of period	56,088	—
Cash and cash equivalents at end of period	$ 56,019	$ 56,088
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 10,448	$ 403
Cash paid for taxes	$ 64	$ —

(1) Commenced operations on January 7, 2015.

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

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements

Note 1. Organization and Operations

TH Commercial Holdings LLC, or the Company, is a Delaware corporation formed on January 7, 2015 and focused on investing in, financing, and managing commercial real estate debt and related instruments. The Company is a wholly owned subsidiary of Two Harbors Operating Company LLC, or the Parent, which is a wholly owned subsidiary of Two Harbors Investment Corp. Two Harbors Investment Corp, or Two Harbors, is a publicly traded real estate investment trust (REIT).

The Company constitutes an entity with a single owner, Two Harbors, which for federal income tax purposes is disregarded as an entity separate from Two Harbors in accordance with Treasury Regulations. However, Two Harbors has designated one of the Company's subsidiaries as a taxable REIT subsidiary, or TRS, as defined in the Internal Revenue Code of 1986, or the Code, and its activities are subject to income taxes.

Two Harbors is externally managed and advised by PRCM Advisers LLC, a subsidiary of Pine River Capital Management L.P. (Pine River), an affiliated global multi-strategy asset management firm.

Note 2. Basis of Presentation and Significant Accounting Policies

Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of all subsidiaries; intercompany accounts and transactions have been eliminated. The accounting and reporting policies of the Company conform to U.S. generally accepted accounting principles, or U.S. GAAP.

All trust entities in which the Company holds investments that are considered VIEs for financial reporting purposes were reviewed for consolidation under the applicable consolidation guidance. Whenever the Company has both the power to direct the activities of a trust that most significantly impact the entities' performance, and the obligation to absorb losses or the right to receive benefits of the entities that could be significant, the Company consolidates the trust.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities, amount and timing of credit losses, prepayment rates, the period of time during which the Company anticipates an increase in the fair values of real estate securities sufficient to recover unrealized losses in those securities, and other estimates that affect the reported amounts of certain assets and liabilities as of the date of the consolidated financial statements and the reported amounts of certain revenues and expenses during the reported period. It is likely that changes in these estimates (e.g., valuation changes due to supply and demand, credit performance, prepayments, interest rates, or other reasons) will occur in the near term. The Company's estimates are inherently subjective in nature and actual results could differ from its estimates and the differences may be material.

Summary of Significant Accounting Policies

Commercial Real Estate Assets

The Company originates and purchases commercial real estate debt and related instruments generally to be held as long-term investments. These assets are classified as commercial real estate assets on the consolidated balance sheets. Additionally, the Company is the sole certificate holder of a

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

trust entity that holds a commercial real estate loan. The trust is considered a VIE for financial reporting purposes and, thus, is reviewed for consolidation under the applicable consolidation guidance. As the Company has both the power to direct the activities of the trust that most significantly impact the entity's performance, and the obligation to absorb losses or the right to receive benefits of the entity that could be significant, the Company consolidates the trust. The underlying loan is classified as commercial real estate assets on the consolidated balance sheets. The loan is legally isolated from the Company and has been structured to be beyond the reach of creditors of the Company. Interest income on commercial real estate assets is recorded on the consolidated statements of comprehensive income.

Commercial real estate assets are reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless the assets are deemed impaired. Impairment is indicated when it is deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loan. Because the Company's commercial real estate assets are collateralized by real property or are collateral dependent, impairment is measured by comparing the estimated fair value of the underlying collateral to the amortized cost of the respective loan. The valuation of the underlying collateral requires significant judgment, which includes assumptions regarding capitalization rates, leasing, credit worthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, overall economic conditions, the broader commercial real estate market, local geographic sub-markets, and other factors deemed necessary. If a loan is determined to be impaired, the Company records an allowance to reduce the carrying value of the loan through a charge to provision for loan losses. Actual losses, if any, could ultimately differ from these estimates.

Interest income on commercial real estate assets is recognized at the loan coupon rate. Any premiums or discounts, loan fees and origination costs are amortized or accreted into interest income over the lives of the loans using the effective interest method. Loans are considered past due when they are 30 days past their contractual due date. Interest income recognition is suspended when loans are placed on nonaccrual status. Generally, commercial real estate loans are placed on nonaccrual status when delinquent for more than 60 days or when determined not to be probable of full collection. Interest accrued, but not collected, at the date loans are placed on nonaccrual is reversed and subsequently recognized only to the extent it is received in cash or until it qualifies for return to accrual status. However, where there is doubt regarding the ultimate collectability of loan principal, all cash received is applied to reduce the carrying value of such loans. Commercial real estate loans are restored to accrual status only when contractually current or the collection of future payments is reasonably assured.

Available-for-Sale Securities, at Fair Value

The Company invests in commercial mortgage-backed securities, or CMBS, representing interests in pools of commercial mortgage loans issued by trusts. Although the Company generally intends to hold its CMBS until maturity, it may, from time to time, sell any of its CMBS as part of its overall management of its portfolio. Accordingly, the Company classifies its CMBS as available-for-sale, or AFS, investments. All assets classified as AFS are reported at estimated fair value with unrealized gains and losses, excluding other than temporary impairments, included in accumulated other comprehensive income.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

Available-for-sale securities transactions are recorded on the trade date. Purchases of newly-issued securities are recorded when all significant uncertainties regarding the characteristics of the securities are removed, generally shortly before settlement date. The cost basis for realized gains and losses on sales of available-for-sale securities are determined on the first-in, first-out, or FIFO, method.

Fair value is determined under the guidance of ASC 820, *Fair Value Measurements and Disclosures,* or ASC 820. In determining the fair value of its CMBS, management judgment is used to arrive at fair value that considers prices obtained from third-party pricing providers or broker quotes received using the bid price, which are both deemed indicative of market activity, and other applicable market data. The third-party pricing providers and brokers use pricing models that generally incorporate such factors as coupons, primary and secondary mortgage rates, rate reset period, issuer, prepayment speeds, credit enhancements and expected life of the security. If listed price data is not available or insufficient, then fair value is based upon internally developed models that are primarily based on observable market-based inputs but also include unobservable market data inputs. The Company classifies these securities as Level 3 assets. As of December 31, 2016, the Company did not have any available-for-sale securities categorized as Level 3. The Company's application of ASC 820 guidance is discussed in further detail in Note 8—Fair Value of these notes to the consolidated financial statements.

Interest income on available-for-sale securities is accrued based on the outstanding principal balance and their contractual terms. Premiums and discounts associated with CMBS are amortized into interest income over the life of such securities using the effective yield method. Adjustments to premium and discount amortization are made for actual prepayment activity. Actual maturities of the AFS securities are affected by the contractual lives of the associated mortgage collateral, periodic payments of principal, and prepayments of principal. Therefore actual maturities of AFS securities are generally shorter than stated contractual maturities. Stated contractual maturities are generally greater than ten years.

The Company evaluates its available-for-sale securities, on a quarterly basis, to assess whether a decline in the fair value of an AFS security below the Company's amortized cost basis is an other-than-temporary impairment, or OTTI. The presence of OTTI is based upon a fair value decline below a security's amortized cost basis and a corresponding adverse change in expected cash flows due to credit related factors as well as non-credit factors, such as changes in interest rates and market spreads. Impairment is considered other-than-temporary if an entity (i) intends to sell the security, (ii) will more likely than not be required to sell the security before it recovers in value, or (iii) does not expect to recover the security's amortized cost basis, even if the entity does not intend to sell the security. Under these scenarios, the impairment is other-than-temporary and the full amount of impairment should be recognized currently in earnings and the cost basis of the investment security is adjusted. However, if an entity does not intend to sell the impaired debt security and it is more likely than not that it will not be required to sell before recovery, the OTTI is separated into (i) the estimated amount relating to credit loss, or credit component, and (ii) the amount relating to all other factors, or non-credit component. Only the estimated credit loss amount is recognized currently in earnings, with the remainder of the loss amount recognized in other comprehensive income (loss). The difference between the new amortized cost basis and the cash flows expected to be collected is accreted as interest income in accordance with the effective interest method.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts and cash held in money market funds on an overnight basis.

Restricted Cash

Restricted cash represents the Company's cash held by counterparties as collateral against the Company's securities and/or repurchase agreements. Cash held by counterparties as collateral, which resides in non-interest bearing accounts, is not available to the Company for general corporate purposes, but may be applied against amounts due to securities and repurchase agreement counterparties or returned to the Company when the collateral requirements are exceeded or at the maturity of the repurchase agreement.

Accrued Interest Receivable

Accrued interest receivable represents interest that is due and payable to the Company. Cash interest is generally received within thirty days of recording the receivable.

Due from Counterparties

Due from counterparties includes cash held by counterparties as collateral against the Company's repurchase agreements but represents excess capacity and deemed unrestricted and a receivable from the counterparty as of the balance sheet date.

Repurchase Agreements

The Company finances the acquisition of its commercial real estate assets and AFS securities through the use of repurchase agreements. These repurchase agreements are generally short-term debt, which expire within one year. As of December 31, 2016, certain of the Company's repurchase agreements had contractual terms of greater than one year, and were considered long-term debt. Borrowings under repurchase agreements generally bear interest rates of a specified margin over one-month LIBOR and are generally uncommitted. The repurchase agreements are treated as collateralized financing transactions and are carried at their contractual amounts, as specified in the respective agreements.

Note Payable to Affiliate

The Company finances the acquisition of certain of its commercial real estate assets through a revolving note payable with TH Insurance Holdings Company LLC, or TH Insurance. TH Insurance is a separate indirect subsidiary of Two Harbors. In exchange for the note with TH Insurance, the Company receives an allocated portion of TH Insurance's advances from the Federal Home Loan Bank of Des Moines, or the FHLB. The Company pledges to the FHLB a portion of its commercial real estate assets as collateral for TH Insurance's advances.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

Accrued Interest Payable

Accrued interest payable represents interest that is due and payable to third parties. Interest is generally paid within 30 days to three months of recording the payable, based upon the Company's remittance requirements.

Other Comprehensive Loss

Current period net unrealized gains and losses on AFS securities are reported as components of accumulated other comprehensive loss on the consolidated statements of member's equity and in the consolidated statements of comprehensive income.

Income Taxes

The Company assesses its tax positions for all open tax years (2015 and 2016) and determines whether the Company has any material unrecognized liabilities in accordance with ASC 740, *Income Taxes.* The Company records these liabilities to the extent the Company deems them more likely than not to be incurred. The Company classifies interest and penalties on material uncertain tax positions as interest expense and other expense, respectively, in its consolidated statements of comprehensive income. There were no interest or penalties recorded during the periods presented in these financial statements.

Related Party Management Fee and Operating Expenses

The Company does not directly employ personnel. Instead the Company relies on the resources that PRCM Advisers provides to Two Harbors to conduct the Company's operations. The Company is allocated certain advisory expenses from Two Harbors that relate to the operations of the Company, which represent approximately 1.5% of member's equity on an annualized basis. This management fee is based upon the same fee structure incurred by Two Harbors for services provided by PRCM Advisers. Additionally, certain direct and allocated operating expenses paid by Two Harbors to PRCM Advisers and other external vendors are included in the Company's consolidated statements of comprehensive income.

Offsetting Assets and Liabilities

Certain of the Company's repurchase agreements are governed by underlying agreements that provide for a right of setoff in the event of default of either party to the agreement. Under certain of these agreements, the Company and the counterparty may be required to post cash collateral based upon the net underlying market value of the Company's open positions with the counterparty.

Under U.S. GAAP, if the Company has a valid right of setoff, it may offset the related asset and liability and report the net amount. The Company presents repurchase agreements subject to master netting arrangements or similar agreements on a gross basis. Regardless of whether or not the Company pledges or receives any cash collateral in accordance with its repurchase agreements, the Company does not offset financial assets and liabilities with the associated cash collateral on its consolidated balance sheets.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

The following table presents information about the Company's repurchase agreements that are subject to master netting arrangements or similar agreements and can potentially be offset on the Company's consolidated balance sheets as of December 31, 2016 and December 31, 2015:

(in thousands)	December 31, 2016	December 31, 2015
Gross amounts of repurchase agreements	$ 451,167	$ 59,349
Gross amounts offset in the consolidated balance sheets	—	—
Net amounts of repurchase agreements presented in the consolidated balance sheets	451,167	59,349
Gross amounts not offset with repurchase agreements in the consolidated balance sheets(1):		
Financial instruments	(451,167)	(59,349)
Cash collateral received (pledged)	—	—
Net amount	$ —	$ —

(1) Amounts presented are limited in total to the net amount of liabilities presented in the consolidated balance sheets by instrument. Excess cash collateral or financial assets that are pledged to counterparties may exceed the financial liabilities subject to a master netting arrangement or similar agreement. These excess amounts are excluded from the table above, although separately reported within restricted cash or due from counterparties in the Company's consolidated balance sheets.

Recently Issued and/or Adopted Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board, or FASB, issued ASU No. 2014-09, which is a comprehensive revenue recognition standard that supersedes virtually all existing revenue guidance under U.S. GAAP. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As a result of the issuance of ASU No. 2015-14 in August 2015 deferring the effective date of ASU No. 2014-09 by one year, the ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2017, with early adoption prohibited. The Company has determined this ASU will not have a material impact on the Company's financial condition or results of operations.

Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern

In August 2014, the FASB issued ASU No. 2014-15, which requires management to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern for both annual and interim reporting periods. The ASU requires certain disclosures if it concludes that substantial doubt exists and plans to alleviate that doubt. It is effective for annual periods ending after December 15, 2016, and for both annual and interim periods thereafter, with early adoption permitted. Adoption of this ASU did not have any impact on the Company's financial condition, results of operations or disclosures as no going concern issues were identified.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, which simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding debt liability. The ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2015, with early adoption permitted. The standard does not address the presentation of costs related to credit facilities whereby an entity may have fluctuating balances as it borrows and repays amounts. As a result, the Company continues to present deferred debt issuance costs related to its repurchase agreement facilities as an asset on its consolidated balance sheets, and early adoption of this ASU did not impact the Company's financial condition or results of operations.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13, which changes the impairment model for most financial assets and certain other instruments. Allowances for credit losses on AFS debt securities will be recognized, rather than direct reductions in the amortized cost of the investments. The new model also requires the estimation of lifetime expected credit losses and corresponding recognition of allowance for losses on trade and other receivables, held-to-maturity debt securities, loans, and other instruments held at amortized cost. The ASU requires certain recurring disclosures and is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2019, with early adoption permitted for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018. The Company is evaluating the adoption of this ASU.

Classification of Certain Cash Receipts and Cash Payments and Restricted Cash

In August 2016, the FASB issued ASU No. 2016-15, which clarifies how entities should classify certain cash receipts and cash payments and how the predominance principle should be applied on the statement of cash flows. Additionally, in November 2016, the FASB issued ASU No. 2016-18, which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents, but no longer present transfers between cash and cash equivalents and restricted cash and cash equivalents in the statement of cash flows. Both ASUs are effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2017, with early adoption permitted. The Company has determined these ASUs will not have an impact on the Company's financial condition or results of operations but will impact the presentation of the consolidated statements of cash flows.

Note 3. Variable Interest Entities

The Company is the sole certificate holder of a trust entity that holds a commercial real estate loan. The trust is considered a VIE for financial reporting purposes and, thus, was reviewed for consolidation under the applicable consolidation guidance. Because the Company has both the power to direct the activities of the trust that most significantly impact the entity's performance, and the obligation to absorb losses or the right to receive benefits of the entity that could be significant, the Company consolidates the trust. As the Company is required to reassess VIE consolidation guidance each quarter, new facts and circumstances may change the Company's determination. A change in the

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 3. Variable Interest Entities (Continued)

Company's determination could impact the Company's consolidated financial statements during subsequent reporting periods.

The following table presents a summary of the assets of the consolidated trust as reported on the Company's consolidated balance sheets as of December 31, 2016 and December 31, 2015:

(in thousands)	December 31, 2016	December 31, 2015
Commercial real estate assets	$ 45,885	$ 45,698
Accrued interest receivable	162	154
Total Assets	$ 46,047	$ 45,852

The consolidated trust did not have any liabilities reported on the Company's consolidated balance sheets as of December 31, 2016 and December 31, 2015.

Note 4. Commercial Real Estate Assets

The Company originates and purchases commercial real estate debt and related instruments generally to be held as long-term investments. These assets are classified as commercial real estate assets on the consolidated balance sheets. Additionally, the Company is the sole certificate holder of a trust entity that holds a commercial real estate loan. The underlying loan held by the trust is consolidated on the Company's consolidated balance sheet and classified as commercial real estate assets. See Note 3—Variable Interest Entities for additional information regarding consolidation of the trust. Commercial real estate assets are reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless the assets are deemed impaired.

The following tables summarize the Company's commercial real estate assets by asset type, property type and geographic location as of December 31, 2016 and December 31, 2015:

	December 31, 2016			December 31, 2015		
(dollars in thousands)	Mezzanine Loans	First Mortgages	Total	Mezzanine Loans	First Mortgages	Total
Unpaid principal balance	$ 138,245	$ 1,286,200	$ 1,424,445	$ 153,913	$ 513,433	$ 667,346
Unamortized (discount) premium	(15)	(185)	(200)	(237)	—	(237)
Unamortized net deferred origination fees	(221)	(11,481)	(11,702)	(830)	(5,326)	(6,156)
Carrying value	$ 138,009	$ 1,274,534	$ 1,412,543	$ 152,846	$ 508,107	$ 660,953
Unfunded commitments	$ 1,580	$ 170,890	$ 172,470	$ 1,900	$ 50,334	$ 52,234
Number of loans	6	30	36	6	12	18
Weighted average coupon	8.6%	5.1%	5.4%	8.1%	4.5%	5.4%
Weighted average years to maturity(1)	1.5	2.9	2.8	2.6	3.3	3.1

(1) Based on contractual maturity date. Certain loans are subject to contractual extension options which may be subject to conditions as stipulated in the loan agreement. Actual maturities may differ from contractual maturities stated herein as certain borrowers may have the right to prepay with or without paying a

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 4. Commercial Real Estate Assets (Continued)

prepayment penalty. The Company may also extend contractual maturities in connection with loan modifications.

(in thousands) Property Type	December 31, 2016 Carrying Value	December 31, 2016 % of Commercial Portfolio	December 31, 2015 Carrying Value	December 31, 2015 % of Commercial Portfolio
Retail	$ 237,414	16.8%	$ 185,883	28.1%
Hotel	90,585	6.4%	80,843	12.2%
Industrial	105,081	7.4%	—	—%
Multifamily	260,683	18.5%	139,011	21.1%
Office	718,780	50.9%	255,216	38.6%
Total	$ 1,412,543	100.0%	$ 660,953	100.0%

(in thousands) Geographic Location	December 31, 2016 Carrying Value	December 31, 2016 % of Commercial Portfolio	December 31, 2015 Carrying Value	December 31, 2015 % of Commercial Portfolio
West	$ 250,044	17.7%	$ 131,488	19.9%
Southeast	239,194	16.9%	79,118	12.0%
Southwest	267,944	19.0%	161,721	24.4%
Northeast	578,762	41.0%	238,913	36.2%
Midwest	76,599	5.4%	49,713	7.5%
Total	$ 1,412,543	100.0%	$ 660,953	100.0%

At December 31, 2016 and December 31, 2015, the Company pledged commercial real estate assets with a carrying value of $1.4 billion and $361.1 million, respectively, as collateral for repurchase agreements and TH Insurance's FHLB advances. See Note 9—Repurchase Agreements and Note 10—Note Payable to Affiliate.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 4. Commercial Real Estate Assets (Continued)

The following table summarizes activity related to commercial real estate assets for the periods ended December 31, 2016 and 2015.

(in thousands)	Year Ended December 31, 2016	Period Ended December 31, 2015(1)
Balance at beginning of period	$ 660,953	$ —
Originations and purchases	773,285	669,283
Sales	—	(1,979)
Repayments	(16,385)	(344)
Net discount accretion (premium amortization)	263	149
(Increase) decrease in net deferred origination fees	(12,554)	(6,656)
Amortization of net deferred origination fees	6,981	319
Realized gains on sales	—	181
Allowance for loan losses	—	—
Balance at end of period	$ 1,412,543	$ 660,953

(1) Commenced operations on January 7, 2015.

The Company evaluates each loan for impairment at least quarterly by assessing the risk factors of each loan and assigning a risk rating based on a variety of factors. Risk factors include property type, geographic and local market dynamics, physical condition, leasing and tenant profile, projected cash flow, loan structure and exit plan, loan-to-value ratio, project sponsorship, and other factors deemed necessary. Risk ratings are defined as follows:

1— Lower Risk
2— Average Risk
3— Acceptable Risk
4— Higher Risk: A loan that has exhibited material deterioration in cash flows and/or other credit factors, which, if negative trends continue, could be indicative of future loss.
5— Impaired/Loss Likely: A loan that has a significantly increased probability of default or principal loss.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 4. Commercial Real Estate Assets (Continued)

The following table presents the number of loans, unpaid principal balance and carrying value (amortized cost) by risk rating for commercial real estate assets as of December 31, 2016 and December 31, 2015:

	December 31, 2016			December 31, 2015		
(dollars in thousands) Risk Rating	Number of Loans	Unpaid Principal Balance	Carrying Value	Number of Loans	Unpaid Principal Balance	Carrying Value
1 - 3	36	$ 1,424,445	$ 1,412,543	18	$ 667,346	$ 660,953
4 - 5	—	—	—	—	—	—
Total	36	$ 1,424,445	$ 1,412,543	18	$ 667,346	$ 660,953

The Company has not recorded any allowances for losses as no loans are past-due and it is not deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loans.

Note 5. Available-for-Sale Securities, at Fair Value

The following table presents the amortized cost and carrying value (which approximates fair value) of AFS securities as of December 31, 2016 and December 31, 2015:

(in thousands)	December 31, 2016	December 31, 2015
Face Value	$ 12,798	$ —
Unamortized premium	—	—
Unamortized discount	—	—
Amortized Cost	12,798	—
Gross unrealized gains	—	—
Gross unrealized losses	(112)	—
Carrying Value	$ 12,686	$ —

At December 31, 2016, the Company pledged AFS securities with a carrying value of $12.7 million as collateral for repurchase agreements. See Note 9—Repurchase Agreements. The Company had not pledged any AFS securities as collateral for repurchase agreements at December 31, 2015.

At December 31, 2016, AFS securities not deemed to be other than temporarily impaired and in an unrealized loss position for less than twelve consecutive months had a fair market value of $12.7 million and gross unrealized losses of $0.1 million. No AFS securities had been in an unrealized loss position for more than twelve consecutive months as of December 31, 2016. The Company did not have any AFS securities in an unrealized loss position at December 31, 2015.

Evaluating AFS Securities for Other-Than-Temporary Impairments

In evaluating AFS securities for OTTI, the Company determines whether there has been a significant adverse quarterly change in the cash flow expectations for a security. The Company compares the amortized cost of each security in an unrealized loss position against the present value of

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 5. Available-for-Sale Securities, at Fair Value (Continued)

expected future cash flows of the security. The Company also considers whether there has been a significant adverse change in the regulatory and/or economic environment as part of this analysis. If the amortized cost of the security is greater than the present value of expected future cash flows using the original yield as the discount rate, an other-than-temporary credit impairment has occurred. If the Company does not intend to sell and will not be not more likely than not required to sell the security, the credit loss is recognized in earnings and the balance of the unrealized loss is recognized in other comprehensive income (loss). If the Company intends to sell the security or will be more likely than not required to sell the security, the full unrealized loss is recognized in earnings. The Company did not record any other-than-temporary credit impairments during the periods ended December 31, 2016 and 2015 as expected cash flows were greater than amortized cost for all AFS securities held.

Gross Realized Gains and Losses

Gains and losses from the sale of AFS securities are recorded as realized gains (losses) in the Company's consolidated statements of comprehensive income. The Company did not sell any AFS securities during the periods ended December 31, 2016 and 2015.

Note 6. Restricted Cash

The Company is required to maintain certain cash balances with counterparties for securities trading activity and collateral for the Company's repurchase agreements in restricted accounts. As of December 31, 2016 and December 31, 2015, the Company had $260,000 and $250,000, respectively, in restricted cash held by trading counterparties for securities and repurchase agreement trading activity.

Note 7. Accrued Interest Receivable

The following table presents the Company's accrued interest receivable by collateral type as of December 31, 2016 and December 31, 2015:

(in thousands)	December 31, 2016	December 31, 2015
Commercial real estate assets	$ 3,699	$ 1,567
Available-for-sale securities	46	—
Total	$ 3,745	$ 1,567

Note 8. Fair Value

Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices available in active markets (*i.e.*, observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). Additionally, ASC 820 requires an entity to consider all aspects of nonperformance risk, including the entity's own credit standing, when measuring fair value of a liability.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 8. Fair Value (Continued)

ASC 820 establishes a three level hierarchy to be used when measuring and disclosing fair value. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Following is a description of the three levels:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date under current market conditions. Additionally, the entity must have the ability to access the active market and the quoted prices cannot be adjusted by the entity.

Level 2 Inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full-term of the assets or liabilities.

Level 3 Unobservable inputs are supported by little or no market activity. The unobservable inputs represent the assumptions that market participants would use to price the assets and liabilities, including risk. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models and significant assumptions utilized.

Available-for-sale securities. The Company holds AFS securities that are carried at fair value on the consolidated balance sheet and are comprised of CMBS. In determining the fair value of the Company's CMBS, management judgment may be used to arrive at fair value that considers prices obtained from third-party pricing providers or broker quotes received using the bid price, which are both deemed indicative of market activity, and other applicable market data. The third-party pricing providers and brokers use pricing models that generally incorporate such factors as coupons, primary and secondary mortgage rates, rate reset period, issuer, prepayment speeds, credit enhancements and expected life of the security. If observable market prices are not available or insufficient to determine fair value due principally to illiquidity in the marketplace, then fair value is based upon internally developed models that are primarily based on observable market-based inputs but also include unobservable market data inputs (including prepayment speeds, delinquency levels, and credit losses). The Company classified 100% of its CMBS AFS as Level 2 fair value assets at December 31, 2016.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 8. Fair Value (Continued)

Recurring Fair Value

The following tables display the Company's assets measured at fair value on a recurring basis. The Company does not hold any liabilities measured at fair value on its consolidated balance sheets.

	Recurring Fair Value Measurements At December 31, 2016			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale securities	$ —	$ 12,686	$ —	$ 12,686
Total assets	$ —	$ 12,686	$ —	$ 12,686

	Recurring Fair Value Measurements At December 31, 2015			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale securities	$ —	$ —	$ —	$ —
Total assets	$ —	$ —	$ —	$ —

The Company may be required to measure certain assets or liabilities at fair value from time to time. These periodic fair value measures typically result from application of certain impairment measures under GAAP. These items would constitute nonrecurring fair value measures under ASC 820. As of December 31, 2016 and December 31, 2015, the Company did not have any assets or liabilities measured at fair value on a nonrecurring basis in the periods presented.

Securities for which market quotations are readily available are valued at the bid price (in the case of long positions) or the ask price (in the case of short positions) at the close of trading on the date as of which value is determined. Exchange-traded securities for which no bid or ask price is available are valued at the last traded price.

Transfers between Levels are deemed to take place on the first day of the reporting period in which the transfer has taken place. The Company did not incur transfers between Levels for the periods ended December 31, 2016 and 2015.

Fair Value of Financial Instruments

In accordance with ASC 820, the Company is required to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized in the consolidated balance sheet, for which fair value can be estimated.

The following describes the Company's methods for estimating the fair value for financial instruments. Descriptions are not provided for those items that have zero balances as of the current balance sheet date.

- Commercial real estate assets are carried at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless deemed impaired. The Company estimates the fair value of its commercial real estate assets by assessing any changes in

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 8. Fair Value (Continued)

market interest rates, shifts in credit profiles and actual operating results for mezzanine commercial real estate loans and commercial real estate first mortgages, taking into consideration such factors as underlying property type, property competitive position within its market, market and submarket fundamentals, tenant mix, nature of business plan, sponsorship, extent of leverage and other loan terms. The Company categorizes the fair value measurement of these assets as Level 3.

- AFS securities are recurring fair value measurements; carrying value equals fair value. See discussion of valuation methods and assumptions within *the Fair Value Measurements* section of this footnote.

- Cash and cash equivalents and restricted cash have a carrying value which approximates fair value because of the short maturities of these instruments. The Company categorizes the fair value measurement of these assets as Level 1.

- The carrying value of repurchase agreements and note payable to affiliate that mature in less than one year generally approximates fair value due their short maturities. As of December 31, 2016, the Company held $185.6 million of repurchase agreements that are considered long-term. The Company's long-term repurchase agreements have floating rates based on an index plus a spread and the credit spread is typically consistent with those demanded in the market. Accordingly, the interest rates on these borrowings are at market and thus carrying value approximates fair value. The Company categorizes the fair value measurement of these liabilities as Level 2.

The following table presents the carrying values and estimated fair values of assets and liabilities that are required to be recorded or disclosed at fair value at December 31, 2016 and December 31, 2015.

	December 31, 2016		December 31, 2015	
(in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Commercial real estate assets	$ 1,412,543	$ 1,411,733	$ 660,953	$ 660,953
Available-for-sale securities	$ 12,686	$ 12,686	$ —	$ —
Cash and cash equivalents	$ 56,019	$ 56,019	$ 56,088	$ 56,088
Restricted cash	$ 260	$ 260	$ 250	$ 250
Liabilities				
Repurchase agreements	$ 451,167	$ 451,167	$ 59,349	$ 59,349
Note payable to affiliate	$ 593,632	$ 593,632	$ 167,262	$ 167,262

Note 9. Repurchase Agreements

As of December 31, 2016 and December 31, 2015, the Company had outstanding $451.2 million and $59.3 million of repurchase agreements with a weighted average borrowing rate of 3.16% and 2.62% and weighted average remaining maturities of 476 and 14 days, respectively.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 9. Repurchase Agreements (Continued)

At December 31, 2016 and December 31, 2015, the repurchase agreement balances were as follows:

(in thousands)	December 31, 2016	December 31, 2015
Short-term	$ 265,533	$ 59,349
Long-term	185,634	—
Total	$ 451,167	$ 59,349

At December 31, 2016 and December 31, 2015, the repurchase agreements had the following characteristics and remaining maturities:

	December 31, 2016			December 31, 2015		
	Collateral Type			Collateral Type		
(in thousands)	Commercial Real Estate Assets	CMBS	Total Amount Outstanding	Commercial Real Estate Assets	CMBS	Total Amount Outstanding
Within 30 days	$ 21,933	$ —	$ 21,933	$ 59,349	$ —	$ 59,349
30 to 59 days	28,991	8,119	37,110	—	—	—
60 to 89 days	—	—	—	—	—	—
90 to 119 days	—	—	—	—	—	—
120 to 364 days	206,490	—	206,490	—	—	—
One year and over	185,634	—	185,634	—	—	—
Total	$ 443,048	$ 8,119	$ 451,167	$ 59,349	$ —	$ 59,349
Weighted average borrowing rate	3.16%	2.92%	3.16%	2.62%	—%	2.62%

The following table summarizes assets at carrying values that are pledged or restricted as collateral for the future payment obligations of repurchase agreements:

(in thousands)	December 31, 2016	December 31, 2015
Commercial real estate assets	$ 648,885	$ 108,958
Available-for-sale securities, at fair value	12,686	—
Due from counterparties	249	—
Total	$ 661,820	$ 108,958

Although the transactions under repurchase agreements represent committed borrowings until maturity, the respective lender retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets would require the Company to provide additional collateral or fund margin calls.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 9. Repurchase Agreements (Continued)

The following table summarizes certain characteristics of the Company's repurchase agreements and counterparty concentration at December 31, 2016 and December 31, 2015:

	December 31, 2016				December 31, 2015			
(dollars in thousands)	Amount Outstanding	Net Counterparty Exposure(1)	Percent of Equity	Weighted Average Days to Maturity	Amount Outstanding	Net Counterparty Exposure(1)	Percent of Equity	Weighted Average Days to Maturity
JPMorgan Chase Bank	$ 204,679	$ 104,380	24%	283.3	$ 36,628	$ 26,807	6%	11.0
Morgan Stanley Bank	185,634	62,715	15%	779.0	—	—	—%	—
All other counterparties(2)	60,854	45,624	11%	196.5	22,721	23,109	5%	20.0
Total	$ 451,167	$ 212,719			$ 59,349	$ 49,916		

(1) Represents the net carrying value of the commercial real estate assets and AFS securities sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest.

(2) Represents amounts outstanding with two and one counterparties at December 31, 2016 and December 31, 2015, respectively.

The Company does not anticipate any defaults by its repurchase agreement counterparties. There can be no assurance, however, that any such default or defaults will not occur.

Note 10. Note Payable to Affiliate

The Company finances the acquisition of certain of its commercial real estate assets through a revolving note payable with TH Insurance. In exchange for the note with TH Insurance, the Company receives an allocated portion of TH Insurance's advances from the FHLB. The Company pledges to the FHLB a portion of its commercial real estate assets as collateral for TH Insurance's advances. As of December 31, 2016 and December 31, 2015, the total outstanding note payable to TH Insurance was $593.6 million and $167.3 million with an interest rate of 0.85% and 0.58%, respectively. The note is set to mature on December 31, 2017, unless extended pursuant to its terms.

As of December 31, 2016 and December 31, 2015, $709.0 million and $252.2 million of commercial real estate assets were pledged as collateral for the future payment obligations of TH Insurance's FHLB advances. The FHLB retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets would require the Company to provide additional collateral.

Note 11. Commitments and Contingencies

The following represent the material commitments and contingencies of the Company as of December 31, 2016 and December 31, 2015:

Legal and regulatory. From time to time, the Company may be subject to liability under laws and government regulations and various claims and legal actions arising in the ordinary course of business. Liabilities are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts established for those claims. Based on information

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 11. Commitments and Contingencies (Continued)

currently available, management is not aware of any legal or regulatory claims that would have a material effect on the Company's financial statements and therefore no accrual is required as of December 31, 2016 or December 31, 2015.

Unfunded commitments on commercial real estate loans. Certain of the Company's commercial real estate loan agreements contain provisions for future fundings to borrowers, generally to finance lease-related or capital expenditures. As of December 31, 2016 and December 31, 2015, the Company had unfunded commitments of $172.5 million and $52.2 million on commercial real estate loans with expirations dates within the next two years.

Note 12. Member's Equity

As of December 31, 2016 and December 31, 2015, the Company had total member's equity of $428.0 million and $486.9 million, respectively.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss at December 31, 2016 and December 31, 2015 was as follows:

(in thousands)	December 31, 2016	December 31, 2015
Available-for-sale securities, at fair value		
Unrealized gains	$ —	$ —
Unrealized losses	(112)	—
Accumulated other comprehensive loss	$ (112)	$ —

Reclassifications out of Accumulated Other Comprehensive Loss

The Company did not record any reclassifications out of accumulated other comprehensive loss during the periods ended December 31, 2016 and 2015.

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 13. Income Taxes

The following table summarizes the tax (benefit) provision recorded for the periods ended December 31, 2016 and 2015:

(in thousands)	Year Ended December 31, 2016	Period Ended December 31, 2015(1)
Current tax (benefit) provision:		
Federal	$ (14)	$ 70
State	3	—
Total current tax (benefit) provision	(11)	70
Deferred tax provision	—	—
Total (benefit from) provision for income taxes	$ (11)	$ 70

(1) Commenced operations on January 7, 2015.

Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's consolidated financial statements of a contingent tax liability for uncertain tax positions. Additionally, there were no amounts accrued for penalties or interest as of or during the periods presented in these consolidated financial statements.

Note 14. Related Party Transactions

The Company does not directly employ personnel. Instead the Company relies on the resources that PRCM Advisers provides to Two Harbors to conduct the Company's operations. The Company is allocated certain advisory expenses from Two Harbors that relate to the operations of the Company. The Company was allocated $7.2 million and $1.2 million as a management fee to Two Harbors for the periods ended December 31, 2016 and 2015, respectively, which represents approximately 1.5% of member's equity on an annualized basis. This fee is based upon the same fee structure incurred by Two Harbors for services provided by PRCM Advisers.

During the periods ended December 31, 2016 and 2015, certain direct and allocated operating expenses were paid by Two Harbors to PRCM Advisers and other external vendors and included in the Company's consolidated statements of comprehensive income. These direct and allocated costs totaled approximately $6.9 million and $7.4 million for the periods ended December 31, 2016 and 2015, respectively. Expenses during the period may have been different had the Company not had the related party relationship with Two Harbors. At December 31, 2016 and December 31, 2015, the Company had outstanding payables to Two Harbors of $21.2 million and $8.2 million, respectively.

The Company finances the acquisition of certain of its commercial real estate assets through a revolving note payable with TH Insurance. In exchange for the note with TH Insurance, the Company receives an allocated portion of TH Insurance's advances from the FHLB. The Company pledges to the FHLB a portion of its commercial real estate assets as collateral for TH Insurance's advances. As of December 31, 2016 and December 31, 2015, the total outstanding note payable to TH Insurance was $593.6 million and $167.3 million with an interest rate of 0.85% and 0.58%, respectively. The related accrued interest payable, included in other payables to Two Harbors and affiliates on the consolidated balance sheets, was $394,677 and $39,394 as of December 31, 2016 and December 31, 2015, respectively. In addition, the Company had an outstanding net receivable from TH Insurance for

TH COMMERCIAL HOLDINGS LLC

Notes to the Consolidated Financial Statements (Continued)

Note 14. Related Party Transactions (Continued)

principal and interest payments on commercial real estate assets pledged to the FHLB of $0.1 million at December 31, 2016.

The terms of these transactions may have been different had they been transacted with an unrelated party.

Note 15. Subsequent Events

Events subsequent to December 31, 2016 were evaluated through April 18, 2017, the date the financial statements were available to be issued. No additional events were identified requiring further disclosure in these consolidated financial statements.

TH COMMERCIAL HOLDINGS LLC

SCHEDULE IV—MORTGAGE LOANS ON REAL ESTATE

As of December 31, 2016
(dollars in thousands)

Asset Type/ Location	Interest Rate	Final Maturity Date(1)	Periodic Payment Terms(2)	Prior Liens(3)	Face Amount	Carrying Amount(4)	Principal Amount Subject to Delinquent Principal or Interest
Retail-Mixed Use/ Southwest	L+4.20%	12/2019	P&I	$ —	$ 120,000	$ 119,734	$ —
Retail/ West	L+3.42%	10/2018	IO	—	105,000	104,967	—
Office/ Diversified US	L+4.45%	8/2020	P&I	—	93,138	91,727	—
Industrial/ Northeast	L+4.75%	4/2019	IO	—	82,000	81,250	—
Office-Mixed Use/ Northeast	L+4.20%	12/2018	IO	—	77,134	76,923	—
Office/ Northeast	L+4.37%	10/2020	P&I	—	72,966	72,043	—
Office/ Southeast	L+4.11%	1/2021	P&I	—	62,275	60,373	—
Retail/ West	L+4.49%	7/2020	P&I	—	50,300	49,837	—
Office/ Diversified US	L+7.25%	9/2018	P&I	708,000	48,252	48,252	—
Hotel/ Diversified US	L+6.75%	1/2017	IO	285,000	45,900	45,885	—
Multifamily/ Southwest	L+4.05%	1/2019	P&I	—	43,500	43,462	—
Office/ Northeast	L+4.40%	5/2019	IO	—	43,500	42,937	—
Office/ Northeast	L+4.65%	1/2020	IO	—	43,215	43,181	—
Office/ Southwest	L+4.30%	3/2019	IO	—	41,821	41,457	—
Office/ Northeast	L+4.95%	9/2020	P&I	—	39,550	38,885	—
Office/ Northeast	L+4.55%	12/2019	P&I	—	38,000	37,778	—
Office/ Northeast	L+4.60%	11/2018	IO	—	37,000	36,539	—
Office/ West	L+4.89%	11/2019	IO	—	36,010	35,414	—
Multifamily/ Northeast	L+4.27%	12/2019	IO	—	34,000	33,321	—
Office/ Northeast	5.11%	3/2026	P&I	—	33,800	33,615	—
Multifamily/ Midwest	L+4.80%	2/2019	P&I	—	30,941	30,651	—
Industrial/ Northeast	L+5.15%	9/2020	P&I	—	24,000	23,831	—
Multifamily/ Northeast	L+3.60%	11/2019	P&I	—	23,500	23,515	—
Office/ West	L+4.55%	10/2019	IO	—	23,083	22,781	—
Hotel/ Midwest	L+4.99%	11/2018	IO	—	21,157	21,049	—
Multifamily/ Southeast	L+4.57%	8/2019	P&I	—	20,488	20,214	—
Multifamily/ Southeast	L+5.25%	8/2018	P&I	—	19,288	19,287	—
Multifamily/ Southeast	L+4.05%	9/2018	P&I	—	18,700	18,669	—
Hotel/ Southeast	L+8.75%	8/2017	IO	98,500	17,000	17,027	—
Multifamily/ Northeast	L+4.85%	11/2019	IO	—	16,527	16,216	—
Multifamily/ Northeast	L+4.62%	6/2019	IO	—	13,400	13,216	—
Multifamily/ Southeast	L+4.03%	10/2018	P&I	—	11,000	11,001	—
Office/ West	L+5.90%	1/2020	IO	—	10,907	10,660	—
Office/ Northeast	L+12.25%	7/2018	IO	45,100	10,257	10,279	—
Office/ Southeast	L+9.50%	8/2020	IO	45,303	9,900	9,942	—
Hotel/ Northeast	13%	11/2025	P&I	59,000	6,936	6,625	—
Total mortgage loans on real estate				$ 1,240,903	$ 1,424,445	$ 1,412,543	$ —

(1) Based on contractual maturity date. Certain commercial real estate loans are subject to contractual extension options which may be subject to conditions as stipulated in the loan agreement. Actual maturities may differ from contractual maturities stated herein as certain borrowers may have the right to prepay with or without paying a prepayment penalty. The Company may also extend contractual maturities in connection with loan modifications.

(2) Principal and interest ("P&I"); Interest-only ("IO"). Certain commercial real estate loans labeled as P&I are non-amortizing until a specific date when they begin amortizing P&I, as stated in the loan agreements.

(3) Represents third-party priority liens. Third party portions of pari-passu participations are not considered prior liens.

(4) Aggregate cost for federal income tax purposes equals carrying amount.

TH COMMERCIAL HOLDINGS LLC

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	March 31, 2017 (unaudited)	December 31, 2016
ASSETS		
Commercial real estate assets	$ 1,548,603	$ 1,412,543
Available-for-sale securities, at fair value	12,766	12,686
Cash and cash equivalents	34,617	56,019
Restricted cash	2,260	260
Accrued interest receivable	4,487	3,745
Due from counterparties	456	249
Income taxes receivable	7	5
Accounts receivable	8,457	7,735
Deferred debt issuance costs	2,679	2,365
Total Assets(1)	$ 1,614,332	$ 1,495,607
LIABILITIES AND MEMBER'S EQUITY		
Liabilities		
Repurchase agreements	$ 536,221	$ 451,167
Note payable to affiliate	609,670	593,632
Accrued interest payable	977	655
Unearned interest income	—	143
Other payables to Two Harbors and affiliates	25,515	21,460
Accrued expenses and other liabilities	424	559
Total liabilities	1,172,807	1,067,616
Member's Equity		
Contributed capital	392,608	392,608
Accumulated other comprehensive loss	(32)	(112)
Cumulative earnings	48,949	35,495
Total member's equity	441,525	427,991
Total Liabilities and Member's Equity	$ 1,614,332	$ 1,495,607

(1) The condensed consolidated balance sheets include assets of consolidated variable interest entities, or VIEs, that can only be used to settle obligations of these VIEs. At March 31, 2017 and December 31, 2016, assets of the VIEs totaled $46,052 and $46,047. See Note 3—*Variable Interest Entities* for additional information.

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

TH COMMERCIAL HOLDINGS LLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Three Months Ended March 31,	
	2017	2016
	(unaudited)	
Interest income:		
Commercial real estate assets	$ 23,570	$ 11,072
Available-for-sale securities	246	268
Cash and cash equivalents	2	1
Total interest income	23,818	11,341
Interest expense	6,106	1,451
Net interest income	17,712	9,890
Other income:		
Ancillary fee income	—	5
Total other income	—	5
Expenses:		
Management fees	1,662	1,769
Professional services	156	77
Servicing expense	322	105
General and administrative expenses	2,117	2,010
Total expenses	4,257	3,961
Income before income taxes	13,455	5,934
Provision for (benefit from) income taxes	1	(7)
Net income	$ 13,454	$ 5,941
Comprehensive income:		
Net income	$ 13,454	$ 5,941
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities, net	80	(255)
Other comprehensive income (loss)	80	(255)
Comprehensive income	$ 13,534	$ 5,686

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

TH COMMERCIAL HOLDINGS LLC

CONDENSED CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

(in thousands, except share data)

	Contributed Capital	Accumulated Other Comprehensive Loss	Cumulative Earnings	Total Member's Equity
		(unaudited)		
Balance, December 31, 2015	$ 486,804	$ —	$ 138	$ 486,942
Return of capital to Parent	(65,000)	—	—	(65,000)
Net income	—	—	5,941	5,941
Other comprehensive loss before reclassifications	—	(255)	—	—
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—
Net other comprehensive loss	—	(255)	—	—
Balance, March 31, 2016	$ 421,804	$ (255)	$ 6,079	$ 427,628
Balance, December 31, 2016	$ 392,608	$ (112)	$ 35,495	$ 427,991
Net income	—	—	13,454	13,454
Other comprehensive income before reclassifications	—	80	—	80
Amounts reclassified from accumulated other comprehensive income	—	—	—	—
Net other comprehensive income	—	80	—	80
Balance, March 31, 2017	$ 392,608	$ (32)	$ 48,949	$ 441,525

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

TH COMMERCIAL HOLDINGS LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31,	
	2017	2016
	(unaudited)	
Cash Flows From Operating Activities:		
Net income	$ 13,454	$ 5,941
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of discounts and net deferred fees on commercial real estate assets	(2,424)	(1,681)
Net change in assets and liabilities:		
Increase in accrued interest receivable	(742)	(423)
Increase in income taxes receivable	(2)	(1)
Increase in prepaid expenses	—	(97)
Increase in accounts receivable	(722)	(467)
Increase in deferred debt issuance costs	(314)	(1,279)
Increase in accrued interest payable	322	121
Decrease in unearned interest income	(143)	(155)
Decrease in income taxes payable	—	(70)
(Decrease) increase in accrued expenses	(135)	341
Increase in other payables to Two Harbors and affiliates	4,055	3,021
Net cash provided by operating activities	13,349	5,251
Cash Flows From Investing Activities:		
Originations and purchases of commercial real estate assets, net of deferred fees	(137,445)	(86,156)
Proceeds from repayment of commercial real estate assets	3,809	4,531
Purchases of available-for-sale securities	—	(15,000)
Principal payments on available-for-sale securities	—	923
Increase in due from counterparties	(207)	(2,172)
Increase in restricted cash	(2,000)	(10)
Net cash used in investing activities	(135,843)	(97,884)
Cash Flows From Financing Activities:		
Proceeds from repurchase agreements	193,027	314,936
Principal payments on repurchase agreements	(107,973)	(205,426)
Proceeds from note payable to affiliate	17,338	115,846
Repayment of note payable to affiliate	(1,300)	—
Payments for return of capital to Parent	—	(65,000)
Net cash provided by financing activities	101,092	160,356
Net (decrease) increase in cash and cash equivalents	(21,402)	67,723
Cash and cash equivalents at beginning of period	56,019	56,088
Cash and cash equivalents at end of period	$ 34,617	$ 123,811
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 5,783	$ 1,331
Cash paid for taxes	$ 3	$ 64

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

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited)

Note 1. Organization and Operations

TH Commercial Holdings LLC, or the Company, is a Delaware corporation formed on January 7, 2015 and focused on investing in, financing, and managing commercial real estate debt and related instruments. The Company is a wholly owned subsidiary of Two Harbors Operating Company LLC, or the Parent, which is a wholly owned subsidiary of Two Harbors Investment Corp. Two Harbors Investment Corp, or Two Harbors, is a publicly traded real estate investment trust, or REIT.

The Company constitutes an entity with a single owner, Two Harbors, which for federal income tax purposes is disregarded as an entity separate from Two Harbors in accordance with Treasury Regulations. However, Two Harbors has designated one of the Company's subsidiaries as a taxable REIT subsidiary, or TRS, as defined in the Internal Revenue Code of 1986, or the Code, and its activities are subject to income taxes.

Two Harbors is externally managed and advised by PRCM Advisers LLC, a subsidiary of Pine River Capital Management L.P., or Pine River, an affiliated global multi-strategy asset management firm.

Note 2. Basis of Presentation and Significant Accounting Policies

Consolidation and Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of all subsidiaries; intercompany accounts and transactions have been eliminated. The accounting and reporting policies of the Company conform to U.S. generally accepted accounting principles, or U.S. GAAP.

All trust entities in which the Company holds investments that are considered VIEs for financial reporting purposes were reviewed for consolidation under the applicable consolidation guidance. Whenever the Company has both the power to direct the activities of a trust that most significantly impact the entities' performance, and the obligation to absorb losses or the right to receive benefits of the entities that could be significant, the Company consolidates the trust.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities, amount and timing of credit losses, prepayment rates, the period of time during which the Company anticipates an increase in the fair values of real estate securities sufficient to recover unrealized losses in those securities, and other estimates that affect the reported amounts of certain assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of certain revenues and expenses during the reported period. It is likely that changes in these estimates (e.g., valuation changes due to supply and demand, credit performance, prepayments, interest rates, or other reasons) will occur in the near term. The Company's estimates are inherently subjective in nature and actual results could differ from its estimates and the differences may be material.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies

Commercial Real Estate Assets

The Company originates and purchases commercial real estate debt and related instruments generally to be held as long-term investments. These assets are classified as commercial real estate assets on the condensed consolidated balance sheets. Additionally, the Company is the sole certificate holder of a trust entity that holds a commercial real estate loan. The trust is considered a VIE for financial reporting purposes and, thus, is reviewed for consolidation under the applicable consolidation guidance. As the Company has both the power to direct the activities of the trust that most significantly impact the entity's performance, and the obligation to absorb losses or the right to receive benefits of the entity that could be significant, the Company consolidates the trust. The underlying loan is classified as commercial real estate assets on the condensed consolidated balance sheets. The loan is legally isolated from the Company and has been structured to be beyond the reach of creditors of the Company. Interest income on commercial real estate assets is recorded on the condensed consolidated statements of comprehensive income.

Commercial real estate assets are reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless the assets are deemed impaired. Impairment is indicated when it is deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loan. Because the Company's commercial real estate assets are collateralized by real property or are collateral dependent, impairment is measured by comparing the estimated fair value of the underlying collateral to the amortized cost of the respective loan. The valuation of the underlying collateral requires significant judgment, which includes assumptions regarding capitalization rates, leasing, credit worthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, overall economic conditions, the broader commercial real estate market, local geographic sub-markets, and other factors deemed necessary. If a loan is determined to be impaired, the Company records an allowance to reduce the carrying value of the loan through a charge to provision for loan losses. Actual losses, if any, could ultimately differ from these estimates.

Interest income on commercial real estate assets is recognized at the loan coupon rate. Any premiums or discounts, loan fees and origination costs are amortized or accreted into interest income over the lives of the loans using the effective interest method. Loans are considered past due when they are 30 days past their contractual due date. Interest income recognition is suspended when loans are placed on nonaccrual status. Generally, commercial real estate loans are placed on nonaccrual status when delinquent for more than 60 days or when determined not to be probable of full collection. Interest accrued, but not collected, at the date loans are placed on nonaccrual is reversed and subsequently recognized only to the extent it is received in cash or until it qualifies for return to accrual status. However, where there is doubt regarding the ultimate collectability of loan principal, all cash received is applied to reduce the carrying value of such loans. Commercial real estate loans are restored to accrual status only when contractually current or the collection of future payments is reasonably assured.

Available-for-Sale Securities, at Fair Value

The Company invests in commercial mortgage-backed securities, or CMBS, representing interests in pools of commercial mortgage loans issued by trusts. Although the Company generally intends to

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

hold its CMBS until maturity, it may, from time to time, sell any of its CMBS as part of its overall management of its portfolio. Accordingly, the Company classifies its CMBS as available-for-sale, or AFS, investments. All assets classified as AFS are reported at estimated fair value with unrealized gains and losses, excluding other than temporary impairments, included in accumulated other comprehensive income.

Available-for-sale securities transactions are recorded on the trade date. Purchases of newly-issued securities are recorded when all significant uncertainties regarding the characteristics of the securities are removed, generally shortly before settlement date. The cost basis for realized gains and losses on sales of available-for-sale securities are determined on the first-in, first-out, or FIFO, method.

Fair value is determined under the guidance of ASC 820, *Fair Value Measurements and Disclosures,* or ASC 820. In determining the fair value of its CMBS, management judgment is used to arrive at fair value that considers prices obtained from third-party pricing providers or broker quotes received using the bid price, which are both deemed indicative of market activity, and other applicable market data. The third-party pricing providers and brokers use pricing models that generally incorporate such factors as coupons, primary and secondary mortgage rates, rate reset period, issuer, prepayment speeds, credit enhancements and expected life of the security. If listed price data is not available or insufficient, then fair value is based upon internally developed models that are primarily based on observable market-based inputs but also include unobservable market data inputs. The Company classifies these securities as Level 3 assets. As of March 31, 2017, the Company did not have any available-for-sale securities categorized as Level 3. The Company's application of ASC 820 guidance is discussed in further detail in Note 8—*Fair Value* of these notes to the condensed consolidated financial statements.

Interest income on available-for-sale securities is accrued based on the outstanding principal balance and their contractual terms. Premiums and discounts associated with CMBS are amortized into interest income over the life of such securities using the effective yield method. Adjustments to premium and discount amortization are made for actual prepayment activity. Actual maturities of the AFS securities are affected by the contractual lives of the associated mortgage collateral, periodic payments of principal, and prepayments of principal. Therefore actual maturities of AFS securities are generally shorter than stated contractual maturities.

The Company evaluates its available-for-sale securities, on a quarterly basis, to assess whether a decline in the fair value of an AFS security below the Company's amortized cost basis is an other-than-temporary impairment, or OTTI. The presence of OTTI is based upon a fair value decline below a security's amortized cost basis and a corresponding adverse change in expected cash flows due to credit related factors as well as non-credit factors, such as changes in interest rates and market spreads. Impairment is considered other-than-temporary if an entity (i) intends to sell the security, (ii) will more likely than not be required to sell the security before it recovers in value, or (iii) does not expect to recover the security's amortized cost basis, even if the entity does not intend to sell the security. Under these scenarios, the impairment is other-than-temporary and the full amount of impairment should be recognized currently in earnings and the cost basis of the investment security is adjusted. However, if an entity does not intend to sell the impaired debt security and it is more likely than not that it will not be required to sell before recovery, the OTTI is separated into (i) the estimated amount relating to credit loss, or credit component, and (ii) the amount relating to all other factors, or non-credit component. Only the estimated credit loss amount is recognized currently in earnings, with the remainder of the loss amount recognized in other comprehensive income (loss). The

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

difference between the new amortized cost basis and the cash flows expected to be collected is accreted as interest income in accordance with the effective interest method.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts and cash held in money market funds on an overnight basis.

Restricted Cash

Restricted cash represents the Company's cash held by counterparties as collateral against the Company's securities and/or repurchase agreements. Cash held by counterparties as collateral, which resides in non-interest bearing accounts, is not available to the Company for general corporate purposes, but may be applied against amounts due to securities and repurchase agreement counterparties or returned to the Company when the collateral requirements are exceeded or at the maturity of the repurchase agreement.

Accrued Interest Receivable

Accrued interest receivable represents interest that is due and payable to the Company. Cash interest is generally received within thirty days of recording the receivable.

Due from Counterparties

Due from counterparties includes cash held by counterparties as collateral against the Company's repurchase agreements but represents excess capacity and deemed unrestricted and a receivable from the counterparty as of the balance sheet date.

Repurchase Agreements

The Company finances the acquisition of its commercial real estate assets and AFS securities through the use of repurchase agreements. These repurchase agreements are generally short-term debt, which expire within one year. As of March 31, 2017, certain of the Company's repurchase agreements had contractual terms of greater than one year, and were considered long-term debt. Borrowings under repurchase agreements generally bear interest rates of a specified margin over one-month LIBOR and are generally uncommitted. The repurchase agreements are treated as collateralized financing transactions and are carried at their contractual amounts, as specified in the respective agreements.

Note Payable to Affiliate

The Company finances the acquisition of certain of its commercial real estate assets through a revolving note payable with TH Insurance Holdings Company LLC, or TH Insurance. TH Insurance is a separate indirect subsidiary of Two Harbors. In exchange for the note with TH Insurance, the Company receives an allocated portion of TH Insurance's advances from the Federal Home Loan Bank of Des Moines, or the FHLB. The Company pledges to the FHLB a portion of its commercial real estate assets as collateral for TH Insurance's advances.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

Accrued Interest Payable

Accrued interest payable represents interest that is due and payable to third parties. Interest is generally paid within 30 days to three months of recording the payable, based upon the Company's remittance requirements.

Other Comprehensive Income (Loss)

Current period net unrealized gains and losses on AFS securities are reported as components of accumulated other comprehensive loss on the condensed consolidated statements of member's equity and in the condensed consolidated statements of comprehensive income.

Income Taxes

The Company assesses its tax positions for all open tax years (2015 and 2016) and determines whether the Company has any material unrecognized liabilities in accordance with ASC 740, *Income Taxes.* The Company records these liabilities to the extent the Company deems them more likely than not to be incurred. The Company classifies interest and penalties on material uncertain tax positions as interest expense and other expense, respectively, in its condensed consolidated statements of comprehensive income. There were no interest or penalties recorded during the periods presented in these financial statements.

Related Party Management Fee and Operating Expenses

The Company does not directly employ personnel. Instead the Company relies on the resources that PRCM Advisers provides to Two Harbors to conduct the Company's operations. The Company is allocated certain advisory expenses from Two Harbors that relate to the operations of the Company, which represent approximately 1.5% of member's equity on an annualized basis. This management fee is based upon the same fee structure incurred by Two Harbors for services provided by PRCM Advisers. Additionally, certain direct and allocated operating expenses paid by Two Harbors to PRCM Advisers and other external vendors are included in the Company's condensed consolidated statements of comprehensive income.

Offsetting Assets and Liabilities

Certain of the Company's repurchase agreements are governed by underlying agreements that provide for a right of setoff in the event of default of either party to the agreement. Under certain of these agreements, the Company and the counterparty may be required to post cash collateral based upon the net underlying market value of the Company's open positions with the counterparty.

Under U.S. GAAP, if the Company has a valid right of setoff, it may offset the related asset and liability and report the net amount. The Company presents repurchase agreements subject to master netting arrangements or similar agreements on a gross basis. Regardless of whether or not the Company pledges or receives any cash collateral in accordance with its repurchase agreements, the Company does not offset financial assets and liabilities with the associated cash collateral on its condensed consolidated balance sheets.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

The following table presents information about the Company's repurchase agreements that are subject to master netting arrangements or similar agreements and can potentially be offset on the Company's condensed consolidated balance sheets as of March 31, 2017 and December 31, 2016:

(in thousands)	March 31, 2017	December 31, 2016
Gross amounts of repurchase agreements	$ 536,221	$ 451,167
Gross amounts offset in the condensed consolidated balance sheets	—	—
Net amounts of repurchase agreements presented in the condensed consolidated balance sheets	536,221	451,167
Gross amounts not offset with repurchase agreements in the condensed consolidated balance sheets(1):		
Financial instruments	(536,221)	(451,167)
Cash collateral received (pledged)	—	—
Net amount	$ —	$ —

(1) Amounts presented are limited in total to the net amount of liabilities presented in the condensed consolidated balance sheets by instrument. Excess cash collateral or financial assets that are pledged to counterparties may exceed the financial liabilities subject to a master netting arrangement or similar agreement. These excess amounts are excluded from the table above, although separately reported within restricted cash or due from counterparties in the Company's condensed consolidated balance sheets.

Recently Issued and/or Adopted Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board, or FASB, issued ASU No. 2014-09, which is a comprehensive revenue recognition standard that supersedes virtually all existing revenue guidance under U.S. GAAP. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As a result of the issuance of ASU No. 2015-14 in August 2015 deferring the effective date of ASU No. 2014-09 by one year, the ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2017, with early adoption prohibited. The Company has determined this ASU will not have a material impact on the Company's financial condition or results of operations.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13, which changes the impairment model for most financial assets and certain other instruments. Allowances for credit losses on AFS debt securities will be recognized, rather than direct reductions in the amortized cost of the investments. The new model also requires the estimation of lifetime expected credit losses and corresponding recognition of allowance for losses on trade and other receivables, held-to-maturity debt securities, loans, and other instruments held at amortized cost. The ASU requires certain recurring disclosures and is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2019, with early adoption permitted for annual periods, and interim periods within those annual

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 2. Basis of Presentation and Significant Accounting Policies (Continued)

periods, beginning on or after December 15, 2018. The Company is evaluating the adoption of this ASU.

Classification of Certain Cash Receipts and Cash Payments and Restricted Cash

In August 2016, the FASB issued ASU No. 2016-15, which clarifies how entities should classify certain cash receipts and cash payments and how the predominance principle should be applied on the statement of cash flows. Additionally, in November 2016, the FASB issued ASU No. 2016-18, which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents, but no longer present transfers between cash and cash equivalents and restricted cash and cash equivalents in the statement of cash flows. Both ASUs are effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2017, with early adoption permitted. The Company has determined these ASUs will not have an impact on the Company's financial condition or results of operations but will impact the presentation of the condensed consolidated statements of cash flows.

Note 3. Variable Interest Entities

The Company is the sole certificate holder of a trust entity that holds a commercial real estate loan. The trust is considered a VIE for financial reporting purposes and, thus, was reviewed for consolidation under the applicable consolidation guidance. Because the Company has both the power to direct the activities of the trust that most significantly impact the entity's performance, and the obligation to absorb losses or the right to receive benefits of the entity that could be significant, the Company consolidates the trust. As the Company is required to reassess VIE consolidation guidance each quarter, new facts and circumstances may change the Company's determination. A change in the Company's determination could impact the Company's condensed consolidated financial statements during subsequent reporting periods.

The following table presents a summary of the assets of the consolidated trust as reported on the Company's condensed consolidated balance sheets as of March 31, 2017 and December 31, 2016:

(in thousands)	March 31, 2017	December 31, 2016
Commercial real estate assets	$ 45,886	$ 45,885
Accrued interest receivable	166	162
Total Assets	$ 46,052	$ 46,047

The consolidated trust did not have any liabilities reported on the Company's condensed consolidated balance sheets as of March 31, 2017 and December 31, 2016.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 4. Commercial Real Estate Assets

The Company originates and purchases commercial real estate debt and related instruments generally to be held as long-term investments. These assets are classified as commercial real estate assets on the condensed consolidated balance sheets. Additionally, the Company is the sole certificate holder of a trust entity that holds a commercial real estate loan. The underlying loan held by the trust is consolidated on the Company's condensed consolidated balance sheet and classified as commercial real estate assets. See Note 3—*Variable Interest Entities* for additional information regarding consolidation of the trust. Commercial real estate assets are reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless the assets are deemed impaired.

The following tables summarize the Company's commercial real estate assets by asset type, property type and geographic location as of March 31, 2017 and December 31, 2016:

	March 31, 2017			
(dollars in thousands)	Mezzanine Loans	First Mortgages	B-Notes	Total
Unpaid principal balance	$ 135,364	$ 1,409,678	$ 14,979	$ 1,560,021
Unamortized (discount) premium	(14)	(181)	—	(195)
Unamortized net deferred origination fees	(111)	(11,112)	—	(11,223)
Carrying value	$ 135,239	$ 1,398,385	$ 14,979	$ 1,548,603
Unfunded commitments	$ 1,580	$ 180,295	$ —	$ 181,875
Number of loans	6	33	1	40
Weighted average coupon	8.8%	5.3%	8.0%	5.6%
Weighted average years to maturity(1)	2.2	2.7	9.8	2.7

	December 31, 2016			
(dollars in thousands)	Mezzanine Loans	First Mortgages	B-Notes	Total
Unpaid principal balance	$ 138,245	$ 1,286,200	$ —	$ 1,424,445
Unamortized (discount) premium	(15)	(185)		(200)
Unamortized net deferred origination fees	(221)	(11,481)		(11,702)
Carrying value	$ 138,009	$ 1,274,534	$ —	$ 1,412,543
Unfunded commitments	$ 1,580	$ 170,890	$ —	$ 172,470
Number of loans	6	30		36
Weighted average coupon	8.6%	5.1%	—%	5.4%
Weighted average years to maturity(1)	1.5	2.9	0.0	2.8

(1) Based on contractual maturity date. Certain loans are subject to contractual extension options which may be subject to conditions as stipulated in the loan agreement. Actual maturities may differ from contractual maturities stated herein as certain borrowers may have the right to prepay with or without paying a

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 4. Commercial Real Estate Assets (Continued)

prepayment penalty. The Company may also extend contractual maturities in connection with loan modifications.

(in thousands) Property Type	March 31, 2017 Carrying Value	March 31, 2017 % of Commercial Portfolio	December 31, 2016 Carrying Value	December 31, 2016 % of Commercial Portfolio
Retail	$ 246,000	15.9%	$ 237,414	16.8%
Hotel	107,193	6.9%	90,585	6.4%
Industrial	144,116	9.3%	105,081	7.4%
Multifamily	264,197	17.1%	260,683	18.5%
Office	787,097	50.8%	718,780	50.9%
Total	$ 1,548,603	100.0%	$ 1,412,543	100.0%

(in thousands) Geographic Location	March 31, 2017 Carrying Value	March 31, 2017 % of Commercial Portfolio	December 31, 2016 Carrying Value	December 31, 2016 % of Commercial Portfolio
West	$ 305,731	19.8%	$ 250,044	17.7%
Southeast	291,433	18.8%	239,194	16.9%
Southwest	289,686	18.7%	267,944	19.0%
Northeast	582,351	37.6%	578,762	41.0%
Midwest	79,402	5.1%	76,599	5.4%
Total	$ 1,548,603	100.0%	$ 1,412,543	100.0%

At March 31, 2017 and December 31, 2016, the Company pledged commercial real estate assets with a carrying value of $1.5 billion and $1.4 billion, respectively, as collateral for repurchase agreements and TH Insurance's FHLB advances. See Note 9—*Repurchase Agreements* and Note 10—*Note Payable to Affiliate*.

The following table summarizes activity related to commercial real estate assets for the three months ended March 31, 2017 and 2016.

(in thousands)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Balance at beginning of period	$ 1,412,543	$ 660,953
Originations and purchases	139,384	87,266
Repayments	(3,809)	(4,531)
Net discount accretion (premium amortization)	1	73
(Increase) decrease in net deferred origination fees	(1,939)	(1,110)
Amortization of net deferred origination fees	2,423	1,608
Allowance for loan losses	—	—
Balance at end of period	$ 1,548,603	$ 744,259

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 4. Commercial Real Estate Assets (Continued)

The Company evaluates each loan for impairment at least quarterly by assessing the risk factors of each loan and assigning a risk rating based on a variety of factors. Risk factors include property type, geographic and local market dynamics, physical condition, leasing and tenant profile, projected cash flow, loan structure and exit plan, loan-to-value ratio, project sponsorship, and other factors deemed necessary. Risk ratings are defined as follows:

1— Lower Risk
2— Average Risk
3— Acceptable Risk
4— Higher Risk: A loan that has exhibited material deterioration in cash flows and/or other credit factors, which, if negative trends continue, could be indicative of future loss.
5— Impaired/Loss Likely: A loan that has a significantly increased probability of default or principal loss.

The following table presents the number of loans, unpaid principal balance and carrying value (amortized cost) by risk rating for commercial real estate assets as of March 31, 2017 and December 31, 2016:

	March 31, 2017			December 31, 2016		
(dollars in thousands) Risk Rating	Number of Loans	Unpaid Principal Balance	Carrying Value	Number of Loans	Unpaid Principal Balance	Carrying Value
1 - 3	40	$ 1,560,021	$ 1,548,603	36	$ 1,424,445	$ 1,412,543
4 - 5	—	—	—	—	—	—
Total	40	$ 1,560,021	$ 1,548,603	36	$ 1,424,445	$ 1,412,543

The Company has not recorded any allowances for losses as no loans are past-due and it is not deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loans.

Note 5. Available-for-Sale Securities, at Fair Value

The following table presents the amortized cost and carrying value (which approximates fair value) of AFS securities as of March 31, 2017 and December 31, 2016:

(in thousands)	March 31, 2017	December 31, 2016
Face Value	$ 12,798	$ 12,798
Unamortized premium	—	—
Unamortized discount	—	—
Amortized Cost	12,798	12,798
Gross unrealized gains	—	—
Gross unrealized losses	(32)	(112)
Carrying Value	$ 12,766	$ 12,686

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 5. Available-for-Sale Securities, at Fair Value (Continued)

At March 31, 2017 and December 31, 2016, the Company pledged AFS securities with a carrying value of $12.8 million and $12.7 million as collateral for repurchase agreements. See Note 9—*Repurchase Agreements.*

At March 31, 2017, AFS securities not deemed to be other than temporarily impaired and in an unrealized loss position for more than twelve consecutive months had a fair market value of $12.8 million and gross unrealized losses of $32 thousand. At December 31, 2016, AFS securities not deemed to be other than temporarily impaired and in an unrealized loss position for less than twelve consecutive months had a fair market value of $12.7 million, and gross unrealized losses of $0.1 million.

Evaluating AFS Securities for Other-Than-Temporary Impairments

In evaluating AFS securities for OTTI, the Company determines whether there has been a significant adverse quarterly change in the cash flow expectations for a security. The Company compares the amortized cost of each security in an unrealized loss position against the present value of expected future cash flows of the security. The Company also considers whether there has been a significant adverse change in the regulatory and/or economic environment as part of this analysis. If the amortized cost of the security is greater than the present value of expected future cash flows using the original yield as the discount rate, an other-than-temporary credit impairment has occurred. If the Company does not intend to sell and will not be not more likely than not required to sell the security, the credit loss is recognized in earnings and the balance of the unrealized loss is recognized in other comprehensive income (loss). If the Company intends to sell the security or will be more likely than not required to sell the security, the full unrealized loss is recognized in earnings. The Company did not record any other-than-temporary credit impairments during the three months ended March 31, 2017 and 2016 as expected cash flows were greater than amortized cost for all AFS securities held.

Gross Realized Gains and Losses

Gains and losses from the sale of AFS securities are recorded as realized gains (losses) in the Company's condensed consolidated statements of comprehensive income. The Company did not sell any AFS securities during the three months ended March 31, 2017 and 2016.

Note 6. Restricted Cash

The Company is required to maintain certain cash balances with counterparties for securities trading activity and collateral for the Company's repurchase agreements in restricted accounts. As of March 31, 2017 and December 31, 2016, the Company had $2.3 million and $0.3 million, respectively, in restricted cash held by trading counterparties for securities and repurchase agreement trading activity.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 7. Accrued Interest Receivable

The following table presents the Company's accrued interest receivable by collateral type as of March 31, 2017 and December 31, 2016:

(in thousands)	March 31, 2017	December 31, 2016
Commercial real estate assets	$ 4,440	$ 3,699
Available-for-sale securities	47	46
Total	$ 4,487	$ 3,745

Note 8. Fair Value

Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices available in active markets (*i.e.*, observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). Additionally, ASC 820 requires an entity to consider all aspects of nonperformance risk, including the entity's own credit standing, when measuring fair value of a liability.

ASC 820 establishes a three level hierarchy to be used when measuring and disclosing fair value. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Following is a description of the three levels:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date under current market conditions. Additionally, the entity must have the ability to access the active market and the quoted prices cannot be adjusted by the entity.

Level 2 Inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full-term of the assets or liabilities.

Level 3 Unobservable inputs are supported by little or no market activity. The unobservable inputs represent the assumptions that market participants would use to price the assets and liabilities, including risk. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 8. Fair Value (Continued)

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models and significant assumptions utilized.

Available-for-sale securities. The Company holds AFS securities that are carried at fair value on the condensed consolidated balance sheet and are comprised of CMBS. In determining the fair value of the Company's CMBS, management judgment may be used to arrive at fair value that considers prices obtained from third-party pricing providers or broker quotes received using the bid price, which are both deemed indicative of market activity, and other applicable market data. The third-party pricing providers and brokers use pricing models that generally incorporate such factors as coupons, primary and secondary mortgage rates, rate reset period, issuer, prepayment speeds, credit enhancements and expected life of the security. If observable market prices are not available or insufficient to determine fair value due principally to illiquidity in the marketplace, then fair value is based upon internally developed models that are primarily based on observable market-based inputs but also include unobservable market data inputs (including prepayment speeds, delinquency levels, and credit losses). The Company classified 100% of its CMBS AFS as Level 2 fair value assets at March 31, 2017 and December 31, 2016.

Recurring Fair Value

The following tables display the Company's assets measured at fair value on a recurring basis. The Company does not hold any liabilities measured at fair value on its condensed consolidated balance sheets.

	Recurring Fair Value Measurements At March 31, 2017			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale securities	$ —	$ 12,766	$ —	$ 12,766
Total assets	$ —	$ 12,766	$ —	$ 12,766

	Recurring Fair Value Measurements At December 31, 2016			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale securities	$ —	$ 12,686	$ —	$ 12,686
Total assets	$ —	$ 12,686	$ —	$ 12,686

The Company may be required to measure certain assets or liabilities at fair value from time to time. These periodic fair value measures typically result from application of certain impairment measures under GAAP. These items would constitute nonrecurring fair value measures under ASC 820. As of March 31, 2017 and December 31, 2016, the Company did not have any assets or liabilities measured at fair value on a nonrecurring basis in the periods presented.

Securities for which market quotations are readily available are valued at the bid price (in the case of long positions) or the ask price (in the case of short positions) at the close of trading on the date as

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 8. Fair Value (Continued)

of which value is determined. Exchange-traded securities for which no bid or ask price is available are valued at the last traded price.

Transfers between Levels are deemed to take place on the first day of the reporting period in which the transfer has taken place. The Company did not incur transfers between Levels for the three months ended March 31, 2017 and 2016.

Fair Value of Financial Instruments

In accordance with ASC 820, the Company is required to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized in the condensed consolidated balance sheet, for which fair value can be estimated.

The following describes the Company's methods for estimating the fair value for financial instruments. Descriptions are not provided for those items that have zero balances as of the current balance sheet date.

- Commercial real estate assets are carried at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable, unless deemed impaired. The Company estimates the fair value of its commercial real estate assets by assessing any changes in market interest rates, shifts in credit profiles and actual operating results for mezzanine commercial real estate loans and commercial real estate first mortgages and B-notes, taking into consideration such factors as underlying property type, property competitive position within its market, market and submarket fundamentals, tenant mix, nature of business plan, sponsorship, extent of leverage and other loan terms. The Company categorizes the fair value measurement of these assets as Level 3.

- AFS securities are recurring fair value measurements; carrying value equals fair value. See discussion of valuation methods and assumptions within *the Fair Value Measurements* section of this footnote.

- Cash and cash equivalents and restricted cash have a carrying value which approximates fair value because of the short maturities of these instruments. The Company categorizes the fair value measurement of these assets as Level 1.

- The carrying value of repurchase agreements and note payable to affiliate that mature in less than one year generally approximates fair value due their short maturities. As of March 31, 2017, the Company held $215.3 million of repurchase agreements that are considered long-term. The Company's long-term repurchase agreements have floating rates based on an index plus a spread and the credit spread is typically consistent with those demanded in the market. Accordingly, the interest rates on these borrowings are at market and thus carrying value approximates fair value. The Company categorizes the fair value measurement of these liabilities as Level 2.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 8. Fair Value (Continued)

The following table presents the carrying values and estimated fair values of assets and liabilities that are required to be recorded or disclosed at fair value at March 31, 2017 and December 31, 2016.

	March 31, 2017		December 31, 2016	
(in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Commercial real estate assets	$ 1,548,603	$ 1,559,072	$ 1,412,543	$ 1,411,733
Available-for-sale securities	$ 12,766	$ 12,766	$ 12,686	$ 12,686
Cash and cash equivalents	$ 34,617	$ 34,617	$ 56,019	$ 56,019
Restricted cash	$ 2,260	$ 2,260	$ 260	$ 260
Liabilities				
Repurchase agreements	$ 536,221	$ 536,221	$ 451,167	$ 451,167
Note payable to affiliate	$ 609,670	$ 609,670	$ 593,632	$ 593,632

Note 9. Repurchase Agreements

As of March 31, 2017 and December 31, 2016, the Company had outstanding $536.2 million and $451.2 million of repurchase agreements with a weighted average borrowing rate of 3.40% and 3.16% and weighted average remaining maturities of 543 and 476 days, respectively.

At March 31, 2017 and December 31, 2016, the repurchase agreement balances were as follows:

(in thousands)	March 31, 2017	December 31, 2016
Short-term	$ 320,956	$ 265,533
Long-term	215,265	185,634
Total	$ 536,221	$ 451,167

At March 31, 2017 and December 31, 2016, the repurchase agreements had the following characteristics and remaining maturities:

	March 31, 2017			December 31, 2016		
	Collateral Type			Collateral Type		
(in thousands)	Commercial Real Estate Assets	CMBS	Total Amount Outstanding	Commercial Real Estate Assets	CMBS	Total Amount Outstanding
Within 30 days	$ 21,804	$ —	$ 21,804	$ 21,933	$ —	$ 21,933
30 to 59 days	27,481	8,132	35,613	28,991	8,119	37,110
60 to 89 days	—	—	—	—	—	—
90 to 119 days	—	—	—	—	—	—
120 to 364 days	263,539	—	263,539	206,490	—	206,490
One year and over	215,265	—	215,265	185,634	—	185,634
Total	$ 528,089	$ 8,132	$ 536,221	$ 443,048	$ 8,119	$ 451,167
Weighted average borrowing rate	3.40%	3.03%	3.40%	3.16%	2.92%	3.16%

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 9. Repurchase Agreements (Continued)

The following table summarizes assets at carrying values that are pledged or restricted as collateral for the future payment obligations of repurchase agreements:

(in thousands)	March 31, 2017	December 31, 2016
Commercial real estate assets	$ 756,771	$ 648,885
Available-for-sale securities, at fair value	12,766	12,686
Due from counterparties	456	249
Total	$ 769,993	$ 661,820

Although the transactions under repurchase agreements represent committed borrowings until maturity, the respective lender retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets would require the Company to provide additional collateral or fund margin calls.

The following table summarizes certain characteristics of the Company's repurchase agreements and counterparty concentration at March 31, 2017 and December 31, 2016:

	March 31, 2017				December 31, 2016			
(dollars in thousands)	Amount Outstanding	Net Counterparty Exposure(1)	Percent of Equity	Weighted Average Days to Maturity	Amount Outstanding	Net Counterparty Exposure(1)	Percent of Equity	Weighted Average Days to Maturity
JPMorgan Chase Bank	$ 228,355	$ 96,722	22%	214	$ 204,679	$ 104,380	24%	283
Morgan Stanley Bank	215,265	73,092	17%	1,054	185,634	62,715	15%	779
All other counterparties(2)	92,601	64,670	15%	165	60,854	45,624	11%	197
Total	$ 536,221	$ 234,484			$ 451,167	$ 212,719		

(1) Represents the net carrying value of the commercial real estate assets and AFS securities sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest.

(2) Represents amounts outstanding with two counterparties at both March 31, 2017 and December 31, 2016.

The Company does not anticipate any defaults by its repurchase agreement counterparties. There can be no assurance, however, that any such default or defaults will not occur.

Note 10. Note Payable to Affiliate

The Company finances the acquisition of certain of its commercial real estate assets through a revolving note payable with TH Insurance. In exchange for the note with TH Insurance, the Company receives an allocated portion of TH Insurance's advances from the FHLB. The Company pledges to the FHLB a portion of its commercial real estate assets as collateral for TH Insurance's advances. As of March 31, 2017 and December 31, 2016, the total outstanding note payable to TH Insurance was $609.7 million and $593.6 million with an interest rate of 1.04% and 0.85%, respectively. The note is set to mature on December 31, 2017, unless extended pursuant to its terms.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 10. Note Payable to Affiliate (Continued)

As of March 31, 2017 and December 31, 2016, $728.6 million and $709.0 million of commercial real estate assets were pledged as collateral for the future payment obligations of TH Insurance's FHLB advances. The FHLB retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets would require the Company to provide additional collateral.

Note 11. Commitments and Contingencies

The following represent the material commitments and contingencies of the Company as of March 31, 2017 and December 31, 2016:

Legal and regulatory. From time to time, the Company may be subject to liability under laws and government regulations and various claims and legal actions arising in the ordinary course of business. Liabilities are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts established for those claims. Based on information currently available, management is not aware of any legal or regulatory claims that would have a material effect on the Company's financial statements and therefore no accrual is required as of March 31, 2017 or December 31, 2016.

Unfunded commitments on commercial real estate loans. Certain of the Company's commercial real estate loan agreements contain provisions for future fundings to borrowers, generally to finance lease-related or capital expenditures. As of March 31, 2017 and December 31, 2016, the Company had unfunded commitments of $181.9 million and $172.5 million on commercial real estate loans with expirations dates within the next two years.

Note 12. Member's Equity

As of March 31, 2017 and December 31, 2016, the Company had total member's equity of $441.5 million and $428.0 million, respectively.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss at March 31, 2017 and December 31, 2016 was as follows:

(in thousands)	March 31, 2017	December 31, 2016
Available-for-sale securities, at fair value		
Unrealized gains	$ —	$ —
Unrealized losses	(32)	(112)
Accumulated other comprehensive loss	$ (32)	$ (112)

Reclassifications out of Accumulated Other Comprehensive Loss

The Company did not record any reclassifications out of accumulated other comprehensive loss during the three months ended March 31, 2017 and 2016.

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 13. Income Taxes

The following table summarizes the tax (benefit) provision recorded for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
(in thousands)	2017	2016
Current tax provision (benefit):		
Federal	$ (2)	$ (10)
State	3	3
Total current tax provision (benefit)	1	(7)
Deferred tax provision	—	—
Total provision for (benefit from) income taxes	$ 1	$ (7)

Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's condensed consolidated financial statements of a contingent tax liability for uncertain tax positions. Additionally, there were no amounts accrued for penalties or interest as of or during the periods presented in these condensed consolidated financial statements.

Note 14. Related Party Transactions

The Company does not directly employ personnel. Instead the Company relies on the resources that PRCM Advisers provides to Two Harbors to conduct the Company's operations. The Company is allocated certain advisory expenses from Two Harbors that relate to the operations of the Company. The Company was allocated $1.7 million and $1.8 million as a management fee to Two Harbors for the three months ended March 31, 2017 and 2016, respectively, which represents approximately 1.5% of member's equity on an annualized basis. This fee is based upon the same fee structure incurred by Two Harbors for services provided by PRCM Advisers.

During the three months ended March 31, 2017 and 2016, certain direct and allocated operating expenses were paid by Two Harbors to PRCM Advisers and other external vendors and included in the Company's condensed consolidated statements of comprehensive income. These direct and allocated costs totaled approximately $2.3 million and $2.1 million for the three months ended March 31, 2017 and 2016, respectively. Expenses during the period may have been different had the Company not had the related party relationship with Two Harbors. At March 31, 2017 and December 31, 2016, the Company had outstanding payables to Two Harbors of $24.6 million and $21.2 million, respectively.

The Company finances the acquisition of certain of its commercial real estate assets through a revolving note payable with TH Insurance. In exchange for the note with TH Insurance, the Company receives an allocated portion of TH Insurance's advances from the FHLB. The Company pledges to the FHLB a portion of its commercial real estate assets as collateral for TH Insurance's advances. As of March 31, 2017 and December 31, 2016, the total outstanding note payable to TH Insurance was $609.7 million and $593.6 million with an interest rate of 1.04% and 0.85%, respectively. The related accrued interest payable, included in other payables to Two Harbors and affiliates on the condensed consolidated balance sheets, was $0.9 million and $0.4 million as of March 31, 2017 and December 31, 2016, respectively. In addition, the Company had an outstanding net receivable from TH Insurance for

TH COMMERCIAL HOLDINGS LLC

Notes to the Condensed Consolidated Financial Statements (unaudited) (Continued)

Note 14. Related Party Transactions (Continued)

principal and interest payments on commercial real estate assets pledged to the FHLB of $0.1 million at December 31, 2016.

The terms of these transactions may have been different had they been transacted with an unrelated party.

Note 15. Subsequent Events

Events subsequent to March 31, 2017 were evaluated through May 24, 2017, the date the financial statements were available to be issued. No additional events were identified requiring further disclosure in these condensed consolidated financial statements.

Until , 2017 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

10,000,000 Shares

Granite Point Mortgage Trust Inc.

Common Stock

J.P. Morgan
Morgan Stanley
Citigroup
BofA Merrill Lynch
JMP Securities
Keefe, Bruyette & Woods
A Stifel Company

PROSPECTUS

, 2017

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. Other Expenses of Issuance and Distribution.

The following table shows the fees and expenses, other than underwriting discounts and commissions, to be paid by us in connection with the sale and distribution of the securities being registered hereby. All amounts except for the SEC registration fee and the Financial Industry Regulatory Authority, Inc. ("FINRA") filing fee are estimated.

SEC registration fee	$ 27,990
Financial Industry Regulatory Authority, Inc. filing fee	36,725
NYSE listing fee	253,854
Legal fees and expenses (including blue sky fees)	1,500,000
Accounting fees and expenses	200,000
Printing and engraving expenses	300,000
Transfer agent fees and expenses	50,000
Miscellaneous	631,431
Total	$ 3,000,000

Item 32. Sales to Special Parties

On April 7, 2017, in connection with our formation, we issued 1,000 shares of our common stock to Two Harbors Operating Company LLC for total consideration of $1,000 paid in cash in order to provide for our initial capitalization.

Item 33. Recent Sales of Unregistered Securities

On April 7, 2017, in connection with our formation, we issued 1,000 shares of our common stock to Two Harbors Operating Company LLC for total consideration of $1,000 in cash in order to provide for our initial capitalization. Such issuance was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") pursuant to Section 4(a)(2) thereof.

In connection with the Formation Transaction, we will issue an aggregate of 33,071,000 shares of common stock with an aggregate value of approximately $650 million, based on the assumed initial public offering price of $20.50 per share, the midpoint of the price range set forth on the front cover of the prospectus that forms a part of this registration statement, to Two Harbors in connection with the transfer of interests to us in the entities that own our assets prior to the Formation Transaction in consideration of such transfer. In addition, we will issue to Two Harbors 1,000 shares of our 10% cumulative redeemable preferred stock with a $1,000,000 aggregate liquidation preference in connection with the Formation Transaction. Two Harbors has a substantive, pre-existing relationship with us. The issuance of such shares will be effected in reliance upon an exemption from registration provided by Section 4(a)(2) of the Securities Act.

Item 34. Indemnification of Directors and Officers.

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

Our charter provides that we have the power, and our bylaws obligate us, to the fullest extent permitted by Maryland law, to indemnify, and to pay or reimburse reasonable costs, fees and expenses (including attorneys' fees, costs and expenses) in advance of final disposition of a proceeding and without requiring a preliminary determination of ultimate entitlement to indemnification, to any present or former director or officer of the company or any individual who, while a director or officer of our company and at our request, serves or has served another corporation, REIT, partnership, joint venture, trust, limited liability company, employee benefit plan or any other enterprise as a director, officer, partner, trustee, member or manager of such corporation, REIT, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise, and who was or is made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of his or her service in that capacity. Our charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any personnel or agent of our company or a predecessor of our company.

The Maryland General Corporation Law, or the MGCL, requires us (unless our charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made or threatened to be made a party by reason of his service in that capacity. The MGCL permits us to indemnify our present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty; (ii) the director or officer actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. Under the MGCL, a Maryland corporation may not indemnify a director or officer in a suit by or in the right of the corporation in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses. In addition, the MGCL permits us to advance reasonable expenses to a director or officer upon our receipt of (i) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by us and (ii) a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by us if it is ultimately determined that the director or officer did not meet the standard of conduct.

Under the management agreement, our Manager maintains a contractual as opposed to a fiduciary relationship with us which limits our Manager's obligations to us to those specifically set forth in the management agreement. The ability of our Manager and its affiliates to engage in other business activities may reduce the time our Manager spends managing us. In addition, unlike for directors, there is no statutory standard of conduct under the MGCL for officers of a Maryland corporation. Instead, officers of a Maryland corporation, including our officers who are employees of our Manager, are subject only to general agency principles, including the exercise of reasonable care and skill in the performance of their responsibilities, as well as the duties of loyalty, good faith and candid disclosure.

We expect to enter into indemnification agreements with each of our directors and executive officers that provide for indemnification to the maximum extent permitted by Maryland law.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 35. Treatment of Proceeds From Stock Being Registered.

None of the proceeds will be credited to an account other than the appropriate capital share account.

Item 36. Financial Statements and Exhibits.

(a) Financial Statements. See page F-1 for an index to the financial statements included in this registration statement.

(b) Exhibits. The attached Exhibit Index is incorporated herein by reference.

Item 37. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance under Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or Rule 497(h) under the Securities Act of 1933, as amended, shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirement of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, New York, on June 14, 2017.

Granite Point Mortgage Trust Inc.

By: /s/ JOHN A. TAYLOR

Name: John A. Taylor
Title: President and Chief Executive Officer

Each person whose signature appears below hereby constitutes and appoints John A. Taylor, Marcin Urbaszek and Rebecca B. Sandberg, and each of them, as his or her attorney-in-fact and agent, with full power of substitution and resubstitution for him or her in any and all capacities, to sign any or all amendments or post-effective amendments to this Registration Statement, or any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with exhibits thereto and other documents in connection therewith or in connection with the registration of the common shares under the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ JOHN A. TAYLOR John A. Taylor	President, Chief Executive Officer and Director (Principal Executive Officer)	June 14, 2017
/s/ MARCIN URBASZEK Marcin Urbaszek	Chief Financial Officer (Principal Financial and Accounting Officer)	June 14, 2017
/s/ WILLIAM ROTH William Roth	Director	June 14, 2017
/s/ THOMAS E. SIERING Thomas E. Siering	Director	June 14, 2017
/s/ BRIAN C. TAYLOR Brian C. Taylor	Director	June 14, 2017

EXHIBIT INDEX

Exhibit Number	Exhibit Description
1.1*	Form of Underwriting Agreement.
2.1	Form of Contribution Agreement between Two Harbors Investment Corp. and Granite Point Mortgage Trust Inc.
3.1	Form of Articles of Amendment and Restatement of Granite Point Mortgage Trust Inc. to be effective upon closing of this offering.
3.2	Amended and Restated Bylaws of Granite Point Mortgage Trust Inc.
3.3	Form of Articles Supplementary for Cumulative Redeemable Preferred Stock of Granite Point Mortgage Trust Inc. to be effective upon closing of this offering.
4.1	Specimen Common Stock Certificate of Granite Point Mortgage Trust Inc.
5.1	Opinion of Ballard Spahr LLP regarding the validity of the securities being registered.
8.1*	Opinion of Orrick, Herrington & Sutcliffe LLP regarding certain tax matters.
10.1	Form of Management Agreement between Granite Point Mortgage Trust Inc. and Pine River Capital Management L.P.
10.2	Director Designation Agreement between Granite Point Mortgage Trust Inc. and Two Harbors Investment Corp.
10.3*	Granite Point Mortgage Trust Inc. 2017 Equity Incentive Plan (includes restricted stock award agreement).
10.4	Form of Indemnification Agreement to be entered into by and between Granite Point Mortgage Trust Inc. and certain officers and directors.
10.5	Granite Point Mortgage Trust Inc. Director Compensation Policy.
10.6	Master Repurchase and Securities Contract Agreement between TH Commercial GS LLC and Goldman Sachs Bank USA.
10.7	Uncommitted Master Repurchase Agreement between TH Commercial JPM LLC and JPMorgan Chase Bank, National Association.
10.8	Master Repurchase and Securities Contract Agreement, between Morgan Stanley Bank and TH Commercial MS II, LLC, as amended.
21.1**	List of Subsidiaries.
23.1	Consent of EY.
23.2	Consent of Ballard Spahr LLP (included in Exhibit 5.1).
23.3*	Consent of Orrick, Herrington & Sutcliffe LLP (included in Exhibit 8.1).
24.1	Power of Attorney (included on the signature page to this Registration Statement).
99.1	Consent of Martin Kamarck to be named Independent Director.
99.2	Consent of Stephen G. Kasnet to be named Independent Director.
99.3	Consent of W. Reid Sanders to be named Independent Director.
99.4	Consent of Hope B. Woodhouse to be named Independent Director.
99.5	Consent of Tanuja M. Dehne to be named Independent Director.

* To be filed by amendment.

** Previously filed.

Exhibit 2.1

CONTRIBUTION AGREEMENT

DATED AS OF JUNE [·], 2017

BY AND AMONG

GRANITE POINT MORTGAGE TRUST INC.,
a Maryland corporation

GRANITE POINT OPERATING COMPANY LLC,
a Delaware limited liability company,

TWO HARBORS OPERATING COMPANY LLC,
a Delaware limited liability company,

AND

TWO HARBORS INVESTMENT CORP.,
a Maryland corporation

(for purposes of Article IV, Article V and Article VI only)

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CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT is made and entered into as of June [], 2017 (this "Agreement"), by and among Granite Point Mortgage Trust Inc., a Maryland corporation (the "REIT"), Granite Point Operating Company LLC, a Delaware limited liability company ("GP LLC"), Two Harbors Operating Company LLC, a Delaware limited liability company ("Two Harbors LLC"), and for the purposes of ARTICLE IV, ARTICLE V and ARTICLE VI, Two Harbors Investment Corp. ("Two Harbors"). Certain capitalized terms are defined in Section 7.02 of this Agreement.

RECITALS

WHEREAS, the REIT desires to acquire cash and a portfolio of loans and other commercial real estate investments currently owned, directly or indirectly, by TH Commercial Holdings LLC, a Delaware limited liability company ("THCH");

WHEREAS, Two Harbors LLC owns 100% of the interests in THCH;

WHEREAS, pursuant to this Agreement, concurrently with the completion of the IPO (as defined below), Two Harbors LLC shall contribute to the REIT all of Two Harbors LLC's interest in THCH and cash, and the REIT shall acquire from Two Harbors LLC all of Two Harbors LLC's right, title and interest in THCH that it will immediately transfer to GP LLC;

WHEREAS, the Formation Transaction (as defined below) relates to the proposed initial public offering (the "IPO") of the common stock, par value $0.01 per share of the REIT ("REIT Shares"), under a Form S-11 Registration Statement initially filed on May 24, 2017 (File No. 333-218197), as the same may be amended from time to time (the "Registration Statement"), and the REIT will elect to be taxed and operate as a real estate investment trust within the meaning of Section 856 of the Code, externally managed by Pine River Capital Management L.P.; and

WHEREAS, all necessary approvals have been obtained by each of the REIT and Two Harbors LLC to consummate the transactions contemplated herein and by the Formation Transaction Documentation.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and other terms contained in this Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I
CONTRIBUTION

Section 1.01. CONTRIBUTION TRANSACTION; ASSIGNMENT AND ASSUMPTION.

(a) At the Closing (as defined below) and subject to the terms and conditions contained in this Agreement:

(i) Two Harbors LLC hereby contributes, assigns, sets over, transfers, conveys and delivers to the REIT, absolutely and unconditionally and free and clear of all Liens, all of its right, title and interest in and to the membership interests in THCH, including all rights to indemnification in favor of Two Harbors LLC under the LLC Agreement, and the Estimated Closing Cash Amount specified in Section 1.01(b).

(ii) immediately following the transfer described in Section 1.01(a)(i), the REIT hereby contributes, assigns, sets over, transfers, conveys and delivers to GP LLC, absolutely and unconditionally and free and clear of all Liens, all of its right, title and interest in and to THCH;

(iii) the REIT accepts the assignment by Two Harbors LLC, GP LLC accepts the assignment by the REIT, and the REIT undertakes, assumes and agrees punctually and faithfully to perform, pay or discharge when due and otherwise in accordance with its terms, all agreements, covenants, conditions, obligations and liabilities of Two Harbors LLC with respect to THCH on or after the Closing Date (as defined below).

(b) In addition to the contribution by Two Harbors LLC of the equity interests in THCH, at Closing, subject to the terms and conditions contained in this Agreement, Two Harbors LLC shall contribute the Estimated Closing Cash Amount to the REIT. At least three (3) Business Days prior to the Closing, Two Harbors LLC shall prepare and deliver to the REIT a statement setting forth (i) Two Harbors LLC's good faith estimate of (A) the Net Working Capital, and (B) the Net Portfolio Carrying Value, (ii) based on the foregoing estimates, the calculation of the cash payment to be made at the Closing (the "Estimated Closing Cash Amount"), and (iii) reasonable supporting documentation with respect to such estimates and calculations, which statement (and the estimates thereon) shall be reasonably satisfactory to the REIT; provided that if the REIT objects to Two Harbors LLC's estimate of Net Working Capital for purposes of the calculation hereunder, the parties shall negotiate in good faith to resolve any such objection. The Estimated Closing Cash Amount shall be equal to the excess of $651 million over the Net Portfolio Carrying Value, (x) plus the estimated Net Working Capital, if a negative number, or (y) less the estimated Net Working Capital, if a positive number. This amount shall be further reduced by any cash amounts required to be paid by the REIT to (A) settle intercompany payables to Two Harbors and its Affiliates, (B) settle accrued interest on the Note Payable to Affiliate, (C) reimburse Two Harbors for transaction costs in connection with the IPO paid on behalf of the REIT, and (D) reimburse Two Harbors for general and administrative expenses paid on behalf of the REIT.

As used in this Section 1.01(b):

"Accounting Standards" means generally accepted accounting principles in the United States, consistently applied.

"Closing Date Indebtedness" means the Indebtedness of THCH as of immediately prior to the Closing determined in accordance with GAAP.

"Determination Time" means as of 12:01 a.m., Eastern Time, on the Closing Date.

"Net Working Capital" means (i) all accounts/debt service receivables, cash and cash equivalents, prepaid expenses and all other current assets of THCH and its subsidiaries, less (ii) the sum of all accounts payable and accrued obligations on an accrual basis, contingent obligations that are probable and estimable, accrued expenses, accrued taxes, accrued interest, and all other current liabilities of THCH and its subsidiaries, each determined as of the Determination Time in accordance with the Accounting Standards, and in each case excluding Indebtedness to the extent included in the calculation of the Net Portfolio Carrying Value.

"Net Portfolio Carrying Value" means the carrying value of the Portfolio Investments as reflected on the May 31, 2017 balance sheet of Two Harbors, plus the carrying value of any Portfolio Investments acquired after May 31, 2017 and prior to the Closing Date, less the Closing Date Indebtedness.

"Note Payable to Affiliate" means the balance as of the Closing Date of the note payable from TH Commercial Holdings LLC to TH Insurance Holdings Company LLC in connection with the Affiliate Collateral Pledge and Security Agreement, dated as of August 6, 2015, by and among TH Commercial Mortgage LLC, TH Insurance Holdings Company LLC, and the FHLB.

Section 1.02. CONSIDERATION. At Closing, subject to the terms and conditions contained in this Agreement, in exchange for its interest in THCH, Two Harbors LLC shall receive (i) 33,071,000 REIT Shares and (ii) 1,000 Redeemable Preferred Shares. If the payment of REIT Shares would result in a violation of the restrictions on ownership and transfer set forth in Section 7.2.1 of the REIT's articles of incorporation (the "Ownership Limits"), the Board of Directors of the REIT shall grant Two Harbors LLC an exception with respect to the Ownership Limits.

Section 1.03. FURTHER ACTION; MUTUAL COVENANTS AND OTHER AGREEMENTS.

(a) If, at any time after the Closing, the REIT shall determine or be advised that any deeds, bills of sale, assignments, assurances or other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the REIT all of the right, title or interest in or to THCH or otherwise to carry out this Agreement, Two Harbors LLC shall execute and deliver all such deeds, bills of sale, assignments and assurances and take and do all such other reasonable actions and things as may be reasonably necessary or desirable to vest, perfect or confirm any and all right, title and interest in THCH or otherwise to carry out this Agreement at the REIT's cost.

(b) After the Closing, except in the case of any action by one party or its Affiliate against the other party or its Affiliates, each party will use its commercially reasonable efforts to make available to the other, upon written request, the former, current and future directors, managers, officers, employees, other personnel and agents of such party as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, managers, employees, other personnel and agents) or books, records or other documents are reasonably requested in connection with any action in which the requesting party may from time to time be involved or any other reasonable business purpose, regardless of whether, in the case of an action, such action is a matter with respect to which indemnification may be sought hereunder.

(c) Each of Two Harbors and the REIT agrees to provide, or cause to be provided, to each other as soon as reasonably practicable after written request therefor, any information in the possession or under the control of such party that the requesting party reasonably needs: (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities laws) by Law or by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any regulatory, judicial or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, subpoena or other similar requirements, (iii) to comply with its obligations under this Agreement or (iv) in connection with its ongoing businesses as it relates to the conduct of such businesses, as the case may be; provided, however, that in the event that any party determines that any such provision of information could be commercially detrimental, violate any law or agreement, or waive any privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(d) The parties will keep strictly confidential any and all proprietary, technical, business, marketing, sales and other information disclosed to another party in connection with the performance of this Agreement and the preparation of the registration statement (the "Confidential Information"), and will not disclose the same or any part thereof to any third party, or use the same for

their own benefit or for the benefit of any third party. The obligations of secrecy and nonuse as set forth herein will survive the termination of this Agreement for a period of five years. Excluded from this provision is any information available in the public domain and any information disclosed to any of the parties by a third party who is not in breach of confidentiality obligations owed to another person or entity. Notwithstanding the foregoing, each party may disclose Confidential Information to (i) to its bankers, attorneys, accountants and other advisors subject to the same confidentiality obligations imposed herein and (ii) as may be required by Law from time to time.

(e) Subject to the TH Lock-Up Agreement (as defined below), Two Harbors has the right, but not the obligation, following the consummation of the IPO, to effect the distribution of some or all of its REIT Shares to its stockholders (the "Distribution"). Two Harbors shall (in its sole and absolute discretion) determine whether to effect the Distribution and, if so, the date of its consummation and all of its terms, including (i) the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution; (ii) the timing of and conditions to the consummation of the Distribution; (iii) the selection of any investment banker(s) and manager(s) and (iv) the selection of any financial printer, solicitation, and/or exchange agent and financial, legal, accounting and other advisors. In addition, Two Harbors may, at any time and from time to time until the completion of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or a part of the Distribution. At the request of Two Harbors, the REIT shall cooperate with Two Harbors as reasonably required to accomplish the Distribution and shall, at the direction of Two Harbors, promptly take any and all actions reasonably necessary or desirable to effect the Distribution. Two Harbors LLC shall dispose of its Redeemable Preferred Shares to [a "qualified institutional buyer" (as defined in Rule 144A promulgated under the Securities Act)] pursuant to a stock purchase agreement that shall be binding as of the Closing.

(f) After the Closing Date (i) each party shall maintain in effect at its own cost and expense adequate systems and controls for its business to the extent necessary to enable the other party to satisfy its reporting, accounting, audit and other obligations in compliance with all applicable Law and stock exchange requirements, and (ii) each party shall provide, or cause to be provided, to the other party in such form as such requesting party shall request all financial and other data and information as the requesting party determines necessary or advisable in order to prepare its financial statements and reports or filings with any Governmental Authority.

(g) Any information owned by a party that is provided to a requesting party pursuant to this Agreement shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such information.

ARTICLE II
CLOSING

Section 2.01. CONDITIONS PRECEDENT.

(a) Condition to Each Party's Obligations. The respective obligation of each party to effect the contribution contemplated by this Agreement and to consummate the other transactions contemplated hereby to occur on the Closing Date (collectively, the "Formation Transaction") is subject to the satisfaction or waiver on or prior to the Closing of the following conditions:

(i) Registration Statement. The Registration Statement shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings by the

Securities and Exchange Commission ("SEC") seeking a stop order. This condition may not be waived by any party.

(ii) No Injunction. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, judgment, injunction or other order (whether temporary, preliminary or permanent), in any case which is in effect and which prevents or prohibits consummation of any of the transactions contemplated in this Agreement nor shall any of the same brought by a Governmental Authority of competent jurisdiction be pending that seeks the foregoing.

(iii) Preferred Stock Purchaser. Two Harbors LLC shall have entered into a stock purchase agreement for the sale of the Redeemable Preferred Shares from Two Harbors LLC to a third-party purchaser who is [a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act)].

(iv) IPO Closing. The closing of the IPO shall occur substantially concurrently with the Closing.

(v) Consents, Etc. All necessary consents and approvals of Governmental Authorities or third parties for Two Harbors, THCH, Two Harbors LLC and the REIT and any other party to the Formation Transaction Documentation to consummate the transactions contemplated hereby shall have been obtained.

(vi) Management Agreement. The REIT shall have received a copy of the Management Agreement in substantially the form attached as Exhibit A executed by the parties thereto.

(b) Conditions to Obligations of the REIT. The obligations of the REIT are further subject to satisfaction of the following conditions (any of which may be waived by the REIT in whole or in part):

(i) Representations and Warranties. Except as would not have a THCH Material Adverse Effect, the representations and warranties of Two Harbors LLC and Two Harbors contained in this Agreement shall be true and correct at the Closing as if made again at that time (except to the extent that any representation or warranty speaks as of an earlier date, in which case it must be true and correct only as of that earlier date).

(ii) Performance by Two Harbors and Two Harbors LLC. Each of Two Harbors and Two Harbors LLC shall have performed each of the agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date and neither Two Harbors nor Two Harbors LLC shall have breached any of their respective covenants contained herein in any material respect.

(iii) No Material Adverse Change. There shall have not occurred between the date hereof and the Closing Date a THCH Material Adverse Effect.

(iv) Lock-Up Agreements.

(A) Two Harbors shall have entered into a lock-up agreement providing for a 120-day lock-up period in accordance with the Underwriting Agreement (the "TH Lock-Up Agreement").

(B) Each officer and director of the REIT named in the Registration Statement shall have entered into a lock-up agreement providing for a 180-day lock-up period in accordance with the Underwriting Agreement.

(c) Conditions to Obligations of Two Harbors LLC. The obligations of Two Harbors LLC to effect the contribution contemplated by this Agreement and to consummate the other transactions contemplated hereby to occur on the Closing Date are further subject to satisfaction of the following conditions (any of which, except as provided, may be waived by Two Harbors LLC in whole or in part):

(i) Representations and Warranties. Except as would not have a REIT Material Adverse Effect, the representations and warranties of the REIT contained in this Agreement and the Manager contained in the Management Agreement shall be true and correct at the Closing as if made again at that time (except to the extent that any representation or warranty speaks as of an earlier date, in which case it must be true and correct only as of that earlier date).

(ii) Performance by the REIT. Except as would not have a REIT Material Adverse Effect, the REIT shall have performed all agreements and covenants required by this Agreement and the Formation Transaction Documentation to be performed or complied with by it on or prior to the Closing Date.

(iii) No Material Adverse Change. There shall not have occurred between the date hereof and the Closing Date a REIT Material Adverse Effect.

(iv) Director Designation Agreement. The REIT shall have entered into the Director Designation Agreement substantially in the form attached as Exhibit B.

(v) Tax and Legal Opinions. The REIT shall have delivered or caused to be delivered to Two Harbors a reliance letter from counsel entitling Two Harbors to rely on the legal and tax opinions in connection with the IPO.

(vi) Release of Guaranties. Two Harbors shall have been released from all guarantees listed in Schedule 2.01(c)(vi).

(vii) Reimbursement of Advances. Two Harbors shall have been reimbursed or repaid for all transaction costs and expenses advanced to the REIT in connection with the Formation Transaction and the IPO and all intercompany indebtedness between Two Harbors on one hand and THCH or any THCH Subsidiary on the other hand, in each case listed in Schedule 2.01(c)(vii).

Section 2.02. TIME AND PLACE. Unless this Agreement shall have been terminated pursuant to Section 2.06 hereof, and subject to satisfaction or waiver of the conditions in Section 2.01 hereof, the closing of the contribution contemplated by Section 1.01 and the other transactions contemplated hereby shall occur substantially

concurrently with the receipt by the REIT of the proceeds from the IPO from the underwriters (the "Closing" or the "Closing Date"). The Closing shall take place at the offices of Orrick, Herrington & Sutcliffe LLP or such other place as determined by the REIT in its sole discretion. The Closing hereunder and the closing of the IPO shall be deemed concurrent for all purposes.

Section 2.03. DELIVERY OF CONTRIBUTION CONSIDERATION. As soon as reasonably practicable after the Closing, the REIT shall deliver to Two Harbors LLC the REIT Shares and any

Redeemable Preferred Shares payable to Two Harbors LLC in the amounts and form provided in Section 1.02 hereof. Any certificate representing REIT Shares or any Redeemable Preferred Shares issued pursuant to this Agreement shall bear the following legend:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS THE TRANSFEROR DELIVERS TO THE CORPORATION AN OPINION OF COUNSEL SATISFACTORY TO THE CORPORATION, TO THE EFFECT THAT THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE ACT AND UNDER APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

In addition, each such certificate representing Redeemable Preferred Shares or REIT Shares so issued shall bear a legend reflecting certain transfer and other restrictions for the purpose of maintaining the REIT's status as a real estate investment trust under the Code, in accordance with applicable Law.

Section 2.04. CLOSING DELIVERIES. At the Closing, the parties shall make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, any other documents reasonably requested by the REIT or reasonably necessary or desirable to assign, transfer, convey, contribute and deliver all membership interests in THCH, free and clear of all Liens and to effectuate the transactions contemplated hereby.

Section 2.05. CLOSING COSTS. Each party to this Agreement shall bear its own costs (including fees and expenses of its counsel) incurred in connection with the Formation Transaction and the IPO, except for those costs to be reimbursed to Two Harbors as set forth in Schedule 2.01(c)(vi).

Section 2.06. TERM OF THE AGREEMENT. This Agreement shall terminate (a) upon notice by Two Harbors in accordance with Section 7.01, at any time after 30 days from the date hereof or (b) automatically if the Registration Statement shall have been withdrawn (such date is hereinafter referred to as the "Outside Date").

Section 2.07. EFFECT OF TERMINATION. In the event of termination of this Agreement for any reason, all obligations on the part of the REIT and Two Harbors LLC under this Agreement shall terminate, except that the obligations set forth in ARTICLE VII shall survive, it being understood and agreed, however, for the avoidance of doubt, that if this Agreement is terminated because one or more of the conditions to the non-breaching party's obligations under this Agreement are not satisfied by the Outside Date as a result of the other party's material breach of a covenant, representation, warranty or other obligation under this Agreement or any other Formation Transaction Documentation, the non-breaching party's right to pursue all legal remedies with respect to such breach will survive such termination unimpaired.

Section 2.08. TAX WITHHOLDING. Although the parties do not anticipate that there will be any tax withholding required, the REIT shall be entitled to deduct and withhold from the consideration payable pursuant to this Agreement to Two Harbors LLC any amounts required to be deducted and withheld with respect to the making of such payment under the Code or any provision of state, local or foreign tax Law. To the extent that any amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to Two Harbors LLC in respect of which such deduction and withholding was made.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE REIT

The REIT hereby represents and warrants to Two Harbors LLC that the following statements are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

Section 3.01. ORGANIZATION; AUTHORITY.

(a) The REIT is a corporation duly organized, validly existing and in good standing under the Laws of the State of Maryland. The REIT has all requisite power and authority to enter into this Agreement and the other Formation Transaction Documentation and to carry out the transactions contemplated hereby and thereby, and to own, lease or operate its property and to carry on its business as presently conducted and, to the extent required under applicable Law, is qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the character of its property make such qualification necessary, other than in such jurisdictions where the failure to be so qualified would not have a REIT Material Adverse Effect.

(b) The REIT does not own any Subsidiaries (other than GP LLC).

Section 3.02. DUE AUTHORIZATION. The execution, delivery and performance of this Agreement and the other Formation Transaction Documentation (including each agreement, document and instrument executed and delivered by or on behalf of the REIT pursuant to this Agreement or the other Formation Transaction Documentation) by the REIT have been duly and validly authorized by all necessary actions required of the REIT. This Agreement, the other Formation Transaction Documentation and each agreement, document and instrument executed and delivered by or on behalf of each of the REIT pursuant to this Agreement or the other Formation Transaction Documentation constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of the REIT, enforceable against the REIT in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity.

Section 3.03. CONSENTS AND APPROVALS. Except for the SEC declaring the Registration Statement effective, related filings with FINRA and any necessary filings under state blue-sky laws in connection with the IPO and the consummation of the other Formation Transaction, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by the REIT in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a REIT Material Adverse Effect.

Section 3.04. NO VIOLATION. None of the execution, delivery or performance of this Agreement, the other Formation Transaction Documentation, any agreement contemplated hereby between the parties to this Agreement and the transactions contemplated hereby between the parties to this Agreement does or will, with or without the giving of notice, lapse of time, or both, violate, conflict with, result in a breach of, or constitute a default under or give to others any right of termination, acceleration, cancellation or other right under (a) the organizational or formation documents of the REIT, (b) any material agreement, document or instrument to which the REIT or any of its assets are bound or (c) any term or provision of any judgment, order, writ, injunction, or decree binding on the REIT.

Section 3.05. VALIDITY OF REIT SHARES. The REIT Shares and the Redeemable Preferred Shares to be issued pursuant to this Agreement will have been duly authorized by the REIT and, when issued against the consideration therefor, will be validly issued, fully paid and non-assessable and free and clear of all Liens created by the REIT (other than Liens created by the articles of incorporation of the REIT).

Section 3.06. OUTSTANDING EQUITY.

(a) All issued and outstanding capital stock of the REIT, comprising 1,000 REIT Shares, are held by Two Harbors LLC as of the date hereof. Such REIT Shares shall be repurchased by the REIT upon Closing at cost.

(b) Upon Closing and completion of the IPO, and after redemption of the REIT Shares described in Section 3.06(a), the only issued and outstanding REIT Shares shall be those issued in connection with the IPO and the Formation Transaction, as described in the Registration Statement, and the only other issued and outstanding capital stock of the REIT shall be the Redeemable Preferred Shares.

Section 3.07. LITIGATION. Except for actions, suits or proceedings covered by policies of insurance, there is no action, suit or proceeding pending or, to the knowledge of the REIT, threatened against the REIT.

Section 3.08. ORGANIZATIONAL DOCUMENTS. Attached as Exhibit C and Exhibit D hereto are true and correct copies of the Articles of Amendment and Restatement and the Amended and Restated bylaws of the REIT in substantially final form.

Section 3.09. REIT STATUS. The REIT intends to qualify as a real estate investment trust under the Code, and the REIT will be organized and operated in conformity with the requirements for qualification and taxation as a real estate investment trust under the Code, and its proposed ownership and method of operation will enable it to continue to qualify as a real estate investment trust under the Code for the REIT's taxable years ending December 31, 2017 and thereafter.

Section 3.10. COMPLIANCE WITH LAWS. The REIT has conducted its business in compliance with all applicable Laws, except for such failures that would not, individually or in the aggregate, reasonably be expected to have a REIT Material Adverse Effect. Neither the REIT nor, to the knowledge of the REIT, any third party has been informed in writing of any continuing violation of any such Laws or that any investigation has been commenced and is continuing or is contemplated respecting any such possible violation, except in each case for violations that would not, individually or in the aggregate, reasonably be expected to have a REIT Material Adverse Effect.

Section 3.11. LIMITED ACTIVITIES. Except for activities in connection with the IPO or the Formation Transaction or in the ordinary course of business, the REIT has not engaged in any material business or incurred any material obligations.

Section 3.12. NO UNTRUE STATEMENT. The Registration Statement does not, and on the Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading.

Section 3.13. NO OTHER REPRESENTATIONS OR WARRANTIES; SURVIVAL. Other than the representations and warranties expressly set forth in this ARTICLE III and any other agreement entered into in connection with the Formation Transaction, the REIT shall not be deemed to have made any other representation or warranty in connection with this Agreement or the transactions contemplated

hereby. All representations and warranties of the REIT contained in this Agreement (other than Section 3.01, Section 3.02, Section 3.03, Section 3.04, Section 3.05, Section 3.06, Section 3.08, and Section 3.10), which shall survive until the first anniversary of the Closing Date) shall expire at Closing and all covenants shall survive until performed.

Section 3.14. NONRELIANCE. The REIT has not relied upon any representation and warranty of Two Harbors LLC or Two Harbors not expressly set forth in Article IV hereof.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF TWO HARBORS LLC AND TWO HARBORS

Except as disclosed in the schedules attached hereto, Two Harbors LLC and Two Harbors hereby represent and warrant to the REIT that the following statements are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

Section 4.01. ORGANIZATION; AUTHORITY.

(a) Two Harbors LLC is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, and has all requisite power and authority to enter into this Agreement, each agreement contemplated hereby and the other Formation Transaction Documentation to which it is a party (including any agreement, document and instrument executed and delivered by or on behalf of Two Harbors LLC pursuant to this Agreement or the other Formation Transaction Documentation) and to carry out the transactions contemplated hereby and thereby.

(b) THCH is a limited liability company duly formed, validly existing and in good standing under the Laws of the State of Delaware and has all requisite power and authority to own, lease and/or operate its property and other assets and to carry on its business as presently conducted. THCH, to the extent required under applicable Laws, is qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the character of its property and other assets make such qualification necessary.

(c) Schedule 4.01(c) sets forth as of the date hereof each Subsidiary of THCH, each of which is wholly owned, directly or indirectly, by THCH. Each Subsidiary of THCH has been duly organized or formed and is validly existing and is in good standing under the Laws of its jurisdiction of organization or formation, and has all requisite power and authority to own, lease and/or operate its property and other assets and to carry on its business as presently conducted. Each Subsidiary of THCH, to the extent required under applicable Laws, is qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the character of its property and other assets make such qualification necessary.

(d) Two Harbors has been duly incorporated and is validly existing and in good standing under the Laws of the State of Maryland and has all requisite power and authority to enter into each agreement or other document included in or contemplated by the Formation Transaction Documentation to which it is a party and to carry out the transactions contemplated thereby and to carry on its business as presently conducted. Two Harbors, to the extent required under applicable Laws, is qualified to do business and is in good standing in each jurisdiction in which the nature of its business make such qualification necessary.

Section 4.02. DUE AUTHORIZATION.

(a) The execution, delivery and performance of this Agreement (including any agreement, document and instrument executed and delivered pursuant to this Agreement) by Two Harbors LLC has been duly and validly authorized by all necessary actions required of Two Harbors LLC. This Agreement and each agreement, document and instrument executed and delivered by or on behalf of Two Harbors LLC pursuant to this Agreement constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of Two Harbors LLC, each enforceable against Two Harbors LLC in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity.

(b) The execution, delivery and performance by Two Harbors of this Agreement and each other Formation Transaction Documentation to which it is a party have been duly and validly authorized by all necessary actions required of Two Harbors. Each agreement, document and instrument included in or contemplated by the Formation Transaction Documentation and executed and delivered by or on behalf of Two Harbors constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of Two Harbors, each enforceable against Two Harbors in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity.

Section 4.03. OWNERSHIP OF THCH. Two Harbors LLC is the sole record owner of all of the membership interests in THCH and has the power and authority to transfer, sell, assign and convey to the REIT its membership interests in THCH free and clear of any Liens and, upon delivery of the consideration for the interests in THCH as provided herein, the REIT will acquire good and valid title thereto, free and clear of any Liens on the membership interests. Except as provided for or contemplated by this Agreement, there are no other equity interests or rights to purchase, veto rights with respect to transfers, subscriptions, warrants, options, conversion rights, preemptive rights, agreements, instruments or understandings of any kind outstanding (a) relating to the interests in THCH or (b) to purchase, transfer or to otherwise acquire, or to in any way encumber, any of the interests in THCH or any securities or obligations of any kind convertible into any of the interests of THCH.

Section 4.04. CAPITALIZATION. All of the issued and outstanding equity interests of THCH and its Subsidiaries are duly authorized, validly issued and fully paid and are not subject to preemptive rights or appraisal, dissenters' or other similar rights under the Organizational Documents of or any contract to which THCH or any THCH Subsidiary is a party or otherwise bound. There are no outstanding rights to purchase, subscriptions, warrants, options or any other security convertible into or exchangeable for equity interests in THCH or any THCH Subsidiary.

Section 4.05. CONSENTS AND APPROVALS. Except as set forth inSchedule 4.05, no consent, waiver, approval, authorization, notice, order, license, permit or registration of, qualification, designation, declaration, or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Two Harbors LLC, THCH or any THCH Subsidiary in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

Section 4.06. NO VIOLATION.

(a) None of the execution, delivery or performance by Two Harbors LLC of this Agreement, any agreement contemplated hereby between the parties to this Agreement and the transactions contemplated hereby between the parties to this Agreement does or will, with or without the giving of notice, lapse of time, or both, violate, conflict with, result in a breach of, or constitute a default

under or give to others any right of termination, acceleration, cancellation or other right under, (i) the Organizational Documents of Two Harbors LLC or any of its Subsidiaries, (ii) any agreement, document or instrument to which Two Harbors LLC or any of its Subsidiaries is a party or by which Two Harbors LLC or any of its Subsidiaries is bound or (iii) any term or provision of any judgment, order, writ, injunction, or decree binding on Two Harbors LLC or any of its Subsidiaries or, in each case, any of their respective assets or properties.

(b) None of the execution, delivery or performance by Two Harbors of this Agreement or any other agreement or document included in or contemplated by the Formation Transaction Documentation to which it is a party and the transactions contemplated hereby and thereby does or will, with or without the giving of notice, lapse of time, or both, violate, conflict with, result in a breach of, or constitute a default under or give to others any right of termination, acceleration, cancellation or other right under, (i) the Organizational Documents of Two Harbors or any of its Subsidiaries, (ii) any other agreement, document or instrument to which Two Harbors or any of its assets or properties are bound or (iii) any term or provision of any judgment, order, writ, injunction, or decree binding on Two Harbors, any of its Subsidiaries, or its assets or properties.

Section 4.07. LICENSES AND PERMITS. To Two Harbors' Knowledge, all notices, licenses, permits, certificates and authorizations, required for the continued management and operation of the commercial real estate business of THCH have been obtained or can be obtained without material cost, are in full force and effect, are in good standing and (to the extent required in connection with the transactions contemplated by the Formation Transaction Documentation) are assignable to the extent contemplated in the Formation Transaction Documentation, except in each case for items that, if not so obtained, obtainable and/or transferred, would not, individually or in the aggregate, reasonably be expected to have a THCH Material Adverse Effect. There are no licenses, permits, certificates and authorizations held by THCH other than those copies of which have been delivered to the REIT, and each of which is identified on Schedule 4.07. Neither THCH nor any of its Subsidiaries nor, to Two Harbors' Knowledge, any third party has taken any action that (or failed to take any action the omission of which) would result in the revocation of any such notice, license, permit, certificate or authorization where such revocation or revocations would, individually or in the aggregate, reasonably be expected to have a THCH Material Adverse Effect, nor has any of them received any written notice of violation from any Governmental Authority or written notice of the intention of any entity to revoke any of such notice, license, permit, certificate or authorization, that in each case has not been cured or otherwise resolved to the satisfaction of such Governmental Authority except as would not, individually or in the aggregate, reasonably be expected to have a THCH Material Adverse Effect.

Section 4.08. LITIGATION.

(a) To Two Harbors' Knowledge, there is no action, suit or proceeding pending or threatened against Two Harbors LLC affecting all or any portion of Two Harbors LLC's interest in THCH or Two Harbors LLC's ability to consummate the transactions contemplated hereby which, if adversely determined, would adversely affect Two Harbors LLC's ability to so consummate the transactions contemplated hereby. To Two Harbors' Knowledge, there is no outstanding order, writ, injunction or decree of any Governmental Authority against or affecting Two Harbors LLC or any of its Subsidiaries, which in any such case would impair Two Harbors LLC's ability to enter into and perform all of its obligations under this Agreement or the Formation Transaction Documentation to which it is a party.

(b) There is no action, suit or proceeding pending (for which Two Harbors LLC or any of its Subsidiaries has been properly served or otherwise has knowledge) or, to Two Harbors' Knowledge, threatened against Two Harbors LLC or any of its Subsidiaries or any officer, director,

principal or managing member of any of the foregoing or any of its assets which, if adversely determined, would have a THCH Material Adverse Effect. There is no material judgment, decree, injunction, or order of a Governmental Authority outstanding against Two Harbors LLC or any of its Subsidiaries or any officer, director, principal or managing member of any of the foregoing in their capacity as such which affects the ability of Two Harbors LLC, THCH or any THCH Subsidiary to consummate the

transactions contemplated hereby.

(c) There is no action, suit or proceeding pending or, to Two Harbors' Knowledge, threatened against Two Harbors or any officer or director of Two Harbors which, if adversely determined, would have a THCH Material Adverse Effect. There is no action, suit or proceeding pending or, to Two Harbors' Knowledge, threatened against Two Harbors or any officer or director of Two Harbors which challenges or impairs the ability of Two Harbors to execute or deliver, or perform its obligations under any of the Formation Transaction Documentation to which it is a party or to consummate the transactions contemplated hereby and thereby.

Section 4.09. COMPLIANCE WITH LAWS/RESTRICTIONS. THCH and its Subsidiaries have conducted their respective businesses in compliance with all applicable Laws and any covenants, conditions or other obligations under all Loan Documents, except for such failures that would not, individually or in the aggregate, reasonably be expected to have a THCH Material Adverse Effect. Neither THCH nor any THCH Subsidiary nor, to Two Harbors' Knowledge, any third party has been informed in writing of any continuing violation of any such Laws or that any investigation has been commenced and is continuing or is contemplated respecting any such possible violation or violations of any of such covenants, conditions or other obligations in respect of any Loan Documents, except in each case for violations that would not, individually or in the aggregate, reasonably be expected to have a THCH Material Adverse Effect.

Section 4.10. LOANS/INVESTMENTS.

(a) Schedule 4.10(a) sets forth each loan or other investment that, as of the date hereof and as of the Closing Date, THCH or any THCH Subsidiary owns or otherwise holds a beneficial interest in (each such loan or other investment, an "Owned Asset").

(b) Schedule 4.10(b) sets forth each loan or other investment for which, as of the date hereof, THCH or any THCH Subsidiary has a contractual obligation to repurchase at a later date pursuant to a repurchase agreement with a third party (each such loan or other investment, a "Repurchase Agreement Asset").

(c) THCH and its Subsidiaries are the only legal and beneficial owners of each Owned Asset, related Loan Documents and related Loan File and own such assets free and clear of and from any liens, pledges, purchase rights, collateral assignments, security interests or encumbrances therein, thereon or thereof, other those Owned Assets listed in Schedule 4.10(c), each of which has been pledged to the FHLB pursuant to that certain Affiliate Collateral Pledge and Security Agreement, dated as of August 6, 2015, by and among TH Commercial Mortgage LLC, TH Insurance Holdings Company LLC, and the FHLB.

(d) THCH, its Subsidiaries, its representatives or the Custodian have in their possession originals of the Promissory Notes and originals or copies of the other Loan Documents, and neither THCH nor any THCH Subsidiary has entered into any agreement or arrangement to modify or amend the aforementioned documents that has not been delivered to the REIT. Such documents include all material notices and material written correspondence related to the Portfolio Investments received by THCH or any THCH Subsidiary from any servicer, borrower, guarantor or any other obligor under the

Portfolio Investment, copies of which have been delivered to the REIT. There are no other material agreements or understandings, oral or written, between Two Harbors, Two Harbors LLC, THCH or any THCH Subsidiary, on one hand, and any third party, on the other hand, with respect to the Portfolio Investments. Except for matters that would not, individually or in the aggregate, reasonably be expected to have a THCH Material Adverse Effect, (i) neither THCH nor any of its Subsidiaries, nor to Two Harbors' Knowledge any other party to any material agreement affecting any Portfolio Investment, is in breach of or default under any material agreement affecting any Portfolio Investment, (ii) no event has occurred or, to Two Harbors' Knowledge, has been threatened in writing, which with or without the passage of time or the giving of notice, or both, would, individually or together with all such other events, constitute a default under any such agreement, or would, individually or together with all such other events, reasonably be expected to cause the acceleration of any material obligation of THCH or any THCH Subsidiary or the creation of a Lien upon any asset of THCH or any THCH Subsidiary, except for Permitted Liens, and (iii) to Two Harbors' Knowledge, all agreements affecting any Portfolio Investment required for the ownership and continued management and servicing of such Portfolio Investment are valid and binding and in full force and effect, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity.

(e) As of the date hereof, none of Two Harbors, Two Harbors LLC, THCH or any THCH Subsidiary has received any written notice of any claim, counterclaim or right of set-off, rescission, recoupment, abatement or defense by any borrower or guarantor under any Loan Documents.

(f) As of the date hereof, none of Two Harbors, Two Harbors LLC, THCH or any THCH Subsidiary has received any written notice of any pending or threatened litigation or other material adverse claims made by any borrower, guarantor or any affiliate thereof under or regarding any Loan Documents or by any third party with respect to the Portfolio Investments, Loan Documents, Loan File or the Mortgage Properties.

(g) The unpaid principal balance of each Portfolio Investment, as of the date hereof and as of the Closing Date, is and will be accurately listed on Schedule 4.10(g) and incorporated herein. Schedule 4.10(g) also lists or will list, with accuracy, all accrued and unpaid interest, late charges and default interest on each Portfolio Investment and all other amounts due and owing on the Portfolio Investment in each case, as of the date hereof and as of the Closing Date.

(h) None of Two Harbors, Two Harbors LLC, THCH or any THCH Subsidiary has received any written notice of (i) the commencement of a proceeding for the condemnation of all or any material portion of a Mortgage Property or (ii) any material casualty to the Mortgage Property which has not been fully restored.

(i) None of Two Harbors, Two Harbors LLC, THCH or any THCH Subsidiary has received any written notice of any cancellation or threatened cancellation of any current insurance policies affecting a Mortgage Property.

(j) None of Two Harbors, Two Harbors LLC, THCH or any THCH Subsidiary has made any unresolved claim under any title policy relating to any Mortgage Property.

Section 4.11. FINANCIAL STATEMENTS. Two Harbors has delivered to the REIT the Combined Financial Statements of THCH for the year ended December 31, 2016, audited by Ernst & Young LLP. Such financial statements have been prepared in accordance with GAAP applied on a consistent basis and fairly represent the financial condition of THCH for the respective periods indicated.

Section 4.12. INSURANCE. There are no insurance policies held by THCH or any THCH Subsidiary other than those copies of which have been delivered to the REIT, and each of which is identified on Schedule 4.12. Each of the insurance policies is in full force and effect in all material respects and all premiums due and payable thereunder have been fully paid when due. To Two Harbors' Knowledge, neither THCH nor any THCH Subsidiary has received from any insurance company any notices of cancellation or intent to cancel any such insurance.

Section 4.13. ENVIRONMENTAL MATTERS. Except for matters that would not, individually or in the aggregate, reasonably be expected to have a THCH Material Adverse Effect, THCH and its Subsidiaries are in compliance with all Environmental Laws.

Section 4.14. TAXES. Except as set forth in Schedule 4.14:

(a) Two Harbors and each of its Subsidiaries have timely and properly filed all Tax returns and reports required to be filed by it (after giving effect to any filing extension properly granted by a Governmental Authority having authority to do so), and all such returns and reports are accurate and complete in all material respects. THCH and each of its Subsidiaries have paid (or had paid on its behalf) all Taxes as required to be paid by it.

(b) No deficiencies for any Taxes have been proposed, asserted or assessed against Two Harbors or its Subsidiaries, and no requests for waivers of the time to assess any such Taxes are pending.

(c) There are no pending or, to Two Harbors' Knowledge, threatened audits, assessments or other actions for or relating to any liability in respect of income or material non-income Taxes of Two Harbors or its Subsidiaries, there are no matters under discussion with any Tax authority with respect to income or material non-income Taxes that are likely to result in a material additional liability for Taxes with respect to THCH or any THCH Subsidiary and neither THCH nor any THCH Subsidiary is, or has ever been, a party to or bound by any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement or similar contract.

(d) As of the date hereof, THCH and Two Harbors LLC are disregarded entities for federal income tax purposes. At all times during its existence, Two Harbors has qualified and been taxable as a "real estate investment trust" for federal and all applicable state income tax purposes and will so qualify as of the Closing Date. As of the date hereof, each Subsidiary of THCH other than TH Commercial Investment Corp. is treated for federal and all applicable state income Tax purposes as a disregarded entity. No election has been made to treat THCH or any Subsidiary of THCH, other than TH Commercial Investment Corp., as a corporation for federal or any state income Tax purpose.

Section 4.15. INSOLVENCY. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or, to Two Harbors' Knowledge, threatened against Two Harbors LLC, THCH or any THCH Subsidiary, nor are any such proceedings contemplated by Two Harbors LLC, THCH or any THCH Subsidiary.

Section 4.16. EMPLOYEES. Neither THCH nor any THCH Subsidiary has or has ever had any employees.

Section 4.17. CONTRACTS AND COMMITMENTS. Except as set forth in Schedule 4.17, neither THCH nor any THCH Subsidiary is a party to any agreements for the sale of its assets, for the grant to any Person of any preferential right to purchase any such assets or the acquisition of any operating business, assets or capital stock of any other corporation, entity or business.

Section 4.18. NO SIDE LETTERS. Except as set forth in Schedule 4.18, there are no side letters or other writing between or among Two Harbors, THCH and Two Harbors LLC which have the effect of establishing rights under, or altering or supplementing, the terms of THCH's certificate of formation, limited liability company agreement or operating agreement or similar organizational documentation.

Section 4.19. PRE-CLOSING COVENANTS. Two Harbors LLC has performed in all material respects all agreements and covenants required by the Formation Transaction Documentation to be performed or complied with by it on or prior to the Closing Date.

Section 4.20. INVESTMENT. Two Harbors LLC acknowledges that the offering and issuance of the REIT Shares and Redeemable Preferred Shares to be acquired by Two Harbors LLC pursuant to this Agreement are intended to be exempt from registration under the Securities Act and that the REIT's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of Two Harbors LLC contained herein. In furtherance thereof, Two Harbors LLC represents and warrants to the REIT as follows:

(a) Two Harbors LLC is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act).

(b) Two Harbors LLC acknowledges that neither the REIT Shares nor the Redeemable Preferred Shares have been registered under the Securities Act and, therefore, unless registered under the Securities Act or an exemption from registration is available, must be held (and Two Harbors LLC must continue to bear the economic risk of the investment in the REIT Shares) indefinitely.

Section 4.21. NO OTHER REPRESENTATIONS OR WARRANTIES. Other than the representations and warranties expressly set forth in this ARTICLE IV and any other agreement entered into by Two Harbors or Two Harbors LLC in connection with the Formation Transaction, Two Harbors and Two Harbors LLC shall not be deemed to have made any other representation or warranty in connection with this Agreement or the transactions contemplated hereby.

Section 4.22. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties of Two Harbors LLC and Two Harbors contained in this Agreement shall survive after the effective time of the Formation Transaction contemplated in the Formation Transaction Documentation until the first anniversary of the Closing Date other than the representations and warranties contained in Section 4.14, which shall survive under the expiration of the applicable statute of limitations (each, an "Expiration Date"). All covenants of Two Harbors LLC and Two Harbors shall survive until performed. If written notice of a claim in accordance with Section 6.03 has been given prior to the applicable Expiration Date, then the relevant representation or warranty shall survive, but only with respect to such specific claim, until such claim has been finally resolved. Any claim for indemnification not so asserted in writing by the applicable Expiration Date may not thereafter be asserted and shall forever be waived.

ARTICLE V
COVENANTS AND OTHER AGREEMENTS

Section 5.01. PRE-CLOSING COVENANTS OF TWO HARBORS LLC. From the date hereof through the Closing, except as otherwise provided for or as contemplated by this Agreement or the other applicable Formation Transaction Documentation, Two Harbors and Two Harbors LLC shall cause THCH and each THCH Subsidiary to use commercially reasonable efforts to conduct their business and to service and maintain the Portfolio Investments in the ordinary course of business consistent with past

practice, pay its obligations as they become due and payable, and use commercially reasonable efforts to preserve intact its current business organizations and preserve its relationships with clients and others having business dealings with it, in each case consistent with past practice. In addition, and without limiting the generality of the foregoing, during the period from the date hereof to the Closing Date and except in connection with the Formation Transaction, Two Harbors and Two Harbors LLC shall not permit THCH or any THCH Subsidiary, without the prior written consent of the REIT, which consent may be withheld by the REIT in its sole discretion, to:

(a) Other than in the normal course of business with respect to financing the Portfolio Investments, issue, deliver, sell transfer, dispose, mortgage, pledge, assign or otherwise encumber, or cause the issuance, delivery, sale, transfer, disposition, mortgage, pledge, assignment or other encumbrance of, any limited liability company or other equity interests in THCH or any THCH Subsidiary or any other assets of THCH or any THCH Subsidiary;

(b) Cause or permit THCH or any THCH Subsidiary to: file an entity classification election pursuant to Treasury Regulation Section 301.7701-3(c) on Internal Revenue Service Form 8832 (Entity Classification Election) to treat THCH or any THCH Subsidiary as an association taxable as a corporation for United States federal income tax purposes (or make any comparable election for state purposes); make or change any other Tax elections; settle or compromise any claim, notice, audit report or assessment in respect of Taxes; change any annual Tax accounting period; adopt or change any method of Tax accounting; file any amended Tax return; enter into any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement or closing agreement relating to any Tax; surrender any right to claim a Tax refund; or consent to any extension or waiver of the statute of limitations period applicable to any Tax claim or assessment;

(c) (i) Declare, set aside or pay any dividends or distributions, (ii) issue or authorize the issuance of any other securities of THCH or any THCH Subsidiary or (iii) purchase, redeem or otherwise acquire any securities of THCH or any THCH Subsidiary;

(d) Other than in the normal course of business with respect to financing the Portfolio Investments, take or omit to take any action to cause, or allow to exist, any Lien to attach to any asset that is part of the Portfolio Investments or Mortgage Properties;

(e) Amend, modify or terminate any contract, agreement or other instruments relating to the Portfolio Investments, except in the ordinary course of business consistent with past practice;

(f) Adopt a plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or reorganization with respect to THCH;

(g) Materially alter the manner of keeping THCH's and its Subsidiaries' books, accounts or records or the accounting practices therein reflected;

(h) Terminate or amend any existing insurance policies affecting its assets that results in a reduction in insurance coverage for the assets so long as such coverage is available at a commercially reasonable cost;

(i) Knowingly cause or permit THCH or any THCH Subsidiary to violate, or fail to use commercially reasonable efforts to cure any violation of, any applicable Laws which would have a THCH Material Adverse Effect;

(j) Permit or cause THCH to take, any of the actions prohibited by the Formation Transaction Documentation; or

(k) Authorize, commit or agree to take any of the foregoing actions.

Section 5.02. AMENDMENT OF FORMATION TRANSACTION DOCUMENTATION. The REIT shall not materially amend or cause to be materially amended any of the Formation Transaction Documentation without the consent of Two Harbors.

Section 5.03. COMMERCIALLY REASONABLE EFFORTS BY THE PARTIES. The REIT, on the one hand, and Two Harbors and Two Harbors LLC, on the other hand, shall use commercially reasonable efforts and cooperate with each other in (i) promptly determining whether any filings are required to be made or consents, approvals, waivers, permits or authorizations are required to be obtained (under any applicable Law or regulation or from any Governmental Authority or third party) in connection with the transactions contemplated by this Agreement, and (ii) promptly making any such filings, in furnishing information required in connection therewith and in timely seeking to obtain any such consents, approvals, waivers, permits or authorizations.

Section 5.04. TAX MATTERS.

(a) The parties intend that, for federal income tax purposes, the transfer of the interests in THCH to the REIT in exchange for the REIT Shares and Redeemable Preferred Shares (which Redeemable Preferred Shares will be sold immediately by the REIT) will be treated as a taxable contribution by Two Harbors of the assets of THCH to the REIT.

(b) Two Harbors shall prepare or cause to be prepared and timely file all Tax returns of THCH and any Subsidiary which are due on or prior to the Closing Date (determined without regard to extensions) and pay the Tax due in respect of such Tax returns. The REIT shall prepare or cause to be prepared all Tax returns of THCH and any THCH Subsidiary which are due after the Closing Date.

(c) The parties shall cooperate fully, as and to the extent reasonably requested by another party, in connection with the filing of Tax returns related to the transactions pursuant to this Agreement and any audit, litigation or administrative, judicial or other inquiry or proceeding with respect to Taxes related to the transactions pursuant to this Agreement. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such action or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The parties further agree, upon request, to use their reasonable efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed with respect to the transactions contemplated hereby.

(d) Prior to Closing, Two Harbors shall deliver to the REIT a properly executed certificate prepared in accordance with Treasury regulations Section 1.1445-2(b) certifying Two Harbors' non-foreign status and, if requested by the REIT, any similar withholding certificates or other forms under applicable state, local or foreign Tax laws.

(e) The REIT does not make any representations or warranties to Two Harbors, Two Harbors LLC or THCH with respect to any other Tax consequences to Two Harbors, Two Harbors LLC or THCH of this Agreement. Two Harbors, Two Harbors LLC and THCH each acknowledges that it is relying solely on its own Tax advisors in connection with such tax consequences.

(f) The REIT shall deliver to Two Harbors from time to time such information as Two Harbors may request so that Two Harbors can timely file its federal, state and other tax returns and otherwise monitor its REIT status.

(g) Two Harbors and the REIT shall each pay 50% any transfer taxes imposed in respect of the Formation Transaction and all unpaid property taxes and non-ad valorem and similar property taxes and the like assessed against the its properties. Such taxes and assessments relating to any period before the Closing and paid by the REIT shall be included as current liabilities of THCH in determining the amounts payable under Section 5.05.

(h) Two Harbors has not taken, and will not take, any action that would either prevent or delay the REIT from electing to become a REIT for federal or any pertinent state tax purpose or would cause the REIT to lose its status as a REIT for federal or any state tax purpose. Two Harbors shall reasonably cooperate with the REIT as necessary to enable the REIT to qualify for taxation as a REIT for federal income tax purposes in the event the REIT is a "successor corporation, trust or association" within the meaning of Section 1.856-8(c)(2) of the Treasury Regulations, including, at the option of the REIT, either (i) providing information and representations to the

REIT and its tax counsel with respect to the composition of Two Harbors' income and assets, the composition of its shareholders, its operations and other information requested by the REIT and its tax counsel, upon which information and representations the REIT and its tax counsel may rely or (ii) causing Two Harbors' tax counsel to render an opinion, which the REIT may rely upon, as to the Two Harbors' qualification as a REIT for federal and all applicable state income tax purposes for all periods.

Section 5.05. POST-CLOSING ADJUSTMENT. In accordance with Schedule 5.05, following the Closing and after such amounts are determined, (a) the REIT shall distribute or cause to be distributed or paid out to Two Harbors LLC any amounts to which Two Harbors LLC is entitled pursuant to Schedule 5.05 as additional consideration for the contribution of Two Harbors LLC's interests in THCH; and (b) Two Harbors shall pay, or cause Two Harbors LLC to pay to the REIT any amounts to which the REIT is entitled pursuant to Schedule 5.05.

Section 5.06. POST-CLOSING COVENANTS.

(a) The REIT shall cause THCH and each subsidiary thereof to change its name so as not to use "Two Harbors" or any derivation thereof and shall otherwise discontinue use of the "Two Harbors" name or any derivation thereof in the names of the former Subsidiaries of Two Harbors LLC within a reasonable period of time after the Closing Date, except as required to comply with reporting, disclosure, filing or other requirements imposed by Law or by a Governmental Authority. The REIT acknowledges that Two Harbors has prior and superior rights to use the name "Two Harbors" and is retaining all of its right, title and interest (including its trademark rights) therein and thereto.

(b) Other than the information contained in the Registration Statement and describing the Formation Transaction and including any necessary financial statements of THCH in the REIT's SEC filings and earnings releases, and except as required by law, the REIT shall not to refer to Two Harbors and its business in the REIT's SEC filings without the consent of Two Harbors.

(c) So long as Two Harbors holds at least 10% of the REIT Shares initially issued to it pursuant to this Agreement, the REIT shall (and shall cause each of its Subsidiaries to) maintain a fiscal year that commences and ends on the same calendar days as the fiscal year of Two Harbors commences and ends, and to maintain monthly accounting periods that commence and end on the same calendar days as the monthly accounting periods of Two Harbors commence and end.

(d) For each month end, so long as Two Harbors holds at least 10% of the REIT Shares initially issued to it pursuant to this Agreement, the REIT shall deliver to Two Harbors final consolidated and consolidating balance sheets, statements of operations and statements of cash flows as well as a consolidated statement of stockholders' equity for the REIT and its Subsidiaries as of and for such period, in such format and detail as Two Harbors may reasonably request. All of the financial statements described in the preceding sentence shall be stated in U.S. dollars, prepared in accordance with GAAP and Article 10 of Regulation S-X and any similar or successor rule to the extent applicable to Two Harbors and delivered by the REIT to Two Harbors no later than 15 calendar days after the month-end being reported.

(e) So long as Two Harbors holds at least 10% of the REIT Shares initially issued to it pursuant to this Agreement, as soon as practicable and in no event no later than 25 calendar days prior to the date on which Two Harbors is required to file a Form 10-Q or Form 10-K or other document containing its quarterly or annual financial statements with the SEC, the REIT shall deliver to Two Harbors such other information that Two Harbors may need to prepare its Form 10-Q or Form 10-K or other filing, including information needed to prepare footnotes to Two Harbors' financial statements and a management discussion and analysis.

(f) So long as Two Harbors holds at least 10% of the REIT Shares initially issued to it pursuant to this Agreement, in the event Two Harbors intends to engage in an offering of securities, the REIT shall promptly provide such information as Two Harbors shall reasonably request and make available it management and auditors for due diligence purposes, *provided, however*, that Two Harbors shall not publicly release any financial information that conflicts with the information publicly reported by the REIT without prior consent of the REIT. Upon Two Harbors' request and at Two Harbors' cost and expense, REIT shall use reasonable best efforts to cause to be delivered "comfort letters" of the REIT's auditors with regard to Two Harbors' financial statements, dated as of the pricing dates and the closing date(s) and addressed to the underwriters, in any offering of securities by Two Harbors for which such comfort letters are required by underwriters. Such "comfort letters" shall be in form reasonably satisfactory to Two Harbors and customary in scope and substance for "comfort letters" delivered by independent public accountants in connection with public securities offerings. The REIT shall use reasonable best efforts to cause its auditors to consent to the inclusion of their report in, and to be named in, the REIT's filings with the Commission with respect to any such information as is customary for such consents.

(g) So long as Two Harbors holds at least 10% of the REIT Shares initially issued to it pursuant to this Agreement, the REIT shall cooperate fully, and shall use reasonable best efforts to cause its auditors to cooperate fully, with Two Harbors, to the extent reasonably requested by Two Harbors, in the preparation of Two Harbor's public earnings or other press releases, Quarterly Reports on Form 10-Q, Annual Reports to Stockholders, Annual Reports on Form 10-K, Current Reports on Form 8-K, and any other proxy, information and registration statements, reports, notices, prospectuses, and any other filings made by Two Harbors with the SEC or any national securities exchange or otherwise made publicly available by or on behalf of Two Harbors (collectively, the "Two Harbors Public Filings"). The REIT shall provide to Two Harbors all information Two Harbors reasonably requests in connection with any Two Harbors Public Filings or that, in the judgment of legal advisors to Two Harbors, is required to be disclosed or incorporated by reference therein under applicable Law. The REIT shall provide such information in a timely manner on the dates reasonably requested by Two Harbors (which may be earlier than the dates on which the REIT otherwise would be required hereunder to have such information available) to enable Two Harbors to prepare, print and release all Two Harbors Public Filings on such dates as Two Harbors shall determine but in no event later than as required by applicable Law. If and to the extent reasonably requested by Two Harbors, the REIT shall diligently and promptly review all drafts of such Two Harbors Public Filings and prepare in a diligent and timely fashion any portion of such Two

Harbors Public Filing pertaining to the REIT. Prior to any printing or public release of any Two Harbors Public Filing, an appropriate executive officer of the REIT shall, if reasonably requested by Two Harbors, certify for and on behalf of the REIT that the information relating to the REIT or any of its Subsidiaries in such Two Harbors Public Filing is accurate, true, complete, and correct in all material respects. Unless otherwise required by applicable Law, REIT shall not publicly release any financial information that conflicts with the information with respect to the REIT or its Subsidiaries that is included in any Two Harbors Public Filing without prior notice to Two Harbors. Prior to the release or filing thereof, Two Harbors shall provide REIT with a draft of any portion of a Two Harbors Public Filing containing information relating to REIT and its Subsidiaries and shall give REIT a reasonable opportunity to review such information and comment thereon; provided, however, that Two Harbors shall determine in its sole and absolute discretion the final form and content of all Two Harbors Public Filings.

(h) So long as Two Harbors continues to own more than 10% of the stock of the REIT, without prior notice to Two Harbors, the REIT may not change its accounting principles or practices if a change in such accounting principle or practice would be required to be disclosed in the REIT's financial statements as filed with the SEC or otherwise publicly disclosed. The REIT shall give Two Harbors as much prior notice as reasonably practical of any proposed determination of, or any significant changes in, its accounting estimates or, subject as aforesaid, accounting principles from those in effect on the Closing Date.

(i) So long as Two Harbors continues to own more than 10% of the stock of the REIT, the REIT shall deliver to Two Harbors such quarterly reports as may be reasonably requested by Two Harbors to enable Two Harbors to determine whether or not the REIT is continuing to satisfy all of the requirements to be taxable as a REIT for federal and all applicable state income tax purposes.

(j) So long as Two Harbors continues to own more than 10% of the stock of the REIT, in the event Two Harbors is raising capital, the REIT shall reasonably cooperate with Two Harbors in connection with such offering, including, at the option of Two Harbors, either (i) providing information and representations to Two

Harbors and its tax counsel with respect to the composition of the REIT's income and assets, the composition of its shareholders, its operations and other information requested by Two Harbors and its tax counsel to enable such tax counsel to render an opinion as to the REIT's qualification as a REIT for federal and all applicable state income tax purposes or (ii) causing the REIT's tax counsel to render an opinion, which Two Harbors may rely upon, as to the REIT's qualification as a REIT for federal and all applicable state income tax purposes.

Section 5.07. KNOWLEDGE OF TWO HARBORS OR TWO HARBORS LLC. The REIT shall not be liable for any breach of a representation or warranty under this Agreement for any Losses related thereto if any of Two Harbors or Two Harbors LLC or any of their Subsidiaries (based on Two Harbors' Knowledge) was aware or should have been aware of such inaccuracy or breach prior to the Closing.

Section 5.08. KNOWLEDGE OF REIT OR MANAGER. Neither Two Harbors nor Two Harbors LLC shall be liable for any breach of a representation or warranty under this Agreement for any Losses related thereto if the REIT or the Manager (based on REIT or the Manager Knowledge) was aware or should have been aware of such inaccuracy or breach prior to the Closing.

ARTICLE VI
INDEMNIFICATION

Section 6.01. INDEMNIFICATION OF REIT. The REIT and its Affiliates and each of their respective directors, officers, employees, agents and representatives (each of which is a "REIT Indemnified Party"), shall be indemnified and held harmless by Two Harbors, under the terms and conditions of this Agreement, from and against any and all Losses arising out of or relating to, asserted against, imposed upon or incurred by the Indemnified Parties in connection with or as a result of any breach of a representation or warranty contained ARTICLE IV (excluding Section 4.10) of this Agreement (subject to the limitations set forth inSection 5.08 and the survival limitations set forth in Section 4.22 hereof); provided, however, that the liability of Two Harbors hereunder shall be limited to the number of REIT Shares that Two Harbors LLC will receive in the Formation Transaction as set forth in Section 1.02 multiplied by the initial public offering price of a REIT Share in the IPO; and provided, further, that the directors, officers and employees of the REIT shall be indemnified hereunder only in their capacities as such and not individually. No REIT Indemnified Party (other than the REIT) may make a claim hereunder without the prior written consent of the REIT.

Section 6.02. INDEMNIFICATION OF TWO HARBORS. Two Harbors and its Affiliates and each of their respective directors, officers, employees, agents and representatives (each of which is a "Two Harbors Indemnified Party" and together with the REIT Indemnified Parties, the "Indemnified Parties"), shall be indemnified and held harmless by the REIT, under the terms and conditions of this Agreement, from and against any and all Losses arising out of or relating to, asserted against, imposed upon or incurred by the Two Harbors Indemnified Parties in connection with or as a result of any breach of a representation or warranty contained in ARTICLE III of this Agreement (subject to the limitations set forth in Section 5.07 and the survival limitations set forth in Section 3.13 hereof); provided, however, that the liability of the REIT hereunder shall be limited to the number of REIT Shares that Two Harbors LLC will receive in the Formation Transaction as set forth in Section 1.02 multiplied by the initial public offering price of a REIT Share in the IPO; and provided, further, that the directors, officers and employees of the Two Harbors and its Affiliates shall be indemnified hereunder only in their capacities as such and not individually. No Two Harbors Indemnified Party may make a claim hereunder without the prior written consent of Two Harbors.

Section 6.03. CLAIMS.

(a) At the time when any Indemnified Party learns of any potential claim under this Agreement (a "Claim") against an indemnifying party, it will promptly give written notice (a "Claim Notice") to the indemnifying party; *provided* that the failure to so notify the indemnifying party shall not prevent recovery under this Agreement, except to the extent that the indemnifying party shall have been materially prejudiced by such failure. Each Claim Notice shall describe in reasonable detail the facts known to the Indemnified Party giving rise to such Claim and the amount or good faith estimate of the amount of Losses arising therefrom. The Indemnified Party shall deliver to the indemnifying party, promptly after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by such Indemnified Party relating to a Third-Party Claim (as defined below); *provided* that failure to do so shall not prevent recovery under this Agreement, except to the extent that the indemnifying party shall have been materially prejudiced by such failure. Any Indemnified Party may at its option demand indemnity under this ARTICLE VI as soon as a Claim has been threatened by a third party, regardless of whether an actual Loss has been suffered, so long as the Indemnified Party shall in good faith determine that such claim is not frivolous and that the Indemnified Party may be liable for, or otherwise incur, a Loss as a result thereof.

(b) The indemnifying party shall be entitled, at its own expense, to elect in accordance withSection 6.04 below, to assume and control the defense of any Claim based on claims asserted by third parties ("Third-Party Claims"), through counsel chosen by the indemnifying party and reasonably acceptable to the Indemnified Party, if it gives written notice of its intention to do so to the Indemnified Party within thirty (30) days of the receipt of the applicable Claim Notice; *provided*, *however*, that the Indemnified Parties may at all times participate in such defense at their own expense. Without limiting the foregoing, in the event that the indemnifying party exercises the right to undertake any such defense against a Third-Party Claim, the Indemnified Party shall cooperate with the indemnifying party in such defense and make available to the indemnifying party, at the indemnifying party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under such Indemnified Party's control relating thereto as is reasonably required by the indemnifying party. No compromise or settlement of such Third-Party Claim may be effected by either the Indemnified Party, on the one hand, or the indemnifying party, on the other hand, without the other party's consent (which shall not be unreasonably withheld or delayed) unless (i) there is no finding or admission of any violation of Law and no effect on any other claims that may be made against such other party, (ii) each Indemnified Party that is party to such claim is released from all liability with respect to such claim, and (iii) there is no equitable order, judgment or term that in any manner affects, restrains or interferes with the business of the Indemnified Party that is party to such claim or any of its Affiliates. Notwithstanding the foregoing, if the compromise or settlement of such Third-Party Claim could reasonably be expected to adversely affect the status of the REIT as a real investment trust within the meaning of Section 856 of the Code, then the REIT shall make such decision to compromise or settle the Third-Party Claim without the need to obtain Two Harbors' consent.

Section 6.04. AUTHORIZATION. For purposes of this ARTICLE VI:

(a) a decision, act, consent, election or instruction of Two Harbors shall be deemed to be authorized if approved in writing by Two Harbors and the REIT may rely upon such decision, act, consent or instruction as provided in this Section 6.04(a) as being the decision, act, consent or instruction of Two Harbors. The REIT, including its directors, officers, employees, agents and representatives, are hereby relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction. Two Harbors may from time to time by written notice to the REIT appoint a representative or representatives to exercise such powers with respect to one or more claims as may be delegated by Two Harbors.

(b) a decision, act, consent, election or instruction of the REIT shall be deemed to be authorized if approved in writing by the REIT and Two Harbors may rely upon such decision, act, consent or instruction as provided in this Section 6.04(b) as being the decision, act, consent or instruction of the REIT. Two Harbors, including their respective directors, officers, employees, agents and representatives, are hereby relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction. The REIT may from time to time by written notice to Two Harbors appoint a representative or representatives to exercise such powers with respect to one or more claims as may be delegated by the REIT.

Section 6.05. REIT SAVINGS PROVISION. Notwithstanding the foregoing, in the event that counsel or independent accountants for the REIT determine that

there exists a material risk that any amounts due to a REIT Indemnified Party under Section 6.01 of this Agreement would be treated as Nonqualifying Income of the REIT upon the payment of such amounts to the REIT Indemnified Party, the amount paid to such REIT Indemnified Party pursuant to Section 6.01 of this Agreement in any tax year shall not exceed the maximum amount that can be paid to the REIT Indemnified Party in such year without causing the REIT to fail to meet the REIT Requirements for such year, determined as if the payment of such amount were Nonqualifying Income as determined by such counsel or independent

accountants to the REIT. If the amount payable for any tax year under the preceding sentence which Two Harbors would otherwise be obligated to pay to a REIT Indemnified Party pursuant to Section 6.01 of this Agreement exceeds the maximum amount described in the preceding sentence (the excess being referred to as "Excess Indemnification Amount"), then at the REIT's sole cost and expense, including attorneys' fees incurred by Two Harbors in complying with this Section 6.05: (1) Two Harbors shall place the Excess Indemnification Amount into an escrow account (the "Escrow Account") using an escrow agent and agreement acceptable to the REIT Indemnified Party and shall not release any portion thereof to the REIT Indemnified Party, and the REIT Indemnified Party shall not be entitled to any such amount, unless and until the REIT delivers to Two Harbors, at the sole option of the REIT, (i) an opinion (an "Excess Indemnification Amount Tax Opinion") of the REIT's tax counsel to the effect that such amount, if and to the extent paid, would not constitute Nonqualifying Income of the REIT, (ii) a letter (an "Excess Indemnification Amount Accountant's Letter") from the REIT's independent accountants indicating the maximum amount that can be paid at that time to the REIT Indemnified Party without causing the REIT to fail to meet the REIT Requirements for any relevant taxable year, or (iii) a private letter ruling issued by the IRS to the REIT indicating that the receipt of any Excess Indemnification Amount hereunder will not cause the REIT to fail to satisfy the REIT Requirements (a "REIT Qualification Ruling" and, collectively with an Excess Indemnification Amount Tax Opinion and an Excess Indemnification Amount Accountant's Letter, a "Release Document"); and (2) pending the delivery of a Release Document by the REIT to Two Harbors, the REIT shall have the right, but not the obligation, to borrow the Excess Indemnification Amount from the Escrow Account pursuant to a loan agreement (an "Indemnity Loan Agreement") acceptable to the REIT that (i) requires a loan from the Escrow Account to the REIT immediately available cash proceeds in an amount equal to the Excess Indemnification Amount (an "Indemnity Loan"), and (ii) provides for (A) a commercially reasonable interest rate and commercially reasonable covenants, taking into account the credit standing and profile of the REIT at the time of such Loan, and (B) a 15 year maturity with no periodic amortization.

ARTICLE VII
GENERAL PROVISIONS

Section 7.01. NOTICES. All notices and other communications under this Agreement shall be in writing and shall be deemed given when (a) delivered personally, (b) five (5) Business Days after being mailed by certified mail, return receipt requested and postage prepaid, (c) one (1) Business Day after being sent by a nationally recognized overnight courier or (d) transmitted by facsimile if confirmed within twenty-four (24) hours thereafter by a signed original sent in the manner provided in clause (a), (b) or (c) to the parties at the following addresses (or at such other address for a party as shall be specified by notice from such party):

(a) if to the REIT, to:

Granite Point Mortgage Trust Inc.
590 Madison Ave
36th Floor
New York, New York 10022
Fax:
Attention: Marcin Urbaszek, Chief Financial Officer

(b) If to Two Harbors or Two Harbors LLC, to:

Two Harbors Investment Corp.
601 Carlson Parkway
Suite 1400

Minnetonka, Minnesota 55305
Fax: 612-629-2501
Attention: Brad Farrell, Chief Financial Officer

Section 7.02. DEFINITIONS. For purposes of this Agreement, the following terms shall have the following meanings.

(a) "Accredited Investor" has the meaning set forth under Regulation D of the Securities Act.

(b) "Affiliate" means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the specified Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

(c) "Business Day" means any day that is not a Saturday, Sunday or legal holiday in the State of Minnesota.

(d) "Claim" has the meaning set forth in Section 6.03(a).

(e) "Claim Notice" has the meaning set forth in Section 6.03(a).

(f) "Closing" has the meaning set forth in Section 2.02.

(g) "Closing Date" has the meaning set forth in Section 2.02.

(h) "Code" means the Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated or issued thereunder.

(i) "Confidential Information" has the meaning set forth in Section 1.03(d).

(j) "Custodian" means Wells Fargo Bank, N.A.

(k) "Dispute" has the meaning set forth in Section 7.08(a).

(l) "Distribution" has the meaning set forth in Section 1.03(e).

(m) "Environmental Laws" means all federal, state and local Laws governing pollution or the protection of human health or the environment.

(n) "Escrow Account" has the meaning set forth in Section 6.05.

(o) "Excess Indemnification Amount" has the meaning set forth in Section 6.05.

(p) "Excess Indemnification Amount Accountant's Letter" has the meaning set forth in Section 6.05.

(q) "Excess Indemnification Amount Tax Opinion" has the meaning set forth in Section 6.05.

(r) "Expiration Date" has the meaning set forth in Section 4.22.

(s) "FHLB" means the Federal Home Loan Bank of Des Moines.

(t) "Formation Transaction Documentation" means this Agreement and all related documents and agreements identified in Exhibit E hereto, pursuant to which THCH and/or the equity interests in THCH and the Final Closing Cash Amount are to be acquired by the REIT, directly or indirectly, as part of the Formation Transaction.

(u) "Formation Transaction" has the meaning set forth in Section 2.01(a).

(v) "FHLB" means the Federal Home Loan Bank of Des Moines.

(w) "GAAP" means generally accepted accounting principles, as in effect in the United States of America as of the date of determination.

(x) "Governmental Authority" means any government or agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

(y) "Indebtedness" means, with respect to any Person, as of any time, without duplication, the outstanding principal amount of, accrued and unpaid interest on, and other payment obligations (including any prepayment premiums payable as a result of the consummation of the Closing) arising under, and any obligations or liabilities of such Person consisting of (i) indebtedness for borrowed money or indebtedness issued in substitution or exchange for borrowed money or for the deferred purchase price of property or services (excluding any trade payables and accrued expenses arising in the ordinary course of business to the extent included as a liability in the calculation of Net Working Capital), (ii) indebtedness evidenced by any note, bond, debenture or other debt security, (iii) obligations under any interest rate, currency or other hedging agreements, (iv) obligations with respect to amounts drawn under letters of credit, bankers' acceptances or similar agreements, (v) obligations under leases that are required to be recorded as capital leases in accordance with GAAP and (vi) guarantees by such Person with respect to obligations of another Person of the type described in clauses (i) through (v) above), in each case, as of such time.

(z) "Indemnified Parties" has the meaning set forth in Section 6.02.

(aa) "Indemnity Loan" has the meaning set forth in Section 6.05.

(bb) "Indemnity Loan Agreement" has the meaning set forth in Section 6.05.

(cc) "IPO" has the meaning set forth in the recitals.

(dd) "JAMS" has the meaning set forth in Section 7.08(b).

(ee) "Laws" means laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies of any Governmental Authority, including, without limitation, zoning, land use or other similar rules or ordinances.

(ff) "Liens" means all pledges, claims, liens, charges, restrictions, controls, easements, rights of way, exceptions, reservations, leases, licenses, grants, covenants and conditions, encumbrances and security interests of any kind or nature whatsoever.

(gg) "LLC Agreement" means the Limited Liability Company Agreement of TH Commercial Holdings LLC.

(hh) "Loan Agreement" means, with respect to each Portfolio Investment, the loan agreement relating to such Portfolio Investment, between the lender and the borrower, as the same may have been and may be further amended, restated or otherwise modified from time to time.

(ii) "Loan Documents" means the Promissory Notes, the Loan Agreements and any and all documents executed and/or delivered in connection with the origination of the Portfolio Investments, including any intercreditor agreements and deposit account control agreements, in each case as the same may have been and may be further amended, restated or otherwise modified from time to time, copies of which have been posted to the data room for the IPO.

(jj) "Loan Files" means, with respect to each Portfolio Investment, the Loan Documents and any other documents which relates to the Portfolio Investment provided by Two Harbors or Two Harbors LLC to the REIT.

(kk) "Losses" means charges, complaints, claims, actions, causes of action, losses, damages, Taxes, liabilities and expenses of any nature whatsoever, including without limitation, amounts paid in settlement, reasonable attorneys' fees, costs of investigation, costs of investigative judicial or administrative proceedings or appeals therefrom and costs of attachment or similar bonds, but does not include any diminution in value of the REIT except in the case of breaches of Section 4.13.

(ll) "Management Agreement" means that certain management agreement between the REIT and the Manager to be dated as of the Closing Date.

(mm) "Manager" means Pine River Capital Management L.P., a Delaware limited partnership.

(nn) "Mortgage", with respect to each Portfolio Investment, means the deed of trust, security agreement and fixture filing by the borrower under the related Loan Agreement to a trustee for the benefit of the lender under the related Loan Agreement, as the same may have been and may be further amended, restated or otherwise modified from time to time.

(oo) "Mortgage Property", (i) with respect to each Portfolio Investment that includes a mortgage loan, means the real property (together with all improvements and fixtures thereon) and personal property subject to the lien of the Mortgage and the other Loan Documents and constituting collateral for the Portfolio Investment and (ii) with respect to each Portfolio Investment that includes a mezzanine loan, means the real property (together with all improvements and fixtures thereon) and personal property owned by the borrower on the related mezzanine loan.

(pp) "Nonqualifying Income" means any amount that is treated as gross income for purposes of Section 856 of the Code and which is not Qualifying Income.

(qq) "Organizational Documents" means with respect to Two Harbors, Two Harbors LLC, THCH and the Subsidiaries of THCH, as the case may be, the articles of incorporation or organization, bylaws, limited liability company agreement or operating agreement of such entity or other similar documents.

(rr) "Outside Date" has the meaning set forth in Section 2.06.

(ss) "Owned Asset" has the meaning set forth in Section 4.10(a).

(tt) "Ownership Limits" has the meaning set forth in Section 1.02.

(uu) "Person" means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity.

(vv) "Portfolio Investment" means each loan or other investment that is either an Owned Asset or a Repurchase Agreement Asset.

(ww) "Promissory Note" means, with respect to each Portfolio Investment, the promissory note as executed by the borrower under the related Loan Agreement in favor of the lender under the related Loan Agreement, as the same may have been and as may be further amended or otherwise modified from time to time.

(xx) "Qualifying Income" means gross income that is described in Section 856(c)(2) or 856(c)(3) of the Code.

(yy) "Redeemable Preferred Shares" means shares of 10% Cumulative Redeemable Preferred Stock of the REIT, par value $0.01 per share, having a liquidation preference of $1,000 per share (plus accrued and unpaid dividends).

(zz) "REIT Indemnified Party" has the meaning set forth in Section 6.01.

(aaa) "REIT Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the REIT and its Subsidiaries, taken as a whole.

(bbb) "REIT Qualification Ruling" has the meaning set forth in Section 6.05.

(ccc) "REIT or Manager Knowledge" means the knowledge of Stephen Alpart, Michael Karber, Ethan Lebowitz, Peter Morral, Steven Plust, Rebecca Sandberg, Akbar Tajani, John Taylor, Marcin Urbaszek, Kevin Wachter and Roger Yoo.

(ddd) "REIT Requirements" shall mean the requirements imposed on REITs pursuant to Sections 856 through and including 860 of the Code.

(eee) "REIT Shares" has the meaning set forth in the recitals.

(fff) "Release Document" has the meaning set forth in Section 6.05.

(ggg) "Repurchase Agreement Asset" has the meaning set forth in Section 4.10(b).

(hhh) "Securities Act" means the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder.

(iii) "Subsidiary" of any Person means any corporation, partnership, limited liability company, joint venture, trust or other legal entity of which such Person owns (either directly or through or together with another Subsidiary of such Person) either (i) a general partner, managing member or other similar interest, or (ii)(A) more than fifty percent (50%) of the voting power of the voting capital stock or other equity interests, or (B) more than fifty percent (50%) of the outstanding voting capital stock or other

voting equity interests of such corporation, partnership, limited liability company, joint venture or other legal entity.

(jjj) "Tax" means all federal, state, local and foreign income, gross receipts, license, property, withholding, sales, franchise, employment, payroll, goods and services, stamp, environmental, customs duties, capital stock, social security, transfer, alternative minimum, excise and other taxes, tariffs or governmental charges of any nature whatsoever, including estimated taxes, together with penalties, interest or additions to Tax with respect thereto, whether or not disputed.

(kkk) "Third-Party Claims" has the meaning set forth in Section 6.03(b).

(lll) "Two Harbors Indemnified Party" has the meaning set forth in Section 6.02.

(mmm) "Two Harbors' Knowledge" means the actual current knowledge of Stephen Alpart, Mychal Brenden, Brad Farrell, Michael Karber, Steven Plust, William Roth, Mary Riskey, Rebecca Sandberg, Thomas Siering, John Taylor and Marcin Urbaszek.

(nnn) "THCH Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of THCH and its Subsidiaries, taken as a whole.

(ooo) "Two Harbors Public Filings" has the meaning set forth in Section 5.06(g).

(ppp) "Underwriting Agreement" means that certain Underwriting Agreement by and among J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, as representative of the underwriters, the REIT and the Manager.

Section 7.03. COUNTERPARTS. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to each other party.

Section 7.04. ENTIRE AGREEMENT; THIRD-PARTY BENEFICIARIES. This Agreement and the other Formation Transaction Documentation to which the parties hereto are a party, including, without limitation, the exhibits and schedules hereto and thereto, constitute the entire agreement and supersede each prior agreement and understanding, whether written or oral, among the parties regarding the subject matter of this Agreement. This Agreement is not intended to confer any rights or remedies on any Person other than the parties hereto.

Section 7.05. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of any Laws that might otherwise govern under applicable principles of conflicts of laws thereof.

Section 7.06. ASSIGNMENT. This Agreement shall be binding upon, and shall be enforceable by and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns; *provided*, *however*, that this Agreement may not be assigned (except by operation of law) by any party without the prior written consent of the other parties, and any attempted assignment without such consent shall be null and void and of no force and effect.

Section 7.07. JURISDICTION. Subject to Section 7.08, the parties hereto hereby (a) submit to the exclusive jurisdiction of any state or federal court sitting in the County of Hennepin, Minnesota, with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent

such courts would have subject matter jurisdiction with respect to such dispute, and (b) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper.

Section 7.08. DISPUTE RESOLUTION. The parties intend that this Section 7.08 will be valid, binding, enforceable, exclusive and irrevocable and that it shall survive any termination of this Agreement.

(a) Upon any dispute, controversy or claim arising out of or relating to this Agreement or the enforcement, breach, termination or validity thereof ("Dispute"), the party raising the Dispute will give written notice to the other parties to the Dispute describing the nature of the Dispute following which the parties to such Dispute shall attempt for a period of ten (10) Business Days from receipt by the parties of notice of such Dispute to resolve such Dispute by negotiation between representatives of the parties hereto who have authority to settle such Dispute. All such negotiations shall be confidential and any statements or offers made therein shall be treated as compromise and settlement negotiations for purposes of any applicable rules of evidence and shall not be admissible as evidence in any subsequent proceeding for any purpose. The statute of limitations applicable to the commencement of a lawsuit shall apply to the commencement of an arbitration hereunder, except that no defense based on the running of the statute of limitations will be available based upon the passage of time during any such negotiation. Regardless of the foregoing, a party shall have the right to seek immediate injunctive relief pursuant to Section 7.08(c) below without regard to any such ten (10) Business Day negotiation period.

(b) Any Dispute (including the determination of the scope or applicability of this agreement to arbitrate) that is not resolved pursuant to Section 7.08(a) above shall be submitted to final and binding arbitration in Hennepin County, Minnesota, before one neutral and impartial arbitrator, in accordance with the Laws of the State of Delaware for agreements made in and to be performed in that State. The arbitration shall be administered by JAMS, Inc. ("JAMS") pursuant to its Comprehensive Arbitration Rules and Procedures. One arbitrator shall be appointed by JAMS in accordance with its Comprehensive Arbitration Rules and Procedures, as in effect on the date hereof. The arbitrator shall designate the place and time of the hearing. The hearing shall be scheduled to begin as soon as practicable and no later than sixty (60) days after the appointment of the arbitrator (unless such period is extended by the arbitrator for good cause shown) and shall be conducted as expeditiously as possible. The award, which shall set forth the arbitrator's findings of fact and conclusions of law, shall be filed with JAMS and mailed to the parties no later than thirty (30) days after the close of the arbitration hearing. The arbitration award shall be final and binding on the parties and not subject to collateral attack. Judgment upon the arbitration award may be entered in any federal or state court having jurisdiction thereof.

(c) Notwithstanding the parties' agreement to submit all Disputes to final and binding arbitration before JAMS, the parties shall have the right to seek and obtain temporary or preliminary injunctive relief in any court having jurisdiction thereof. Such courts shall have authority to, among other things, grant temporary or provisional injunctive relief in order to protect any party's rights under this Agreement. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any party to respect the arbitral tribunal's orders to that effect.

(d) The prevailing party shall be entitled to recover its costs and reasonable attorneys' fees, and the non-prevailing party shall pay all expenses and fees of JAMS, all costs of the stenographic record, all expenses of witnesses or proofs that may have been produced at the direction of the arbitrator, and the fees, costs, and expenses of the arbitrator. The arbitrator shall allocate such costs and designate the prevailing party or parties for these purposes.

Section 7.09. SEVERABILITY. Each provision of this Agreement will be interpreted so as to be effective and valid under applicable Law, but if any provision is held invalid, illegal or unenforceable under applicable Law in any jurisdiction, then such invalidity, illegality or unenforceability will not affect any other provision, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been included herein.

Section 7.10. RULES OF CONSTRUCTION.

(a) The parties hereto agree that they had the opportunity to be represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any Law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

(b) The words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." All terms defined in this Agreement shall have the defined meanings contained herein when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Unless explicitly stated otherwise herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time, amended, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

Section 7.11. EQUITABLE REMEDIES. The parties agree that irreparable damage would occur to each party in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party shall be entitled to an injunction

or injunctions to prevent breaches of this Agreement by the other parties and to enforce specifically the terms and provisions hereof in any federal or state court located in Hennepin County, Minnesota, this being in addition to any other remedy to which such parties are entitled under this Agreement or otherwise at law or in equity.

Section 7.12. TIME OF THE ESSENCE. Time is of the essence with respect to all obligations under this Agreement.

Section 7.13. DESCRIPTIVE HEADINGS. The descriptive headings herein are inserted for convenience only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

Section 7.14. NO PERSONAL LIABILITY CONFERRED. This Agreement shall not create or permit any personal liability or obligation on the part of any officer, director, partner, employee member or shareholder of the parties hereto.

Section 7.15. AMENDMENTS. This Agreement may not be amended without the prior written consent of Two Harbors, Two Harbors LLC and the REIT.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective duly authorized officers or representatives, all as of the date first written above.

GRANITE POINT MORTGAGE TRUST INC.,
a Maryland corporation

By: _____
Name:
Title:

GRANITE POINT OPERATING COMPANY, LLC,
a Delaware limited liability company

By: GRANITE POINT MORTGAGE TRUST INC.,
a Maryland corporation,
Its Managing Member

By: _____
Name:
Title:

[Signature Page to Contribution Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective duly authorized officers or representatives, all as of the date first written above.

TWO HARBORS OPERATING COMPANY LLC,
a Delaware limited liability company

By: TWO HARBORS INVESTMENT CORP.,
a Maryland corporation
Its Managing Member

By: _____
Name: Thomas Siering
Title: Chief Executive Officer

TWO HARBORS INVESTMENT CORP.,
a Maryland corporation

By: _____
Name: Thomas Siering
Title: Chief Executive Officer

[Signature Page to Contribution Agreement]

Schedule 2.01(c)(vi)

Guaranties to be Released on Closing Date

Schedule 2.01(c)(vii)

Expenses and Intercompany Indebtedness to be Repaid

Schedule 4.01(c)

Subsidiaries of THCH

Schedule 4.05

Consents and Approvals

Schedule 4.07

Licenses and Permits

Schedule 4.10(a)

Owned Assets

Schedule 4.10(b)

Repurchase Agreement Assets

Schedule 4.10(c)

Pledged Assets

Schedule 4.10(g)

Unpaid Principal Balances, Unpaid Interest, Late Charges and Default Interest

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Schedule 4.13

Insurance

Schedule 4.14

Taxes

Schedule 4.17

Contracts and Commitments

Schedule 4.18

Schedule 5.05

Post-Closing Adjustment

1. The post-closing adjustment provided for in Section 5.05 shall be calculated by subtracting the Estimated Closing Cash Amount from the Final Closing Cash Amount. If such difference is a positive number, Two Harbors LLC shall pay such amount to the REIT. If such difference is a negative number, the REIT shall pay the absolute value of such amount to Two Harbors LLC.

2. As promptly as practicable, but no later than one hundred (100) days following the Closing Date, the REIT shall prepare and deliver to Two Harbors a statement (the "Closing Statement") setting forth the (A) proposed calculation of the Net Working Capital; and (B) the calculation of the "Final Closing Cash Amount." The Final Cash Closing Amount shall be equal to $651 million less the Net Portfolio Carrying Value, (x) plus the Net Working Capital, if a negative number, or (y) less the Net Working Capital, if a positive number. This amount shall be further reduced by any cash amounts required by the REIT to (A) settle intercompany payables to Two Harbors and its Affiliates, (B) settle accrued interest on Note Payable to Affiliate, (C) reimburse Two Harbors for transaction costs paid on behalf of the REIT, and (D) reimburse Two Harbors for general and administrative expenses paid on behalf of the REIT.

As used above:

"Net Working Capital" has the meaning set forth in Section 1.01(b) of this Agreement.

"Determination Time" has the meaning set forth in Section 1.01(b) of this Agreement.

"Net Portfolio Carrying Value" has the meaning set forth in Section 1.01(b) of this Agreement.

"Note Payable to Affiliate" has the meaning set forth in Section 1.01(b) of this Agreement.

Exhibit A

MANAGEMENT AGREEMENT

Exhibit B

DIRECTOR DESIGNATION AGREEMENT

Exhibit C

ARTICLES OF AMENDMENT AND RESTATMENT

Exhibit D

BYLAWS OF THE REIT

EXHIBIT E

FORMATION TRANSACTION DOCUMENTATION

Articles of Amendment and Restatement of Granite Point Mortgage Trust Inc.

Amended and Restated Bylaws of Granite Point Mortgage Trust Inc.

Contribution Agreement among Granite Point Mortgage Trust Inc., Granite Point Operating Co LLC and Two Harbors Operating Company LLC

Director Designation Agreement between Two Harbors Investment Corp and Granite Point Mortgage Trust Inc.

Management Agreement between Granite Point Mortgage Trust Inc. and Pine River Capital Management L.P.

Exhibit 3.1

GRANITE POINT MORTGAGE TRUST INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Granite Point Mortgage Trust Inc., a Maryland corporation (the "Corporation"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I

INCORPORATOR

Rebecca Sandberg, whose address is c/o Granite Point Mortgage Trust Inc., 590 Madison Avenue, 36th Floor, New York, NY 10022, USA, being at least 18 years of age, formed a corporation under the general laws of the State of Maryland on April 7, 2017.

ARTICLE II

NAME

The name of the corporation (the "Corporation") is:

Granite Point Mortgage Trust Inc.

ARTICLE III

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of the charter of the Corporation (the "Charter"), "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE IV

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202. The name and address of the resident agent of the Corporation in the State of Maryland are CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 5.1 Number of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation shall be nine, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws, but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL"). The names of the directors who shall serve until the first annual meeting of stockholders and until their successors are duly elected and qualify are:

Brian Taylor
John A. Taylor
Thomas E. Siering
William Roth
Martin Kamarck
Tanuja M. Dehne
Stephen G. Kasnet
W. Reid Sanders
Hope B. Woodhouse

These directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors occurring before the first annual meeting of stockholders in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred.

Section 5.2 Extraordinary Actions. Except for amendments to Article VII and except as specifically provided in Section 5.8 (relating to removal of directors) and in the last sentence of Article VIII, notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth the Charter or the Bylaws.

Section 5.4 Preemptive and Appraisal Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.4 or as may otherwise be provided by a contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such

holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 5.5 Indemnification. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation

in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

The Corporation may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of a person described in the preceding paragraph against any liability which may be asserted against such person.

The indemnification provided herein shall not be deemed to limit to right of the Corporation to indemnify any other person for any expenses to the maximum extent permitted by law, nor shall it be deemed exclusive of any other rights to which such person seeking indemnification from the Corporation may be entitled under any agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 5.6 Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 5.7 REIT Qualification. If the Corporation elects to qualify for U.S. federal income tax treatment as a REIT, the Board of Directors shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the qualification of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code. The Board of Directors also may determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VII is no longer required for REIT qualification.

Section 5.8 Removal of Directors. Subject to the rights of holders of one or more classes or series of Preferred Stock (as hereinafter defined) to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time with or without cause, but only by the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast generally in the election of directors.

Section 5.9 Advisor Agreements. Subject to such approval of stockholders and other conditions, if any, as may be required by any applicable statute, rule or regulation, the Board of Directors may authorize the execution and performance by the Corporation of one or more agreements with any person, corporation, association, company, trust, partnership (limited or general) or other organization whereby, subject to the supervision and control of the Board of Directors, any such other person, corporation, association, company, trust, partnership (limited or general) or other organization shall render or make available to the Corporation managerial, investment, advisory and/or related services, office space and other services and facilities (including, if deemed advisable by the Board of Directors, the management or supervision of the investments of the Corporation) upon such terms and conditions as may be provided in such agreement or agreements (including, if deemed fair and equitable by the Board of Directors, the compensation payable thereunder by the Corporation).

ARTICLE VI

STOCK

Section 6.1 Authorized Shares. The Corporation has authority to issue 500,000,000 shares of stock, consisting of 450,000,000 shares of Common Stock, $.01 par value per share ("Common Stock"), and 50,000,000 shares of Preferred Stock, $.01 par value per share ("Preferred Stock"). The aggregate par value of all authorized shares of stock having par value is $5,000,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 6.2, 6.3 or 6.4 of this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, with the approval of a majority of the entire Board and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 Common Stock. Subject to the provisions of Article VII and except as may otherwise be specified in the terms of any class or series of Common Stock, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 6.3 Preferred Stock. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any class or series from time to time, in one or more classes or series of stock.

Section 6.4 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VII and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the

preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 6.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other Charter document.

Section 6.5 Stockholders' Consent in Lieu of Meeting. Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting by consent, in writing or by electronic transmission, in any manner permitted by the MGCL and set forth in the Bylaws.

Section 6.6 Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws.

ARTICLE VII

RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1 Definitions. For the purpose of this Article VII, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. The term "Aggregate Stock Ownership Limit" shall mean not more than 9.8 percent in value of the aggregate of the outstanding shares of Capital Stock, subject to the Board of Directors' power under Section 7.2.8 hereof to increase or decrease such percentage. For purposes of determining the percentage ownership of Capital Stock by any Person, shares of Capital Stock that may be acquired upon conversion, exchange or exercise of any securities of the Corporation directly or constructively held by such Person, but not Capital Stock issuable with respect to the conversion, exchange or exercise of securities of the Corporation held by other Persons, shall be deemed to be outstanding prior to conversion, exchange or exercise. In the event of

any ambiguity, the value of the outstanding shares of Capital Stock may be determined by the Board of Directors of the Corporation in good faith, which determination shall be conclusive for all purposes hereof.

Beneficial Ownership. The term "Beneficial Ownership" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

Business Day. The term "Business Day" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. The term "Capital Stock" shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. The term "Charitable Beneficiary" shall mean one or more beneficiaries of the Trust as determined pursuant to Section 7.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Common Stock Ownership Limit. The term "Common Stock Ownership Limit" shall mean not more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Common Stock of the Corporation, subject to the Board of Directors' power under Section 7.2.8 hereof to increase or decrease such percentage. For purposes of determining the percentage ownership of Common Stock by any Person, shares of Common Stock that may be acquired upon conversion, exchange or exercise of any securities of the Corporation directly or constructively held by such Person, but not Common Stock issuable with respect to the conversion, exchange or exercise of securities of the Corporation held by other Persons, shall be deemed to be outstanding prior to conversion, exchange or exercise. In the event of any ambiguity, the value and number of the outstanding shares of Capital Stock may be determined by the Board of Directors of the Corporation in good faith, which determination shall be conclusive for all purposes hereof.

Constructive Ownership. The term "Constructive Ownership" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

Excepted Holder. The term "Excepted Holder" shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by these Articles or by the Board of Directors pursuant to Section 7.2.7.

Excepted Holder Limit. The term "Excepted Holder Limit" shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 7.2.8, the percentage limit established by the Board of Directors pursuant to Section 7.2.7.

Initial Date. The term "Initial Date" shall mean the date on which the Corporation issues any Capital Stock in addition to the 1,000 shares of Common Stock originally issued by the Corporation on April 7, 2017.

Market Price. The term "Market Price" on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The "Closing Price" on any date shall mean the last reported sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Capital Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of

the high bid and low asked prices in the over-the-counter market, as reported by the principal automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors of the Corporation or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors of the Corporation.

NYSE. The term "NYSE" shall mean the New York Stock Exchange.

Person. The term "Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

Prohibited Owner. The term "Prohibited Owner" shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 7.2.1, would Beneficially Own or Constructively Own shares of Capital Stock in excess of the limitation set forth in Section 7.2.1(a), and if appropriate in the context, shall also mean any Person who would have been the record owner of the shares that the Prohibited Owner would have so owned.

Restriction Termination Date. The term "Restriction Termination Date" shall mean the first day after the Initial Date on which the Board of Directors determines pursuant to Section 5.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. The term "Transfer" shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive dividends on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms "Transferring" and "Transferred" shall have the correlative meanings.

Trust. The term "Trust" shall mean any trust provided for in Section 7.3.1.

Trustee. The term "Trustee" shall mean the Person unaffiliated with the Corporation and a Prohibited Owner that is appointed by the Corporation to serve as trustee of the Trust.

Section 7.2 Capital Stock.

Section 7.2.1 Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date, but subject to Section 7.4:

(a) Basic Restrictions.

(i) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the

Corporation being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise failing to qualify as a REIT (including, but not limited to, Beneficial Ownership or Constructive Ownership that would result in the Corporation owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant could cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code).

(iii) Any Transfer of shares of Capital Stock that, if effective, would result in the Capital Stock being beneficially owned by less than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) after January 29, 2018 shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock.

(b) Transfer in Trust. If any Transfer of shares of Capital Stock occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 7.2.1(a)(i) or (ii),

(i) then that number of shares of the Capital Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 7.2.1(a)(i) or (ii) (rounded to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares; or

(ii) if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 7.2.1(a)(i) or (ii), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 7.2.1(a)(i) or (ii) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock.

(iii) To the extent that, upon a transfer of shares of Capital Stock pursuant to this Section 7.2.1(b), a violation of Section 7.2.1(a) would nonetheless be continuing (for example where the ownership of shares of Capital Stock by a single Trust would result in the Capital Stock being beneficially owned (determined under the principles of Section 856(a)(5) of the Code) by less than 100 persons), the shares of Capital Stock shall be transferred to that number of Trusts, each having a distinct Trustee and a Charitable Beneficiary or Beneficiaries that are distinct from those of each other Trust, such that there is no violation of Section 7.2.1(a).

Section 7.2.2 Remedies for Breach. If the Board of Directors of the Corporation or any duly authorized committee thereof shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 7.2.1 or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 7.2.1 (whether or not such violation is intended), the Board of Directors or a committee thereof shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfer or attempted Transfer or other event in violation of Section 7.2.1 shall automatically result in the transfer to the Trust described above, and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

Section 7.2.3 Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 7.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of Section 7.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction,

give at least 15 days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's qualification as a REIT.

Section 7.2.4 Owners Required To Provide Information. From the Initial Date and prior to the Restriction Termination Date:

(a) every owner of five percent or more (or such lower percentage as required by the Code or the U.S. Treasury Department regulations promulgated thereunder) of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of Capital Stock of each class or series Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's qualification as a REIT and to ensure compliance with Section 7.2.1(a); and

(b) each Person who is a Beneficial Owner or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's qualification as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

Section 7.2.5 Remedies Not Limited. Subject to Section 5.7, nothing contained in this Section 7.2 shall limit the authority of the Board of Directors of the Corporation to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's qualification as a REIT.

Section 7.2.6 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 7.2, Section 7.3, or any definition contained in Section 7.1, the Board of Directors of the Corporation shall have the power to determine the application of the provisions of this Section 7.2 or Section 7.3 or any such definition with respect to any situation based on the facts known to it. In the event Section 7.2 or 7.3 requires an action by the Board of Directors and the Charter fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 7.1, 7.2 or 7.3. Absent a decision to the contrary by the Board of Directors (which the Board may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in Section 7.2.2) acquired Beneficial Ownership or Constructive Ownership of Capital Stock in violation of Section 7.2.1, such remedies (as applicable) shall apply first to the shares of Capital Stock which, but for such remedies, would have been Beneficially Owned or Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such shares of Capital Stock based upon the relative number of the shares of Capital Stock held by each such Person.

Section 7.2.7 Exceptions.

(a) Subject to Section 7.2.1(a)(ii), the Board of Directors of the Corporation, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit, as the case may be, and may establish or increase an Excepted Holder Limit for such Person if:

(i) the Board of Directors obtains such representations and undertakings from such Person as the Board of Directors determines are reasonably necessary to ascertain that no individual's Beneficial Ownership or Constructive Ownership of such shares of Capital Stock will violate Section 7.2.1(a)(ii);

(ii) such Person does not and represents that it will not own, actually or Constructively, an interest in a tenant of the Corporation (or a tenant of any entity owned or controlled by the Corporation) that would cause the Corporation to own, actually or Constructively, more than a 9.8% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant and the Board of Directors obtains such representations and undertakings from such Person as the Board of Directors determines are reasonably necessary to ascertain this fact (for this purpose, a tenant from whom the Corporation (or an entity owned or controlled by the Corporation) derives (and is expected to continue to derive) a sufficiently small amount of revenue such that, in the opinion of, as determined by, the Board of Directors of the Corporation, rent from such tenant would not adversely affect the Corporation's ability to qualify as a REIT shall not be treated as a tenant of the Corporation); and

(iii) such Person agrees that any violation or attempted violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Sections 7.2.1

through 7.2.6) will result in such shares of Capital Stock being automatically transferred to a Trust in accordance with Sections 7.2.1(b) and 7.3.

(b) Prior to granting any exception pursuant to Section 7.2.7(a), the Board of Directors of the Corporation may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 7.2.1(a)(ii), an underwriter or placement agent that participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering or private placement.

(d) The Board of Directors may only reduce the Excepted Holder Limit for an Excepted Holder: (1) with the written consent of such Excepted Holder at any time, or (2) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Common Stock Ownership Limit.

Section 7.2.8 Increase in Aggregate Stock Ownership and Common Stock Ownership Limits. Subject to Section 7.2.1 (a)(ii), the Board of Directors may from time to time increase the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit for one or more Persons and decrease the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit for all other Persons; provided, however, that the decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit will not be effective for any Person whose percentage ownership in Common Stock is in excess of such decreased Common Stock Ownership Limit and/or whose percentage ownership in Capital Stock is in excess of such decreased Aggregate Stock Ownership Limit, as applicable, until such time as such Person's percentage of Common Stock equals or falls below the decreased Common Stock Ownership Limit and/or such Person's percentage of Capital Stock equals or falls below the decreased Aggregate Stock Ownership Limit, as applicable, but any further acquisition of Capital Stock in excess of such percentage ownership of Common Stock and/or Capital Stock will be in violation of the Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, as applicable, and provided further, that the new Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit would not allow five or fewer individuals (as defined in Section 542(a)(2) of the Code and taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Capital Stock..

Section 7.2.9 Legend. Each certificate for shares of Capital Stock, if certificated, or the written statement of information in lieu of a certificate shall bear

substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial Ownership and Constructive Ownership and Transfer for the purpose, among others, of the Corporation's maintenance of its qualification as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's Charter, (i) no Person may Beneficially Own or Constructively Own shares of the Corporation's Common Stock in excess of 9.8 percent (in value or number of shares) of the outstanding shares of Common Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially Own or Constructively Own shares of Capital Stock of the Corporation in excess of 9.8 percent in value of the total outstanding shares of Capital Stock of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iv) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If the restrictions

on transfer or ownership provided in (i), (ii) or (iii) above are violated, the shares of Capital Stock in excess or in violation of the above limitations will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may redeem shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, if the ownership restriction provided in (iv) above would be violated or upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office.

Instead of the foregoing legend, the certificate or written statement of information in lieu of a certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

Section 7.3 Transfer of Capital Stock in Trust.

Section 7.3.1 Ownership in Trust. Upon any purported Transfer or other event described in Section 7.2.1(b) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 7.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 7.3.6.

Section 7.3.2 Status of Shares Held by the Trustee. Shares of Capital Stock held by the Trustee shall be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

Section 7.3.3 Dividend and Voting Rights. The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such dividend or distribution to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividend or distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VII, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 7.3.4 Sale of Shares by Trustee. Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 7.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3.4. The Prohibited Owner shall receive the lesser of (1) the

price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Trust (*e.g.*, in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3.4, such excess shall be paid to the Trustee upon demand.

Section 7.3.5 Purchase Right in Stock Transferred to the Trustee. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions which has been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 7.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

Section 7.3.6 Designation of Charitable Beneficiaries. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 7.2.1(a) in the hands of such Charitable Beneficiary.

Section 7.4 NYSE Transactions. Nothing in this Article VII shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VII.

Section 7.5 Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VII.

Section 7.6 Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 7.7 Severability. If any provision of this Article VII or any application of such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

ARTICLE VIII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Except as set forth below and except for those amendments permitted to be made without stockholder approval under Maryland law or by specific provision in the

Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter. Any amendment to Section 5.8, Article VII or to this sentence of the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast on the matter.

ARTICLE IX

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article IX, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article IX, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article IV of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent are as set forth in Article IV of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article V of the foregoing amendment and restatement of the charter.

SEVENTH: The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 1,000 shares, $.01 par value per share, all of one class. The aggregate par value of all shares of stock having par value was $10.

EIGHTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the charter is 500,000,000, consisting of 450,000,000 shares of Common Stock, $.01 par value per share, and 50,000,000 shares of Preferred Stock, $.01 par value per share. The aggregate par value of all authorized shares of stock having par value is $5,000,000.

NINTH: The undersigned President acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned President acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its President and attested to by its Secretary on this day of , 2017.

ATTEST:

GRANITE POINT MORTGAGE TRUST INC.

By: _____
Title:

GRANITE POINT MORTGAGE TRUST INC.

AMENDED AND RESTATED BYLAWS

As adopted on June 14, 2017

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of Granite Point Mortgage Trust Inc. (the "Corporation") in the State of Maryland shall be located at such place as the Board of Directors of the Corporation (the "Board of Directors") may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set by the Board of Directors and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on the date and at the time and place set by the Board of Directors.

Section 3. SPECIAL MEETINGS.

(a) General. Each of the Chairman of the Board of Directors, the President, Chief Executive Officer and the Board of Directors may call, or direct the Secretary of the Corporation to call, a special meeting of the stockholders. A special meeting of the stockholders shall be held on the date and at the time and place set by the Chairman of the Board of Directors, the President, Chief Executive Officer or the Board of Directors, whoever has called or caused to be called the meeting. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the Secretary of the Corporation to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at such meeting.

(b) Stockholder-Requested Special Meetings.

(1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the Secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more

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stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder and each matter proposed to be acted on at the meeting that would be required to be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the Secretary.

(2) In order for any stockholder to request a special meeting to act on any matter that may properly be considered at a meeting of stockholders, one or more written requests for a special meeting (collectively, the "Special Meeting Request") signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority of all of the votes entitled to be cast on such matter at such meeting (the "Special Meeting Percentage") shall be delivered to the Secretary. In addition, the Special Meeting Request shall (i) set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the Secretary), (ii) bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (iii) set forth (a) the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), (b) the class, series and number of all shares of stock of the Corporation which are owned of record, and owned beneficially but not of record, by each such stockholder and (c) the nominee holder for, and number of, shares of stock of the Corporation owned of record, and owned beneficially but not of record, by such stockholder, (iv) be sent to the Secretary by registered mail, return receipt requested, and (v) be received by the Secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the Secretary.

(3) The Secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and delivering the notice of the meeting (including the Corporation's proxy materials). The Secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the Secretary receives payment of such reasonably estimated cost prior to the preparation and mailing or delivery of such notice of the meeting.

(4) In the case of any special meeting called by the Secretary upon the request of stockholders (a "Stockholder-Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; provided, however, that the date of any Stockholder-Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and provided further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the Secretary (the "Delivery Date"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and *provided further* that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the

principal executive office of the Corporation. In fixing a date for any special meeting, the Chairman of the Board of Directors, Chief Executive Officer, President or Board of Directors may consider such factors as he, she or it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(5) If written revocations of the Special Meeting Request have been delivered to the Secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the Secretary: (i) if the notice of meeting has not already been delivered, the Secretary shall refrain from delivering the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for a special meeting on the matter, or (ii) if the notice of meeting has been delivered and if the Secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on the matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (a) the Secretary may revoke the notice of the meeting at any time before ten days before the commencement of the meeting or (b) the chairman of the meeting may call the meeting to order and adjourn the meeting without acting on the matter. Any request for a special meeting received after a revocation by the Secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) Each of the Chairman of the Board of Directors, President, Chief Executive Officer, and the Board of Directors may, but is not obligated to, appoint regionally or nationally recognized independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the Secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been delivered to the Secretary until the earlier of (i) five Business Days after receipt by the Secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the Secretary represent, as of the Request Record Date, not less than the Special Meeting Percentage of stockholders of record that would be entitled to cast votes at the Stockholder-Requested Meeting. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the Secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting notice in writing or by electronic transmission stating the date, time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business, by

electronic transmission or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the U.S. Mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. The Corporation may give a single notice to all stockholders who share an address, which single notice shall be effective as to any stockholder at such address, unless a stockholder at such address objects to receiving such single notice or revokes a prior consent to receiving such single notice. Failure to give notice of any meeting to one or more stockholders, or any irregularity in such notice, shall not affect the validity of any meeting fixed in accordance with this Article II, or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice of such special meeting. The Corporation may postpone or cancel a meeting of stockholders by making a "public announcement" (as defined in Section 11(c)(3) of this Article II) of such postponement or cancellation prior to the meeting. Notice of the date, time and place to which the meeting is postponed shall be given not less than ten days prior to such date and otherwise in the manner set forth in this section.

Section 5. ORGANIZATION AND CONDUCT. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment or appointed individual, by the Chairman of the Board of Directors or, in the case of a vacancy in the office or absence of the Chairman of the Board of Directors, by one of the following officers present at the meeting in the following order: the Vice Chairman of the Board of Directors, if there is one, the President, the Vice Presidents in their order of rank and seniority, the Secretary, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The Secretary, or, in the Secretary's absence, an Assistant Secretary, or, in the absence of both the Secretary and Assistant Secretaries, a person appointed by the Board of Directors or, in the absence of such appointment, a person appointed by the chairman of the meeting shall act as Secretary. In the event that the Secretary presides at a meeting of the stockholders, an Assistant Secretary, or, in the absence of Assistant Secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments; (e) determining when and for how long the polls should be opened and when the polls should be closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting, whether or not a quorum is present; and (i) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation (the "Charter") for the vote necessary for the adoption of any measure. If such quorum is not established at any meeting of the stockholders, the chairman of the meeting may adjourn the meeting *sine die* or from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough stockholders to leave fewer than required to establish a quorum.

Section 7. VOTING. Except as otherwise provided in the Charter of the Corporation with respect to directors to be elected by the holders of any class or series of preferred stock of the Corporation and in these Bylaws with respect to the filling of vacancies on the Board of Directors, directors shall be elected by a majority of all votes cast at a meeting of stockholders duly called and at which a quorum is present; provided, however, that directors shall be elected by a plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present for which (i) the Secretary of the Corporation receives notice that a stockholder has nominated an individual for election as a director in compliance with the requirements of advance notice of stockholder nominees for director set forth in Section 11(a)(2) of these Bylaws, and (ii) such nomination has not been withdrawn by such stockholder on or before the close of business on the tenth day before the date of filing of the definitive proxy statement of the Corporation with the U.S. Securities and Exchange Commission ("SEC"), and, as a result of which, the number of nominees is then greater than the number of directors to be elected at the meeting, as determined by the Secretary of the Corporation, irrespective of whether such nomination is thereafter withdrawn by such stockholder. If directors are to be elected by a plurality of the votes cast, the stockholders shall not be permitted to vote against a nominee but shall only be permitted to vote "for" one or more nominees or withhold their votes with respect to one or more nominees. For purposes hereof, a majority of all votes cast means the number of votes cast "for" a director nominee must exceed the number of votes cast "against" that director nominee, with abstentions and broker non-votes not counted as a vote cast either "for" or "against" that director nominee. There shall be no cumulative voting. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter. Unless otherwise provided by statute or by the Charter, each outstanding share, regardless of class, shall entitle the holder thereof to cast one vote on each matter submitted to a vote at a meeting of stockholders. Voting on any question or in any election may be *viva voce* unless the chairman of the meeting shall order that voting be by ballot or otherwise.

Section 8. PROXIES. A stockholder may cast the votes entitled to be cast by the holder of the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the Secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 9. VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the Corporation registered in the name of a corporation, partnership, limited liability company, joint venture, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, manager, general partner, trustee or managing member thereof, as the case may be, or a proxy appointed by any of the foregoing

individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or fiduciary may vote stock registered in the name of such person in the capacity of such director or fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt by the Corporation of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the holder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. INSPECTORS. The Board of Directors or the chairman of the meeting may appoint, before or at the meeting, one or more inspectors for the meeting and any successor to the inspector. The inspectors, if any, shall (a) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity and effect of proxies, (b) receive and tabulate all votes, ballots or consents, (c) report such tabulation to the chairman of the meeting, (d) hear and determine all challenges and questions arising in connection with the right to vote, and (e) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be *prima facie* evidence thereof.

Section 11. ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS

(a) Annual Meetings of Stockholders.

(1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with this Section 11(a).

(2) For any nomination or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all

information required under this Section 11 and shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. For nominations or other business to be properly brought before the first annual meeting of the Corporation's stockholders convened after the Corporation has a class of equity securities registered under Section 12 of the Exchange Act, the stockholder's notice, to be timely, shall set forth all information required under this Section 11 and shall be delivered to the Secretary at the principal executive office of the Corporation, at any time between January 1 and January 31 of the

calendar year unless otherwise stated in the registration statement of the Corporation for its registration of a class of equity securities registered under Section 12 of the Exchange Act.

(3) Such stockholder's notice shall set forth:

(i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder (including such Proposed Nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);

(ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the stockholder's reasons for proposing such business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;

(iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person,

(a) the class, series and number of all shares of stock or other securities of the Corporation or any affiliate thereof (collectively, the "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person**,** the date on which each such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person,

(b) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such stockholder, Proposed Nominee or Stockholder Associated Person,

(c) whether and the extent to which such stockholder, Proposed Nominee or Stockholder Associated Person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the last six months has engaged in any hedging, derivative or other transaction or series of

transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (1) manage risk or benefit of changes in the price of Company Securities or (2) increase or decrease the voting power of such stockholder, Proposed Nominee or Stockholder Associated Person in the Corporation or any affiliate thereof disproportionately to such person's economic interest in the Company Securities, and

(d) any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation or any affiliate thereof, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series;

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in clauses (ii) or (iii) of this paragraph (3) of this Section 11(a) and any Proposed Nominee,

(a) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee, and

(b) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person; and

(v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(4) Such stockholder's notice shall, with respect to any Proposed Nominee, be accompanied by a certificate executed by the Proposed Nominee (i) certifying that such Proposed Nominee (a) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director that has not been disclosed to the Corporation and (b) will serve as a director of the Corporation if elected; and (ii) attaching a completed Proposed Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request, to the stockholder providing the notice and shall include all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder, or would be required pursuant to the rules of any national securities exchange or over-the-counter market).

(5) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive office of the Corporation not later than 5:00

p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(6) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder means (i) any person acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (1) by or at the direction of the Board of Directors or (2) provided that the special meeting has been called by the Chairman of the Board of Directors, the President, the Chief Executive Officer or the Board of Directors in accordance with Section 3 of this Article II for the purpose of electing directors, by

any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information required by paragraph (a)(3) of this Section 11, shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General.

(1) If information submitted pursuant to this Section 11 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11. Any such stockholder shall notify the Corporation of any inaccuracy or change (within two Business Days of becoming aware of such inaccuracy or change) in any such information. Upon written request by the Secretary of the Corporation or the Board of Directors, any such stockholder shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), (i) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11, and (ii) a written update of any information submitted by the stockholder pursuant to this Section 11 as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) "Public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (ii) in a document publicly filed by the Corporation with the SEC pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 11 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person under Section 14(a) of the Exchange Act.

Section 12. TELEPHONE MEETINGS. The Board of Directors or chairman of the meeting may permit one or more stockholders to participate in meetings of the stockholders by means of a conference telephone or other communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

Section 13. CONTROL SHARE ACQUISITION ACT. Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law, or any successor statute (the "MGCL"), shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 14. STOCKHOLDERS' CONSENT IN LIEU OF MEETING. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting (a) if a unanimous consent setting forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceedings of the stockholders or (b) if the action is advised, and submitted to the stockholders for approval, by the Board of Directors and a consent in writing or by electronic transmission of stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting of stockholders is delivered to the Corporation in accordance with the MGCL. The Corporation shall give notice of any action taken by less than unanimous consent to each stockholder not later than ten days after the effective time of such action.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum

number required by the MGCL, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors. Any director of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the Chairman of the Board of Directors or the Secretary. Except as provided below in these Bylaws, any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. Except as provided below in these Bylaws, the acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Notwithstanding anything to the contrary in these Bylaws, a director nominee who is an incumbent director but who is not elected by the vote required in these Bylaws, and with respect to whom no successor has been elected, shall promptly tender his or her offer to resign to the Board of Directors for its consideration following certification of the stockholder vote. Within 90 days following certification of the stockholder vote, the Corporation's Nominating and Corporate Governance Committee (the "NCG Committee") shall consider the tendered resignation offer and make a recommendation to the Board of Directors and the Board of Directors shall act on (though need not follow) the NCG Committee's recommendation. In determining whether to accept the resignation offer, the NCG Committee and the Board of Directors may consider any factors they deem relevant in deciding whether to accept a director's resignation offer, including, among other things, the recommendation of the NCG Committee and whether accepting the resignation of such director would cause the Corporation to fail to meet any applicable SEC or stock exchange rules or requirements. Thereafter, the Board of Directors shall promptly and publicly disclose its decision-making process regarding whether to accept the director's resignation offer or the reasons for rejecting the resignation offer, if applicable, in a Form 8-K furnished to the SEC. Any director who tenders his or her resignation offer will not participate in the NCG Committee's recommendation or the Board of Directors' action regarding whether to accept the resignation offer. If the director's resignation offer is not accepted, the director will continue to serve until the next annual meeting of stockholders and until the director's successor is duly elected and qualified or until the director's earlier resignation or

removal. If any director's resignation offer is accepted by the Board of Directors, then such director will thereupon cease to be a director of the Corporation, and the Board of Directors, in its sole discretion, may fill the resulting vacancy under the provisions of the Charter of the Corporation, Article III, Section 11 of these Bylaws and applicable law, or the Board of Directors may decrease the size of the Board of Directors pursuant to the provisions of Article III, Section 2 of these Bylaws.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, with no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such date, time and place as may be determined by the Board of Directors and shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the date, time and place for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of each of the Chairman of the Board of Directors, the President, the Chief Executive Officer, or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the date, time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, courier or U.S. Mail, or by any other means permitted by Maryland law, to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to

the meeting. Notice by U.S. Mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by U.S. Mail shall be deemed to be given when deposited in the U.S. Mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors is present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority or other percentage of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and at which a quorum has been established may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave fewer than required to establish a quorum.

Section 7. VOTING. The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws. If enough directors have withdrawn from a meeting to leave fewer than required to establish a quorum but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

Section 8. ORGANIZATION. At each meeting of the Board of Directors, the Chairman of the Board of Directors or, in the absence of the Chairman, the Vice Chairman of the Board of Directors, if any, shall act as chairman of the meeting. In the absence of both the Chairman and Vice Chairman of the Board of Directors, the Chief Executive Officer or, in the absence of the Chief Executive Officer, the President or, in the absence of the President, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The Secretary or, in his or her absence, an Assistant Secretary of the Corporation, or, in the absence of the Secretary and all Assistant Secretaries, a person appointed by the chairman of the meeting, shall act as Secretary of the meeting.

Section 9. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. CONSENT BY DIRECTORS WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. VACANCIES. If for any reason any or all of the directors cease to be directors, such event shall not terminate the existence of the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship or class in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. RELIANCE. Each director and officer of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other person, as to a matter which the director or officer reasonably believes to be within the person's professional or expert competence, or, with respect to a director, by a committee of the Board of Directors on which the director does not serve, as to a matter within its designated authority, if the director reasonably believes the committee to merit confidence.

Section 14. RATIFICATION. The Board of Directors or the stockholders may ratify and make binding on the Corporation any action or inaction by the Corporation or its officers to the extent that the Board of Directors or the stockholders could have originally authorized the matter. Moreover, any action or inaction questioned in any stockholders' derivative proceeding or any other proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of a director, officer or stockholder, non-disclosure, miscomputation, the application of improper principles or practices of accounting, or otherwise, may be ratified, before or after judgment, by the Board of Directors or by the stockholders, and if so ratified, shall have the same force and effect as if the questioned action or inaction had been

originally duly authorized, and such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned action or inaction.

Section 15. CERTAIN RIGHTS OF DIRECTORS AND OFFICERS. A director who is not also an officer of the Corporation shall have no responsibility to devote his or her full time to the affairs of the Corporation. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

Section 16. EMERGENCY PROVISIONS. Notwithstanding any other provision in the Charter or these Bylaws, this Section 16 shall apply during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors under Article III of these Bylaws cannot readily be obtained (an "Emergency"). During any Emergency, unless otherwise provided by the Board of Directors, (a) a meeting of the Board of Directors or a committee thereof may be called by any director or officer by any means feasible under the circumstances; (b) notice of any meeting of the Board of Directors during such an Emergency may be given less than 24 hours prior to the meeting to as many directors and by

such means as may be feasible at the time, including publication, television or radio, and (c) the number of directors necessary to constitute a quorum shall be one-third of the entire Board of Directors.

ARTICLE IV

COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a NCG Committee and one or more other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board of Directors shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. CONSENT BY COMMITTEES WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a President, a Secretary and a Treasurer and may include a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a Chief Executive Officer, one or more Vice Presidents, a Chief Operating Officer, a Chief Financial Officer, a Chief Investment Officer, one or more Assistant Secretaries and one or more Assistant Treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors, except that the Chief Executive Officer or President may from time to time

appoint one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers or other officers. Each officer shall serve until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except President and Vice President may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the Chairman of the Board of Directors, the President or the Secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate a Chief Executive Officer. In the absence of such designation, the Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate a Chief Operating Officer. The Chief Operating Officer shall have the

responsibilities and duties as determined by the Board of Directors or the Chief Executive Officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a Chief Financial Officer. The Chief Financial Officer shall have the responsibilities and duties as determined by the Board of Directors or the Chief Executive Officer.

Section 7. CHIEF INVESTMENT OFFICER. The Board of Directors may designate a Chief Investment Officer. The Chief Investment Officer shall have the responsibilities and duties as determined by the Board of Directors or the Chief Executive Officer.

Section 8. CHAIRMAN OF THE BOARD. The Board of Directors shall designate a Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside over the meetings of the Board of Directors and of the stockholders at which he or she shall be present. The Chairman of the Board of Directors shall perform such other duties as may be assigned to him or her by the Board of Directors.

Section 9. PRESIDENT. In the absence of a Chief Executive Officer, the President shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a Chief Operating Officer by the Board of Directors, the President shall be the Chief Operating Officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other

officer or agent of the Corporation or shall be required by law to be otherwise executed and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 10. VICE PRESIDENTS. In the absence of the President or in the event of a vacancy in such office, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to such Vice President by the President or by the Board of Directors. The Board of Directors may designate one or more Vice Presidents as Executive Vice President, Senior Vice President, or as Vice President for particular areas of responsibility.

Section 11. SECRETARY. The Secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal (if any) of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the Secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the President or by the Board of Directors.

Section 12. TREASURER. The Treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors, and shall in general perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the President or by the Board of Directors. In the absence of a designation of a Chief Financial Officer by the Board of Directors, the Treasurer shall be the Chief Financial Officer of the Corporation.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation.

Section 13. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the President or the Board of Directors.

Section 14. COMPENSATION. The compensation of the officers shall be fixed from time to time by or under the authority of the Board of Directors and no officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors, a committee of the Board of Directors acting within the scope of its delegated authority, or any manager of the Corporation approved by the Board of Directors and acting within the scope of its authority pursuant to a management agreement with the

Corporation may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when executed by an authorized person and duly authorized or ratified by action of the Board of Directors, such other committee or a manager acting within the scope of its authority pursuant to a management agreement.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation as the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, or any other officer designated by the Board of Directors may determine.

ARTICLE VII

STOCK

Section 1. CERTIFICATES. Except as may be otherwise provided by the Board of Directors or required by the MGCL, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the MGCL and shall be signed by the officers of the Corporation in the manner permitted by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. TRANSFERS. All transfers of shares of stock shall be made on the books of the Corporation and the books of the transfer agent of the Corporation, if applicable, by the holder of the shares, in person or by his or her attorney, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender to the Corporation or, if authorized by the Corporation, the transfer agent of the Corporation, of certificates duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer. The issuance of a new certificate, by the Corporation, or if authorized by the Corporation, the transfer agent of the Corporation, to the person entitled thereto upon the transfer of certificated shares is subject to the determination of the Board of Directors that such shares shall no longer be represented by certificates. Upon the transfer of uncertificated shares, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; provided, however, if such shares have ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Subject to Article II, Section 3, such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of and to vote at any meeting of stockholders has been set as provided in this section, such record date shall continue to apply to the meeting if adjourned or postponed, except if the meeting is adjourned to a date more than 120 days or postponed to a date more than 90 days after the record date originally fixed for the meeting, in which case a new record date for such meeting may be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may authorize the Corporation to issue fractional stock or authorize the issuance of scrip, all on such terms and under such conditions as it may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may authorize the issuance of units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Charter.

Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words “Incorporated Maryland.” The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the

requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

EXCLUSIVE FORUM FOR CERTAIN LITIGATION

Unless the Corporation consents in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of any duty owed by any present or former director or officer or other employee or stockholder of the Corporation to the Corporation or to the stockholders of the Corporation or any standard of conduct applicable to the directors of the Corporation, (c) any action asserting a claim against the Corporation or any present or former director or officer or other employee of the Corporation arising pursuant to any provision of the MGCL or the Charter or

Bylaws of the Corporation, or (d) any action asserting a claim against the Corporation or any present or former director or officer or other employee of the Corporation that is governed by the internal affairs doctrine.

ARTICLE XIII

INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity. The rights to indemnification and to be paid or reimbursed for such expenses in advance of of a final disposition of any proceeding provided by the Charter and these Bylaws shall vest immediately upon election of a director or officer. The Corporation may, with the approval of its Board of Directors, provide such indemnification and payment or reimbursement of expenses in advance to an individual who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment or reimbursement of expenses in advance provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any bylaw, regulation, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or the Charter inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIV

WAIVER OF NOTICE

Whenever any notice of a meeting is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed, or by electronic notice given, by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XV

AMENDMENT OF BYLAWS

The Board of Directors shall have the power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws. In addition, these Bylaws may also be adopted, altered or repealed, and new Bylaws

may be made (A) pursuant to a binding proposal that is (a) submitted to the stockholders for approval at a duly called annual meeting or special meeting of stockholders by (i) the Board of Directors or (ii) a stockholder who provides to the Corporation a timely notice of such proposal that satisfies the notice procedures and all other relevant provisions of Section 11 of Article II of these Bylaws and who is, at the time such notice is delivered to the Corporation and as of such meeting, a stockholder that satisfies the ownership and other eligibility requirements of Section 11 of Article II of these Bylaws and Rule 14a-8 under the Exchange Act, and (b) approved by the affirmative vote of the holders of a majority of the votes entitled to be cast on such proposal, or (B) by written consent of the stockholders in the manner provided for in Article II Section 14 of these Bylaws.

ARTICLE XVI

MISCELLANEOUS

If any provision of these Bylaws shall be held invalid or unenforceable in any respect, such holding shall apply only to the extent of any such invalidity or unenforceability and shall not in any manner affect, impair or render invalid or unenforceable any other provision of the Bylaws in any jurisdiction.

Exhibit 3.3

GRANITE POINT MORTGAGE TRUST INC.

ARTICLES SUPPLEMENTARY

GRANITE POINT MORTGAGE TRUST INC. a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland (the "Department") that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Corporation (the "Board of Directors") by Article VI of the charter of the Corporation (the "Charter") and Section 2-105 of the Maryland General Corporation Law (the "MGCL"), the Board of Directors duly adopted resolutions on or as of June 14, 2017 (i) classifying and designating 1,000 shares of the authorized but unissued preferred stock of the Corporation, par value $0.01 per share ("Preferred Stock"), as a separate class of Preferred Stock to be known as the "10% Cumulative Redeemable Preferred Stock", (ii) setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions of such 10% Cumulative Redeemable Preferred Stock, and (iii) authorizing the issuance of 1,000 shares of such 10% Cumulative Redeemable Preferred Stock.

SECOND: The designation, number of shares, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions of the separate class of Preferred Stock of the Corporation designated as 10% Cumulative Redeemable Preferred Stock are as follows, which upon any restatement of the Charter shall be made a part of, or incorporated by reference into, the Charter with any necessary or appropriate changes to the enumeration or lettering of sections or subsections thereof:

1. Designation and Number. A series of Preferred Stock, designated the "10% Cumulative Redeemable Preferred Stock" (the "10% Cumulative Redeemable Preferred Stock"), is hereby established. The number of shares of 10% Cumulative Redeemable Preferred Stock initially shall be 1,000.

2. Rank. The 10% Cumulative Redeemable Preferred Stock will rank, with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Corporation, (i) senior to all classes or series of common stock, par value $0.01 per share ("Common Stock"), of the Corporation and all classes or series of capital stock of the Corporation expressly designated as ranking junior to the 10% Cumulative Redeemable Preferred Stock as to dividend rights and rights upon liquidation, dissolution or winding up of the Corporation, (ii) on parity with any class or series of capital stock of the Corporation expressly designated as ranking on parity with the 10% Cumulative Redeemable Preferred Stock as to dividend rights and rights upon liquidation, dissolution or winding up of the Corporation, and (iii) junior to all other classes or series of Preferred Stock that may be issued after the date hereof (other than classes or series of stock referred to in clauses (i) and (ii)) and all classes or series of capital stock of the Corporation expressly designated as ranking senior to the 10% Cumulative Redeemable Preferred Stock as to

dividend rights and rights upon liquidation, dissolution or winding up of the Corporation ("Senior Stock"). The term "capital stock" does not include convertible or exchangeable debt securities, which will rank senior to the 10% Cumulative Redeemable Preferred Stock prior to conversion or exchange. The 10% Cumulative Redeemable Preferred Stock will rank junior in right of payment to the Corporation's other existing and future debt obligations.

3. Dividends.

(a) Subject to the preferential rights of the holders of any class or series of capital stock of the Corporation ranking senior to the 10% Cumulative Redeemable Preferred Stock as to dividends, the holders of shares of 10% Cumulative Redeemable Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 10% per annum of the $1,000 liquidation preference per share of the 10% Cumulative Redeemable Preferred Stock (equivalent to the fixed annual amount of $80 per share of the 10% Cumulative Redeemable Preferred Stock). Such dividends shall accrue on a daily basis and be cumulative from and including the first date on which any shares of 10% Cumulative Redeemable Preferred Stock are issued (the "Initial Issue Date"), and shall be payable annually in arrears on June 30 of each year ("Dividend Payment Date") or, if not a business day, the next succeeding business day with the same force and effect as if paid on such Dividend Payment Date and no interest or additional dividends or other sums shall accrue on the amount so payable from such Dividend Payment Date to such next succeeding business day. Any dividend payable on the 10% Cumulative Redeemable Preferred Stock for any partial Dividend Period (as defined below) will be computed on the basis of a 360-day year consisting of twelve 30-day months. The term "Dividend Period" shall mean, with respect to the first "Dividend Period", the period from and including the Initial Issue Date to and including the first Dividend Payment Date, and with respect to each subsequent "Dividend Period", the period from but excluding a Dividend Payment Date to and including the next succeeding Dividend Payment Date. Dividends shall be paid to holders of record of the 10% Cumulative Redeemable Preferred Stock as their names appear in the stock transfer records of the Corporation at the close of business on the applicable record date, which shall be the 15th day of the calendar month in which the applicable Dividend Payment Date falls or such other date designated by the Board of Directors for the payment of dividends that is not more than 30 nor less than ten days prior to such Dividend Payment Date or prior to such other date set by the Board of Directors for the payment of dividends (each, a "Dividend Record Date"). Dividends in respect of any past Dividend Periods that are in arrears may be authorized and paid at any time to holders of record on the Dividend Record Date related to each such Dividend Period. Any dividend payment made on the 10% Cumulative Redeemable Preferred Stock shall be credited first against the earliest accrued but unpaid dividend due which remains payable. The Board of Directors may at its option declare and pay accrued dividends more frequently than as otherwise provided for above.

(b) No dividends on the 10% Cumulative Redeemable Preferred Stock shall be authorized by the Board of Directors or paid or set apart for payment by the Corporation at such time as the terms and provisions of any agreement of the Corporation, including any agreement relating to its indebtedness, prohibit such authorization, payment or setting apart for payment or provide that such authorization, payment or setting apart for payment would

constitute a breach thereof or a default thereunder, or if such authorization or payment shall be restricted or prohibited by law.

(c) Notwithstanding the foregoing, dividends on the 10% Cumulative Redeemable Preferred Stock shall accrue whether or not the terms and provisions set forth in Section 3(b) hereof at any time prohibit the current payment of dividends, whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are authorized or declared. Accrued but unpaid dividends on the 10% Cumulative Redeemable Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable.

(d) Except as provided in Section 3(e), unless full cumulative dividends on the 10% Cumulative Redeemable Preferred Stock have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof is set apart for payment for all past completed full annual Dividend Periods, no dividends (other than in shares of Common Stock or other shares of stock ranking junior to the 10% Cumulative Redeemable Preferred Stock as to dividends and upon liquidation) shall be authorized or paid or set aside for payment, nor shall any other distribution be authorized or made, upon the Common Stock or any other stock of the Corporation ranking junior to the 10% Cumulative Redeemable Preferred Stock as to dividends or upon liquidation, nor shall any shares of Common Stock or any other shares of stock of the Corporation ranking junior to the 10% Cumulative Redeemable Preferred Stock as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation (except (i) by

conversion into or exchange for other stock of the Corporation ranking junior to the 10% Cumulative Redeemable Preferred Stock as to dividends and upon liquidation or (ii) to the extent necessary to preserve the Corporation's status as a real estate investment trust for federal income tax purposes).

(e) When dividends are not paid in full (and a sum sufficient for such full payment is not so set aside) upon the 10% Cumulative Redeemable Preferred Stock and the shares of any other class or series of capital stock ranking, as to dividends, on parity with the 10% Cumulative Redeemable Preferred Stock, all dividends declared upon the 10% Cumulative Redeemable Preferred Stock and each such other class or series of capital stock ranking, as to dividends, on parity with the 10% Cumulative Redeemable Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of 10% Cumulative Redeemable Preferred Stock and such other class or series of capital stock shall in all cases bear to each other the same ratio that accrued dividends per share on the 10% Cumulative Redeemable Preferred Stock and such other class or series of capital stock (which shall not include any accrual in respect of unpaid dividends on such other class or series of capital stock for prior Dividend Periods if such other class or series of capital stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the 10% Cumulative Redeemable Preferred Stock which may be in arrears.

(f) Holders of the 10% Cumulative Redeemable Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or shares, in excess of the full cumulative dividends on the 10% Cumulative Redeemable Preferred Stock as described above.

(g) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 856 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then the Capital Gains Amount allocable to holders of the 10% Cumulative Redeemable Preferred Stock shall be the amount that the total dividends paid or made available to the holders of the 10% Cumulative Redeemable Preferred Stock for the year bears to the Total Dividends.

4. Liquidation Preference.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, subject to the preferential rights of the holders of any class or series of capital stock of the Corporation ranking senior to the 10% Cumulative Redeemable Preferred Stock as to liquidation rights, the holders of the 10% Cumulative Redeemable Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to its stockholders a liquidation preference in the amount of $1,000 per share, plus an amount equal to any dividends accrued and unpaid thereon to and including the date of payment, before any distribution of assets is made to holders of Common Stock or any other class or series of stock of the Corporation that ranks junior to the 10% Cumulative Redeemable Preferred Stock as to liquidation rights.

(b) In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the legally available assets of the Corporation are insufficient to pay the full amount of the liquidation preference plus an amount equal to all dividends accrued and unpaid on all outstanding shares of 10% Cumulative Redeemable Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Corporation ranking, as to liquidation rights, on parity with the 10% Cumulative Redeemable Preferred Stock in the distribution of assets, then the holders of the 10% Cumulative Redeemable Preferred Stock and each such other class or series of shares of capital stock ranking, as to liquidation rights, on parity with the 10% Cumulative Redeemable Preferred Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

(c) After payment of the full amount of liquidating distributions to which they are entitled, the holders of the 10% Cumulative Redeemable Preferred Stock will have no right or claim to any of the remaining assets of the Corporation.

(d) Neither the consolidation or merger of the Corporation with or into any other corporation, trust or entity or of any other corporation, trust or entity with or into the Corporation, nor the sale, lease or conveyance of all or substantially all of the property or business of the Corporation, shall be deemed to constitute a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 4.

(e) In determining whether a distribution (other than upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation) by dividend, redemption or other acquisition of shares of stock of the Corporation or otherwise is permitted under the MGCL, no effect shall be given to amounts that would be needed, if the Corporation were to be

dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of the 10% Cumulative Redeemable Preferred Stock whose preferential rights upon dissolution are superior to those receiving the distribution.

5. Redemption.

(a) *Right of Optional Redemption by the Corporation.* The Corporation, at its option and upon not less than 15 nor more than 60 days' written notice, may redeem the 10% Cumulative Redeemable Preferred Stock, in whole or in part, at any time or from time to time, beginning on the fifth anniversary of the Initial Issue Date (each, a "Redemption Date"), for cash at a redemption price of $1,000 per share, plus all accrued and unpaid dividends thereon to and including the date fixed for redemption (except as provided in Section 5(c) below) (the "Redemption Price"). If less than all of the outstanding shares of 10% Cumulative Redeemable Preferred Stock are to be redeemed, the shares of 10% Cumulative Redeemable Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Corporation. The 10% Cumulative Redeemable Preferred Stock shall also be subject to re-purchase from time to time pursuant to the restrictions and limitations on ownership and Transfer (as defined in Article VII of the Charter) referred to in Section 11 below, and any successor provision of similar import.

(b) *Limitations on Redemption.* Unless full cumulative dividends on the 10% Cumulative Redeemable Preferred Stock have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof set apart for payment for all past completed full annual Dividend Periods, no 10% Cumulative Redeemable Preferred Stock shall be redeemed unless all outstanding 10% Cumulative Redeemable Preferred Stock is simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire directly or indirectly any of the 10% Cumulative Redeemable Preferred Stock (except by exchange for capital stock of the Corporation ranking junior to the 10% Cumulative Redeemable Preferred Stock as to dividends and upon liquidation); provided, however, that the foregoing shall not prevent the purchase or acquisition of the 10% Cumulative Redeemable Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of 10% Cumulative Redeemable Preferred Stock or any purchase or acquisition made in order to ensure that the Corporation remains qualified as a real estate investment trust for federal income tax purposes.

(c) *Rights to Dividends on Shares Called for Redemption.* Immediately prior to any redemption of the 10% Cumulative Redeemable Preferred Stock, the Corporation shall pay, in cash, any accrued and unpaid dividends through the Redemption Date, unless a Redemption Date falls after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case each holder of the 10% Cumulative Redeemable Preferred Stock at the close of business on such Dividend Record Date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares before such Dividend Payment Date.

(d) *Procedures for Redemption.*

(i) Notice of redemption will be given by the Corporation not less than 15 nor more than 60 days prior to the Redemption Date, addressed to the respective holders of record of the shares of 10% Cumulative Redeemable Preferred Stock to be redeemed. No failure to give such notice or any defect thereof or in the sending thereof shall affect the validity of the proceedings for the redemption of any of the shares of 10% Cumulative Redeemable Preferred Stock except as to the holder to whom notice was defective or not given.

(ii) In addition to any information required by law, such notice shall state: (A) the Redemption Date; (B) the Redemption Price; (C) the number of shares of 10% Cumulative Redeemable Preferred Stock to be redeemed; (D) the place or places where the shares of 10% Cumulative Redeemable Preferred Stock are to be surrendered for payment of the Redemption Price; and (E) that dividends on the shares to be redeemed will cease to accrue on such Redemption Date. If less than all of the shares of 10% Cumulative Redeemable Preferred Stock held by any holder are to be redeemed, the notice sent to such holder shall also specify the number of shares of 10% Cumulative Redeemable Preferred Stock held by such holder to be redeemed.

(iii) If notice of redemption of any of the shares of 10% Cumulative Redeemable Preferred Stock has been given and if the funds necessary for such redemption have been set aside by the Corporation in trust for the benefit of the holders of the shares of 10% Cumulative Redeemable Preferred Stock so called for redemption, then, from and after the Redemption Date, dividends will cease to accrue on such shares of 10% Cumulative Redeemable Preferred Stock, such shares of 10% Cumulative Redeemable Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the Redemption Price. Holders of the shares of 10% Cumulative Redeemable Preferred Stock to be redeemed shall surrender such shares of 10% Cumulative Redeemable Preferred Stock at the place designated in such notice and, upon surrender in accordance with said notice of the certificates for the shares of 10% Cumulative Redeemable Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), if the 10% Cumulative Redeemable Preferred Stock is certificated, such shares of 10% Cumulative Redeemable Preferred Stock shall be redeemed by the Corporation at the Redemption Price. In case fewer than all of the shares of 10% Cumulative Redeemable Preferred Stock represented by any such certificate are redeemed, a new certificate or certificates, if the 10% Cumulative Redeemable Preferred Stock is certificated, shall be issued representing the unredeemed shares of 10% Cumulative Redeemable Preferred Stock without cost to the holder thereof.

(iv) The deposit of funds with a bank or trust company for the purpose of redeeming the shares of 10% Cumulative Redeemable Preferred Stock shall be irrevocable except that:

(A) The Corporation shall be entitled to receive from such bank or trust company the interest or other earnings, if any, earned on any money so deposited in trust, and the holder of any shares redeemed shall have no claim to such interest or other earnings; and

(B) Any balance of money so deposited by the Corporation and unclaimed by the holders of the 10% Cumulative Redeemable Preferred Stock entitled thereto at the expiration of two years from the applicable Redemption Date shall be paid, together with any interest or other earnings earned thereon, to the Corporation, and after any such repayment, the holders of the shares entitled to the funds so repaid to the Corporation shall look only to the Corporation for payment without interest or other earnings.

(e) *Legally Available Funds.* No shares of 10% Cumulative Redeemable Preferred Stock may be redeemed except with funds legally available for the payment of the Redemption Price.

(f) *Status of Redeemed Shares.* Any shares of 10% Cumulative Redeemable Preferred Stock that shall at any time have been redeemed pursuant to this Section 5 shall, after such redemption, have the status of authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more designated as part of a particular class or series by the Board of Directors.

6. Put Right.

(a) At any time or from time to time, beginning on the sixth anniversary of the Initial Issue Date, the Corporation shall, at the request of any stockholder holding shares of 10% Cumulative Redeemable Preferred Stock and upon delivery of 60 days' written notice to the Corporation from such stockholder (the "Repurchase Notice"), to the fullest extent permitted by applicable law, repurchase the Repurchase Shares (as defined below) held by such stockholder at a price per share equal to the liquidation preference of $1,000 plus all accrued and unpaid dividends on such Repurchase Shares to and including the date fixed for such repurchase. The Repurchase Notice shall specify the number of shares of 10% Cumulative Redeemable Preferred Stock held by the stockholder that the stockholder proposes to sell to the Corporation (the "Repurchase Shares").

(b) At the closing of the sale of any Repurchase Shares, the Corporation shall purchase the Repurchase Shares from the stockholder, and the stockholder shall sell the Repurchase Shares to the Corporation, subject to, if the 10% Cumulative Redeemable Preferred Stock is certificated, the delivery by the stockholder of any certificate or certificates representing the Repurchase Shares, each certificate to be properly endorsed for transfer or accompanied by duly executed stock powers. The Corporation may require waivers of any liens, evidence of good title to the Repurchase Shares, and such other documents and agreements as it may reasonably deem necessary in connection with the repurchase.

(c) Notwithstanding Sections 6(a) and 6(b) above, in the event that the Board of Directors shall determine at any time that the repurchase by the Corporation of the Repurchase Shares as otherwise contemplated by this Section 6 would be reasonably likely to have a material adverse effect on the Corporation, its business or its prospects, the Corporation shall have the right to repurchase the Repurchase Shares ratably over time and from time to time, in increments of no less than 25% of the original number of Repurchase Shares per annum, such that the incremental repurchases shall be accomplished without being reasonably likely to have a material adverse effect on the Corporation, its business or prospects.

(d) Any shares of 10% Cumulative Redeemable Preferred Stock that shall at any time have been repurchased pursuant to this Section 6 shall, after such repurchase, have the status of authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more designated as part of a particular class or series by the Board of Directors.

7. Voting Rights. Holders of the 10% Cumulative Redeemable Preferred Stock shall not have any voting rights, except as set forth in this Section 7. So long as any shares of 10% Cumulative Redeemable Preferred Stock remain outstanding, the affirmative vote or consent of the holders of two-thirds of the shares of 10% Cumulative Redeemable Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting, will be required to: (a) authorize, create or issue, or increase the number of authorized or issued shares of, any class or series of Senior Stock or reclassify any authorized shares of capital stock into shares of any such

class or series, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any shares of any such class or series; or (b) amend, alter or repeal the terms of the 10% Cumulative Redeemable Preferred Stock, whether by merger, consolidation, sale of stock or assets or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege or voting power of the 10% Cumulative Redeemable Preferred Stock, *provided*, *however*, that with respect to the occurrence of any Event, so long as shares of 10% Cumulative Redeemable Preferred Stock remain outstanding with the terms thereof materially unchanged or the holders of shares of 10% Cumulative Redeemable Preferred Stock receive shares of stock or beneficial interest, or other equity interests, with rights, preferences, privileges and voting powers substantially similar, taken as a whole, to the rights, preferences, privileges and voting powers of the 10% Cumulative Redeemable Preferred Stock, taking into account that, upon the occurrence of an Event, the Corporation may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the 10% Cumulative Redeemable Preferred Stock or the holders thereof, and in such case such holders shall not have any voting rights with respect to the occurrence of any Event set forth above. In addition, if the holders of the 10% Cumulative Redeemable Preferred Stock receive (or will receive) the $1,000 liquidation preference per share of the 10% Cumulative Redeemable Preferred Stock, plus an amount equal to any dividends accrued and unpaid thereon to and including the date of payment, pursuant to the occurrence of any Event set forth above, then such holders shall not have any right to consent or object to, or any voting rights or right to notice with respect to, any such Event (and for the avoidance of doubt, any such payment to the holders of the foregoing liquidation preference (whether by the Corporation or any party to such Event) shall be deemed to be in full and complete satisfaction of any such holder's rights in connection with such Event or pursuant to any shares of the 10% Cumulative Redeemable Preferred Stock). For the avoidance of doubt and without limitation, holders of shares of 10% Cumulative Redeemable Preferred Stock shall not be entitled to vote with respect to: (i) any increase in the total number of authorized shares of Common Stock or the authorization for issuance or issuance of any shares of Common Stock, (ii) any increase in the total number of authorized shares of 10% Cumulative Redeemable Preferred Stock or the authorization for issuance or issuance of any such shares, (iii) any increase in the total number of authorized shares of Preferred Stock or the creation, authorization for issuance or issuance of any Preferred Stock or of any Preferred Stock of any class or series, or the creation, authorization for issuance or issuance of any other

class or series of capital stock (except for Senior Stock in respect of which the affirmative vote or consent of the holders of the 10% Cumulative Redeemable Preferred Stock shall be required as provided in clause (a) above), or (iv) the creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any shares described in clause (i), (ii) or (iii) above. Except as specifically set forth herein, holders of the 10% Cumulative Redeemable Preferred Stock shall not have any voting rights with respect to, and the consent of the holders of the 10% Cumulative Redeemable Preferred Stock shall not be required for, the taking of any corporate action, including an Event, regardless of the effect that such corporate action or Event may have upon the powers, preferences, voting power or other rights or privileges of the 10% Cumulative Redeemable Preferred Stock.

8. No Preemptive Rights or Appraisal Rights. No holder of 10% Cumulative Redeemable Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of capital stock of the Corporation (whether now or hereafter authorized) or securities of the Corporation convertible into or exchangeable for, or carrying a right to subscribe for or acquire, shares of capital stock of the Corporation. Holders of shares of 10% Cumulative Redeemable Preferred Stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL.

9. Conversion. The 10% Cumulative Redeemable Preferred Stock is not convertible into or exchangeable for any other property or securities of the Corporation.

10. Notice. All notices to be given to the holders of the 10% Cumulative Redeemable Preferred Stock shall be given by (i) mail, postage prepaid, (ii) overnight delivery courier service, (iii) facsimile transmission, (iv) electronic mail or (v) personal delivery, addressed to the holders of record at the mailing address or sent to the facsimile number or electronic mail address shown by the records of the Corporation.

11. Restrictions on Ownership and Transfer.

(a) The 10% Cumulative Redeemable Preferred Stock constitutes a class of Preferred Stock, and shares of Preferred Stock constitute Capital Stock (as defined in Article VII of the Charter) of the Corporation. Therefore, the 10% Cumulative Redeemable Preferred Stock, being Capital Stock, shall be subject to the Aggregate Stock Ownership Limit (as defined in Article VII of the Charter) applicable with respect to Capital Stock generally and all other restrictions and limitations on the ownership and Transfer (as defined in Article VII of the Charter) of Capital Stock set forth in the Charter and applicable to Capital Stock, including, without limitation, Section 7.2.7 of Article VII of the Charter and any successor provision of similar import.

(b) Each certificate for shares of 10% Cumulative Redeemable Preferred Stock, if certificated, or the written statement of information in lieu of a certificate, shall bear substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial Ownership and Constructive Ownership and

Transfer for the purpose, among others, of the Corporation's maintenance of its qualification as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's Charter, (i) no Person may Beneficially Own or Constructively Own shares of Capital Stock of the Corporation in excess of 9.8 percent in value of the total outstanding shares of Capital Stock of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iii) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons after January 29, 2018. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If the restrictions on transfer or ownership provided in (i) or (ii) above are violated, the shares of Capital Stock in excess or in violation of the above limitations will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may redeem shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, if the ownership restriction provided in (iii) above would be violated or upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void *ab initio.* All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office.

Instead of the foregoing legend, the certificate or written statement of information in lieu of a certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

(c) In the case of an ambiguity in the application of any of the provisions of this Section 11, the Board of Directors shall have the power to determine the application of the provisions of this Section 11 and those other corresponding provisions of the Charter referred to herein or applicable hereto, in each case with respect to any situation based on the facts known to it.

THIRD: The 10% Cumulative Redeemable Preferred Stock has been classified and designated by the Board of Directors under the authority contained in the Charter.

FOURTH: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FIFTH: The undersigned President and Chief Executive Officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned President and Chief Executive Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and Chief Executive Officer, and attested to by its Secretary, on this day of , 2017.

GRANITE POINT MORTGAGE TRUST INC.

By: _____
Name: John A. Taylor
Title: President and Chief Executive Officer

ATTEST:

_____
Name: Rebecca B. Sandberg
Title: Secretary

Exhibit 4.1

INCORPORATED UNDER THE LAWS OF THE STATE OF MARYLAND

NUMBER	**SHARES**
** **	** **

SEE REVERSE FOR IMPORTANT NOTICE ON TRANSFER RESTRICTIONS AND OTHER INFORMATION

GRANITE POINT MORTGAGE TRUST INC.
a Corporation
Incorporated Under the Laws of the State of Maryland

THIS CERTIFIES THAT ** ** is the registered owner of ** ( )** fully paid and non-assessable shares of Common Stock, $0.01 par value per share ("Common Stock"), of

GRANITE POINT MORTGAGE TRUST INC.

(the "Corporation"), transferable on the books of the Corporation by the holder hereof in person or by its duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the Charter and Bylaws of the Corporation and any amendments or supplements thereto. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed on its behalf by its duly authorized officers and its seal to be hereunder affixed the day of , 20 .

Countersigned and Registered: (SEAL)

Transfer Agent and Registrar

Chief Executive Officer

By:

Authorized Signature

Secretary

SHARES PAR VALUE $0.01 EACH

IMPORTANT NOTICE

CLASSES OF STOCK

The Corporation is authorized to issue capital stock of more than one class or series, consisting of common stock and one or more classes or series of preferred stock. The Board of Directors is authorized to determine the preferences, limitations and relative rights of any class or series of preferred stock before the issuance of such class or series of preferred stock. The Corporation will furnish to any stockholder, on request and without charge, a full statement of the information required by Section 2-211(b) of the Corporations and Associations Article of the Annotated Code of Maryland with respect to the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the stock of each class which the Corporation is authorized to issue and, if the Corporation is authorized to issue any preferred or special class in series, (i) the differences in the relative rights and preferences between the shares of each series to the extent they have been set, and (ii) the authority of the Board of Directors to set relative rights and preferences of subsequent series. Such request must be made to the Secretary of the Corporation at its principal office or to the Transfer Agent.

RESTRICTIONS ON OWNERSHIP AND TRANSFER

The shares represented by this certificate are subject to restrictions on Beneficial Ownership and Constructive Ownership and Transfer for the purpose, among others, of the Corporation's maintenance of its qualification as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's Charter, (i) no Person may Beneficially Own or Constructively Own shares of the Corporation's Common Stock in excess of 9.8 percent (in value or number of shares) of the outstanding shares of Common Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially Own or Constructively Own shares of Capital Stock of the Corporation in excess of 9.8 percent (in value or number of shares) of the total outstanding shares of Capital Stock of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iv) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons after January 29, 2018. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If the restrictions on transfer or ownership provided in (i), (ii) or (iii) above are violated, the shares of Capital Stock in excess or in violation of the above limitations will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may redeem shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, if the ownership restriction provided in (iv) above would be violated or upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN
OR DESTROYED, THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A
CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable

laws or regulations:

TEN COM	-	as tenants in common	UNIF GIFT MIN ACT - Custodian (Minor)
TEN ENT	-	as tenants by the entireties	under Uniform Gifts to Minors Act of (State)
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common	Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, HEREBY SELLS, ASSIGNS AND TRANSFERS UNTO

(PLEASE INSERT NAME AND ADDRESS OF ASSIGNEE, INCLUDING ZIP CODE)

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

( ) Shares of Common Stock of the Corporation represented by this Certificate, and does hereby irrevocably constitute and appoint attorney to transfer the said shares on the books of the Corporation, with full power of substitution in the premises.

Dated _____ _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Ballard Spahr LLP

300 East Lombard Street, 18th Floor
Baltimore, MD 21202-3268
TEL 410.528.5600
FAX 410.528.5650
www.ballardspahr.com

June 14, 2017

Granite Point Mortgage Trust Inc.
590 Madison Avenue
36th Floor
New York, NY 10002

Re: Granite Point Mortgage Trust Inc., a Maryland corporation (the "Company") — Registration Statement on Form S-11, as amended, pertaining to the issuance and sale by the Company of up to 11,500,000 shares (the "Shares") of common stock, par value $0.01 per share (the "Common Stock"), of the Company

Ladies and Gentlemen:

We have acted as Maryland corporate counsel to the Company in connection with the registration of the Shares under the Securities Act of 1933, as amended (the "Act"), by the Company under the Registration Statement on Form S-11 (Reg. No. 333-218197), filed with the Securities and Exchange Commission (the "Commission") on or about May 24, 2017, as amended (the "Registration Statement"). You have requested our opinion with respect to the matters set forth below.

In our capacity as Maryland corporate counsel to the Company and for the purposes of this opinion, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (collectively, the "Documents"):

(i) the corporate charter of the Company (the "Charter") represented by Articles of Incorporation filed with the State Department of Assessments and Taxation of Maryland (the "Department") on April 7, 2017; and the Articles of Amendment and Restatement in the form attached as an exhibit to the Registration Statement and approved by the Board of Directors of the Corporation on June 14, 2017 (the "Articles Of Amendment and Restatement");

(ii) the Bylaws of the Company, adopted on or as of April 7, 2017 (the "Original Bylaws"), and the Amended and Restated Bylaws of the Company, adopted on or as of June 14, 2017 (the "Amended and Restated Bylaws", and together with the Original Bylaws, the "Bylaws");

(iii) the Unanimous Written Consent of the Board of Directors of Granite Point Mortgage Trust, Inc. in Lieu of Organizational Meeting of the Board of Directors, dated as of April 7, 2017 (the "Organizational Minutes");

(iv) resolutions adopted by the Board of Directors of the Company (the "Board of Directors") on or as of May 23, 2017 and June 14, 2017 (the "Existing Directors' Resolutions", and together with the Organizational Minutes and the Final Determinations (as defined herein), the "Directors' Resolutions");

(v) the Registration Statement and the related form of prospectus included therein, in substantially the form filed or to be filed with the Commission pursuant to the Act;

(vi) a status certificate of the Department, dated as of a recent date, to the effect that the Company is duly incorporated and existing under the laws of the State of Maryland;

(vii) a Certificate of Rebecca B. Sandberg, Secretary of the Company, dated as of the date hereof (the "Officers' Certificate"), certifying that, as a factual matter, the Charter, the Bylaws and the Directors' Resolutions are true, correct and complete, and have not been rescinded or modified except as noted therein, and as to the manner of adoption of the Organizational Resolutions and the Existing Resolutions; and

(viii) such other documents and matters as we have deemed necessary and appropriate to render the opinions set forth in this letter, subject to the limitations, assumptions, and qualifications noted below.

In reaching the opinions set forth below, we have assumed the following:

(a) each person executing any of the Documents on behalf of any party (other than the Company) is duly authorized to do so;

(b) each natural person executing any of the Documents is legally competent to do so;

(c) any of the Documents submitted to us as originals are authentic; the form and content of any Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such documents as executed and delivered; any of the Documents submitted to us as certified, facsimile or photostatic copies conform to the original document; all signatures on all of the Documents are genuine; all public records reviewed or relied upon by us or on our behalf are true and complete; all statements and information contained in the Documents are true and complete; there has been no modification of, or amendment to, any

of the Documents, and there has been no waiver of any provision of any of the Documents by action or omission of the parties or otherwise;

(d) the Officers' Certificate and all other certificates submitted to us are, as to factual matters, true and correct both when made and as of the date hereof;

(e) none of the Shares will be issued or transferred in violation of the provisions of the Article VII of the Charter relating to restrictions on ownership and transfer of capital stock;

(f) the Company has not, and is not required to be, nor will it be required to be upon consummation of the issuance of the Shares, registered under the Investment Company Act of 1940, as amended and the rules and regulations promulgated thereunder; and

(g) prior to the issuance of the Shares subsequent to the date hereof, the Articles of Amendment and Restatement will be filed with and accepted for record by the Department, and the Board of Directors, or a duly authorized committee thereof, will adopt resolutions which establish the consideration to be received by the Company for the issuance and sale of the Shares (the "Final Determinations").

Based on our review of the foregoing and subject to the assumptions and qualifications set forth herein, it is our opinion that, as of the date of this letter:

(1) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Maryland.

(2) The issuance of the Shares has been duly authorized by all necessary corporate action on the part of the Company and when such Shares are issued and delivered by the Company in exchange for the consideration therefor as provided in, and in accordance with, the Directors' Resolutions, such Shares will be validly issued, fully paid and non-assessable.

The foregoing opinion is limited to the laws of the State of Maryland, and we do not express any opinion herein concerning any other law. We express no opinion as to the applicability or effect of any federal or state securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by any jurisdiction other than the State of Maryland, we do not express any opinion on such matter.

This opinion letter is issued as of the date hereof and is necessarily limited to laws now in effect and facts and circumstances presently existing and brought to our attention. We assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that now exist or that occur or arise in the future and may change the opinions expressed herein after the date hereof.

We consent to the incorporation by reference of this opinion in the Registration Statement and further consent to the filing of this opinion as an exhibit to the applications to securities commissioners for the various states of the United States for registration of the Shares. We also consent to the identification of our firm as Maryland counsel to the Company in the section of the Registration Statement entitled "Legal Matters." In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Act.

Very truly yours,
/s/ Ballard Spahr LLP

Exhibit 10.1

MANAGEMENT AGREEMENT

This Management Agreement is made as of , 2017, by and between Granite Point Mortgage Trust Inc., a Maryland corporation (together with its subsidiaries, the "Company"), and Pine River Capital Management L.P., a Delaware limited partnership (the "Manager").

RECITALS

WHEREAS, (a) the Company is a newly formed corporation; (b) on or before the Closing Date (as defined herein), Two Harbors Investment Corp. ("Two Harbors") is transferring a portfolio of commercial real estate loans and related investments to the Company in exchange for all of the shares of Common Stock (as defined herein) other than shares of Common Stock that are issued in connection with the Initial Public Offering (as defined herein) (the "Formation Transaction"); and (c) subsequent to the Closing Date, Two Harbors intends to distribute its shares of Common Stock *pro rata* to the holders of the common stock of Two Harbors after a 120-day lock-up period (the "Spin-Out Transaction");

WHEREAS, the Company intends to focus on originating, investing in and managing commercial real estate loans and related investments;

WHEREAS, the Company intends to qualify as a real estate investment trust for federal income tax purposes and will elect to receive the tax benefits afforded by Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Company desires to retain the Manager to administer the business activities and day-to-day operations of the Company and to perform services for the Company in the manner and on the terms set forth herein and the Manager wishes to be retained to provide such services.

AGREEMENT

NOW THEREFORE, the Company and the Manager hereby agree as follows:

Section 1. Definitions.

(a) The following terms shall have the meanings set forth in this Section 1(a):

"Affiliate" means with respect to a Person (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person, (ii) any executive officer or general partner of such other Person, (iii) any member of the board of directors or board of managers (or bodies performing similar functions) of such Person, and (iv) any legal entity for which such Person acts as an executive officer or general partner.

"Agreement" means this Management Agreement as amended, restated, supplemented or otherwise modified from time to time.

"Automatic Renewal Term" has the meaning set forth in Section 10(a) hereof.

"Bankruptcy" means, with respect to any Person, (i) the filing by such Person of a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code or any other U.S. federal or state or foreign insolvency law, or such Person's filing an answer consenting to or acquiescing in any such petition, (ii) the making by such Person of any assignment for the benefit of its creditors, (iii) the expiration of sixty (60) days after the filing of an involuntary petition under Title 11 of the United States Code, an application for the appointment of a receiver for a material portion of the assets of such Person, or an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other U.S. federal or state or foreign insolvency law, *provided* that the same shall not have been vacated, set aside or stayed within such sixty (60) day period or (iv) the entry against such Person of a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereinafter in effect.

"Base Management Fee" means the base management fee, calculated and payable quarterly in arrears, in an amount equal to one-fourth of 1.50% of the Company's Equity.

"Board" means the board of directors of the Company.

"Business Day" means any day except a Saturday, a Sunday or a day on which banking institutions in New York, New York are not required to be open.

"Claim" has the meaning set forth in Section 8(c) hereof.

"Closing Date" means the date of closing of the Initial Public Offering.

"Code" has the meaning set forth in the Recitals.

"Common Stock" means the common stock, par value $0.01, of the Company.

"Company" has the meaning set forth in the Recitals.

"Company Account" has meaning set forth in Section 4 hereof.

"Company Indemnified Party" has meaning set forth in Section 8(b) hereof.

"Confidential Information" has the meaning set forth in Section 5 hereof.

"Core Earnings" means the net income (loss) attributable to the Company's common stockholders, computed in accordance with GAAP, and excluding (1) non-cash equity compensation expense, (2) the Incentive Compensation, (3) depreciation and amortization, (4) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable period, regardless of whether such items are included in other comprehensive income or loss or in net income, and (5) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items, in each case after discussions between the Manager and the Independent Directors and approved by a majority of the Independent Directors. For the avoidance of doubt, the exclusion of depreciation and amortization in the calculation of Core Earnings shall only apply to depreciation and amortization related to Target Investments that are structured as debt to the extent that the Company forecloses upon the property or properties underlying such debt.

"Effective Termination Date" has the meaning set forth in Section 10(b) hereof.

"Equity" means:

(a) the sum of (1) the net proceeds received by the Company from all issuances of the Company's equity securities, plus (2) cumulative "Core Earnings" for the period commencing on the completion of the Initial Public Offering to the end of the most recently completed calendar quarter,

(b) less (1) any distribution to stockholders, (2) any amount that the Company or any of its subsidiaries have paid to repurchase for cash the Company's stock following the completion of the Initial Public Offering and (3) any Incentive Compensation earned by the Manager following the completion of the Initial Public Offering, but excluding Incentive Compensation earned in the current quarter.

provided, that, for the avoidance of doubt, the "net proceeds" from all issuances of the Company's stock under (a)(1) above shall be deemed to include the Common Stock issued to Two Harbors as part of the Formation Transaction, valued at the amount that will be recorded in the stockholders' equity of the Company in accordance with GAAP.

All items in the foregoing sentence (other than clause (a)(2)) are calculated on a daily weighted average basis.

"Equity Incentive Plans" means the equity incentive plans adopted by the Company from time to time, to provide incentive compensation to attract and retain qualified directors, officers, advisors, consultants and other personnel, including personnel of the Manager and its Affiliates providing services to the Company under this Agreement, and any joint venture affiliates of the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted accounting principles in effect in the United States on the date such principles are applied.

"Governing Instruments" means, with regard to any entity, the articles of incorporation or certificate of incorporation and bylaws in the case of a corporation, the certificate of limited partnership (if applicable) and the partnership agreement in the case of a general or limited partnership, the certificate of formation and operating agreement in the case of a limited liability company, the trust instrument in the case of a trust, or similar governing documents in each case as amended.

"Incentive Compensation" means the incentive management fee calculated and payable with respect to each calendar quarter (or part thereof that this Agreement is in effect) in arrears in an amount, not less than zero, equal to the excess of:

(1) the product of (a) 20% and (b) the result of (i) Core Earnings for the previous twelve (12)-month period, minus (ii) the product of (A) Equity in the previous twelve (12)-month period, and (B) 8% per annum, less

(2) the sum of any Incentive Compensation paid to the Manager with respect to the first three (3) calendar quarters of such previous twelve (12)-month period;

provided, however, that no Incentive Compensation shall be payable with respect to any calendar quarter unless Core Earnings for the twelve (12) most recently completed calendar quarters in the aggregate is greater than zero; *provided further*, that the first quarter for which Incentive Compensation shall be payable, if earned, shall be the quarter ending December 31, 2018.

For purposes of calculating the Incentive Compensation prior to the completion of a twelve (12)-month period during the term of this Agreement, Core Earnings shall be calculated on the basis of the number of days that this Agreement has been in effect on an annualized basis.

If the Effective Termination Date does not correspond to the end of a calendar quarter, the Manager's Incentive Compensation shall be calculated for the period beginning on the day after the end of the calendar quarter immediately preceding the Effective Termination Date and ending on the Effective Termination Date, which Incentive Compensation shall be calculated using Core Earnings for the twelve (12)-month period ending on the Effective Termination Date.

"Indemnified Party" has the meaning set forth in Section 8(b) hereof.

"Independent Director" means a member of the Board who is "independent" in accordance with the Company's Governing Instruments and the rules of the NYSE or such other securities exchange on which the shares of Common Stock are listed.

"Initial Public Offering" means the Company's sale of Common Stock to the public through underwriters pursuant to the Company's Registration Statement on Form S-11 (No. 333-218197).

"Initial Term" has the meaning set forth in Section 10(a) hereof.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Investment Guidelines" means the investment guidelines approved by the Board, a copy of which is attached hereto as Exhibit A, as the same may amended, restated, modified, supplemented or waived pursuant to the approval of a majority of the entire Board (which must include a majority of the Independent Directors).

"Losses" has the meaning set forth in Section 8(a) hereof.

"Manager" has the meaning set forth in the Recitals.

"Manager Change of Control" means, other than as set forth in the immediately following sentence, a change in the direct or indirect (i) beneficial ownership of more than fifty percent (50%) of the combined voting power of the Manager's then outstanding equity interests, or (ii) power to direct or control the management policies of the Manager, whether through the ownership of beneficial equity interests, common directors or officers, by contract or otherwise. A Manager Change of Control shall not include changes resulting from (x) public offerings of the equity interests of the Manager or one of its Affiliates or (y) any assignment of this Agreement by the Manager as permitted hereby and in accordance with the terms hereof.

"Manager Indemnified Party" has the meaning set forth in Section 8(a) hereof.

"Manager Permitted Disclosure Parties" has the meaning set forth in Section 5 hereof.

"Mezzanine Loans" means commercial mortgage loans that are secured by a pledge of equity interests in the property and are subordinate to a Senior Loan but senior to the property owner's equity.

"Monitoring Services" means monitoring services with respect to the Company's investments, including (i) negotiating servicing agreements, (ii) acting as a liaison between the servicers of the assets and the Company, (iii) review of servicers' delinquency, foreclosure and other reports on assets, (iv) supervising claims filed under any insurance policies and (v) enforcing the obligation of any servicer to repurchase assets.

"Notice of Proposal to Negotiate" has the meaning set forth in Section 10(c) hereof.

"NYSE" means The New York Stock Exchange.

"Person" means any natural person, corporation, partnership, association, limited liability company, estate, trust, joint venture, any federal, state, county or municipal government or any bureau, department or agency thereof or any other legal entity and any fiduciary acting in such capacity on behalf of the foregoing.

"Portfolio Management Services" means portfolio management services with respect to the Company's investments, including (i) consulting with the Company on the purchase and sale of, and other opportunities in connection with, the Company's portfolio of investments, (ii) the collection of information and the submission of reports pertaining to the Company's investments, interest rates and general economic conditions, (iii) periodic review and evaluation of the performance of the Company's portfolio of investments, (iv) acting as liaison between the Company and banking, mortgage banking and investment banking institutions and other parties with respect to the purchase, financing and disposition of investments and (iv) other customary functions related to portfolio management.

"Preferred Equity" means commercial real estate mortgage investments that are subordinate to any commercial real estate mortgage and Mezzanine Loans, but senior to the property owner's common equity.

"Regulation FD" means Regulation FD as promulgated by the SEC.

"REIT" means a "real estate investment trust" as defined under the Code.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Mortgage Loans" means commercial mortgage loans that are secured by real estate and evidenced by a first priority mortgage.

"Specified Target Investments" means Senior Mortgage Loans, Mezzanine Loans, Preferred Equity, Subordinated Mortgage Interests, and any other types of investments from time to time mutually agreed to by the Manager and a majority of the Independent Directors.

"Spin-Out Transaction" has the meaning set forth in the Recitals.

"Sub-Manager" has the meaning set forth in Section 2(c) hereof.

"Subordinated Mortgage Interests" means an investment in a junior portion of a mortgage loan which has the same borrower as a Senior Mortgage Loan and benefits from the same underlying secured obligation and collateral as the Senior Mortgage Loan but is subordinated in priority with respect to payment to the Senior Mortgage Loan in the event of a default.

"Target Investments" means the types of investments described under "Business—Our Target Investments" in the Company's prospectus dated , 2017, relating to the Initial Public Offering, subject to, and including, any changes to the Investment Guidelines that may be approved by the Board from time to time.

"Termination Fee" means a termination fee equal to three (3) times the sum of (i) the average annual Base Management Fee, and (ii) average annual Incentive Compensation, in each case earned by the Manager during the 24-month period immediately preceding the most recently completed calendar quarter prior to the Effective Termination Date.

"Termination Notice" has the meaning set forth in Section 10(b) hereof.

"Termination Without Cause" has the meaning set forth in Section 10(b) hereof.

"Treasury Regulations" means the Procedures and Administration Regulation promulgated by the U.S. Department of Treasury under the Code, as amended.

"Two Harbors" has the meaning set forth in the Recitals.

(b) As used herein, accounting terms relating to the Company not defined in Section 1(a) hereof and accounting terms partly defined in Section 1(a) hereof, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation."

Section 2. Appointment and Duties of the Manager.

(a) The Company hereby appoints the Manager to manage the investments and day to-day operations of the Company, subject at all times to the further terms and conditions set forth in this Agreement. The Manager hereby agrees to use its commercially reasonable efforts to perform each of the duties set forth herein, *provided* that funds are made available by the Company for such purposes as set forth in Section 7 hereof. The appointment of the Manager shall be exclusive to the Manager, except to the extent that the Manager elects, in its sole and absolute discretion, subject to the terms of this Agreement, to cause the duties of the Manager as set forth herein to be provided by third parties and/or its Affiliates. The Manager, in its capacity as manager of the investments and the

operations of the Company, at all times will be subject to the supervision and direction of the Board and will have only such functions and authority as the Board may delegate to it, including managing the Company's business affairs in conformity with the Investment Guidelines and policies that are approved and monitored by the Board. The

Company and the Manager hereby acknowledge the recommendation by the Manager and the approval by a majority of the Independent Directors, of the Investment Guidelines, including the Company's investment strategy in the Target Investments. The Company and the Manager hereby acknowledge and agree that, during the term of this Agreement, any proposed changes to the Company's investment strategy that would modify or expand the Target Investments may only be recommended by the Manager and shall require the approval by a majority of the Independent Directors.

(b) The Manager will be responsible for the day-to-day operations of the Company, and will perform (or cause to be performed) such services and activities relating to the investments and operations of the Company as may be appropriate, which may include:

(i) serving as the Company's consultant with respect to the periodic review of the Investment Guidelines and other parameters for the Company's investments, financing activities and operations, any modification to which will be approved; by a majority of the Independent Directors;

(iii) identifying, investigating, analyzing, and selecting possible investment opportunities and originating, negotiating, acquiring, consummating, monitoring, financing, retaining, selling, amending, negotiating for prepayment, restructuring, refinancing, foreclosing, hypothecating, pledging or otherwise disposing of investments consistent with the Investment Guidelines;

(iv) with respect to prospective purchases, sales, exchanges or other dispositions of investments, conducting negotiations on the Company's behalf with sellers, purchasers and other counterparties and, if applicable, their respective agents, advisors and representatives;

(v) negotiating and entering into, on the Company's behalf, repurchase agreements, securitizations, commercial papers, interest rate or currency swap agreements, hedging arrangements, financing arrangements (including one or more credit facilities), foreign exchange transactions, derivative transactions and other agreements and instruments required or appropriate in connection with the Company's activities;

(vi) engaging and supervising, on the Company's behalf and at the Company's expense, independent contractors, advisors, consultants, attorneys, accountants, auditors, and other service providers (which may include Affiliates of the Manager) that provide various services with respect to the Company, including investment banking, securities brokerage, mortgage brokerage, credit analysis, risk management services, asset management services, loan servicing, other financial, legal or accounting services, due diligence services, underwriting review services, and all other services (including transfer agent and registrar services) as may be required relating to the Company's activities or investments (or potential investments);

(vii) coordinating and managing operations of any joint venture or co-investment interests held by the Company and conducting all matters with the joint venture or co-investment partners;

(viii) providing executive and administrative personnel, office space and office services required in rendering services to the Company;

(ix) administering the day-to-day operations and performing and supervising the performance of such other administrative functions necessary to the Company's management as may be agreed upon by the Manager and the Board, including the collection of revenues and the payment of the Company's debts and obligations and maintenance of appropriate computer services to perform such administrative functions;

(x) communicating on the Company's behalf with the holders of any of the Company's equity or debt securities as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders, including website maintenance, logo design, analyst presentations, investor conferences and annual meetings arrangements;

(xi) counseling the Company in connection with policy decisions to be made by the Board;

(xii) evaluating and recommending to the Board hedging strategies and engaging in hedging activities on the Company's behalf, consistent with such strategies as so modified from time to time, with the Company's qualification as a REIT and with the Investment Guidelines;

(xiii) counseling the Company regarding the maintenance of the Company's qualification as a REIT and monitoring compliance with the various REIT qualification tests and other rules set out in the Code and Treasury Regulations thereunder and using commercially reasonable efforts to cause the Company to qualify for taxation as a REIT;

(xiv) counseling the Company regarding the maintenance of the Company's exemption from the status of an investment company required to register under the Investment Company Act, monitoring compliance with the requirements for maintaining such exemption and using commercially reasonable efforts to cause the Company to maintain such exemption from such status;

(xv) furnishing reports and statistical and economic research to the Company regarding the Company's activities and services performed for the Company by the Manager;

(xvi) monitoring the operating performance of the Company's investments and providing periodic reports with respect thereto to the Board, including comparative information with respect to such operating performance and budgeted or projected operating results;

(xvii) investing and reinvesting any monies and securities of the Company (including investing in short-term investments pending investment in other investments, payment of fees, costs and expenses or payments of dividends or distributions to the Company's stockholders, partners or members) and advising the Company as to the Company's capital structure and capital raising;

(xviii) causing the Company to retain qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures and systems, internal controls and other compliance procedures and testing systems with respect to financial reporting obligations and compliance with the provisions of the Code applicable to REITs and, if applicable, taxable REIT subsidiaries, and to conduct quarterly compliance reviews with respect thereto;

(xix) assisting the Company in qualifying to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;

(xx) assisting the Company in complying with all regulatory requirements applicable to the Company in respect of the Company's business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any, required under the Exchange Act or the Securities Act or by the NYSE;

(xxi) assisting the Company in taking all necessary action to enable the Company to make required tax filings and reports, including soliciting information from stockholders, partners or members to the extent required by the provisions of the Code applicable to REITs;

(xxii) placing, or arranging for the placement of, all orders pursuant to the Manager's investment determinations for the Company either directly with the issuer or with a broker or dealer (including any affiliated broker or dealer);

(xxiii) handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company may be involved or to which the Company may be subject arising out of the Company's day-to-day operations (other than with the Manager or its Affiliates), subject to such reasonable limitations or parameters as may be imposed from time to time by the Board;

(xxiv) using commercially reasonable efforts to cause expenses incurred by the Company or on the Company's behalf to be commercially reasonable or commercially customary and within any budgeted parameters or expense guidelines set by the Board from time to time;

(xxv) advising the Company with respect to and structuring long-term financing vehicles for the Company's portfolio of assets, and offering and selling securities publicly or privately in connection with any such structured financing;

(xxvi) advising the Company with respect to decisions regarding any of the Company's financings, hedging activities or borrowings undertaken by the Company, including (A) assisting the Company in developing criteria for debt and equity financing that is specifically tailored to the Company's investment objectives and (B) advising the Company with respect to obtaining appropriate financing for the Company's investments;

(xxvii) providing the Company with Portfolio Management Services and Monitoring Services;

(xxviii) arranging marketing materials, advertising, industry group activities (such as conference participations and industry organization memberships) and other promotional efforts designed to promote the Company's business;

(xxix) using commercially reasonable efforts to cause the Company to comply with all applicable laws; and

(xxx) performing such other services as may be required from time to time for management and other activities relating to the Company's assets and business as the Board shall reasonably request or the Manager shall deem appropriate under the particular circumstances.

(c) The Manager may retain, for and on behalf, and at the sole cost and expense, of the Company, such services of the persons and firms referred to in Section 7(a) hereof as the Manager deems necessary or advisable in connection with the management and operations of the Company, which may include Affiliates of the Manager, pursuant to agreement(s) with terms which are then customary for agreements regarding the provision of such services to companies that have assets similar in type, quality and value to the assets of the Company; provided, that (i) any such agreements entered into with Affiliates of the Manager shall be (A) on terms no more favorable to such affiliate than would be obtained from a third party on an arm's-length basis or (B) approved by a majority of the Independent Directors, (ii) with respect to Portfolio Management Services, (A) any such agreements shall be subject to the Company's prior written approval and (B) the Manager shall remain liable for the performance of such Portfolio Management Services, and (iii) with respect to Monitoring Services, any such agreements shall be subject to the Company's prior written approval. The Manager shall keep the Board reasonably informed on a periodic basis as to any services provided by Affiliates of the Manager that are not approved by a majority of the Independent Directors.

(d) In performing its duties under this Section 2, the Manager shall be entitled to rely reasonably on qualified experts and professionals (including accountants, legal counsel and other professional service providers) hired by the Manager at the Company's sole cost and expense. In addition, subject to the prior approval of a majority of the Independent Directors, the Manager is hereby authorized to enter into one or more sub-advisory agreements with other investment managers (each, a "Sub-Manager") pursuant to which the Manager may obtain the services of the Sub-Manager(s) to assist the Manager in providing the investment advisory services required to be provided by the Manager under Section 2(a) hereof. Specifically, the Manager may retain a Sub-Manager to recommend specific securities or other investments based upon the Company's Investment Guidelines, and work,

along with the Manager, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on behalf of the Company, subject to the oversight of the Manager and the Company. The Manager, and not the Company, shall be responsible for any compensation payable to any Sub-Manager. Any sub-management agreement entered into by the Manager shall be in accordance with applicable laws. Nothing in this subsection (d) will obligate the Manager to pay any expenses that are the expenses of the Company under Section 2 hereof. Notwithstanding the appointment of any Sub-Manager, the Manager shall remain solely responsible for the performance of its obligations under this Agreement.

(e) The Manager shall refrain from any action that, in its sole judgment made in good faith, (i) is not in compliance with the Investment Guidelines, (ii) would adversely and materially affect the qualification of the Company as a REIT under the Code or the Company's status as an entity intended to be exempted or excluded from investment company status under the Investment Company Act or (iii) would violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Company or of any exchange on which the securities of the Company may be listed or that would otherwise not be permitted by the applicable Governing Instruments. If the Manager is ordered to take any action by the Board, the Manager shall promptly notify the Board if it is the Manager's reasonable judgment that such action would adversely and materially affect such status or violate any such law, rule or regulation or Governing Instruments. Notwithstanding the foregoing, neither the Manager nor any of its Affiliates, nor any of their members, stockholders, managers, partners, personnel, officers, directors, employees, consultants and any person providing sub-advisory services to the Manager shall be liable to the Company, the Board, or the Company's stockholders, partners or members, for any act or omission by the Manager or any of its Affiliates, except as provided in Section 7(d) hereof.

(f) The Company (including the Board) agrees to take all actions reasonably required to permit and enable the Manager to carry out its duties and obligations under this Agreement, including all steps reasonably necessary to allow the Manager to file any registration statement or other filing required to be made under the Securities Act, Exchange Act, the NYSE's Listed Company Manual, Code or other applicable law, rule or regulation on behalf of the Company in a timely manner. The Company further agrees to use commercially reasonable efforts to make available to the Manager all resources, information and materials reasonably requested by the Manager to enable the Manager to satisfy its obligations hereunder, including its obligations to prepare, or cause to be prepared, required financial statements or other information or reports with respect to the Company.

(g) As frequently as the Manager may deem reasonably necessary or advisable, or at the direction of the Board, the Manager shall prepare, or, at the sole cost and expense of the Company, cause to be prepared, any reports and other information relating to any proposed or consummated investment as may be reasonably requested by the Company.

(h) The Manager shall prepare, or cause to be prepared, at the sole cost and expense of the Company, all reports, financial or otherwise, with respect to the Company reasonably required by the Board in order for the Company to comply with its Governing Instruments, or any other materials required to be filed with any governmental body or agency, and shall prepare, or cause to be prepared, at the sole cost and expense of the Company, all materials and data necessary to complete such reports and other materials, including an annual audit of the Company's books of account by a nationally recognized independent accounting firm.

(i) The Manager shall prepare, or cause to be prepared, at the sole cost and expense to the Company, regular reports for the Board to enable the Board to review the Company's acquisitions, portfolio composition and characteristics, credit quality, performance and compliance with the Investment Guidelines and policies approved by the Board.

(j) Officers, employees, personnel and agents of the Manager and its Affiliates may serve as directors, officers, agents, nominees or signatories for the Company, to the extent permitted by their Governing Instruments, by this Agreement or by any resolutions duly adopted by the Board. When executing documents or otherwise acting in such capacities for the Company, such persons shall indicate in what capacity they are executing on behalf of the Company. Without limiting the foregoing, while this Agreement is in effect, the Manager will provide the Company with a management team, including a Chief Executive Officer and/or President, Chief Financial Officer and/or Treasurer, Chief Investment Officer, Chief Operating Officer and General Counsel and/or Secretary, each of whom shall be satisfactory to and approved by the Board, along with appropriate support

personnel, to provide the management services to be provided by the Manager to the Company hereunder, who shall devote such of their time to the management of the Company as necessary and appropriate, commensurate with the level of activity of the Company from time to time.

(k) For the period and on the terms and conditions set forth in this Agreement, the Company hereby constitutes, appoints and authorizes the Manager, and any officer of the Manager acting on its behalf from time to time, as the Company's true and lawful agent and attorney-in-fact, in its name, place and stead, to negotiate, execute, deliver and enter into any certificates, instruments, agreements, authorizations and other documentation in the name and on behalf of the Company as the Manager, in its sole discretion, deems necessary or appropriate in connection with the performance of its services hereunder. This power of attorney is deemed to be coupled with an interest. In performing such services, as an agent of the Company, the Manager shall have the right to exercise all powers and authority which are reasonably necessary and customary to perform its obligations under this Agreement, including, the following powers, subject in each case to the terms and conditions of this Agreement, including, without limitation, the Investment Guidelines:

(i) to purchase, exchange or otherwise acquire and to sell, exchange or otherwise dispose of, any investment at public or private sale;

(ii) to borrow and, for the purpose of securing the repayment thereof, to pledge, mortgage or otherwise encumber investments and enter into agreements in connection therewith, including, without limitation, repurchase agreements, master repurchase agreements, International Swap Dealer Association swap, caps and other agreements and annexes thereto and other futures and forward agreements;

(iii) to purchase, take and hold investments subject to mortgages or other liens;

(iv) to extend the time of payment of any liens or encumbrances which may at any time be encumbrances upon any investment, irrespective of by whom the same were made;

(v) to foreclose, to reduce the rate of interest on, and to consent to the modification and extension of the maturity or other terms of any investments, or to accept a deed in lieu of foreclosure;

(vi) to join in a voluntary partition of any investment;

(vii) to cause to be demolished any structures on any real estate investment;

(viii) to cause renovations and capital improvements to be made to any real estate investment;

(ix) to abandon any real estate investment deemed to be worthless;

(x) to enter into joint ventures or otherwise participate in investment vehicles investing in investments;

(xi) to cause any real estate investment to be leased, operated, developed, constructed or exploited;

(xii) to obtain and maintain insurance in such amounts and against such risks as are prudent in accordance with customary and sound business practices in the appropriate geographic area;

(xiii) to cause any property to be maintained in good state of repair and upkeep; and to pay the taxes, upkeep, repairs, carrying charges, maintenance and premiums for insurance;

(xiv) to use the personnel and resources of its Affiliates in performing the services specified in this Agreement;

(xv) to designate and engage all professionals, consultants and other service providers subject to and in accordance with, as applicable, Section 2(c), to perform services (directly or indirectly) on behalf of the Company, including, without limitation, accountants, legal counsel and engineers; and

(xvi) to take any and all other actions as are necessary or appropriate in connection with the Company's investments.

The Manager shall be authorized to represent to third parties that it has the power to perform the actions which it is authorized to perform under this Agreement.

(l) The Manager shall maintain, at its sole cost and expense, reasonable and customary "errors and omissions" insurance coverage and other customary insurance coverage in respect of its obligations and activities under, or pursuant to, this Agreement.

(m) The Manager acknowledges receipt of the Company's Code of Business Conduct and Ethics and Policy on Insider Trading and agrees to require the Persons who provide services to the Company to comply with all policies and procedures of the Company, including the Code of Business Conduct and Ethics and the Policy on Insider Trading.

Section 3. Additional Activities of the Manager; Non-Solicitation; Restrictions.

(a) So long as the Manager's obligations shall continue pursuant to this Agreement, neither the Manager nor any of its Affiliates will sponsor or manage any other U.S. publicly traded real estate investment trust that invests in Specified Target Investments.

(b) The Manager and its Affiliates shall not sponsor or manage one or more private investment funds that invest in investment classes that are the same or similar to the Specified Target Investments for a period of one year following the closing of the Initial Public Offering (the "Restricted Period"), except that the Manager and its Affiliates may perform investment advisory services related to a single Specified Target Investment on a one-off basis for one or more private investors or investment funds, so long as (i) the investment advisory services are provided at the request of a client of the Manager or an Affiliate and (ii) the Manager promptly notifies the Company that such services have been rendered.

(c) Following the Restricted Period, the Manager agrees to offer the Company the right to participate in all investment opportunities that the Manager determines are appropriate for the Company in view of its investment objectives, policies and strategies, and other relevant factors, subject to the exception that the Company might not participate in each such opportunity but will on an overall basis equitably participate with the Manager's other clients in relevant investment opportunities in accordance with the Manager's then prevailing investment allocation policy, which shall be approved by the Company's Independent Directors and, at the request of the Independent Directors, be subject to periodic review and back-testing by the Company's internal audit function or an independent third party. When making decisions where a conflict of interest may arise, the Manager will endeavor to allocate investment and financing opportunities in a fair and equitable manner over time as between the Company and the Manager's other clients, in each case in accordance with the Manager's aforementioned investment allocation policy.

(d) Except as provided herein, nothing in this Agreement shall (i) in any way bind or restrict any member, stockholder, manager, partner, personnel, officer, director, employee or consultant of the Manager or any of its Affiliates from buying, selling or trading any securities or commodities for their own accounts, (ii) obligate the Manager to dedicate any of its officers or personnel exclusively to the Company or (iii) obligate the Company's officers to dedicate any specific portion of their time to the Company's business.

(e) In the event of a Termination Without Cause of this Agreement by the Company pursuant to Section 10(b) hereof, for two (2) years after such termination of this Agreement, the Company shall not, without the consent of the Manager, employ or otherwise retain any employee of the Manager or any of its Affiliates or any person who has been employed by the Manager or any of its Affiliates at any time within the two (2) year period

immediately preceding the date on which such person commences employment with or is otherwise retained by the Company. The Company acknowledges and agrees that, in addition to any damages, the Manager may be entitled to equitable relief for any violation of this Section 3(e) by the Company, including, without limitation, injunctive relief.

Section 4. Bank Accounts. At the direction of the Board, the Manager may establish and maintain one or more bank accounts in the name of the Company (any such account, a "Company Account"), and may collect and deposit into any such Company Account or Company Accounts, and disburse funds from any such Company Account or Company Accounts, under such terms and conditions as the Board may approve; and the Manager shall from time to time render appropriate accountings of such collections and payments to the Board and, upon request, to the auditors of the Company.

Section 5. Records; Confidentiality. The Manager shall maintain appropriate books of accounts and records relating to services performed hereunder, and such books of account and records shall be accessible for inspection by representatives of the Company at any time during normal business hours upon reasonable advance notice. The Manager shall have full responsibility for the maintenance, care and safekeeping of all such books of account, records and files (it being understood that services may be provided with respect to the Company by service providers (e.g., administrators, prime brokers and custodians) and so long as such service providers are monitored by the Manager with due care, the Manager shall be in compliance with the foregoing). The Manager shall keep confidential any and all non-public information, written or oral, obtained by it in connection with the services rendered hereunder ("Confidential Information") and shall not use Confidential Information except in furtherance of its duties under this Agreement or disclose Confidential Information, in whole or in part, to any Person other than (a) to its Affiliates, (b) to its and its Affiliates' members, stockholders, managers, partners, personnel, officers, directors, employees, consultants, agents, representatives or advisors who need to know such Confidential Information, (c) to appraisers, financing sources and others in the ordinary course of the Company's business ((a), (b) and (c) collectively, "Manager Permitted Disclosure Parties"), (d) in connection with any governmental or regulatory filings of the Company or disclosure or presentations to Company investors (subject to compliance with Regulation FD), (e) to governmental officials having jurisdiction over the Company, (f) as required by law or legal process to which the Manager or any Person to whom disclosure is permitted hereunder is a party, (g) to the extent reasonably required to perform the services under this Agreement or (h) with the consent of the Board. The Manager agrees to inform each of its Manager Permitted Disclosure Parties of the non-public nature of the Confidential Information and instruct the Manager Permitted Disclosure Parties to keep such information confidential. Nothing herein shall prevent the Manager from disclosing Confidential Information (i) upon the order of any court or administrative agency, (ii) upon the request or demand of, or pursuant to any law or regulation to, any regulatory agency or authority having jurisdiction over the Manager, (iii) to the extent reasonably required in connection with the exercise of any remedy hereunder or (iv) to its legal counsel or independent auditors; *provided*, *however*, that with respect to clauses (i) and (ii), it is agreed that, so long as not legally prohibited, the Manager will provide the Company with written notice within a reasonable period of time of such order, request or demand so that the Company may seek, at its sole expense, an appropriate protective order and/or waive the Manager's compliance with the provisions of this Agreement. If, failing the entry of a protective order or the receipt of a waiver hereunder, the Manager is required to disclose Confidential Information, the Manager may disclose only that portion of such information that is legally required without liability hereunder; *provided*, that the Manager agrees to exercise its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information. Notwithstanding anything herein to the contrary, each of the following shall be deemed to be excluded from provisions hereof: any Confidential Information that: (A) is available to the public from a source other than the Manager; (B) is released by the Company to the public or to Persons who are not under similar obligation of confidentiality to the Company; or (C) is obtained by the Manager from a third party that, to the best of the Manager's knowledge, has not breached an obligation of confidence with respect to the Confidential Information disclosed. The provisions of this Section 5 shall survive the expiration or earlier termination of this Agreement for a period of one year.

Section 6. Compensation.

(a) For the services rendered under this Agreement, the Company shall pay the Base Management Fee and the Incentive Compensation to the Manager. The Manager will not receive any compensation for the period prior to the Closing Date other than expenses incurred and reimbursed pursuant to Section 7 hereof.

(b) The parties acknowledge that the Base Management Fee is intended to compensate the Manager for certain expenses it will incur pursuant to this Agreement, as well as certain expenses that are not otherwise reimbursable under Section 7 hereof, in order for the Manager to provide the Company the investment advisory services and certain general management services rendered under this Agreement.

(c) The Base Management Fee shall be payable in arrears in cash, in quarterly installments commencing with the quarter in which this Agreement is executed. If applicable, the initial and final installments of the Base Management Fee shall be prorated based on the number of calendar days during the initial and final quarter, respectively, that this Agreement is in effect. The Manager shall compute each quarterly installment of the Base Management Fee within thirty (30) days after the end of the calendar quarter with respect to which such installment is payable and a copy of the computations made by the Manager to calculate such installment shall thereafter promptly be delivered to the Company. The Company shall pay the Manager such installment of the Base Management Fee in cash within five (5) Business Days after receipt of such calculation from the Manager.

(d) The Base Management Fee is subject to adjustment pursuant to and in accordance with the provisions of Section 10(c) of this Agreement.

(e) The Incentive Compensation shall be payable in arrears, in quarterly installments, with the first quarter for which Incentive Compensation shall be payable, if earned, being the quarter ending December 31, 2018. The Manager shall compute each quarterly installment of the Incentive Compensation within forty-five (45) days after the end of the calendar quarter with respect to which such installment is payable, and a copy of the computations made by the Manager to calculate such installment shall thereafter promptly be delivered to the Company. The Company shall pay the Manager such installment of the Incentive Compensation in cash within five (5) Business Days after receipt of such calculation from the Manager.

(f) The Manager shall submit calculations of the Base Management Fee and the Incentive Compensation for each quarter to the Company's independent auditors for review.

Section 7. Expenses of the Company.

(a) The Company shall pay all of its costs and expenses and shall reimburse the Manager or its Affiliates for expenses of the Manager and its Affiliates incurred on behalf of the Company, excepting only those expenses that are specifically the responsibility of the Manager pursuant to this Section 7. Without limiting the generality of the foregoing, it is specifically agreed that the following costs and expenses of the Company shall be paid by the Company and shall not be paid by the Manager or Affiliates of the Manager:

(i) fees, costs and expenses in connection with the issuance and transaction costs incident to the diligencing, underwriting, acquisition, negotiation, structuring, origination, trading, settling, operation, servicing, disposition and financing of the assets and investments of the Company (whether or not consummated), including brokerage commissions, hedging costs, prime brokerage fees, custodial expenses, clearing and settlement charges, forfeited deposits, and other investment costs fees and expenses actually incurred in connection with the pursuit, making, holding, settling, monitoring or disposing of actual or potential investments;

(ii) fees, costs and expenses of legal, financial, tax, accounting, underwriting, originating, servicing, due diligence, consulting, auditing (including internal audit), operational and administrative, investment banking, capital markets and other similar services rendered for the Company by providers retained by the Manager or, if provided by the Manager's personnel, in amounts that are no greater than those that would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis;

(iii) the compensation and expenses of the Company's directors and the cost of liability insurance to indemnify the Company's directors and officers;

(iv) interest and fees and expenses arising out of borrowings made by the Company, including, but not limited to, costs associated with the establishment and maintenance of any of the Company's credit facilities, other financing arrangements, or other indebtedness of the Company (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of the Company's securities offerings;

(v) expenses connected with communications to holders of the Company's securities and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including all costs of preparing and filing required reports with the SEC, the costs payable by the Company to any transfer agent and registrar in connection with the listing and/or trading of the Company's securities on any exchange, the fees payable by the Company to any such exchange in connection with its listing, costs of preparing, printing and mailing the Company's annual report to the Company's stockholders, partners or members and proxy materials with respect to any meeting of the Company's stockholders, partners or members and any other reports or related statements;

(vi) costs associated with technology related expenses, including any computer software or hardware, electronic equipment or purchased information technology services from third party vendors or Affiliates of the Manager, technology service providers and related software/hardware utilized in connection with the Company's investment and operational activities;

(vii) expenses incurred by managers, officers, personnel and agents of the Manager for travel on the Company's behalf and other out-of-pocket expenses incurred by managers, officers, personnel and agents of the Manager in connection with the services provided hereunder, including in connection with any purchase, financing, refinancing, sale or other disposition of an investment or establishment and maintenance of any of the Company's securitizations or any of the Company's securities offerings;

(viii) costs and expenses incurred with respect to market information systems and publications, research publications and materials, and settlement, clearing and custodial fees and expenses;

(ix) the costs of maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency;

(x) all federal, state and local taxes and license fees;

(xi) all insurance costs incurred by or on behalf of the Company in connection with the operation of the Company's business, except for the costs attributable to the insurance that the Manager elects to carry for itself and its personnel such as coverage for employers' liability, fidelity or errors and omissions insurance;

(xii) all other costs and expenses relating to the Company's business and investment operations, including the costs and expenses of originating, acquiring, owning, protecting, servicing, maintaining, developing and disposing of investments, including appraisal, reporting, audit and legal fees;

(xiii) expenses (including the Company's portion of rent, telephone, printing, mailing, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses) relating to any office(s) or office facilities, calculated in accordance with the Company's actual usage of such facilities, equipment or services, including disaster backup recovery sites and facilities, maintained for the Company or the investments of the Company, the Manager or their Affiliates required for the operation of the Company;

(xiv) expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by the Board to or on account of holders of the Company's securities, including in connection with any dividend reinvestment plan;

(xv) the costs of any litigation involving the Company or its assets and the amount of any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against the Company, or against any trustee, director, partner, member or officer of the Company in his or her capacity paid in connection therewith, directors and officers, liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Company; and

(xvi) all other expenses actually incurred by the Manager (except as otherwise specified herein) that are reasonably necessary for the performance by the Manager of its duties and functions under this Agreement.

(b) The Manager shall be responsible and the Company shall have no obligation to reimburse the Manager or its Affiliates for the salaries, bonuses, employee benefits, perquisites, taxes and expenses associated with the Manager's personnel who provide investment advice and investment services to the Company under this Agreement. The Company shall reimburse the Manager or its Affiliates, as applicable, for the Company's allocable share of the compensation, including annual base salary, bonus and any related withholding taxes and employee benefits, paid to (i) the Manager's personnel serving as the Company's chief financial officer and general counsel,

based on the percentage of their time spent managing the Company's affairs and (ii) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment personnel of the Manager and its Affiliates who spend all or a portion of their time managing the Company's affairs. The Company's share of such costs shall be based upon the percentage of time devoted by such personnel of the Manager or its Affiliates to the Company's affairs. The Manager shall provide the Company with such written detail as the Company may reasonably request to support the determination of the Company's share of such costs.

(c) In addition, the Manager shall be responsible and the Company shall have no obligation to reimburse the Manager or its Affiliates for costs and expenses incurred by the Manager in connection with Company's initial public offering of its common stock and the formation transaction contemplated by the Contribution Agreement, dated the date hereof, among and the Company, Two Harbors Operating Company LLC and Two Harbors' Investment Corp.

(d) The Manager may, at its option, elect not to seek reimbursement for certain expenses during a given quarterly period, which determination shall not be deemed to construe a waiver of reimbursement for similar expenses in future periods.

(e) Costs and expenses incurred by the Manager on behalf of the Company shall be reimbursed monthly to the Manager. The Manager shall prepare a written statement in reasonable detail documenting the costs and expenses of the Company and those incurred by the Manager on behalf of the Company during each month, and shall use commercially reasonable efforts to deliver such written statement to the Company within thirty (30) days after the end of each month (subject to reasonable delays resulting from delays in the receipt of information). The Company shall pay all amounts payable to the Manager pursuant to this Section 7(d) in cash within five (5) Business Days after the receipt of the written statement without demand, deduction, offset or delay. Cost and expense reimbursements to the Manager shall be subject to adjustment at the end of each calendar year in connection with the annual audit of the Company. The provisions of this Section 7 shall survive the expiration or earlier termination of this Agreement to the extent such expenses have previously been incurred or are incurred in connection with such expiration or termination.

(f) Notwithstanding anything contained in this Agreement to the contrary, except to the extent that the payment of additional monies is proven by the Company to have been required as a direct result of the Manager's acts or omissions that result in the right of the Company to terminate this Agreement pursuant to Section 12 of this Agreement, the Manager shall not be required to expend money ("Excess Funds") in connection with any expenses that are required to be paid for or reimbursed by the Company pursuant to this Agreement in excess of that contained in any applicable Company Account (as herein defined) or otherwise made available by the Company to be expended by the Manager hereunder. Failure of the Manager to expend Excess Funds out-of-pocket shall not give rise or be a contributing factor to the right of the Company under Section 10(b) of this Agreement to terminate this Agreement due to the Manager's unsatisfactory performance.

Section 8. Limits of the Manager's Responsibility; Indemnification.

(a) The Manager assumes no responsibility under this Agreement other than to render the services called for hereunder in good faith and shall not be responsible for any action of the Board in following or declining to follow any advice or recommendations of the Manager, including as set forth in the Investment Guidelines. The Manager and its Affiliates, and any of their members, stockholders, managers, partners, personnel, officers, directors, employees, consultants and any person providing sub-advisory services to the Manager, will not be liable to the Company, the Board or the Company's stockholders, partners or members for any acts or omissions by any such Person (including errors that may result from ordinary negligence, such as errors in the investment decision making process or in the trade process) performed in accordance with and pursuant to this Agreement, except by reason of acts or omission constituting bad faith, willful misconduct, gross negligence or reckless disregard of their respective duties under this Agreement, as determined by a final non-appealable order of a court of competent jurisdiction. The Company shall, to the full extent lawful, reimburse, indemnify and hold harmless the Manager, its Affiliates, and any of their members, stockholders, managers, partners, personnel, officers, directors, employees, consultants and any person providing sub-advisory services to the Manager (each, a "Manager Indemnified Party"), of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and amounts reasonably paid in settlement) (collectively, "Losses") incurred by the Manager Indemnified Party in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising from any acts or omissions of such Manager Indemnified Party performed in good faith under this Agreement and not constituting bad faith, willful misconduct, gross negligence or reckless disregard of duties of such Manager Indemnified Party under this Agreement.

(b) The Manager shall, to the full extent lawful, reimburse, indemnify and hold harmless the Company, and the directors, officers, stockholders, partners or members of the Company and each Person, if any, controlling the Company (each, a "Company Indemnified Party" and, together with a Manager Indemnified Party, an "Indemnified Party") of and from any and all Losses in respect of or arising from (i) any acts or omissions of the Manager constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties of the Manager under this Agreement or (ii) any claims by the Manager's employees relating to the terms and conditions of their employment by the Manager.

(c) In case any such claim, suit, action, or proceeding (a "Claim") is brought against any Indemnified Party in respect of which indemnification may be sought by such Indemnified Party pursuant hereto, the Indemnified Party shall give prompt written notice thereof to the indemnifying party; *provided*, *however*, that the failure of the Indemnified Party to so notify the indemnifying party shall not relieve the indemnifying party from any liability that it may have hereunder, except to the extent such failure actually materially prejudices the indemnifying party. Upon receipt of such notice of Claim (together with such documents and information from such Indemnified Party), the indemnifying party shall, at its sole cost and expense, in good faith defend any such Claim with counsel reasonably satisfactory to such Indemnified Party. The Indemnified Party will be entitled to participate but, subject to the next sentence, not control, the defense of any such action, with its own counsel and at its own expense. Such Indemnified Party may elect to conduct the defense of the Claim, if (i) such Indemnified Party reasonably determines that the conduct of its defense by the indemnifying party could be materially prejudicial to its interests, (ii) the indemnifying party refuses to assume such defense (or fails to give written notice to the Indemnified Party within ten (10) days of receipt of a notice of Claim that the indemnifying party assumes such defense) or (iii) the indemnifying party shall have failed, in such Indemnified Party's reasonable judgment, to defend the Claim in good faith. The indemnifying party may settle any Claim against such Indemnified Party without such Indemnified Party's consent, *provided*, that (x) such settlement is without any Losses whatsoever to such Indemnified Party, (y) the settlement does not include or require any admission of liability or culpability by such Indemnified Party and (z) the indemnifying party obtains an effective written release of liability for such Indemnified Party from the party to the Claim with whom such settlement is being made, which release must be reasonably acceptable to such Indemnified Party, and a dismissal with prejudice with respect to all claims made by the party against such Indemnified Party in connection with such Claim. The applicable Indemnified Party shall reasonably cooperate with the indemnifying party, at the indemnifying party's sole cost and expense, in connection with the defense or settlement of any Claim in accordance with the terms hereof. If such Indemnified Party is entitled pursuant to this Section 8 to elect to defend such Claim by counsel of its own choosing and so elects, then the indemnifying party shall be responsible for any good faith

settlement of such Claim entered into by such Indemnified Party. Except as provided in the immediately preceding sentence, no Indemnified Party may pay or settle any Claim and seek reimbursement therefor under this Section 8.

(d) The provisions of this Section 8 shall survive the expiration or earlier termination of this Agreement. The Company and the Manager agree that each Indemnified Party is and shall be an express third party beneficiary of this Agreement.

Section 9. No Joint Venture. The Company and the Manager are not partners or joint venturers with each other and nothing herein shall be construed to make them such partners or joint venturers or impose any liability as such on either of them.

Section 10. Term; Renewal; Termination Without Cause.

(a) This Agreement shall become effective on the Closing Date and shall continue in operation, unless terminated in accordance with the terms hereof, until the third anniversary of the Closing Date (the "Initial Term"). After the Initial Term, this Agreement shall be deemed renewed automatically each year for an additional one-year period (an "Automatic Renewal Term") unless the Company or the Manager elects not to renew this Agreement in accordance with Section 10(b) or Section 10(d), respectively.

(b) Notwithstanding any other provision of this Agreement to the contrary, upon the expiration of the Initial Term or any Automatic Renewal Term and upon one hundred and eighty (180) days' prior written notice to the Manager (the "Termination Notice"), the Company may, without cause, in connection with the expiration of the Initial Term or the then current Automatic Renewal Term, decline to renew this Agreement (any such nonrenewal, a "Termination Without Cause") upon the affirmative vote of at least two-thirds (2/3) of the Independent Directors or upon a determination by the holders of a majority of outstanding shares common stock that (i) there has been unsatisfactory performance by the Manager that is materially detrimental to the Company taken as a whole or (ii) the Base Management Fee and Incentive Compensation payable to the Manager are not fair, subject to Section 10(c) hereof. In the event of a Termination Without Cause, the Company shall pay the Manager the Termination Fee before or on the last day of the Initial Term or such Automatic Renewal Term, as the case may be (the "Effective Termination Date").

(c) Notwithstanding the provisions of subsection (b) of this Section 10, if the reason for nonrenewal specified in the Company's Termination Notice is that two-thirds (2/3) of the Independent Directors have determined that the Base Management Fee and the Incentive Compensation payable to the Manager are not fair, the Company shall not have the foregoing nonrenewal right in the event the Manager agrees that it will continue to perform its duties hereunder during the Automatic Renewal Term that would commence upon the expiration of the Initial Term or then current Automatic Renewal Term at fees that at least two-thirds (2/3) of the Independent Directors determine to be fair; *provided*, *however*, the Manager shall have the right to renegotiate the Base Management Fee and/or the Incentive Compensation, by delivering to the Company, not less than forty-five (45) days prior to the pending Effective Termination Date, written notice (a "Notice of Proposal to Negotiate") of its intention to renegotiate the Base Management Fee and/or the Incentive Compensation. Thereupon, the Company and the Manager shall endeavor to negotiate the Base Management Fee and/or the Incentive Compensation in good faith. If the Company and the Manager agree to a revised Base Management Fee, Incentive Compensation or other compensation structure within sixty (60) days following the Company's receipt of the Notice of Proposal to Negotiate, the Termination Notice from the Company shall be deemed of no force and effect, and this Agreement shall continue in full force and effect on the terms stated herein, except that the Base Management Fee, the Incentive Compensation or other compensation structure shall be the revised Base Management Fee, Incentive Compensation or other compensation structure as then agreed upon by the Company and the Manager. The Company and the Manager agree to execute and deliver an amendment to this Agreement setting forth such revised Base Management Fee, Incentive Compensation, or other compensation structure promptly upon reaching an agreement regarding same. In the event that the Company and the Manager are unable to agree to a revised Base Management Fee, Incentive Compensation, or other compensation structure during such sixty (60) day period, this Agreement shall terminate on the Effective Termination Date and the Company shall be obligated to pay the Manager the Termination Fee upon the Effective Termination Date.

(d) No later than one hundred and eighty (180) days prior to the expiration of the Initial Term or the then current Automatic Renewal Term, the Manager may deliver written notice to the Company informing it of the Manager's intention to decline to renew this Agreement, whereupon this Agreement shall not be renewed and extended and this Agreement shall terminate effective on the anniversary date of this Agreement next following the delivery of such notice. The Company is not required to pay to the Manager the Termination Fee if the Manager terminates this Agreement pursuant to this Section 10(d).

(e) Except as set forth in this Section 10, a nonrenewal of this Agreement pursuant to this Section 10 shall be without any further liability or obligation of either party to the other, except as provided in Sections 3(b), 5, 7, 8, 10(b), 12(b), 13 and 15(e) hereof.

(f) The Manager shall cooperate, at the Company's expense, with the Company in executing an orderly transition of the management of the Company's consolidated assets to a new manager.

Section 11. Assignments.

(a) Assignments by the Manager. This Agreement shall terminate automatically without payment of the Termination Fee in the event of its assignment, in whole or in part, by the Manager, unless such assignment is consented to in writing by the Company with the approval of a majority of the Independent Directors. Any permitted assignment (including to an Affiliate of the Manager as set forth below) shall bind the assignee under this Agreement in the same manner as the Manager is bound, and the Manager shall be liable to the Company for all errors or omissions of the assignee under any such assignment. In addition, the assignee shall execute and deliver to the Company a counterpart of this Agreement naming such assignee as the Manager. Notwithstanding anything to the contrary in this Agreement, the Manager may, without the approval of the Company or the Independent Directors, (i) assign this Agreement to an Affiliate of the Manager and (ii) delegate to one or more of its Affiliates the performance of any of its responsibilities hereunder so long as it remains liable for any such Affiliate's performance, in each case so long as assignment or delegation does not require the Company's approval under the Investment Company Act or does not result in a "change of control" as interpreted under the Investment Advisers Act of 1940, as amended (but if such approval is required, the Company shall not unreasonably withhold, condition or delay its consent). Nothing contained in this Agreement shall preclude any pledge, hypothecation or other transfer of any amounts payable to the Manager under this Agreement.

(b) Assignments by the Company. This Agreement shall not be assigned by the Company without the prior written consent of the Manager, except in the case of assignment by the Company to another REIT or other organization which is a successor (by merger, consolidation, purchase of assets, or other transaction) to the Company, in which case such successor organization shall be bound under this Agreement and by the terms of such assignment in the same manner as the Company is bound under this Agreement.

Section 12. Termination for Cause.

(a) The Company may terminate this Agreement effective upon thirty (30) days' prior written notice of termination from the Company to the Manager, without payment of any Termination Fee, if (i) the Manager, its agents or its assignees breaches any material provision of this Agreement and such breach shall continue for a period of thirty (30) days after written notice thereof specifying such breach and requesting that the same be remedied in such thirty (30)-day period (or forty-five (45) days after written notice of such breach if the Manager takes steps to cure such breach within thirty (30) days of the written notice), (ii) there is a commencement of any proceeding relating to the Manager's Bankruptcy or insolvency, including an order for relief in an involuntary bankruptcy case or the Manager authorizing or filing a voluntary bankruptcy petition, (iii) any Manager Change of Control occurs that a majority of the Independent Directors determines is materially detrimental to the Company taken as a whole, (iv) the Manager is dissolved or (v) the Manager commits fraud against the Company, misappropriates or embezzles funds of the Company, or acts, or fails to act, in a manner constituting bad faith, willful misconduct, gross negligence, or reckless disregard in the performance of its duties under this Agreement; *provided*, *however*, that if any of the actions or omissions described in this clause (v) are caused by an employee, personnel and/or officer of the Manager or one of its Affiliates and the Manager (or such Affiliate) takes all necessary and appropriate action against such person and cures the damage caused by such actions or omissions within thirty (30) days of the

Manager's actual knowledge of its commission or omission, the Company shall not have the right to terminate this Agreement pursuant to this Section 12(a)(v).

(b) The Manager may terminate this Agreement effective upon sixty (60) days' prior written notice of termination to the Company in the event that the Company shall default in the performance or observance of any material term, condition or covenant contained in this Agreement and such default shall continue for a period

of thirty (30) days after written notice thereof specifying such default and requesting that the same be remedied in such thirty (30)-day period. The Company is required to pay to the Manager the Termination Fee if the termination of this Agreement is made pursuant to this Section 12(b).

(c) The Manager, at its sole option, may terminate this Agreement if the Company becomes required to register as an investment company under the Investment Company Act, with such termination deemed to occur immediately before such event, in which case the Company shall not be required to pay the Termination Fee.

Section 13. Actions Upon Termination. From and after the effective date of termination of this Agreement pursuant to Sections 10, 11 or 12 hereof, the Manager shall not be entitled to compensation for further services hereunder, but shall be paid all compensation accruing to the date of termination and, if terminated pursuant to Section 12(b) hereof or not renewed pursuant to Section 10(b) hereof (subject to Section 10(c) hereof), the Termination Fee. Upon any such termination, the Manager shall forthwith:

(a) after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled, pay over to the Company all money collected and held for the account of the Company pursuant to this Agreement;

(b) deliver to the Board a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board with respect to the Company; and

(c) deliver to the Board all property and documents of the Company then in the custody of the Manager; provided that the Manager shall be permitted to retain copies of such documents for its records, and if so retained, the Manager shall continue to be bound by the confidentiality obligations and other obligations set forth in Section 5 hereof with respect to the retained documents.

Section 14. Release of Money or Other Property Upon Written Request. The Manager agrees that any money or other property of the Company held by the Manager shall be held by the Manager as custodian for the Company, and the Manager's records shall be appropriately and clearly marked to reflect the ownership of such money or other property by the Company. Upon the receipt by the Manager of a written request signed by a duly authorized officer of the Company requesting the Manager to release to the Company any money or other property then held by the Manager for the account of the Company under this Agreement, the Manager shall release such money or other property to the Company within a reasonable period of time, but in no event later than sixty (60) days following such request. Upon delivery of such money or other property to the Company, the Manager shall not be liable to the Company, the Board, or the Company's stockholders, partners or members for any acts or omissions by the Company in connection with the money or other property released to the Company in accordance with this Section 14. The Company shall indemnify the Manager and its Affiliates, and any of their members, stockholders, managers, partners, personnel, officers, directors, employees, consultants and any person providing sub-advisory services to the Manager against any and all Losses that arise in connection with the Manager's proper release of such money or other property to the Company in accordance with the terms of this Section 14. Indemnification pursuant to this provision shall be in addition to any right of the Manager and its Affiliates, and any of their members, stockholders, managers, partners, personnel, officers, directors, employees, consultants and any person providing sub-advisory services to the Manager to indemnification under Section 7(d) hereof.

Section 15. Miscellaneous.

(a) Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile), and, unless otherwise expressly provided herein, shall be deemed to

have been duly given or made when delivered against receipt or upon actual receipt of (i) personal delivery, (ii) delivery by reputable overnight courier, (iii) delivery by facsimile transmission with telephonic confirmation or (iv) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below (or to such other address as may be hereafter notified by the respective parties hereto in accordance with this Section 15):

The Company:
Granite Point Mortgage Trust Inc.
590 Madison Avenue, 36th Floor
New York, New York 10022
Attention: General Counsel
Email: legal@gpmortgagetrust.com

The Manager:
Pine River Capital Management L.P.
601 Carlson Parkway, 7th Floor
Minnetonka, Minnesota 55405
Attention: General Counsel
Email: tim.obrien@prcm.com

(b) Binding Nature of Agreement; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided herein. Except for Section 8, none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third party.

(c) Integration. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

(d) Amendments. This Agreement, and any terms hereof, may not be amended, supplemented or modified except in an instrument in writing executed by the parties hereto.

(e) Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES TO THE CONTRARY. EACH OF THE PARTIES HERETO IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT FOR ANY DISTRICT WITHIN SUCH STATE FOR THE PURPOSE OF ANY ACTION OR JUDGMENT RELATING TO OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY AND TO THE LAYING OF VENUE IN SUCH COURT.

(f) Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(g) No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of a party hereto, any right, remedy, power or privilege

hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

No waiver of any provision hereunder shall be effective unless it is in writing and is signed by the party granting such waiver.

(h) Section Headings. The section and subsection headings in this Agreement are for convenience in reference only and shall not be deemed to alter or affect the interpretation of any provisions hereof.

(i) Counterparts. This Agreement may be executed by the parties to this Agreement on any number of separate counterparts (including by facsimile), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(j) Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has executed this Management Agreement as of the date first written above.

Granite Point Mortgage Trust Inc.

By: _____

_____

[Printed Name and Title]

Pine River Capital Management L.P.

By: _____

_____

[Printed Name and Title]

Exhibit A

Investment Guidelines

1. No investment shall be made that would cause the Company to fail to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended.

2. No investment shall be made that would cause the Company to be regulated or required to register as an investment company under the Investment Company Act of 1940.

3. The Company will primarily invest in its Target Investments, consisting of senior commercial mortgage loans, mezzanine loans, preferred equity, subordinated mortgage interests, real estate securities and other debt and debt-like commercial real estate investments.

4. Not more than 25% of the Company's equity capital will be invested in any individual asset without the prior approval of a majority of the Board.

5. Any investment in excess of $300 million in an individual asset shall require the prior approval of a majority of the Board.

6. Until appropriate investments in the Target Investments are identified, the Company may invest its available cash in interest-bearing, short-term investments, including money market accounts or funds, and corporate bonds, subject to the requirements for the Company's qualification as a REIT under the Code.

These Investment Guidelines may be amended, restated, modified, supplemented or waived by the Board (which must include a majority of the Independent Directors) without the approval of the Company's stockholders.

Exhibit 10.2

DIRECTOR DESIGNATION AGREEMENT

This **DIRECTOR DESIGNATION AGREEMENT** (the "Agreement"), dated as of June 14, 2017, is entered into by and among Granite Point Mortgage Trust Inc., a Maryland corporation (the "Company"), and Two Harbors Investment Corp., a Maryland corporation ("Two Harbors").

RECITALS

WHEREAS, Two Harbors and its Affiliates (as defined below) own interests in certain commercial real estate assets that will be transferred to the Company and/or its Affiliates pursuant to a contribution agreement (the "Contribution Agreement"), in connection with the initial public offering of shares of the Company's common stock (the "Common Stock");

WHEREAS, Two Harbors and its Affiliates will receive shares of the Company's common stock and preferred stock in exchange for such commercial real estate assets;

WHEREAS, a majority of the Company's board of directors (the "Board of Directors") must be Independent Directors (as defined under the Listing Rules of the New York Stock Exchange, Inc. and as defined in the Exchange Act (as defined below));

WHEREAS, the Company and Two Harbors, acting through and at the direction of its committee of independent directors, desire that Two Harbors shall have the right to designate three individuals for nomination for election to the Board of Directors of the Company in accordance with and subject to the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Article I

DEFINED TERMS

In addition to the definitions set forth above or otherwise herein, the following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement:

"Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this Agreement, as it may be amended, supplemented or restated from time to time.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, together with rules and regulations promulgated thereunder.

"Initial Designees" means Stephen G. Kasnet, W. Reid Sanders and Hope B. Woodhouse.

"IPO Date" means the closing date of the initial public offering of shares of Common Stock of the Company pursuant to the Registration Statement.

"Person" means an individual or a corporation, partnership, limited liability company, association, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentally thereof.

"Registration Statement" means the Registration Statement on Form S-11 (File No: 333-218197), as filed by the Company with the United States Securities and Exchange Commission on May 24, 2017, and as amended or supplemented from time to time.

"Termination Effective Time" means the date and time at which the 2019 Annual Meeting is called to order.

"2018 Annual Meeting" means the annual meeting of stockholders of the Company to be held, or held, during calendar year 2018.

"2019 Annual Meeting" means the annual meeting of stockholders of the Company to be held, or held, during calendar year 2019.

Article II

BOARD OF DIRECTORS

1. Two Harbors Right to Designate Director Nominees. Subject to the terms and conditions of this Agreement, Two Harbors shall have the right to designate from time to time three individuals qualifying as Independent Directors as nominees for election to the Board of Directors, provided that such individuals shall commence their service on the Board of Directors as of the IPO Date and shall terminate their service on the Board of Directors (unless re-nominated by the Board of Directors in its sole discretion) not later than the Termination Effective Time, and provided further that at no time shall the right provided for hereinabove be exercisable if it would lead to or result in more than three nominees of Two Harbors serving on the Board of Directors at any time.

2. Nomination.The Company agrees to nominate for election to the Board of Directors the individual(s) designated by Two Harbors to be nominated for election as directors pursuant to and in accordance with the terms and conditions of this Agreement. Nothing herein shall affect the rights of the Company or any stockholder or director of the Company to nominate for election to the Board of Directors individuals in addition to those designated by Two Harbors (provided, however, that the Board of Directors shall not nominate more individuals for election

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as directors than there are director positions to be filled), to solicit votes or proxies for or on behalf of such individuals or to otherwise take such action in connection with the nomination or election of directors as in the opinion of the Company or such stockholder or director may be in the best interests of the Company. Nothing herein shall

obligate the Company or the Board of Directors to nominate or cause to be nominated for election to the Board of Directors any designee of Two Harbors, or to take any other action, if the Board of Directors (or nominating committee) determines in good faith that so doing would constitute a breach of its duties under applicable law.

3. Mechanics of Designation. The Company shall give Two Harbors at least 20 days prior written notice of the date of the proposed mailing of proxy materials for the 2018 Annual Meeting and any other meeting of stockholders prior to the 2019 Annual Meeting at which there will be (or there is anticipated to be) the election of directors of the Company. Promptly upon (and in any event within 10 days after) receipt of such notice from the Company, or upon the occurrence of any other event that gives rise to the exercise by Two Harbors of its rights hereunder to designate an individual for nomination for election to the Board, Two Harbors shall give written notice (a "Designation Notice") to the Company of the name of each individual which Two Harbors designates under this Agreement to then be nominated for election or reelection to the Board of Directors, together with the following: (i) all information relating to each such individual that is required to be provided under the Bylaws of the Company in respect of any individual who a stockholder proposes to nominate for election, including all information relating to such individual that is required to be disclosed in the solicitation of proxies for election of directors or is otherwise required pursuant to Regulation 14A under the Exchange Act, (ii) such individual's or individuals' written consent to serving as a director if elected, and if applicable, being named in the proxy statement for the 2018 Annual Meeting as a nominee, (iii) a certificate from each such individual as to the completeness and accuracy of such information so provided about him or her, and (iv) a fully executed Resignation Letter as described below. In addition, Two Harbors will certify to the Company in such Designation Notice that each of the individual designees named therein qualifies as an Independent Director and shall provide all information relevant to the determination of such designees' qualification as an Independent Director, provided, however that, subject to the provisions of Article III, Section 2 below, the ultimate determination as to the qualification of each such designee as an Independent Director shall nevertheless be made in good faith by the Board of Directors. If the Designation Notice is not provided to the Company in proper form or on a timely basis as provided above, Two Harbors shall be deemed to have re-designated its existing designee(s) then serving on the Board of Directors except for any such designee who for any reason is unavailable to serve or has been determined for any reason to no longer qualify as an Independent Director, in respect of which such right hereunder will be deemed to have been waived if a qualifying replacement is not promptly named. At the request of the Board of Directors, any individual so nominated for election or reelection as a director shall furnish to the Secretary of the Company that information required to be set forth in the Designation Notice.

4. Certain Requirements. Through the Termination Effective Date, (a) Two Harbors agrees to vote, and will cause its Affiliates to vote, all shares of Common Stock as to which it or they have voting rights, and to use its best efforts to cause all directors who are designees of Two Harbors designated or elected pursuant to the terms of this Agreement to vote, for the election of a slate of directors which shall (i) include the nominee(s) designated by Two Harbors pursuant to this Agreement and (ii) consist of a majority of Independent Directors (the "Approved Slate"), and (b) the Company will cause its Affiliates to vote all shares of Common Stock as to which they

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have voting rights, and to use its best efforts to cause all of its directors other than its directors who are designated by Two Harbors to vote, for the election of the Approved Slate. Two Harbors acknowledges that the directors of the Company (including the Two Harbors designees), if and when elected by the stockholders of the Company, will be elected by the affirmative vote of the holders of the issued and outstanding shares of stock of the Company entitled to vote at elections of directors, and that any designee who is nominated for election to the Board of Directors may fail to be elected by the stockholders of the Company.

5. Actions By Two Harbors. The parties acknowledge and consent that all decisions or actions permitted or required to be taken by Two Harbors under this Agreement shall be taken by Two Harbors at the direction of a majority of Two Harbors' independent directors. The Company shall, however, be entitled to assume, without inquiry, that all communications or notices given, and decisions made or actions taken, hereunder by or on behalf of Two Harbors shall have been given, made or taken at the direction of a majority of Two Harbors' independent directors.

Article III

TERM OF DESIGNEES IN OFFICE

1. Statement of Intent. The Company and Two Harbors acknowledge that the purpose and intent of this Agreement is to allow for and provide a means whereby three (3) individuals designated for nomination by Two Harbors and qualifying as Independent Directors may if elected serve on the Board of Directors of the Company during the period commencing with the IPO Date and terminating at the Termination Effective Time.

2. Initial Designees. The Company agrees to cause the Initial Designees, to be elected by the Board of Directors effective as of the IPO Date, initially to serve on the Board of Directors until the 2018 Annual Meeting and until their respective successors are duly elected and shall qualify; it being acknowledged however that such designees will be designees of Two Harbors pursuant hereto, and that the term of office of any such director (or any director subsequently designated by Two Harbors pursuant hereto) may terminate upon the earlier death, resignation or removal of such individual. Two Harbors represents to the Company, and based upon the information provided by Two Harbors to the Company with regard to each such individual named in the Registration Statement, the Company concurs, that each such individual qualifies as an Independent Director.

3. Loss of Independent Status; Death, Incapacity, Resignation. In the event that any Two Harbors designee serving on, or nominated for election to, the Board of Directors pursuant hereto shall (i) be determined in good faith by the Board of Directors for any reason not to be or to cease to continue to be an Independent Director (in which event Two Harbors agrees to cause the immediate written resignation of such individual from the Board of Directors (or withdrawal of such individual's name as a nominee for election or reelection, as the case may be)), or (ii) die, become incapacitated or resign, Two Harbors shall be free to exercise its rights hereunder in respect of the designation pursuant hereto of another individual, who qualifies as an Independent Director, for nomination for election to the Board of Directors instead of the resigning individual, for the remainder of his or her term of office (provided that Two Harbors and such substitute

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designee shall have complied with the terms of this Agreement in respect of his or her designation and election). Such written resignation or withdrawal shall be in form and substance reasonably acceptable to the Company under the circumstances.

4. Termination Effective Time / Resignation. Two Harbors will cause each individual designated by Two Harbors for nomination and who is serving on the Board of Directors to resign from the Board of Directors on or as of the Termination Effective Time, and will cause each such individual to confirm (and to reconfirm from time to time as reasonably requested by the Company), promptly and in any event within ten (10) days after request from the Company, his or her intention and irrevocable agreement to resign from the Board of Directors effective as of the Termination Effective Time.

Article IV

MISCELLANEOUS

1. Remedies. In addition to being entitled to exercise all rights provided herein and granted by law, including recovery of damages, each of the Company and Two Harbors shall be entitled to specific performance of the respective rights and obligations of the other party under this Agreement. Each agrees that monetary damages would not be adequate for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

2. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended or modified unless in writing, executed by the parties to this Agreement, and waivers or consents to departures from the provisions hereof may not be given unless in a writing executed on behalf of the

party to be charged therewith. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

3. Notices. All notices and other communications in connection with this Agreement shall be made in writing by hand-delivery, registered first-class mail, telecopier, or air courier guaranteeing overnight delivery:

(a) if to Two Harbors, at:

Two Harbors Investment Corp.
590 Madison Avenue, 36th Floor
New York, NY 10022
Attention: General Counsel

and

(b) if to the Company, at:

Granite Point Mortgage Trust Inc.
590 Madison Avenue, 36th Floor
New York, NY 10022
Attention: General Counsel

or at such other address as such party shall notify the other of in accordance herewith from time to time.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when received if deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

4. Successors and Assigns. This Agreement shall not be assignable by Two Harbors but shall inure to the benefit of any successor by merger of Two Harbors.

5. Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland without regard to the choice of law provisions thereof.

7. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

8. Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GRANITE POINT MORTGAGE TRUST INC.

By: /s/ John A. Taylor
Name: John A. Taylor
Title: Chief Executive Officer and President

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

TWO HARBORS INVESTMENT CORP.

By: /s/ Thomas E. Siering
Name: Thomas E. Siering
Title: President and Chief Executive Officer

EXHIBIT A
IRREVOCABLE ADVANCE LETTER OF RESIGNATION

, 201

Granite Point Mortgage Trust Inc.
590 Madison Avenue, 36th Floor
New York, New York 10022
Attention : Board of Directors and Secretary

Ladies and Gentlemen:

Please be advised that, in connection with my nomination for election (or reelection) to the Board of Directors of Granite Point Mortgage Trust Inc. a Maryland corporation (the "Company"), as an individual designee of Two Harbors Investment Corp. pursuant that certain Director Designation Agreement dated as of [·], 2017, and in order to induce the Board of Directors to nominate me for such election (or reelection), I hereby covenant, acknowledge and agree as follows:

1. I understand that, if elected to the Board of Directors, my stated term of office will be until the next annual meeting of stockholders of the Company and until my successor is duly elected and qualified; provided, however, that my term of office shall terminate effective upon my earlier death, resignation or removal.

2. Notwithstanding such stated term of office, and assuming that I am elected and then serving on the Board of Directors, I do hereby resign from the Board of Directors effective as of the date and time at which the annual meeting of stockholders of the Company held in calendar year [2019] is called to order.

5. My resignation from the Board of Directors pursuant to the foregoing is made to induce my election to the Board of Directors and is irrevocable. Moreover, I do hereby waive acceptance, formally or informally, by the Board of Directors or the Secretary of the Company, or otherwise, of this Irrevocable Advance Letter of Resignation or my resignation provided for hereunder, and such resignation shall be effective as and when provided for hereinabove, notwithstanding any acceptance, or not, of this Irrevocable Advance Letter of Resignation or such resignation.

6. This Irrevocable Advance Letter of Resignation, including the provisions of this sentence, may not be amended or modified unless in writing, executed by the individual named below and on behalf of the Company, and waivers or consents to departures from the provisions

hereof may not be given unless in a writing executed on behalf of the party to be charged therewith. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

Very truly yours,

Exhibit 10.4

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the 7th day of April, 2017, by and between Granite Point Mortgage Trust Inc., a Maryland corporation (the "Company"), and ("Indemnitee").

WHEREAS, at the request of the Company, Indemnitee currently serves as a**[director] [and] [officer]** of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of his [her] service; and

WHEREAS, as an inducement to Indemnitee to continue to serve as such**[director] [and] [officer]**, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) at any time, a majority of the members of the Board of Directors are not individuals (A) who were directors as of the Effective Date or (B) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved**.**

(b) "Corporate Status" means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (i) of which a majority of the voting power or equity interest is owned directly or indirectly by the Company or (ii) the management of which is controlled directly or indirectly by the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnitee.

(d) "Effective Date" means the date set forth in the first paragraph of this Agreement.

(e) "Expenses" means any and all reasonable and out-of-pocket attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium, security for and other costs relating to any cost bond supersedes bond or other appeal bond or its equivalent.

(f) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(g) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, claim, demand, discovery request or any other proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any

appeal therefrom, except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnitee. This Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee's service to the Company. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

Section 3. General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2-418(g) of the Maryland General Corporation Law (the "MGCL").

Section 4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, Indemnitee shall be indemnified against all judgments, penalties, fines, taxes and interest and amounts paid in settlement (collectively, "Liabilities") and all Expenses actually and reasonably incurred by him [her] or on his [her] behalf in connection with any such Proceeding unless it is established by clear and convincing evidence that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that his [her] conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in the Indemnitee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provides otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification in the following circumstances:

(a) if it determines Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if it determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any Proceeding by or in the right of the Company or in which liability shall have been adjudged in the circumstances described in Section 2-418(c) of the MGCL shall be limited to Expenses.

Section 7. Indemnification for Expenses and Liabilities of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of his [her] Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, Indemnitee shall be indemnified for all Expenses and Liabilities actually and reasonably incurred by him [her] or on his [her] behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses and Liabilities actually and reasonably incurred by him [her] or on his [her] behalf in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and, without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for a Party. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding within ten days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee of Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by law and by this Agreement has been met and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to which it shall ultimately be established that the standard of conduct has not been met by

Indemnitee and which have not been successfully resolved as described in Section 7 of this Agreement. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of his [her] Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party, he [she] shall be advanced all Expenses and indemnified against all Expenses actually and reasonably incurred by him [her] or on his [her] behalf in connection therewith within ten days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advance of Expenses, the Company may require Indemnitee to provide an undertaking and affirmation substantially in the form attached hereto as Exhibit A.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in his [her] sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by the Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval will not be unreasonably withheld; or (ii) if a Change in Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors or, if such a quorum cannot be obtained, then by a majority vote of a duly authorized committee of the Board of Directors consisting solely of one or more Disinterested Directors, (B) if Independent Counsel has been selected by the Board of

Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee or (C) if so directed by a majority of the members of the Board of Directors, by the stockholders of the Company, other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnitee

is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and documented expenses of Independent Counsel, if one is appointed.

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

(d) For purposes of any determination of whether any act or omission of the Indemnitee met the requisite standard of conduct described herein for indemnification, each act of the Indemnitee shall be deemed to have met such standard if the Indemnitee's action is based on the records or books of accounts of the Company, including financial statements, or on information supplied to the Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company. The provisions of this Section 11(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement or under applicable law.

Section 12. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within 60 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 7 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or Bylaws of the Company is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, of his [her] entitlement to such indemnification or advance of Expenses. Alternatively, Indemnitee, at his [her] option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce his [her] rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving by clear and convincing evidence that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification.

(d) In the event that Indemnitee, pursuant to this Section 12, seeks a judicial adjudication of or an award in arbitration to enforce his [her] rights under, or to recover damages

for breach of, this Agreement, Indemnitee shall be entitled to advance of Expenses in connection therewith and to recover from the Company, and shall be indemnified by the Company for, any and all Expenses and Liabilities actually and reasonably incurred by him [her] in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings

Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period commencing with the date on which the Company was requested to advance Expenses in accordance with Section 8 of this Agreement or to make the determination of entitlement to indemnification under Section 12(a) above and ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee or (iii) would impose any Expense, Liability or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that he may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other

defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which shall not be unreasonably withheld, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which shall not be unreasonably withheld, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his [her] Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance. The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of his [her] Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of his [her] Corporate Status. Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all Liabilities and Expenses incurred by Indemnitee in

connection with a Proceeding over the coverage of any insurance referred to in the previous sentence. The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise) the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

Section 16. Coordination of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 18. Reports to Stockholders. To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and his [her] spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. Indemnitee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 24. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

Granite Point Mortgage Trust Inc.
590 Madison Avenue, 36th Floor
New York, NY 10022
Attn: General Counsel

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

Section 26. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COMPANY:

GRANITE POINT MORTGAGE TRUST INC.

By: _____
Name:
Title:

INDEMNITEE:

_____
Name:
Address:

EXHIBIT A

FORM OF UNDERTAKING TO REPAY EXPENSES ADVANCED

The Board of Directors of Granite Point Mortgage Trust Inc.

Re: Undertaking to Repay Expenses Advanced

Ladies and Gentlemen:

This undertaking is being provided pursuant to that certain Indemnification Agreement dated the day of , 20 , by and between Granite Point Mortgage Trust Inc., a Maryland corporation (the "Company"), and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as **[a director] [an officer]** of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

[*Signatures appear on the following page*.]

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this day of , 20 .

_____

GRANITE POINT MORTGAGE TRUST, INC.

DIRECTOR COMPENSATION POLICY

Effective upon the effectiveness of the registration statement for the initial public offering of Granite Point Mortgage Trust, Inc. (the "***Company***"), the independent directors of the Company shall receive the following compensation for their service as a member of the Board of Directors (the "***Board***") of the Company:

Director Fees

We will pay director fees only to those members of our Board who are independent under the listing standards of the New York Stock Exchange (the "***NYSE***").

Our goal is to provide compensation for our independent directors in a manner that enables us to attract and retain outstanding director candidates and reflects the substantial time commitment necessary to oversee the Company's affairs. We also seek to align the interests of our directors and our stockholders and we have chosen to do so by compensating our directors with a mix of cash and equity-based compensation. As a result, each independent director will receive an annual fee of $100,000 for board service; the chairperson of the Audit Committee will receive an additional annual fee of $15,000; and the Lead Independent Director of the Board will receive an additional annual fee of $35,000. As more fully described below, the annual fees for service on the Board will be paid 50% in cash and 50% in fully vested shares of the Company's common stock (each, a "***Share***").

Director fees for independent directors who are appointed to serve on the Board for a partial term will be prorated from the date of appointment through the date of the Company's next annual meeting of stockholders.

Director Fees Paid in Cash

Board Members

Each independent director shall be entitled to an annual cash retainer of $50,000 (the "***Annual Cash Retainer***"), payable quarterly in arrears as set forth below.

Audit Committee Chair and Lead Independent Director

In addition to the Annual Cash Retainer, an independent director who serves as the chairperson of the Company's Audit Committee shall be entitled to an additional annual cash retainer equal to $7,500 (the "***Audit Chair Annual Cash Retainer***") and an independent director who serves as the Lead Independent Director of the Board shall be entitled to an additional annual cash retainer equal to $17,500 (the "***Lead Independent Director Annual Cash Retainer***"). These additional cash retainers shall be payable quarterly in arrears as set forth below.

Payment of Cash Retainers

The Company shall pay the Annual Cash Retainers, the Audit Chair Annual Cash Retainer and the Lead Independent Director Annual Cash Retainer on a quarterly basis in arrears, subject to the director's continued service to the Company as an independent director, chairperson of the

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Audit Committee or the Lead Independent Director, as applicable, on the last day of the preceding quarter. Such cash amounts shall be prorated in the case of service for less than the entire quarter.

Director Fees Paid in Stock

Annual Equity Retainer for Board Members

Each continuing independent director shall automatically receive an annual equity retainer in the form of an award of fully vested Shares with a cash value of $50,000 (an "***Annual Equity Retainer***"), with the grant date of such award to be the date of the Company's annual meeting of stockholders at which such independent director was elected or re-elected to serve by stockholders.

Annual Equity Retainer for Audit Committee Chair and Lead Independent Director

In addition to the Annual Equity Retainer, an independent director who serves as the chairperson of the Company's Audit Committee shall automatically receive an annual equity retainer in the form of an award of fully vested Shares with a cash value of $7,500 (the "***Audit Chair Annual Equity Retainer***") and an independent director who serves as the Lead Independent Director of the Board shall automatically receive an annual equity retainer in the form of an award of fully vested Shares with a cash value of $17,500 (the "***Lead Independent Director Annual Equity Retainer***"), in each case with a grant date of such award to be the date of the Company's annual meeting of stockholders and annual meeting of the Board of Directors, at which such independent director was elected or re-elected to serve by stockholders and appointed to such position(s) by the Board of Directors.

Provisions Applicable to All Equity Awards

The number of Shares subject to an Annual Equity Retainer, an Audit Chair Annual Equity Retainer or a Lead Independent Director Annual Equity Retainer (each an "***Equity Award***" and collectively, the "***Equity Awards***") shall be determined by dividing (x) the cash value of the award by (y) the closing sale price for the regular trading session (without considering after hours or other trading outside regular trading session hours) for a Share on the NYSE on the date of grant (i.e., the date of the applicable annual meeting of stockholders of the Company), rounded down to the nearest whole number of Shares. The Equity Awards shall be subject to the terms and conditions of the Company's 2017 Equity Incentive Plan (the "***Plan***") and the terms of the Common Stock Award Agreements entered into between the Company and each director in connection with such Equity Awards.

Expense Reimbursement

All independent directors shall be entitled to reimbursement from the Company for their reasonable travel (including airfare and ground transportation), lodging and meal expenses incident to meetings of the Board or committees thereof or in connection with other Board related business. The Company shall make expense reimbursements to all directors within a reasonable amount of time following submission by the director of reasonable written substantiation for the expenses.

Exhibit 10.6

EXECUTION VERSION

MASTER REPURCHASE

AND

SECURITIES CONTRACT AGREEMENT

between

TH COMMERCIAL GS LLC,

as Seller,

and

GOLDMAN SACHS BANK USA,

as Buyer

Dated: May 2, 2017

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MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT

THIS MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT (this "**Agreement**"), dated as of May 2, 2017, by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**") and TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**").

ARTICLE 1.
APPLICABILITY

From time to time during the Availability Period the parties hereto may enter into transactions in which Seller and Buyer agree to the transfer from Seller to Buyer all

of its rights, title and interest in certain Eligible Assets (as defined herein) or other assets and, in each case, the other related Purchased Items (as defined herein) (collectively, the "**Assets**") against the transfer of funds by Buyer to Seller, with a simultaneous agreement by Buyer to transfer back to Seller such Assets at a date certain or on demand, against the transfer of funds by Seller to Buyer. Each such transaction shall be referred to herein as a "**Transaction**" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in any exhibits identified herein as applicable hereunder. Each individual transfer of an Eligible Asset shall constitute a distinct Transaction. Notwithstanding any provision or agreement herein, at no time shall Buyer be obligated or committed to purchase or effect the transfer of any Eligible Asset from Seller to Buyer.

ARTICLE 2.
DEFINITIONS

"**1934 Act**" shall mean the Securities Exchange Act of 1934, as amended.

"**Accelerated Repurchase Date**" shall have the meaning set forth in **Article 13(b)(i)** of this Agreement.

"**Acceptable Attorney**" shall mean an attorney at law that has delivered at Seller's request a Bailee Letter, with the exception of an attorney that is not satisfactory to Buyer, as specified in a written notice from Buyer to Seller.

"**Accepted Servicing Practices**" shall mean with respect to any applicable Purchased Asset, those mortgage loan servicing practices of prudent mortgage lending institutions that service mortgage loans of the same type as such Purchased Asset in the jurisdiction where the related underlying real estate directly or indirectly securing or supporting such Purchased Asset is located.

"**Act of Insolvency**" shall mean, with respect to any Person, (i) the filing of a petition by such Person, commencing, or authorizing the commencement of any case or proceeding under any bankruptcy, insolvency, reorganization, wind up, liquidation, dissolution or similar law relating to the protection of creditors ("**Insolvency Law**"), or suffering any such petition or proceeding to be commenced by another which is consented to, not timely contested or results in entry of an order for relief that, in the case of an action not initiated by or on behalf of or with the consent of Seller, is not dismissed or stayed within sixty (60) days; (ii) the seeking or consenting to the appointment of a liquidator, receiver, trustee, custodian or similar official for such Person or any substantial part of the property of such Person; (iii) the appointment of a receiver, conservator, or manager for such Person by any governmental agency or authority having the jurisdiction to do so; (iv) the making of a general assignment for the benefit of creditors; (v) the admission by such Person of its inability to pay its debts or discharge its obligations as they become due or mature; (vi) that any Governmental Authority or agency or any person, agency or

entity acting or purporting to act under Governmental Authority shall have taken any action to condemn, seize or appropriate, or to assume custody or control of, all or any substantial part of the property of such Person, or shall have taken any action to displace the management of such Person or to curtail its authority in the conduct of the business of such Person; (vii) the consent by such Person to the entry of an order for relief in an insolvency case under any Insolvency Law; or (viii) the taking of action by any such Person in furtherance of any of the foregoing.

"**Additional Advance**" shall have the meaning set forth in **Article 3(k)** of this Agreement.

"**Advance Rate**" shall mean, with respect to each Transaction, the initial Advance Rate selected by Buyer for such Transaction on a case by case basis in its sole discretion as shown in the related Confirmation, as may be adjusted for any Future Funding Advance as set forth herein and reflected in any amended and restated Confirmation, which in any case shall not exceed the Maximum Advance Rate, unless otherwise agreed to by Buyer and Seller.

"**Affiliate**" shall mean, when used with respect to any specified Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with, such Person; provided, however, that in no event shall any of the following entities be considered an "Affiliate" of Seller or Guarantor; (i) the Pine River Entities; or (ii) any Subsidiary or other Affiliate of, or any fund or other entity managed or advised from time to time by, any of the Pine River Entities solely to the extent that such Person would be considered an Affiliate solely as a result of a Pine River Entity's direct or indirect ownership interest therein.

"**Agreement**" shall mean this Master Repurchase and Securities Contract Agreement, dated as of the date hereof, by and between Seller and Buyer as such agreement may be amended, restated, modified or supplemented from time to time.

"**Alternative Rate**" shall have the meaning set forth in **Article 14(a)** of this Agreement.

"**Alternative Rate Transaction**" shall mean, with respect to any Pricing Rate Period, any Transaction with respect to which the Pricing Rate for such Pricing Rate Period is determined with reference to the Alternative Rate.

"**Amortization Period**" shall have the meaning specified in **Article 3(m)(i)**.

"**Amortization Period Additional Percentage**" shall have the meaning set forth in the Fee Letter, which definition is incorporated herein by reference.

"**Amortization Period Beginning Balance**" shall mean the aggregate outstanding Purchase Prices of all Purchased Assets on the Availability Period Expiration Date.

"**Amortization Period Conditions**" shall have the meaning specified in **Article 3(m)(i)**.

"**Amortization Period Expiration Date**" shall have the meaning specified in **Article 3(m)(i)**.

"**Amortization Period Fee**" shall have the meaning set forth in the Fee Letter, which definition is incorporated herein by reference.

"**Amortization Period Purchased Assets**" shall mean those Purchased Assets that will remain subject to the terms of this Agreement during the Amortization Period in accordance with **Article 3(m)(i)**.

"**Annual Reporting Package**" shall mean the reporting package described on **Exhibit III-C**.

"**Anti-Money Laundering Laws**" shall have the meaning set forth in **Article 9(b)(xxix)** of this Agreement.

"**Applicable Spread**" shall mean:

(i) so long as no Event of Default shall have occurred and be continuing, the amount set forth in the Fee Letter as being the "Applicable Spread", and

(ii) after the occurrence and during the continuance of an Event of Default, the (x) applicable incremental percentage described in **clause (i)** of this definition, plus (y) five percent (5.0%).

"**Appraisal**" shall mean an appraisal that is compliant with the Financial Institutions Reform, Recovery, and Enforcement Act and prepared by a third-party appraiser addressed to, or permitted to be relied upon by, Buyer and satisfactory to Buyer of the related Underlying Mortgaged Property from an Independent Appraiser.

"**Assets**" shall have the meaning set forth in **Article 1** of this Agreement.

"**Assignee**" shall have the meaning set forth in **Article 19(a)** of this Agreement.

"**Assignment of Leases**" shall mean, with respect to any Purchased Asset that is a Senior Mortgage Loan, any assignment of leases, rents and profits or equivalent instrument, whether contained in the related Mortgage or executed separately, assigning to the holder or holders of such Mortgage all of the related Mortgagor's interest in the leases, rents and profits derived from the ownership, operation, leasing or disposition of all or a portion of the related Underlying Mortgaged Property as security for repayment of such Purchased Asset.

"**Availability Period**" shall mean the period commencing on the Closing Date and expiring on the Availability Period Expiration Date.

"Availability Period Expiration Date" shall mean May 2, 2019, as such date may be extended in accordance with **Article 3(i)** of this Agreement.

"**Availability Period Renewal Conditions**" shall have the meaning set forth in **Article 3(i)** of this Agreement.

"**Bailee Letter**" shall mean a letter substantially in the form as **Exhibit XV** from an Acceptable Attorney or a Title Company or another Person acceptable to Buyer in its sole discretion, in form and substance acceptable to Buyer in its sole discretion, wherein such Acceptable Attorney, Title Company or other Person described above in possession of a Purchased Asset File (i) acknowledges receipt of such Purchased Asset File, (ii) confirms that such Acceptable Attorney, Title Company or other Person acceptable to Buyer is holding the same as bailee or agent on behalf of Buyer under such letter and (iii) agrees that such Acceptable Attorney, Title Company or other Person described above shall deliver such Purchased Asset File to the Custodian, or as otherwise directed by Buyer, by not later than the third (3rd) Business Day following the Purchase Date for the related Purchased Asset.

"**Bankruptcy Code**" shall mean Title 11 of the United States Code (11 U.S.C. § 101, *et. seq.*), as amended, modified or replaced from time to time.

"**Breakage Costs**" shall have the meaning set forth thereto in **Article 14(f)**.

"**Business Day**" shall mean a day other than (i) a Saturday or Sunday, or (ii) a day in which the New York Stock Exchange or banks in the State of New York are authorized or obligated by law or executive order to be closed. Notwithstanding the foregoing sentence, when used with respect to the determination of LIBOR, "**Business Day**" shall only be a day on which commercial banks are open for international business (including dealings in U.S. Dollar deposits) in London, England.

"**Buyer**" shall mean Goldman Sachs Bank USA, a New York state-chartered bank, or any successor or assign.

"**Buyer's LTV**" shall mean, on any date, with respect to any Purchased Asset, the quotient (expressed as a percentage) of (i) the then outstanding Purchase Price of such Purchased Asset *divided by* (ii) the value of the related Underlying Mortgaged Property as determined by Buyer in its sole discretion.

"**Capital Stock**" shall mean any and all shares, interests, or other equivalents (however designated) of capital stock of a corporation, any and all equivalent equity ownership interests in a Person which is not a corporation, including, without limitation, any and all member or other equivalent interests in any limited liability company, any and all partner or other equivalent interests in any partnership or limited partnership, and any and all warrants or options to purchase any of the foregoing.

"**Capitalized Lease Obligations**" shall mean obligations under a lease that are required to be capitalized for financial reporting purposes in accordance with GAAP. The amount of a Capitalized Lease Obligation is the capitalized amount of such obligation as would be required to be reflected on the balance sheet prepared in accordance with GAAP of the applicable Person as of the applicable date.

"**Cause**" shall mean, with respect to an Independent Director, (a) acts or omissions by such Independent Director that constitute willful disregard of, or bad faith or gross negligence with respect to, the Independent Director's duties with respect to Seller's obligations under this Agreement, (b) such Independent Director has engaged in or has been charged with, or has been convicted of, fraud or other acts constituting a crime under any law applicable to such Independent Director, (c) such Independent Director is unable to perform his or her duties as Independent Director due to death, disability or incapacity, or (d) such Independent Director no longer meets the definition of Independent Director, as that term is defined in this **Article 2**.

"**Change of Control**" shall mean the occurrence of any of the following events:

(a) any "person" or "group" (within the meaning of Section 13(d) or 14(d) of the 1934 Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of a percentage of the total voting power of all classes of Capital Stock of Guarantor entitled to vote generally in the election of directors, members or partners of thirty five percent (35%) or more;

(b) Guarantor shall cease to own and Control, of record and beneficially, directly or indirectly one hundred percent (100%) of each class of outstanding Capital Stock of Pledgor;

(c) Pledgor shall cease to own and Control, of record and beneficially, directly or indirectly one hundred percent (100%) of each class of outstanding Capital Stock of Seller;

(d) any transfer of all or substantially all of Guarantor's, Pledgor's or Seller's assets (other than any securitization transaction or any repurchase or other similar transactions in the ordinary course of Guarantor's, Pledgor's or Seller's business); or

(e) with respect to Manager, the sale, merger, consolidation or reorganization of Manager with or into any entity that is not an Affiliate of Manager or Guarantor as of the Closing Date.

"**Closing Date**" shall mean the date of this Agreement.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"**Collection Period**" shall mean (i) with respect to the first Remittance Date, the period beginning on and including the Closing Date and continuing to and including the calendar day immediately preceding such Remittance Date, and (ii) with respect to each subsequent Remittance Date, the period beginning on and including the immediately preceding Remittance Date and continuing to and including the calendar day immediately preceding the following Remittance Date.

"**Concentration Limit**" shall mean, the following amounts or maximum percentage concentration limits based, where applicable, in each case, as of any date of determination, on the aggregate Purchase Price or individual Purchase Price for the applicable Purchased Asset(s), as the case may be, as a percentage of the Maximum Facility Amount:

(i) as of any date of determination, for all Purchased Assets for which the Underlying Mortgaged Property consists of hospitality properties, forty percent (40%);

(ii) as of any date of determination, for all Purchased Assets for which the Underlying Mortgaged Property consists of retail shopping malls, thirty-five percent (35%);

(iii) as of any date of determination, except with respect to Purchased Assets for which the Underlying Mortgaged Property consists of hospitality properties, for all Purchased Assets for which the Underlying Mortgaged Property consists of a single property type (e.g.,mixed-use, multi-family, office, retail, industrial, hospitality or warehouse properties), sixty percent (60%); and

(iv) for any single Purchased Asset as of the related Purchase Date, not less than $5,000,000.00 or greater than $87,500,000.00.

"**Confirmation**" shall mean a written confirmation in the form of **Exhibit I**, duly completed, executed and delivered by Buyer and Seller.

"**Connection Income Taxes**" shall mean Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"**Control**" shall mean, with respect to any Person, the possession of the direct or indirect power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. "Control", "Controlling", "Controlled" and "under common Control" shall have correlative meanings.

"**Covenant Compliance Certificate**" shall mean a properly completed and executed Covenant Compliance Certificate in form and substance of the certificate attached hereto as **Exhibit IX**.

"**Custodial Agreement**" shall mean the Custodial Agreement, dated as of the date hereof, by and among the Custodian, Seller and Buyer, as amended, modified and/or restated from time to time.

"**Custodial Delivery Certificate**" shall mean the form executed by Seller in order to deliver the Purchased Asset Schedule and the Purchased Asset File to Buyer or its designee (including the Custodian) pursuant to **Article 7** of this Agreement, a form of which is attached hereto as **Exhibit XIV**.

"**Custodian**" shall mean Wells Fargo Bank, N.A., or any successor Custodian appointed by Buyer and reasonably acceptable to Seller, or appointed by Buyer in its sole discretion during the continuance of an Event of Default.

"**Delivery Failure**" shall have the meaning set forth in the Bailee Letter.

"**Depository**" shall mean Wells Fargo Bank, National Association, or any successor Depository appointed by Buyer in its sole discretion and reasonably acceptable to Seller, or appointed by Buyer in its sole discretion during the continuance of an Event of Default.

"**Depository Account**" shall mean a segregated account, in the name of Seller, in trust for Buyer, established at Depository in accordance with this Agreement, and which is subject to the Depository Agreement.

"**Depository Agreement**" shall mean that certain Deposit Account Control Agreement, dated as of the date hereof, among Buyer, Seller and Depository, as amended, modified and/or restated from time to time.

"**Draw Fee**" shall have the meaning set forth in the Fee Letter, which definition is incorporated herein by reference.

"**Due Diligence Package**" shall have the meaning set forth in **Exhibit VI** to this Agreement.

"**Early Repurchase Date**" shall have the meaning set forth in **Article 3(f)(i)** of this Agreement.

"**Eligible Assets**" shall mean any of the following types of assets or loans (a) that are acceptable to Buyer in its sole discretion as of the related Purchase Date, (b) with respect to which as of the related Purchase Date the representations and warranties set forth in this Agreement (including the exhibits hereto) are true and correct in all respects except to the extent disclosed in a Requested Exceptions Report approved by Buyer, and (c) where the Underlying Mortgaged Property consists of mixed-use, multi-family, office, retail, industrial, hospitality or warehouse properties or such other types of properties that Buyer may agree to in its sole discretion that are located in the United States of America, its territories or possessions (or elsewhere, in the sole discretion of Buyer):

(i) Senior Mortgage Loans;

(ii) Participation Interests; and

(iii) any other asset or loan types or classifications that are acceptable to Buyer, subject to its consent on all necessary and appropriate modifications to this Agreement and each of the Transaction Documents, as determined by Buyer in its sole discretion.

Notwithstanding anything to the contrary contained in this Agreement, the following shall not be Eligible Assets for purposes of this Agreement: (i) non-performing loans; (ii) any Asset, where payment

of the Purchase Price with respect thereto would cause the aggregate of all Purchase Prices to exceed the Maximum Facility Amount; (iii) loans for which, the applicable Appraisal is not dated within one hundred eighty (180) calendar days of the proposed Purchase Date (or such other time period as approved by Buyer in Buyer's sole discretion); (iv) loans in which the related loan agreement or other documents and/or instruments evidencing such loans contain restrictions on assignment by the lender; (v) Assets that, upon becoming a Purchased Asset, would cause the Purchase Price of the applicable Purchased Asset or the aggregate Purchase Price of the applicable Purchased Assets to violate the Concentration Limit; (vi) construction loans or land loans (provided, that, loans allowing for advances relating to tenant improvements or renovations may be permitted); and (vii) Assets that, upon becoming a Purchased Asset, have a Mortgaged Property LTV greater than seventy-five percent (75%), provided that Buyer may consider an Asset with a Mortgaged Property LTV of up to eighty percent (80%) in its sole discretion on a case-by-case basis.

"**Environmental Law**" shall mean any federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, employee health and safety or hazardous materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 3803 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Hazardous Material Transportation Act, 49 U.S.C. § 1801 et seq. and the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; and any state and local or foreign counterparts or equivalents, in each case as amended from time to time.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder. Article references to ERISA are to ERISA, as in effect at the date of this Agreement and, as of the relevant date, any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"**ERISA Affiliate**" shall mean any corporation or trade or business that is a member of any group of organizations (i) described in Article 414(b) or (c) of the Code of which Seller is a member and (ii) solely for purposes of potential liability under Article 302(c)(11) of ERISA and Article 412(c)(11) of the Code and the lien created under Article 302(f) of ERISA and Article 412(n) of the Code, described in Article 414(m) or (o) of the Code of which Seller is a member.

"**Event of Default**" shall have the meaning set forth in **Article 13** of this Agreement.

"**Excluded Taxes**" shall mean any of the following Taxes imposed on or with respect to Buyer or any Transferee, or required to be withheld or deducted from a payment to Buyer or Transferee, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of Buyer or Transferee being organized under the laws of or having its principal office, or its applicable lending office located in the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Buyer or Transferee under this Agreement pursuant to a law in effect on the date on which (i) such Buyer or Transferee acquires an interest hereunder (other than pursuant to an assignment request by Seller under **Article 14(m)**) or (ii) Buyer or Transferee changes its lending office, except in each case to the extent that, pursuant to **Articles 14(g) and 14(j)**, amounts with respect to such Taxes were payable either to Buyer's or Transferee's assignor immediately before such Buyer or Transferee acquired an interest hereunder or to such Buyer or Transferee immediately before it changed its lending office, (c) Taxes attributable to such Buyer or

Transferee's failure to comply with **Article 14(k)** and (d) any U.S. federal withholding Taxes imposed under FATCA.

"**Exit Fee**" shall have the meaning set forth in the Fee Letter, which definition is incorporated herein by reference.

"**FATCA**" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or official practices implementing any intergovernmental agreement in connection thereto.

"**FATF**" shall have the meaning set forth in the definition of "Prohibited Investor."

"**FDIA**" shall have the meaning set forth in **Article 23(c)** of this Agreement.

"**FDICIA**" shall have the meaning set forth in **Article 23(e)** of this Agreement.

"**Federal Funds Rate**" shall mean, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations at approximately 10:00 a.m. (New York time) on such day or such transactions received by Buyer from three (3) federal funds brokers of recognized standing selected by Buyer in its sole discretion.

"**Fee Letter**" shall mean that certain Fee Letter, dated as of the date hereof, between Buyer and Seller, as amended, modified and/or restated from time to time.

"**Filings**" shall have the meaning set forth in **Article 6(c)** of this Agreement.

"**Financing Lease**" shall mean any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"**Force Majeure Event**" shall mean any of the following: (a) there has occurred and is continuing an outbreak of significant hostilities or escalation thereof or other calamity or crisis the effect of which is that, in the reasonable judgment of Buyer, it is impossible or commercially inadvisable to continue to enter into transactions in the repurchase (or "repo") market or financing market with respect to assets similar to Eligible Assets, (b) a banking moratorium has been declared and is continuing under federal law, New York law or by federal or New York Governmental Authorities or other applicable authorities, (c) a general suspension of trading on nationally-recognized stock exchanges has occurred or (d) Buyer is and continues to be prohibited, as a result of any Requirement of Law, from entering into transactions similar to those contemplated under the Transaction Documents.

"**Foreign Buyer**" shall mean (a) if the Seller is a U.S. Person, a Buyer that is not a U.S. Person, and (b) if the Seller is not a U.S. Person, a Buyer that is resident or organized under the laws of a jurisdiction other than that in which the Seller is resident for tax purposes.

"**Future Funding Advance**" shall have the meaning set forth in **Article 3(l)** of this Agreement.

"**Future Funding Due Diligence Package**" shall have the meaning set forth in **Exhibit XVI** hereto.

"**GAAP**" shall mean United States generally accepted accounting principles consistently applied as in effect from time to time.

"**Governmental Authority**" shall mean any national or federal government, any state, regional, local or other political subdivision thereof with jurisdiction and any Person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any such government or subdivision thereof (including any supra-national bodies such as the European Union or the European Central Bank).

"**Guarantee Agreement**" shall mean the Guarantee Agreement, dated as of the date hereof, from Guarantor in favor of Buyer and as amended, restated, supplemented or otherwise modified and in effect from time to time.

"**Guarantor**" shall mean Two Harbors Investment Corp., a Maryland corporation.

"**Income**" shall mean, with respect to any Purchased Asset at any time, (a) any collections of principal, interest, dividends, receipts or other distributions or collections and (b) all net sale proceeds received by Seller or any Affiliate of Seller in connection with a sale or liquidation of such Purchased Asset.

"**Indebtedness**" shall mean, for any Person, (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within sixty (60) calendar days of the date the respective goods are delivered or the respective services are rendered; (c) Indebtedness of others secured by a Lien on the property of such Person, whether or not the respective Indebtedness so secured has been assumed by such Person; (d) obligations (contingent or otherwise) of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for account of such Person; (e) obligations of such Person under repurchase agreements, sale/buy-back agreements or like arrangements; (f) Indebtedness of others guaranteed by such Person; (g) all obligations of such Person incurred in connection with the acquisition or carrying of fixed assets by such Person; (h) Indebtedness of general partnerships of which such Person is secondarily or contingently liable (other than by endorsement of instruments in the course of collection), whether by reason of any agreement to acquire such indebtedness to supply or advance sums or otherwise; (i) Capitalized Lease Obligations of such Person; (j) all net liabilities or obligations under any interest rate, interest rate swap, interest rate cap, interest rate floor, interest rate collar, or other hedging instrument or agreement; and (k) all obligations of such Person under Financing Leases.

"**Indemnified Amounts**" and "**Indemnified Parties**" shall have the meaning set forth in **Article 27** of this Agreement.

"**Indemnified Taxes**" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Seller under any Transaction Document and (b) to the extent not otherwise described in clause (a) of this definition, Other Taxes.

"**Independent Appraiser**" shall mean an independent professional real estate appraiser who is a member in good standing of the American Appraisal Institute, and, if the state in which the subject Underlying Mortgaged Property is located certifies or licenses appraisers, is certified or licensed in such state, and in each such case, who has a minimum of five (5) years' experience in the subject property type.

"**Independent Director**" shall mean an individual who is provided by, and is in good standing with, CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional independent directors or managers or is not acceptable to the Rating Agencies, another nationally recognized company reasonably approved by Buyer, in each case that is not an Affiliate of Seller and that provides professional independent directors or managers and other corporate services in the ordinary course of its business, and which individual is duly appointed as a member of the board of directors or board of managers of Seller and is not, and has never been, and will not while serving as independent director or manager be:

(a) a member (other than an independent, non-economic "springing" member), partner, equityholder, manager, director, officer or employee of Seller or Seller's equityholders or Affiliates (other than as an independent director or manager of an Affiliate of Seller that is not in the direct chain of ownership of Seller and that is required by a creditor to be a Single Purpose Entity, provided that such independent director or manager is employed by a company that routinely provides professional independent directors or managers in the ordinary course of business);

(b) a customer, creditor, supplier or service provider (including provider of professional services) to Seller or Seller's equityholders or Affiliates (other than a nationally recognized company that routinely provides professional independent directors or managers and other corporate services to Seller or Seller's equityholders or Affiliates in the ordinary course of business);

(c) a family member of any such member, partner, equityholder, manager, director, officer, employee, customer, creditor, supplier or service provider; or

(d) a Person that controls or is under common control with (whether directly, indirectly or otherwise) any of (a), (b) or (c) above.

A natural person who otherwise satisfies the foregoing definition other than subparagraph (a) by reason of being the independent director or manager of a single purpose bankruptcy remote entity in the direct chain of ownership of Seller shall not be disqualified from serving as an independent director or manager of Seller, provided that the fees that such individual earns from serving as independent directors or managers of such Affiliates in any given year constitute in the aggregate less than five percent (5%) of such individual's annual income for that year.

"**Investment Company Act**" shall have the meaning set forth in **Article 9(b)(xv)** of this Agreement.

"**IRS**" shall mean the United States Internal Revenue Service.

"**Knowledge**" shall mean shall mean, as of any date of determination, collectively, (i) the actual knowledge after due inquiry of any Responsible Officer or employee of Seller or an Affiliate and (ii) all knowledge that is imputed to a Person under any statute, rule, regulation, ordinance, or official decree or

order. "**Known**", "**Knowingly**" or other variations of Knowledge shall have meanings correlative thereto.

"**LIBOR**" shall mean, with respect to each Pricing Rate Period, the offered rate for thirty (30) day U.S. dollar deposits, as the applicable rate appears on Reuters Screen LIBOR01 Page (or any successor thereto) as of 11:00 a.m. (London time) on the Pricing Rate Determination Date (rounded up to the nearest whole multiple of 1/100%); provided that if the applicable rate does not appear on Reuters Screen LIBOR01 Page, the rate for such date will be based upon the offered rates of the Reference Banks for U.S. dollar deposits as of 11:00 a.m. (London time) on such date. In such event, Buyer will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If on such date, two or more Reference Banks provide such offered quotations, LIBOR shall be the arithmetic mean of all such offered quotations (rounded to the nearest whole multiple of 1/100%). If on such date, fewer than two Reference Banks provide such offered quotations, LIBOR shall be the higher

of (i) LIBOR as determined on the immediately preceding day that LIBOR is available and (ii) the Reserve Interest Rate. Notwithstanding anything to the contrary, in no event shall LIBOR ever be less than zero percent (0%). Buyer's computation of LIBOR shall be conclusive and binding on Seller for all purposes, absent manifest error.

"**LIBOR Rate**" shall mean, as of any date of determination, a rate per annum determined in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{LIBOR}}{1 - \text{Reserve Requirement}}$$

"**Lien**" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Financing Lease having substantially the same economic effect as any of the foregoing), and the filing of any financing statement under the UCC or comparable law of any jurisdiction in respect of any of the foregoing.

"**Manager**" shall mean PRCM Advisers LLC, a Delaware limited liability company.

"**Mandatory Early Repurchase Date**" shall have the meaning set forth in **Article 3(f)(ii)**.

"**Mandatory Early Repurchase Event**" shall mean, one or more of the following with respect to any Purchased Asset: (i) a monetary "event of default" under any Purchased Asset Documents beyond any applicable notice and cure period, provided, however, that the first such monetary event of default with respect to a Purchased Asset shall not be deemed a Mandatory Early Repurchase Event until it has occurred and been continuing for ten (10) or more days beyond any applicable cure period under the related Purchased Asset Documents; (ii) any material non-monetary event of default beyond any applicable cure periods under any Purchased Asset Documents; (iii) breach of any representation contained in **Article 9(b)(x)** (except as disclosed in a Requested Exceptions Report and as approved by Buyer in writing) that materially and adversely affects the value of the Purchased Assets, as determined by Buyer in its reasonable discretion; (iv) an Act of Insolvency has occurred with respect to the related Mortgagor or guarantor with respect to such Purchased Asset (subject to any typical grace and cure periods for "insolvency events" contained in the Purchased Asset Documents); (v) Seller's failure to repurchase any Purchased Asset on the applicable Repurchase Date; (vi) Seller (or any of its Affiliates) shall fail to satisfy any of its material obligations under such Purchased Asset Documents beyond any applicable cure periods; (vii) any participant or co-lender under any related loan *pari passu* with or senior to such Purchased Asset or the Underlying Mortgaged Property shall be delinquent in the payment of

amounts due under the related loan documents; (viii) a voluntary or involuntary bankruptcy petition is filed with respect to any participant or co-lender that acts as administrative agent or paying agent in respect of the Purchased Asset or any borrower under any related loan *pari passu* or senior to such Purchased Asset or the Underlying Mortgaged Property (subject to typical grace and cure periods for "insolvency events") in each case that adversely affects the exercise of rights or remedies under the Purchased Assets as determined by Buyer in its sole discretion; (ix) failure to deliver the related Purchased Asset File to Custodian in accordance with the Custodial Agreement (subject to any Bailee Agreement approved by Buyer in accordance with the terms and provisions of this Agreement on the related Purchased Date); (x) the related Purchased Asset File or any portion thereof is subject to a continuing Delivery Failure or has been released from the possession of Custodian under the Custodial Agreement to anyone other than Buyer or any Affiliate of Buyer except in accordance with the terms of the Custodial Agreement; or (xi) such Purchased Asset fails to qualify for "safe harbor" treatment as described in **Article 23**.

"**Mandatory Repurchase Event**" shall mean (i) a Change of Control shall have occurred; (ii) Seller or Guarantor shall be in default under (A) any Indebtedness of Seller or Guarantor, as applicable, which default (1) involves the failure to pay a matured obligation in excess of $250,000, with respect to Seller or $10,000,000, with respect to Guarantor or (2) permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such Indebtedness, if the aggregate amount of the Indebtedness in respect of which such default or defaults shall have occurred is at least $250,000, with respect to Seller or Guarantor is a party which default (1) involves the failure to pay a matured obligation or (2) permits the acceleration of the maturity of obligations by any other party to or beneficiary of such contract if the aggregate amount of such obligations is $250,000, with respect to Seller or $10,000,000, with respect to Guarantor; provided, however, that any such default shall not constitute a default if (I) Seller or Guarantor, as the case may be, cures such default within the grace period, if any, provided under the applicable agreement or (II) (a) such default is a failure to pay or deliver caused by an error or omission of an administrative or operational nature, (b) funds or the assets to be delivered were available to Seller or Guarantor, as applicable, to enable it to make the relevant payment or delivery when due and (c) such payment or delivery is made within one (1) Business Day following the earlier of Seller's or Guarantor's actual knowledge of such failure to pay or Seller's or Guarantor's receipt of written notice thereof; or (iii) Seller or Guarantor or any Subsidiary of Guarantor shall be in default under any repurchase facility, loan facility or hedging transaction entered into by Seller or Guarantor or any Subsidiary of Guarantor, as applicable, to Buyer or any of its present or future Affiliates, which default (A) involves the failure to pay a matured obligation, or (B) permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such repurchase facility, loan facility or hedging transaction; provided that, in respect of this clause (iii), (I)(a) none of Seller, Guarantor or any Subsidiary of Guarantor shall be deemed to be in default of any Indebtedness where Buyer or any of its present or future Affiliates is counterparty in its capacity as a prime broker or custodian under a prime brokerage arrangement where Buyer or any such present or future Affiliate either (i) fails to give notice of the existence of a default or an event of default where notice is required under the applicable program documents, or (ii) fails to transfer available cash to cure an event of default where sufficient amounts are credited to the account established under the applicable program documents to cure such a default, and (b) the related Mandatory Repurchase Event shall not be deemed to have occurred prior to the date that is one (1) Business Day after (x) Buyer sends written notice to Seller and Guarantor that an event specified in the applicable program documents in respect of such Indebtedness and any applicable grace or cure periods under such program documents have elapsed or (II)(a) such "event of default" or "facility termination event" is a failure to pay or deliver caused by an error or omission of an administrative or operational in nature, (b) funds or the assets to be delivered were available to Seller, Guarantor or such Subsidiary of Guarantor, as applicable, to enable it to make the relevant payment or delivery when due and (c) such payment or delivery is made within one (1) Business Day following the earlier of Seller's, Guarantor's or such Subsidiary of Guarantor's actual knowledge of

such failure to pay or Seller's, Guarantor's or such Subsidiary of Guarantor's receipt of written notice thereof.

"**Margin Amount**" shall mean, with respect to any Purchased Asset on any date, an amount equal to (a) the lesser of (i) the unpaid principal balance of such Purchased Asset and (ii) the Market Value of such Purchased Asset, *multiplied by* (b) the Advance Rate for such Purchased Asset.

"**Margin Deficit**" shall mean an amount determined by Buyer in its sole discretion, as follows,provided that the largest amount as calculated in accordance with clauses (i), (ii) and (iii) shall control:

(i) with respect to any Margin Deficit Event described inclause (i) of the definition of "Margin Deficit Event", the Margin Deficit for the applicable Purchased Asset shall be an amount equal to the positive difference (if any) between (A) the outstanding Purchase Price of such Purchased Asset and (B) the Margin Amount for such Purchased Asset, provided, however, that, if the Market Value of such Purchased Asset has declined by thirty percent (30%) or more from par (adjusted for any Principal Payment received with respect to such Purchased Asset), then the Margin Deficit for such Purchased Asset shall include an additional amount equal to the dollar amount of such decline in Market Value that exceeds thirty percent (30%) from par, as determined by Buyer in its sole discretion;

(ii) with respect to any Margin Deficit Event described inclause (ii) of the definition of "Margin Deficit Event", the Margin Deficit for the applicable

Purchased Asset shall be equal to an amount which, after payment of such Margin Deficit, will cause the Portfolio Purchase Price Debt Yield to be equal to the Portfolio Purchase Price Debt Yield as of the applicable date set forth in the Confirmation of the most recent Purchased Asset (taking into account any Purchased Assets that have been repurchased in accordance with the terms and provisions hereunder); and

(iii) with respect to any Margin Deficit Event described in clause (iii) of the definition of "Margin Deficit Event", the Margin Deficit for the applicable Purchased Asset shall be equal to an amount which, after payment of such Margin Deficit, will result in a Buyer's LTV for the applicable Purchased Asset equal to the Buyer's LTV on the Purchase Date of such Purchased Asset.

"**Margin Deficit Event**" shall mean the occurrence or existence of any of the following, as determined by Buyer in its sole discretion:

(i) a decline in the Market Value of any Purchased Asset by twenty percent (20%) or more from par, as determined by Buyer in its sole discretion;

(ii) the Portfolio Purchase Price Debt Yield is less than the Minimum Portfolio Purchase Price Debt Yield; and/or

(iii) the Buyer's LTV of any Purchased Asset is equal to or greater than the Maximum Buyer's LTV of such Purchased Asset.

"**Margin Deficit Notice**" shall have the meaning set forth in **Article 4(a)**.

"**Market Disruption Event**" shall mean either (a) any event or events shall have occurred in the determination of Buyer resulting in the effective absence of a "repo market" or related "lending market" for purchasing (subject to repurchase) or financing debt obligations secured by commercial mortgage

loans or securities or an event or events shall have occurred resulting in Buyer not being able to finance Eligible Assets through the "repo market" or "lending market" with traditional counterparties at rates which would have been reasonable prior to the occurrence of such event or events, or (b) any event or events shall have occurred resulting in the effective absence of a "securities market" for securities backed by Eligible Assets, including, but not limited to the "CMBS/CDO/CLO market", or an event or events shall have occurred resulting in Buyer not being able to sell securities backed by Eligible Assets at prices which would have been reasonable prior to such event or events, in each case as determined by Buyer.

"**Market Value**" shall mean, with respect to any Purchased Asset as of any relevant date, the market value of such Purchased Asset on such date, as determined by Buyer in its sole discretion. The Market Value of each Purchased Asset may be determined by Buyer on each Business Day during the term of this Agreement.

"**Material Adverse Effect**" shall mean a material adverse effect on (a) the property, business, operations, financial condition, credit quality or prospects of Seller, Pledgor and/or Guarantor, taken as a whole, (b) the ability of Seller, Pledgor or Guarantor to perform its obligations under any of the Transaction Documents, (c) the validity or enforceability of any of the Transaction Documents, (d) the rights and remedies of Buyer under any of the Transaction Documents, (e) the timely payment of any amounts payable under the Transaction Documents, or (f) the Market Value, rating (if applicable) or liquidity of all of the Purchased Assets in the aggregate.

"**Materials of Environmental Concern**" shall mean any toxic mold, any petroleum (including, without limitation, crude oil or any fraction thereof) or petroleum products (including, without limitation, gasoline) or any hazardous or toxic substances, materials or wastes, defined as such in or regulated under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls, and urea-formaldehyde insulation.

"**Maximum Advance Rate**" shall mean, with respect to each Purchased Asset, seventy-five percent (75%) of the outstanding principal balance of such Purchased Asset.

"**Maximum Buyer's LTV**" shall mean, with respect to each Purchased Asset, the sum of (a) the Buyer's LTV for such Purchased Asset as of the related Purchase Date *plus* (b) five percent (5%).

"**Maximum Facility Amount**" shall mean Two Hundred Fifty Million and No/100 Dollars ($250,000,000.00).

"**Minimum Portfolio Purchase Price Debt Yield**" shall mean an amount equal to the product of (i) ninety percent (90%) and (ii) the Portfolio Purchase Price Debt Yield as of the applicable date.

"**Monthly Reporting Package**" shall mean the reporting package described on **Exhibit III-A**.

"**Mortgage**" shall mean a mortgage, deed of trust, deed to secure debt, charge or other instrument, creating a valid and enforceable first Lien on or a first priority ownership interest in an estate in fee simple or term of years in real property and the improvements thereon, securing evidence of indebtedness.

"**Mortgage Note**" shall mean a note or other evidence of indebtedness of a Mortgagor with respect to a Senior Mortgage Loan.

"**Mortgaged Property LTV**" shall mean, with respect to any Purchased Asset, the ratio of the aggregate outstanding principal balance of such Purchased Asset (which shall include such Purchased

Asset and all debt senior to or *pari passu* with such Purchased Asset) secured, directly or indirectly, by the related Underlying Mortgaged Property, to the aggregate "as-is" market value of such Underlying Mortgaged Property as determined by Buyer in its sole discretion.

"**Mortgagor**" shall mean (a) with respect to a Senior Mortgage Loan, the obligor on a Mortgage Note and the grantor of the related Mortgage, and (b) with respect to a Participation Interest, the obligor on a Mortgage Note and the grantor of the related Mortgage on the Underlying Mortgage Loan related to such Participation Interest.

"**Multiemployer Plan**" shall mean a multiemployer plan defined as such in Article 3(37) of ERISA to which contributions have been, or were required to have been, made by Seller or any ERISA Affiliate and that is covered by Title IV of ERISA.

"**New Asset**" shall mean an Eligible Asset that Seller proposes to be included as a Purchased Item which Eligible Asset has not yet become a Purchased Asset.

"**OFAC**" shall have the meaning specified in the definition of "Prohibited Investor".

"**Originated Asset**" shall mean any Eligible Asset originated by an Affiliate of Seller.

"**Other Connection Taxes**" shall mean, with respect to Buyer and any Transferee, Taxes imposed as a result of a present or former connection between such Buyer

or Transferee and the jurisdiction imposing such Tax (other than connections arising from such Buyer or Transferee having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in any Transaction Document).

"**Other Taxes**" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Transaction Document, except for (i) any such Taxes or Other Connection Taxes imposed with respect to an assignment, transfer or sale of participation or other interest in or with respect to the Transaction Documents (other than an assignment made pursuant to **Article 14(m))**, and (ii) for the avoidance of doubt, any Excluded Taxes.

"**Participant Register**" shall have the meaning set forth in **Article 19(c)** of this Agreement.

"**Participants**" shall have the meaning set forth in **Article 19(a)** of this Agreement.

"**Participation Certificate**" shall mean the original participation certificate, if any, that was executed and delivered in connection with a Participation Interest.

"**Participation Interest**" shall mean a senior, controlling *pari passu* interest in a performing Senior Mortgage Loan.

"**Permitted Encumbrances**" shall mean, with respect to each Purchased Asset, (a) any lien or security interest created by this Agreement and the other Transaction Documents, (b) all liens, encumbrances and other matters disclosed in the applicable Title Policy, (c) liens, if any, for Taxes imposed by an Governmental Authority not yet due or delinquent, (d) leases, equipment leases, or other similar instruments entered into in accordance with the Purchased Asset Documents, (e) mechanics' liens,

materialmen's liens and other recorded encumbrances which are being contested in accordance with the Purchased Asset Documents, bonded over, escrowed for or insured against by the applicable Title Policy.

"**Person**" shall mean an individual, corporation, limited liability company, business trust, partnership, joint tenant or tenant in common, trust, joint stock company, joint venture, unincorporated organization, or any other entity of whatever nature, or a Governmental Authority.

"**Pine River Entities**" shall mean Pine River Capital Management L.P., Pine River Domestic Management L.P., Pine River Capital Management LLC or Manager.

"**Plan**" shall mean an employee pension benefit plan (within the meaning of Section 3(2) of ERISA) established or maintained by Seller or any ERISA Affiliate during the five year period ended prior to the date of this Agreement or to which Seller or any ERISA Affiliate makes, is obligated to make or has, within the five year period ended prior to the date of this Agreement, been required to make contributions and that is covered by Title IV of ERISA or Article 302 of ERISA or Article 412 of the Code, other than a Multiemployer Plan.

"**Plan Asset Regulations**" shall mean the regulations promulgated at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

"**Plan Party**" shall have the meaning set forth in **Article 22(a)** of this Agreement.

"**Pledge and Security Agreement**" shall mean that certain Pledge and Security Agreement, dated as of the date hereof, by Pledgor in favor of Buyer, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time, pledging all of Pledgor's interest in the Capital Stock of Seller to Buyer.

"**Pledgor**" shall mean TH Commercial GS Holdings LLC, a Delaware limited liability company.

"**Portfolio Purchase Price Debt Yield**" shall mean, on any date with respect to all Purchased Assets, a fraction (expressed as a percentage) (A) the numerator of which is the aggregate Underwritten Net Operating Income of the Underlying Mortgaged Properties on the most recent Purchase Date, as determined by Buyer in its sole discretion, and (B) the denominator of which is the aggregate outstanding Purchase Prices of all Purchased Assets on such date.

"**Potential Event of Default**" shall mean any condition or event that, after notice or lapse of time, would constitute an Event of Default.

"**Pre-Existing Asset**" shall mean any Eligible Asset that is not an Originated Asset.

"**Pre-Purchase Due Diligence**" shall have the meaning set forth in **Article 3(b)** hereof.

"**Pre-Purchase Legal Expenses**" shall mean all of the reasonable and necessary out of pocket legal fees, costs and expenses incurred by Buyer in connection with the Pre-Purchase Due Diligence associated with Buyer's decision as to whether or not to enter into a particular Transaction.

"**Prescribed Laws**" shall mean, collectively, (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (the "**USA Patriot Act**"), (b) Executive Order 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, (c) the International Emergency Economic Power Act, 50

U.S.C. §1701 et. seq., (d) the Bank Secrecy Act (31 U.S.C. Sections 5311 et seq.) as amended and (e) all other Requirements of Law relating to money laundering or terrorism, including without limitation, the USA Patriot Act and all regulations and executive orders promulgated with respect to money laundering or terrorism, including, without limitation, those promulgated by the Office of Foreign Assets Control of the United States Department of the Treasury.

"**Price Differential**" shall mean, with respect to any Purchased Asset as of any date, the aggregate amount obtained by daily application of the applicable Pricing Rate for such Purchased Asset to the outstanding Purchase Price of such Purchased Asset on a 360-day-per-year basis for the actual number of days during each Pricing Rate Period commencing on (and including) the Purchase Date for such Purchased Asset and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Purchased Asset).

"**Pricing Rate**" shall mean:

(a) for any Pricing Rate Period during the Availability Period, an annual rate equal to the sum of (i) the greater of (A) thirty-five hundredths percent (0.35%) and (B) the LIBOR Rate, *plus* (ii) the relevant Applicable Spread, in each case, for the applicable Pricing Rate Period for the related Purchased Asset; and

(b) for any Pricing Rate Period during the Amortization Period, an annual rate equal to the sum of (i) the greater of (A) thirty-five hundredths percent (0.35%) and (B) the LIBOR Rate, *plus* (ii) the Amortization Period Additional Percentage, *plus* (iii) the relevant Applicable Spread, in each case, for the applicable Pricing

Rate Period for the related Purchased Asset.

The Pricing Rate, in either such case, shall be subject to adjustment and/or conversion as provided in the Transaction Documents or the related Confirmation.

"**Pricing Rate Determination Date**" shall mean with respect to any Transaction (i) with respect to the first Pricing Rate Period, the related Purchase Date for such Purchased Asset and (ii) with respect to any subsequent Pricing Rate Period, the date that is two (2) Business Days prior to the first (1st) day of such Pricing Rate Period.

"**Pricing Rate Period**" shall mean, with respect to any Transaction and any Remittance Date (a) in the case of the first Pricing Rate Period, the period commencing on and including the Purchase Date for such Transaction and ending on and excluding the following Remittance Date, and (b) in the case of any subsequent Pricing Rate Period, the period commencing on and including the immediately preceding Remittance Date and ending on and excluding such Remittance Date; provided, however, that in no event shall any Pricing Rate Period for a Purchased Asset end subsequent to the Repurchase Date for such Purchased Asset.

"**Primary Servicer**" shall mean Trimont Real Estate Advisors LLC, or any other primary servicer approved by, or in the case of a termination of Primary Servicer pursuant to **Article 29(c)**, appointed by Buyer, in each case in Buyer's sole discretion.

"**Primary Servicing Agreement**" shall mean the Servicing and Asset Management Agreement by and between Seller and Primary Servicer dated as of July 6, 2015 and, if any other Primary Servicer is approved by Buyer in its sole discretion, any servicing agreement with such other Primary Servicer in respect of the Purchased Assets, which agreement is approved by Buyer in its sole discretion.

"**Principal Payment**" shall mean, with respect to any Purchased Asset, any scheduled or unscheduled payment or prepayment of principal received in respect thereof (including net sale proceeds or casualty or condemnation proceeds to the extent that such proceeds are not required under the related Purchased Asset Documents to be reserved, escrowed, readvanced or applied for the benefit of the Mortgagor or the related Underlying Mortgaged Property).

"**Prohibited Investor**" shall mean (1) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons by the Office of Foreign Asset Control ("**OFAC**"), (2) any Person whose name appears on any list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to and of the Rules and Regulations of OFAC that Buyer has notified Seller in writing is now included in such list, (3) any Person whose name appears on any list similar to those described in clauses (1) and (2) of this definition maintained by the United States Department of State, the United States Department of Commerce or any other government authority or pursuant to any Executive Order of the President of the United States that Buyer has notified Seller in writing is now included on such list, (4) any foreign shell bank, and (5) any person or entity resident in or whose subscription funds are transferred from or through an account in a jurisdiction that has been designated as a non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering ("**FATF**"), of which the U.S. is a member and with which designation the U.S. representative to the group or organization continues to concur. See http://www.fatf-gati.org for FATF's list of Non-Cooperative Countries and Territories.

"**Properties**" shall have the meaning set forth in **Article 9(xxv)** of this Agreement.

"**Purchase Agreement**" shall mean any purchase agreement between Seller and any Transferor pursuant to which Seller purchased or acquired an Asset that is subsequently sold to Buyer hereunder.

"**Purchase Date**" shall mean, with respect to any Purchased Asset, the date on which Buyer purchases such Purchased Asset from Seller hereunder.

"**Purchase Price**" shall mean, with respect to any Purchased Asset, the price at which such Purchased Asset is transferred by Seller to Buyer on the applicable Purchase Date, adjusted after the Purchase Date as set forth below. The Purchase Price as of the Purchase Date for any Purchased Asset shall be an amount (expressed in dollars) equal to the product obtained by multiplying (i) the lesser of (A) Market Value of such Purchased Asset or (B) the par amount of such Purchased Asset by (ii) the Advance Rate for such Purchased Asset, as set forth on the related Confirmation. The Purchase Price of any Purchased Asset shall be (a) decreased by (x) any amount of Margin Deficit transferred by Seller to Buyer pursuant to **Article 4(a)** and applied to the Purchase Price of such Purchased Asset, (y) the portion of any Principal Payments on such Purchased Asset that are applied pursuant to **Article 5** hereof to reduce such Purchase Price and (z) any other amounts paid to Buyer by Seller to reduce such Purchase Price and (b) increased by any Future Funding Advance, any Additional Advance or by any other amounts disbursed by Buyer to Seller or to the related borrower on behalf of Seller with respect to such Purchased Asset to the related borrower on behalf of Seller with respect to such Purchased Asset.

"**Purchased Asset**" shall mean (i) with respect to any Transaction, the Eligible Asset sold by Seller to Buyer in such Transaction and (ii) with respect to the Transactions in general, all Eligible Assets sold by Seller to Buyer (other than Purchased Assets that have been repurchased by Seller).

"**Purchased Asset Documents**" shall mean, with respect to a Purchased Asset, the documents specified in **Schedule II**.

"**Purchased Asset File**" shall mean, with respect to a Purchased Asset, the Purchased Asset Documents, together with any additional documents and information required to be delivered to Buyer or its designee (including the Custodian) pursuant to this Agreement.

"**Purchased Asset Schedule**" shall mean a schedule of Purchased Assets attached to each Trust Receipt and Custodial Delivery Certificate delivered in accordance with the Custodial Agreement.

"**Purchased Items**" shall have the meaning set forth in **Article 6(a)** of this Agreement.

"**Quarterly Reporting Package**" shall mean the reporting package described on **Exhibit III-B**.

"**Register**" shall have the meaning set forth in **Article 19(b)** of this Agreement.

"**Release Letter**" shall mean a letter substantially in the form of **Exhibit XII** hereto (or such other form as may be acceptable to Buyer).

"**Remittance Date**" shall mean the fifteenth (15th) calendar day of each calendar month, or the immediately succeeding Business Day, if such calendar day shall not be a Business Day, or such other day as is mutually agreed to by Seller and Buyer.

"**Renewal Option**" shall have the meaning set forth in **Article 3(i)** of this Agreement.

"**Renewal Period**" shall have the meaning set forth in **Article 3(i)(i)** of this Agreement.

"**Renewal Period Fee**" shall have the meaning set forth in the Fee Letter, which definition is incorporated herein by reference.

"**Repurchase Date**" shall mean:

(i) with respect to a Purchased Asset that is not an Amortization Period Purchased Asset, the earliest to occur of (A) the Availability Period Expiration Date, (B) one (1) Business Day after the occurrence of any Mandatory Repurchase Event, (C) any Early Repurchase Date for such Transaction; (D) the Accelerated Repurchase Date, (E) any Mandatory Early Repurchase Date for such Transaction and (F) the maturity date (including any extension options under the related Purchased Asset Documents) of such Purchased Asset; and

(ii) with respect to a Purchased Asset that is an Amortization Period Purchased Asset, the earliest to occur of (A) the Amortization Period Expiration Date; (B) one (1) Business Day after the occurrence of any Mandatory Repurchase Event, (C) any Early Repurchase Date for such Transaction; (D) the Accelerated Repurchase Date, (E) any Mandatory Early Repurchase Date for such Transaction and (F) the maturity date (including any extension options under the related Purchased Asset Documents) of such Purchased Asset.

"**Repurchase Obligations**" shall have the meaning set forth thereto in **Article 6(a).**

"**Repurchase Price**" shall mean, with respect to any Purchased Asset as of any Repurchase Date or any date on which the Repurchase Price is required to be determined hereunder, the price at which such Purchased Asset is to be transferred from Buyer to Seller; such price will be determined in each case as the sum of the (i) outstanding Purchase Price of such Purchased Asset; (ii) the accreted and unpaid Price Differential with respect to such Purchased Asset as of the date of such determination; (iii) any other amounts due and owing by Seller to Buyer and its Affiliates pursuant to the terms of this Agreement with

respect to such Purchased Asset as of such date; and (iv) if such Repurchase Date is not a Remittance Date, any Breakage Costs payable in connection with such repurchase other than with respect to the determination of a Margin Deficit.

"**Requested Exceptions Report**" shall have the meaning set forth thereto in **Article 3(c)(vii)**.

"**Requirement of Law**" shall mean any law, treaty, rule, regulation, code, directive, policy, order or requirement or determination of an arbitrator or a court or other Governmental Authority whether now or hereafter enacted or in effect.

"**Reserve Interest Rate**" shall mean, with respect to any LIBOR determination date, the rate per annum that Buyer determines to be either (i) the arithmetic mean (rounded to the nearest whole multiple of 1/100%) of the one-month or overnight U.S. dollar lending rates (as applicable) which New York City banks selected by Buyer are quoting on the relevant LIBOR determination date to the principal London offices of leading banks in the London interbank market or (ii) in the event that Buyer can determine no such arithmetic mean, the lowest one-month or overnight U.S. dollar lending rate (as applicable) which New York City banks selected by Buyer are quoting on such LIBOR determination date to leading European banks.

"**Reserve Requirement**" shall mean, with respect to any Pricing Rate Period, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect during such Pricing Rate Period (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board of Governors) maintained by Buyer.

"**Responsible Officer**" shall mean any executive officer of Seller or Guarantor, as the context may require.

"**Revocable Option**" shall have the meaning set forth in **Article 7(d)**.

"**Sanctions**" shall have the meaning set forth in **Article 9(b)(xxvii)**.

"**SEC**" shall have the meaning set forth in **Article 24(a)** of this Agreement.

"**Seller**" shall mean the entity identified as "Seller" in the Recitals hereto and such other sellers as may be approved by Buyer in its sole discretion from time to time.

"**Senior Mortgage Loans**" shall mean whole, performing senior floating rate mortgage loans secured by first liens on commercial or multifamily properties.

"**Servicing Agreement**" shall have the meaning set forth in **Article 29(b).**

"**Servicing Records**" shall have the meaning set forth in **Article 29(b)**.

"**Servicing Rights**" shall mean contractual, possessory or other rights of any Person to administer, service or subservice any Purchased Assets (or to possess any Servicing Records relating thereto), including: (i) the rights to service the Purchased Assets; (ii) the right to receive compensation (whether direct or indirect) for such servicing, including the right to receive and retain the related

servicing fee and all other fees with respect to such Purchased Assets; and (iii) all rights, powers and privileges incidental to the foregoing, together with all Servicing Records relating thereto.

"**Servicing Tape**" shall have the meaning specified in **Exhibit III-B** hereto.

"**Significant Modification**" shall mean (a) any extension, material amendment, waiver, termination, rescission, cancellation, release, subordination or other modification to the material terms of, or any collateral, guaranty or indemnity for, any Purchased Asset or Purchased Asset Document (including, without limitation, any provision related to the amount or timing of any scheduled payment of interest or principal, the validity, perfection or priority of any security interest, or the release of any collateral or obligor (except in accordance with the underlying Purchased Asset Documents)), (b) any sale, transfer, disposition or any similar action with respect to any collateral for any Purchased Asset (except to the extent required under the Purchased Asset Documents) or (c) the foreclosure or exercise of any material right or remedy by the holder of any Purchased Asset or Purchased Asset Document.

"**SIPA**" shall have the meaning set forth in **Article 24(a)** of this Agreement.

"**Single Purpose Entity**" shall mean any corporation, limited partnership or limited liability company that, since the date of its formation and at all times on and after the date hereof, has complied with and shall at all times comply with the provisions of **Article 12** of this Agreement.

"**Subsidiary**" shall mean, as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of Seller and/or Guarantor.

"**Table Funded Purchased Asset**" shall mean a Purchased Asset which is sold to Buyer simultaneously with the origination or acquisition thereof, which origination or acquisition is financed with the Purchase Price, pursuant to Seller's request, paid directly to a Title Company or other settlement agent, in each case, approved by Buyer, for disbursement in connection with such origination or acquisition. A Purchased Asset shall cease to be a Table Funded Purchased Asset after Custodian has delivered a Trust Receipt to Buyer certifying its receipt of the Purchased Asset File therefor.

"**Taxes**" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Title Company**" shall mean a nationally-recognized title insurance company acceptable to Buyer.

"**Title Policy**" shall mean an American Land Title Association (ALTA) lender's title insurance policy or a comparable form of lender's title insurance policy (or escrow instructions binding on the Title Company and irrevocably obligating the Title Company to issue such title insurance policy, a title policy commitment or pro-forma "marked up" at the closing of the related Purchased Asset and countersigned by the Title Company or its authorized agent) as adopted in the applicable jurisdiction.

"**Transaction**" shall mean a Transaction, as specified in **Article 1** of this Agreement.

"**Transaction Documents**" shall mean, collectively, this Agreement, any applicable Schedules, Exhibits and Annexes to this Agreement, the Guarantee Agreement, the Custodial Agreement, each Servicing Agreement, the Depository Agreement, the Pledge and Security Agreement, the Fee Letter, all Confirmations and assignment documentation executed pursuant to this Agreement in connection with specific Transactions, each of the foregoing as may be amended, restated, supplemented or modified from time-to-time.

"**Transferee**" shall have the meaning set forth in **Article 19(a)** hereof.

"**Transferor**" shall mean the seller of an Asset under a Purchase Agreement that is not an Affiliate of Seller.

"**Trust Receipt**" shall mean a trust receipt issued by Custodian, or, in the case of a Table Funded Purchased Asset, Bailee, to Buyer substantially in the form required under the Custodial Agreement or the Bailee Agreement.

"**UCC**" shall have the meaning specified in **Article 6(c)** of this Agreement.

"**Underlying Mortgaged Property**" shall mean the real property securing the related Purchased Asset.

"**Underwriting Issues**" shall mean, with respect to any Purchased Asset as to which Seller intends to request a Transaction, all information known by Seller that, based on the making of reasonable inquiries and the exercise of reasonable care and diligence under the circumstances, would be considered a materially "negative" factor (either separately or in the aggregate with other information), or a defect in loan documentation or closing deliveries (such as any absence of any Purchased Asset Document(s)), to a reasonable institutional mortgage buyer in determining whether to originate or acquire the Purchased Asset in question.

"**Underwritten Net Operating Income**" shall mean, on any date with respect to any one or more Purchased Assets, the underwritten net operating income from the Underlying Mortgaged Property or Underlying Mortgaged Properties securing such Purchased Asset or Purchased Assets as of such date, as determined by Buyer in its sole discretion.

"**USA Patriot Act**" shall have the meaning ascribed to such term in the definition of "Prescribed Laws".

"**U.S. Person**" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"**U.S. Tax Compliance Certificate**" shall have the meaning set forth in **Article 14(k)(B)(3)** of this Agreement.

"**VCOC**" shall mean a "venture capital operating company" within the meaning of Section 2510.3-101(d) of the Plan Asset Regulations.

All references to articles, schedules and exhibits are to articles, schedules and exhibits in or to this Agreement unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All accounting terms not specifically defined herein shall be

construed in accordance with generally accepted accounting principles. References to "good faith" in this Agreement shall mean "honesty in fact in the conduct or transaction concerned".

ARTICLE 3.
INITIATION; CONFIRMATION; TERMINATION; FEES

(a) Conditions Precedent to Initial Transaction. Buyer's agreement to enter into the initial Transaction hereunder is subject to the satisfaction, immediately prior to or concurrently with the making of such Transaction, of the condition precedent that Buyer has received from Seller all of the following documents, each of which shall be satisfactory in form and substance to Buyer and its counsel:

(i) Transaction Documents. The Transaction Documents duly executed by the parties thereto (including all exhibits thereto).

(ii) Power of Attorney. The power of attorney, duly executed by Seller, substantially in the form set forth on **Exhibit IV** hereto.

(iii) Consents. Any and all consents and waivers of Seller applicable to Seller or to the Purchased Assets;

(iv) Security Interest. UCC financing statements for filing in each of the UCC filing jurisdictions described on **Exhibit X** hereto, each naming Seller or Pledgor as applicable as "Debtor" and Buyer as "Secured Party" and adequately describing as "Collateral", with respect to Seller, as "all assets of Seller, whether now owned or existing or hereafter acquired or arising" and, with respect to Pledgor, all of the items set forth in the definition of Collateral in the Pledge and Security Agreement, together with any other documents necessary or requested by Buyer to perfect the security interests granted by Seller in favor of Buyer under this Agreement or any other Transaction Document.

(v) Intentionally Omitted.

(vi) Intentionally Omitted.

(vii) Opinions of Counsel. Opinions of outside counsel to Seller reasonably acceptable to Buyer (including, but not limited to, those relating to enforceability, bankruptcy safe harbor, corporate matters, applicability of the Investment Company Act of 1940 to Seller, and security interests).

(viii) Organizational Documents. Good standing certificates and certified copies of the certificate of incorporation, memorandum and articles of association, charters and by-laws (or equivalent documents) of Seller, Pledgor and Guarantor and of all corporate or other authority for Seller and Guarantor with respect to the execution, delivery and performance of the Transaction Documents and each other document to be delivered by Seller and Guarantor from time to time in connection herewith (and Buyer may conclusively rely on such certificate until it receives notice in writing from Seller to the contrary).

(ix) Fees and Expenses. Buyer shall have received payment from Seller of an amount equal to the amount of actual costs and expenses, including, without limitation, the reasonable fees and expenses of counsel to Buyer, incurred by Buyer in connection with the development, preparation and execution of this Agreement, the other Transaction Documents and any other documents prepared in connection herewith or therewith.

(x) Other Documents. Such other documents, documentation and legal opinions as Buyer may reasonably require.

(b) Due Diligence Review. Buyer shall have the right to review, as described in **Exhibit VI** hereto, the Eligible Assets Seller proposes to sell to Buyer in any Transaction and to conduct its own due diligence investigation of such Eligible Assets as Buyer determines ("**Pre-Purchase Due Diligence**"). Buyer shall be entitled to make a determination, in the exercise of its sole discretion, that, in the case of a Transaction, it shall or shall not purchase any or all of the assets proposed to be sold to Buyer by Seller. Buyer shall inform Seller of its approval of the deliverables required in accordance with **Exhibit VI** attached hereto. Not less than ten (10) Business Days prior to the requested Purchase Date for the Transaction, Buyer shall approve an Eligible Asset in accordance with **Exhibit VI** hereto, which approval shall be revocable in Buyer's sole discretion prior to Buyer's execution and delivery of the Confirmation on the Purchase Date. On the Purchase Date for the Transaction, which shall occur upon Buyer's and Seller's execution of a Confirmation with respect to an Eligible Asset, the Eligible Assets shall be transferred to Buyer against the transfer of the Purchase Price to an account of Seller. Upon the approval by Buyer of a particular proposed Transaction, Buyer shall deliver to Seller a signed copy of the related Confirmation described in clause (v) below, on or before the scheduled Purchase Date of the underlying proposed Transaction, which shall serve as evidence that all conditions relating to the Proposed Transactions (as set forth in **Article 3(a)** or **3(c)** or **Exhibit VI**, or elsewhere, as applicable) have been satisfied or waived by Buyer.

(c) Conditions Precedent to all Transactions. Buyer's agreement to enter into each Transaction (including the initial Transaction) shall be determined in Buyer's sole discretion and is otherwise subject to the satisfaction of the following further conditions precedent, both immediately prior to entering into such Transaction and also after giving effect to the consummation thereof and the intended use of the proceeds of the sale:

(i) Seller shall give Buyer no less than two (2) Business Days' prior written notice of each Transaction (including the initial Transaction), which notice shall describe the terms of the Transaction and the Purchased Assets;

(ii) The sum of (A) the unpaid Purchase Price for all prior outstanding Transactions and (B) the requested Purchase Price for the pending Transaction, in each case, shall not exceed the Maximum Facility Amount;

(iii) No Market Disruption Event or Force Majeure Event has occurred and is continuing, no Margin Deficit that has resulted in a Margin Deficit Notice, Potential Event of Default or Event of Default shall exist under this Agreement or any other Transaction Document;

(iv) No Material Adverse Effect shall exist;

(v) Seller shall have executed a Confirmation for such proposed Transaction;

(vi) Buyer shall have (i) determined, in its sole discretion, that the Asset proposed to be sold to Buyer by Seller in such Transaction is an Eligible Asset, (ii) satisfactorily completed its "Know Your Customer" and OFAC diligence (as to the related Mortgagor, guarantor and all other related parties, as determined by Buyer), (iii) determined conformity to the terms of the Transaction Documents and Buyer's internal credit and underwriting criteria, and (iv) obtained internal credit approval, to be granted or denied in Buyer's sole discretion, for the inclusion of such Eligible Asset as a Purchased Asset in a Transaction, without regard for any prior credit decisions by Buyer or any Affiliate of Buyer, and with the understanding that Buyer shall have

the absolute right to change any or all of its internal underwriting criteria at any time, without notice of any kind to Seller;

(vii) Seller shall have delivered to Buyer a list of all exceptions to the representations and warranties relating to the Eligible Asset and any other eligibility criteria for such Eligible Asset (the "**Requested Exceptions Report**");

(viii) Guarantor shall have delivered to Buyer a true and accurate Covenant Compliance Certificate with respect to Guarantor's most recently ended fiscal quarter for which a Covenant Compliance Certificate is required to be delivered hereunder, provided that to the extent Guarantor has previously delivered to Buyer a Covenant Compliance Certificate for the most recently ended fiscal quarter, Seller or Guarantor need not provide an additional Covenant Compliance Certificate for such fiscal quarter in connection with the proposed Transaction;

(ix) both immediately prior to the requested Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller in each of **Exhibit V** and **Article 9** shall be true, correct and complete on and as of such Purchase Date in all respects with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), subject to such exceptions specified in any Requested Exceptions Report that has been approved by Buyer;

(x) subject to Buyer's right to perform one or more due diligence reviews pursuant to **Article 28**, Buyer shall have completed its due diligence review of the Purchased Asset File, and such other documents, records, agreements, instruments, mortgaged properties or information relating to such Purchased Asset as Buyer in its sole discretion deems appropriate to review, including, without limitation, all external legal due diligence any due diligence relating to lending licensing

requirements which may impact Buyer, and such review shall be satisfactory to Buyer in its sole discretion and Buyer has consented in writing to the Eligible Asset becoming a Purchased Asset;

(xi) with respect to any Eligible Asset to be purchased hereunder on the related Purchase Date that is not primarily serviced by the Primary Servicer, Seller shall have provided to Buyer a copy of the related Servicing Agreement, certified as a true, correct and complete copy of the original, fully executed by Seller and the servicer named in the related Servicing Agreement;

(xii) Seller shall have directed Servicer to remit all payments into the Depository Account and to service such payments in accordance with the provisions of this Agreement;

(xiii) Seller shall have paid to Buyer all amounts that are due and payable under this Agreement at the time of such Transaction, including, without limitation, reasonable legal fees and expenses of outside counsel and the reasonable out-of-pocket costs and expenses actually incurred by Buyer in connection with the entering into of any Transaction hereunder, including, without limitation, costs associated with due diligence, recording or other administrative expenses necessary or incidental to the execution of any Transaction hereunder, which amounts, at Buyer's option, may be withheld from the sale proceeds of any Transaction hereunder;

(xiv) Buyer shall have reasonably determined that the introduction of, or a change in, any Requirement of Law or in the interpretation or administration of any Requirement of Law including without limitation changes in any Reserve Requirements and any other increase in cost

to Buyer applicable to Buyer has not made it unlawful or impracticable, and no Governmental Authority shall have asserted that it is unlawful, for Buyer to enter into the Transaction;

(xv) Seller shall have taken such other action as Buyer shall have reasonably requested in order to transfer the Purchased Assets pursuant to this Agreement and to perfect all security interests granted under this Agreement or any other Transaction Document in favor of Buyer with respect to the Purchased Assets;

(xvi) If such Eligible Asset was acquired by Seller from a Person that is not an Affiliate of Seller, Seller shall have disclosed to Buyer the acquisition cost of such Eligible Asset (including therein reasonable supporting documentation required by Buyer, if any);

(xvii) Buyer shall have received all such other and further documents, documentation and legal opinions as Buyer in its reasonable discretion shall reasonably require;

(xviii) Buyer shall have received (i) other than with respect to a Table Funded Purchased Asset, from Custodian on each Purchase Date an Asset Schedule and Exception Report (as defined in the Custodial Agreement) with respect to each Purchased Asset, dated the Purchase Date, duly completed and with exceptions acceptable to Buyer in its sole discretion in respect of Eligible Assets to be purchased hereunder on such Business Day; or (ii) a Bailee Letter from an Acceptable Attorney identifying the applicable Release Letter being held on behalf of Buyer;

(xix) as of the applicable Purchase Date for such Eligible Asset, each of the Concentration Limits is satisfied;

(xx) Buyer shall have received from Seller an original Release Letter covering such Eligible Asset to be sold to Buyer;

(xxi) The Advance Rate relating to such Eligible Asset shall not exceed the Maximum Advance Rate;

(xxii) as of the Purchase Date, the related Eligible Asset shall have a Buyer's LTV no greater than sixty percent (60%); and

(xxiii) Buyer shall have received from Seller the Draw Fee related to such Eligible Asset in accordance with the terms and provisions of the Fee Letter.

(d) Transfer of Purchased Assets; Servicing Rights. During the Availability Period, upon the satisfaction of all conditions set forth in **Articles 3(a)**, **3(b)** and **3(c)**, Seller shall sell, transfer, convey and assign to Buyer on a servicing released basis all of Seller's right, title and interest in and to each Purchased Asset, together with all related Servicing Rights against the transfer of the Purchase Price to an account of Seller. With respect to any Transaction, the Pricing Rate shall be determined initially on the Pricing Rate Determination Date applicable to the first Pricing Rate Period for such Transaction and shall be reset on the Pricing Rate Determination Date for each of the next succeeding Pricing Rate Periods for such Transaction. Buyer or its agent shall determine in accordance with the terms of this Agreement the Pricing Rate on each Pricing Rate Determination Date for the related Pricing Rate Period in Buyer's sole discretion, and notify Seller of such rate for such period each such Pricing Rate Determination Date.

(e) Confirmation. Each Confirmation, together with this Agreement, shall be conclusive evidence of the terms of the Transaction covered thereby. In the event of any conflict between the terms

of such Confirmation and the terms of this Agreement with respect to a particular Transaction, the Confirmation shall prevail.

(f) Early Repurchase Date; Mandatory Repurchases.

(i) Seller shall be entitled to terminate a Transaction on demand and repurchase the Purchased Asset subject to a Transaction on any Business Day prior to the Repurchase Date (an "**Early Repurchase Date**") upon satisfaction of the following conditions:

(A) No later than two (2) Business Days prior to the proposed Early Repurchase Date, Seller notifies Buyer in writing of its intent to terminate such Transaction and repurchase such Purchased Asset, setting forth the proposed Early Repurchase Date and identifying with particularity the Purchased Asset to be repurchased on such Early Repurchase Date,

(B) on such Early Repurchase Date, Seller pays to Buyer an amount equal to the sum of (x) the Repurchase Price for the applicable Purchased Asset and (y) any other amounts due and payable under this Agreement (including, without limitation, **Article 14(f)** of this Agreement) with respect to such Purchased Asset against transfer to Seller or its agent of the Purchased Assets,

(C) no Potential Event of Default, Event of Default or Margin Deficit shall be continuing or would occur or result from such early repurchase, and

(D) on such Early Repurchase Date, Seller pays any Exit Fee which may be due and payable in connection with the repurchase of such Purchased Asset in accordance with the terms and conditions of the Fee Letter.

(ii) In addition to any other rights and remedies of Buyer under any Transaction Document, upon the occurrence of a Mandatory Early Repurchase Event, Seller shall, in accordance with the procedures set forth in **Article 3(f)(i)(B)-(D)**, and **Article 3(h)**, repurchase any such Purchased Asset on the date (the "**Mandatory Early Repurchase Date**") that is two (2) Business Days after the earlier of Seller's receipt of notice from Buyer or Seller's Knowledge of the occurrence thereof.

(g) Indemnification. Seller shall indemnify Buyer and hold Buyer harmless from any actual out-of-pocket loss, cost or expense (including, without limitation, reasonable attorneys' fees and disbursements of outside counsel) that Buyer may sustain or incur as a consequence of (i) default by Seller in repurchasing any Purchased Asset on the proposed Early Repurchase Date, after Seller has given written notice in accordance with **Article 3(f)**, (ii) any payment of the Repurchase Price on any day other than a Remittance Date, including Breakage Costs, (iii) a default by Seller in selling Eligible Assets after Seller has notified Buyer of a proposed Transaction and Buyer has agreed in writing to purchase such Eligible Assets in accordance with the provisions of this Agreement, (iv) Buyer's enforcement of the terms of any of the Transaction Documents, (v) any actions taken to perfect or continue any Lien created under any Transaction Documents, and/or (vi) Buyer entering into any of the Transaction Documents or owning any Purchased Item. A certificate as to such costs, losses, damages and expenses, setting forth the calculations therefor shall be submitted promptly by Buyer to Seller in writing and shall be prima facie evidence of the information set forth therein, absent manifest error. This **Article 3(g)** shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(h) Repurchase. On the Repurchase Date for any Transaction, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Assets being repurchased and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to **Article 5** of this Agreement) against the simultaneous transfer of the Repurchase Price to an account of Buyer.

(i) Availability Period; Renewals. (i) From and after the Availability Period Expiration Date, Seller shall have no ability to sell any new Eligible Assets to Buyer. If Buyer and Seller have not entered into the Amortization Period in accordance with the terms and conditions of **Article 3(m)**, then (A) on the Availability Period Expiration Date, Seller shall be obligated to repurchase all of the Purchased Assets and transfer payment of the Repurchase Price for each such Purchased Asset, together with the accrued and unpaid Price Differential and any other amounts due and payable to Buyer hereunder, against the transfer by Buyer to Seller of each such Purchased Asset, and (B) following the Availability Period Expiration Date, Buyer shall not be obligated to transfer any Purchased Assets to Seller until payment in full to Buyer of all amounts due hereunder.

(ii) Seller shall have one (1) option to extend the Availability Period Expiration Date for a period of one (1) year (the "**Renewal Option**"), provided that Seller has satisfied all of the conditions listed in clause (iv) below (collectively, the "**Availability Period Renewal Conditions**");

(iii) [Reserved].

(iv) For purposes of this **Article 3(i),** the Availability Period Renewal Conditions shall have been satisfied if:

(A) Seller shall have given Buyer written notice of Seller's extension of the Availability Period Expiration Date, not less than thirty (30) calendar days prior, and no more than ninety (90) calendar days prior to the second (2nd) anniversary of the Closing Date;

(B) Seller shall have paid to Buyer the Renewal Period Fee in accordance with the terms and provisions of the Fee Letter;

(C) no Margin Deficit that has resulted in a Margin Deficit Notice or Event of Default under this Agreement shall have occurred and be continuing as of the date of the Availability Period Expiration Date;

(D) the representations and warranties made by Seller, Pledgor and Guarantor in any of the Transaction Documents shall be true, correct, complete and accurate in all respects as of the date Seller submitted its notice of extension of the Renewal Option and as of the Availability Period Expiration Date (except such representations which by their terms speak as of a specified date and subject to any exceptions disclosed to Buyer in a Requested Exceptions Report prior to such date and approved by Buyer);

(E) during the period beginning on the Closing Date and ending on the Availability Period Expiration Date, the average aggregate outstanding Purchase Price of all Purchased Assets shall be no less than the product of (x) thirty-five percent (35%) *multiplied by* (y) the Maximum Facility Amount; and

(F) Buyer has received on or prior to the Availability Period Expiration Date, an aggregate Price Differential amount of $4,330,000.00 during the period beginning on the Closing Date and ending on the Availability Period Expiration Date.

(v) Notwithstanding any of the foregoing to the contrary, if Seller elects to enter the Amortization Period in accordance with the terms and conditions of **Article 3(m)** prior to exercising the Renewal Option hereunder, then, in any such case, Seller shall forfeit the Renewal Option and shall have no ability to request to renew this Agreement and the Transaction Documents pursuant to this **Article 3(i)**.

(j) Voluntary Reduction of Purchase Price. On any Business Day prior to the Repurchase Date, Seller shall have the right, from time to time, to transfer cash to Buyer for the purpose of reducing the outstanding Purchase Price of any Purchased Asset without terminating the Transaction and without release of any Purchased Items; provided, that (i) any such reduction in outstanding Purchase Price occurring on a date other than a Remittance Date shall be required to be accompanied by payment of all unpaid accrued Price Differential as of the applicable Business Day on the amount of such reduction and (ii) Seller provides Buyer with three (3) Business Days prior notice with respect to any reduction in outstanding Purchase Price occurring on any date that is not a Remittance Date. In connection with any such reduction of outstanding Purchase Price pursuant to this **Article 3(j)**, Buyer and Seller shall modify the existing Confirmation for the Transaction to set forth the new Advance Rate and outstanding Purchase Price for such Purchased Asset. Any transfer of cash made pursuant to this **Article 3(j)** shall be in an amount equal to or greater than $1,000,000.

(k) Additional Advances. (i) On any Business Day prior to the Repurchase Date, if at any time the effective Advance Rate based on the outstanding Purchase Price with respect to a Purchased Asset is less than the Advance Rate as set forth in the Confirmation for such Purchased Asset, Seller may submit to Buyer a request that Buyer transfer cash to Seller so as to increase the outstanding Purchase Price for such Purchased Asset in the amount requested by Seller (an "Additional Advance"). Buyer's agreement to make any Additional Advance shall be in Buyer's sole discretion and in any case is subject to the satisfaction of the following conditions precedent, both immediately prior to making such Additional Advance and also after giving effect to the consummation thereof:

(A) as of the funding of such Additional Advance, no Margin Deficit that is due and payable or Event of Default has occurred and is continuing or would result from the funding of such Additional Advance;

(B) the funding of the Additional Advance would not cause the related Purchased Asset to exceed the applicable Maximum Advance Rate;

(C) the funding of the Additional Advance would not cause the aggregate outstanding Purchase Price for all Purchased Assets to exceed the Maximum Facility Amount;

(D) the amount of the Additional Advance is no less than $500,000; and

(E) Buyer shall have satisfactorily completed all applicable credit approval requirements.

(ii) On the date of the Additional Advance, which shall occur following the final approval of the Additional Advance that all conditions set forth in this **Article 3(k)** have been satisfied, Buyer shall transfer cash to Seller as provided in this **Article 3(k)** (and in accordance

with the wire instructions provided by Seller in such request). Upon approval by Buyer of a particular Additional Advance pursuant to this **Article 3(k)**, Buyer and Seller shall modify the existing Confirmation for the applicable Transaction to set forth the new Advance Rate, outstanding Purchase Price and Buyer's LTV for such Purchased Asset and any other modifications to the terms set forth on the existing Confirmation.

(l) Future Funding Advance. (i) Subject to **Article 4**, at any time prior to the Repurchase Date, in the event a future funding is made or is to be made by Seller pursuant to the Purchased Asset Documents for a Purchased Asset, Seller may submit to Buyer a request that Buyer transfer cash to Seller in an amount not to exceed the Maximum Advance Rate multiplied by the amount of such future funding (a "**Future Funding Advance**"), which Future Funding Advance shall increase the outstanding Purchase Price for such Purchased Asset. Buyer's agreement to make any Future Funding Advance shall be in Buyer's sole discretion and in any case is subject to the satisfaction of the following conditions precedent, both immediately prior to making such Future Funding Advance and also after giving effect to the consummation thereof:

(A) as of the funding of such Future Funding Advance, no Margin Deficit, Potential Event of Default or Event of Default has occurred and is continuing or would result from the funding of such Future Funding Advance;

(B) the funding of the Future Funding Advance would not cause the aggregate outstanding Purchase Price for all Purchased Assets to exceed the Maximum Facility Amount;

(C) the Future Funding Advance would not cause the Purchase Price of the applicable Purchased Asset or the aggregate Purchase Price of all applicable Purchased Assets, in either such case, to exceed the Concentration Limits;

(D) the amount of the Future Funding Advance is no less than $1,000,000;

(E) Seller shall have demonstrated to Buyer's satisfaction that all conditions to the future funding under the Purchased Asset Documents have been satisfied; and

(F) Buyer shall have satisfactorily completed all applicable credit approval requirements and any additional due diligence investigation of the related Purchased Asset, as described in **Exhibit XVI**, and as determined by Buyer in its sole discretion (the "**Future Funding Due Diligence**").

(ii) On the date of the Future Funding Advance, which shall occur following the final approval of the Future Funding Advance that all conditions set forth in this **Article 3(l)** have been satisfied. Buyer shall transfer cash to Seller as provided in this **Article 3(l)** (and in accordance with the wire instructions provided by Seller in such request). Upon approval by Buyer of a particular Future Funding Advance pursuant to this **Article 3(l)**, Buyer and Seller shall modify the existing Confirmation for the applicable Transaction to set forth the new Advance Rate, outstanding Purchase Price and Buyer's LTV for such Purchased Asset and any other modifications to the terms set forth on the existing Confirmation.

(iii) Notwithstanding anything to the contrary herein, Buyer shall not be obligated to make any Future Funding Advance unless Seller has previously or simultaneously with Buyer's funding of a Future Funding Advance funded or caused to be funded to the related Mortgagor (or

to an escrow agent or as otherwise directed by the related Mortgagor) in respect of such Purchased Asset.

(m) Amortization Period.

(i) Provided all of the Amortization Period Conditions are satisfied, Seller shall have the option to extend the Repurchase Date for all outstanding Transactions as of the Availability Period Expiration Date for a period equal to the lesser of (x) the date that all Repurchase Obligations have been paid in full and no Purchased Assets remain subject to Transactions and (y) two (2) years (such period, the "**Amortization Period**") from the date of the Availability Period Expiration Date (such date, the "**Amortization Period Expiration Date**"). For purposes of this **Article 3(m)(i)**, the "**Amortization Period Conditions**" shall be deemed to have been satisfied if:

(A) Seller shall have given Buyer written notice, not less than sixty (60) days and no more than one hundred twenty (120) days, prior to the then current Availability Period Expiration Date, of Seller's desire to enter the Amortization Period;

(B) no Margin Deficit that has resulted in a Margin Deficit Notice, or Event of Default under this Agreement shall have occurred and be continuing as of the Availability Period Expiration Date;

(C) the representations and warranties made by Seller, Pledgor and Guarantor in any of the Transaction Documents shall be true and correct in all respects as of the Availability Period Expiration Date, except to the extent that such representations and warranties (a) are made as of a particular date, (b) are no longer true as a result of a change in fact with respect to a Purchased Asset that was consented to in writing by Buyer hereunder or (c) are disclosed in a Requested Exceptions Report;

(D) Buyer and Seller shall have executed amended Confirmations for the Amortization Period Assets; and

(E) Seller shall have paid the Amortization Period Fee then due and payable to Buyer.

(ii) During the Amortization Period, Seller shall pay Buyer the Amortization Period Fee in accordance with the terms and conditions of the Fee Letter.

(iii) Notwithstanding anything contained herein to the contrary, during the Amortization Period, if on any date of determination, (A) the aggregate outstanding Purchase Price of all Purchased Assets subject to Transactions is less than $25,000,000.00 or (B) two (2) or fewer Purchased Assets are subject to

Transactions, then, in either such case, Buyer may, in its sole discretion, by notice to Seller require Seller to repurchase all Purchased Assets subject to Transactions no later than the date that is two (2) Business Days after Seller's receipt of notice thereof from Buyer.

(iv) If Buyer and Seller have entered into the Amortization Period in accordance with the terms and conditions of this **Article 3(m)**, then (A) subject to **Article 3(m)(iii)**, on the Amortization Period Expiration Date, Seller shall be obligated to repurchase all of the Purchased Assets subject to Transactions and transfer payment of the Repurchase Price for each such Purchased Asset, together with the accrued and unpaid Price Differential and any other amounts

due and payable to Buyer hereunder, against the transfer by Buyer to Seller of each such Purchased Asset, and (B) following the Amortization Period Expiration Date, Buyer shall not be obligated to transfer any Purchased Assets to Seller until payment in full to Buyer of all amounts due hereunder.

ARTICLE 4.
MARGIN MAINTENANCE

(a) Buyer may, at its option in its sole discretion, determine if a Margin Deficit Event has occurred, at any time and from time to time. If a Margin Deficit Event then exists that results in a Margin Deficit that equals or exceeds $500,000, then Buyer may by notice to Seller in the form of **Exhibit VII** (a "**Margin Deficit Notice**") require Seller to make a cash payment in reduction of the outstanding Purchase Price for such Purchased Asset, such that, after giving effect to such payment, no Margin Deficit shall exist with respect to the related Purchased Asset. Seller shall perform the obligations under this **Article 4(a)** by the close of the second (2nd) succeeding Business Day following receipt of the Margin Deficit Notice.

(b) The failure of Buyer, on any one or more occasions, to exercise its rights hereunder, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Buyer to do so at a later date. Seller and Buyer each agree that a failure or delay by Buyer to exercise its rights hereunder shall not limit or waive Buyer's rights under this Agreement or otherwise existing by law or in any way create additional rights for Seller.

ARTICLE 5.
INCOME PAYMENTS AND PRINCIPAL PAYMENTS

(a) The Depository Account shall be established at the Depository and shall be subject to the Depository Agreement which shall be executed and delivered concurrently with the execution and delivery of this Agreement. Pursuant to the Depository Agreement, Buyer shall have sole dominion and control over the Depository Account. The Depository Account shall, at all times, be subject to the Depository Agreement. Seller shall cause all Income in respect of the Purchased Assets, as well as any interest received from the reinvestment of such Income, to be deposited into the Depository Account. In furtherance of the foregoing, Seller shall cause Primary Servicer to remit to the Depository Account all Income received in respect of the Purchased Assets within two (2) Business Days of receipt of properly identified funds (net of permitted withdrawals under the Servicing Agreement). All Income in respect of the Purchased Assets shall be deposited (to the extent received by Seller) into, or, if applicable, shall be remitted directly from the applicable underlying collection account to, the Depository Account.

(b) So long as no Event of Default shall have occurred and be continuing, all Income on deposit in the Depository Account in respect of the Purchased Assets (other than Principal Payments) during each Collection Period shall be applied on the related Remittance Date as follows:

(i) *first*, (a) to the Custodian for the payment of the fees payable to Custodian pursuant to the Custodial Agreement, then (b) to the Depository pursuant to the Depository Agreement and then (c) to the Servicer for payment of the fees payable to Servicer pursuant to the Servicing Agreement (to the extent not withheld from Income deposited into the Depository Account);

(ii) *second*, to Buyer, an amount equal to the Price Differential that has accrued and is outstanding as of such Remittance Date;

(iii) *third*, to Buyer, an amount equal to any other amounts then due and payable to Buyer or its Affiliates under any Transaction Document (including any outstanding Margin Deficits); and

(iv) *fourth*, to Seller, the remainder, if any.

If, on any Remittance Date, the amounts deposited in the Depository Account shall be insufficient to make the payments required under (i) through (iii) above of this **Article 5(b)**, and Seller does not otherwise make such payments on such Remittance Date, the same shall constitute an Event of Default hereunder.

(c) So long as no Event of Default shall have occurred and be continuing, all Principal Payments on deposit in the Depository Account in respect of the Purchased Assets shall be applied by the Depository no later than the second (2nd) Business Day following the Business Day on which such funds are deposited in the Depository Account as follows:

(i) *first*, to Buyer an amount equal to (A) during the Availability Period, the product of the amount of such Principal Payment, *multiplied* by the applicable Advance Rate and (B) during the Amortization Period, an amount equal to one hundred percent (100%) of such Principal Payment until the outstanding aggregate Purchase Price of all Purchased Assets has been reduced to zero (0);

(ii) *second*, to Buyer, an amount equal to any other amounts then due and payable to Buyer or its Affiliates under any Transaction Document (including any outstanding Margin Deficits); and

(iii) *third*, to Seller, the remainder, if any.

(d) If an Event of Default shall have occurred and be continuing, all Income (including, without limitation, any Principal Payments or any other amounts received, without regard to their source) on deposit in the Depository Account in respect of the Purchased Assets shall be applied as determined in Buyer's sole discretion pursuant to **Article 13(b)(iii)**.

(e) If the amounts remitted to Buyer as provided in **Articles 5(b)** and **5(c)** are insufficient to pay all amounts due and payable from Seller to Buyer under this Agreement or any Transaction Document, whether due to the occurrence of an Event of Default or otherwise, Seller shall remain liable to Buyer for payment of all such amounts when due.

ARTICLE 6.
SECURITY INTEREST

(a) Buyer and Seller intend that the Transactions hereunder be sales to Buyer of the Purchased Assets and not loans from Buyer to Seller secured by the

Purchased Assets. However, in order to preserve Buyer's rights under this Agreement in the event that a court or other forum recharacterizes the Transactions hereunder as loans and as security for the performance by Seller of all of Seller's obligations to Buyer under the Transaction Documents and the Transactions entered into hereunder, or in the event that a transfer of a Purchased Asset is otherwise ineffective to effect an outright transfer of such Purchased Asset to Buyer, Seller hereby assigns, pledges and grants a security interest in all of its right, title and interest in, to and under the Purchased Items (as defined below) to Buyer to secure the payment of the Repurchase Price on all Transactions to which it is a party and all other amounts owing by it to Buyer hereunder, including, without limitation, amounts owing pursuant to

Article 27, and under the other Transaction Documents and to secure the obligation of Seller or its designee to service the Purchased Assets in conformity with**Article 29** and any other obligation of Seller to Buyer (collectively, the "**Repurchase Obligations**"). Seller hereby acknowledges and agrees that each Purchased Asset serves as collateral for the Buyer under this Agreement and that Buyer has the right, upon the occurrence and continuance of an Event of Default, to realize on any or all of the Purchased Assets in order to satisfy the Seller's obligations hereunder. Seller agrees to update in internal registers, books and records (including, without limitation, to mark its computer records and tapes) to reflect and evidence the interests granted to Buyer hereunder. All of Seller's right, title and interest in, to and under each of the following items of property, whether now owned or hereafter acquired, now existing or hereafter created and wherever located, is hereinafter referred to as the "**Purchased Items**":

(i) the Purchased Assets and all "securities accounts" (as defined in Article 8-501(a) of the UCC) to which any or all of the Purchased Assets are credited;

(ii) any cash or cash equivalents delivered to Buyer in accordance with**Articles 4(a)**.

(iii) the Purchased Asset Documents, Servicing Agreements, Servicing Records, Servicing Rights, all servicing fees relating to the Purchased Assets, insurance policies relating to the Purchased Assets, and collection and escrow accounts and letters of credit relating to the Purchased Assets;

(iv) all "general intangibles", "accounts", "chattel paper", "investment property", "instruments", "securities accounts" and "deposit accounts", each as defined in the UCC, relating to or constituting any and all of the foregoing;

(v) any other items, amounts, rights or properties transferred or pledged by Seller to Buyer under any of the Transaction Documents; and

(vi) all replacements, substitutions or distributions on or proceeds, payments, Income and profits of, and records (but excluding any financial models or other proprietary information) and files relating to any and all of any of the foregoing.

(b) Intentionally Omitted.

(c) The security interest of Buyer in the Purchased Items shall terminate only upon termination of Seller's obligations under this Agreement and the documents delivered in connection herewith and therewith and the other Transaction Documents including, for the avoidance of doubt, Seller repurchasing each Purchased Asset. For the avoidance of doubt, Buyer's security interest in the Purchased Items shall not terminate upon Buyer's determination of the Market Value of any Purchased Asset to be zero. Upon such termination, Buyer shall deliver to Seller such UCC termination statements and other release documents as may be commercially reasonable and shall promptly return the Purchased Assets to Seller and reconvey the Purchased Items to Seller and release its security interest in the Purchased Items. For purposes of the grant of the security interest pursuant to this **Article 6**, this Agreement shall be deemed to constitute a security agreement under the New York Uniform Commercial Code (the "**UCC**"). Buyer shall have all of the rights and may exercise all of the remedies of a secured creditor under the UCC. In furtherance of the foregoing, (a) Buyer, at Seller's sole cost and expense, as applicable, shall cause to be filed in such locations as may be necessary to perfect and maintain perfection and priority of the security interest granted hereby, UCC financing statements and continuation statements (collectively, the "**Filings**"), and shall forward copies of such Filings to Seller upon completion thereof, and (b) Seller shall from time to time take such further actions as may be requested by Buyer to maintain and continue the perfection and priority of the security interest granted

hereby (including marking its records and files to evidence the interests granted to Buyer hereunder). Seller hereby authorizes Buyer to file a UCC financing statement naming Seller as debtor and Buyer as secured party and describing the collateral covered thereby as "all assets now owned or hereafter acquired."

(d) Seller hereby pledges to Buyer as security for the performance by Seller of the Repurchase Obligations and hereby grants to Buyer a first priority security interest in all of Seller's right, title and interest in and to the Deposit Account and all amounts and property from time to time on deposit therein and all replacements, substitutions or distributions on or proceeds, payments and profits of, and records and files relating to, the Deposit Account.

ARTICLE 7.
PAYMENT, TRANSFER AND CUSTODY

(a) On the Purchase Date for each Transaction, (i) ownership of the Purchased Asset shall be transferred to Buyer or its designee (including any Custodian) against the simultaneous transfer of the Purchase Price in immediately available funds to an account of Seller or an Acceptable Attorney pursuant to an escrow letter or other undertaking approved by Buyer, in its sole discretion specified in the Confirmation relating to such Transaction and (ii) Seller hereby sells, transfers, conveys and assigns to Buyer on a servicing-released basis all of Seller's right, title and interest in and to such Purchased Asset, together with all related Servicing Rights. Subject to this Agreement, Seller may sell to Buyer, repurchase from Buyer and re-sell Eligible Assets to Buyer, but may not substitute other Eligible Assets for Purchased Assets.

(b) Seller shall:

(i) with respect to each Purchased Asset that is not a Table Funded Purchased Asset, (A) not later than 1:00 p.m. (New York time) on the Business Day prior to the related Purchase Date, deliver and release to Custodian (with a copy to Buyer), the Purchased Asset Documents together with any other documentation in respect of such Purchased Asset requested by Buyer, in Buyer's sole discretion, and (B) on the Purchase Date, cause Custodian to deliver a Trust Receipt confirming receipt of such Purchased Asset Documents; and

(ii) with respect to each Table Funded Purchased Asset, (A) not later than 1:00 p.m. (New York time) on the Purchase Date, deliver or cause Bailee to deliver to Buyer, by electronic transmission, a true and complete copy of the related Mortgage Note with assignment in blank, loan agreement, Mortgage, Title Policy and executed Bailee Agreement, (B) not later than 1:00 p.m. (New York time) on the third (3rd) Business Day following the Purchase Date, deliver or Bailee to deliver and release to Custodian (with a copy to Buyer), the Purchased Asset Documents and any other documentation in respect of such Purchased Asset requested by Buyer, in its sole discretion, and (C) not later than two (2) Business Days following receipt of such Purchased Asset Documents by Custodian, cause Custodian to deliver a Trust Receipt confirming such receipt;

provided that if Seller cannot deliver, or cause to be delivered, any of the original Purchased Asset Documents required to be delivered as originals (excluding the Mortgage Note, the Assignment of Mortgage and, if applicable, the Participation Certificate, originals of which must be delivered at the time required under the provisions above), Seller shall deliver a photocopy thereof and an officer's certificate of Seller certifying that such copy represents a true and correct copy of the original and shall use commercially reasonable efforts to obtain and deliver such original document within one hundred eighty (180) days after the related Purchase

Date (or such

longer period after the related Purchase Date to which Buyer may consent in its sole discretion, so long as Seller is, as certified in writing to Buyer not less frequently than monthly, using its best efforts to obtain the original). After the expiration of such commercially reasonable efforts period, Seller shall deliver to Buyer a certification that states, despite Seller's commercially reasonable efforts, Seller was unable to obtain such original document, and thereafter Seller shall have no further obligation to deliver the related original document.

(c) From time to time, Seller shall forward to Buyer and to the Custodian additional copies of, originals of, documents evidencing any assumption, modification, consolidation or extension of a Purchased Asset approved in accordance with the terms of this Agreement, and upon receipt of any such other documents, the Custodian shall hold such other documents in accordance with the Custodial Agreement. With respect to all of the Purchased Assets delivered by Seller to Buyer, its designee (including the Custodian), or the Acceptable Attorney, as the case may be, Seller shall have executed and delivered to Buyer the omnibus power of attorney substantially in the form of **Exhibit IV** attached hereto irrevocably appointing Buyer its attorney in fact with full power, if an Event of Default has occurred and is continuing, to (i) complete the endorsements of the Purchased Assets, including without limitation the Mortgage Notes, Assignments of Mortgages, Participation Certificates and assignments of participation interests, and any transfer documents related thereto, (ii) record the Assignments of Mortgages, (iii) prepare and file and record each assignment of mortgage, (iv) take any action (including exercising voting and/or consent rights) with respect to intercreditor agreements or participation agreements, (v) complete the preparation and filing, in form and substance satisfactory to Buyer, of such financing statements, continuation statements, and other UCC forms, as Buyer may from time to time, reasonably consider necessary to create, perfect, and preserve Buyer's security interest in the Purchased Assets, (vi) enforce Seller's rights under the Purchased Assets purchased by Buyer pursuant to this Agreement and to, and (vii) take such other steps as may be necessary or desirable to enforce Buyer's rights against, under or with respect to such Purchased Assets and the related Purchased Asset Files and the Servicing Records. Buyer shall deposit the Purchased Asset Files representing the Purchased Assets, or direct that the Purchased Asset Files be deposited directly, with the Custodian, and the Purchased Asset Files shall be maintained in accordance with the Custodial Agreement. If a Purchased Asset File is not delivered to Buyer or its designee (including the Custodian), such Purchased Asset File shall be held in trust by Seller or its designee for the benefit of Buyer as the owner thereof. Seller or its designee shall maintain a copy of the Purchased Asset File and the originals of the Purchased Asset File not delivered to Buyer or its designee. The possession of the Purchased Asset File by Seller or its designee is at the will of Buyer for the sole purpose of servicing the related Purchased Asset, and such retention and possession by Seller or its designee is in a custodial capacity only. The books and records (including, without limitation, any computer records or tapes) of Seller or its designee shall be marked appropriately to reflect clearly the sale of the related Purchased Asset to Buyer. Seller or its designee (including the Custodian) shall release its custody of the Purchased Asset File only in accordance with written instructions from Buyer, unless such release is required as incidental to the servicing of the Purchased Assets, is in connection with a repurchase of any Purchased Asset by Seller or as otherwise required by law or set forth in the Custodial Agreement.

(d) Buyer hereby grants to Seller a revocable option to exercise all voting and corporate rights with respect to the Purchased Assets (each, a "**Revocable Option**") and to vote, take corporate actions and exercise any rights in connection with the Purchased Assets, so long as no monetary Potential Event of Default or Event of Default has occurred and is continuing. Such Revocable Option is not evidence of any ownership or other interest or right of Seller in any Purchased Asset. Upon the occurrence and during the continuation of a monetary Potential Event of Default or an Event of Default, and in each case subject to the provisions of the Purchased Asset Documents, the Revocable Option discussed above shall automatically terminate and thereafter Buyer shall be entitled to exercise all voting and corporate rights with respect to the Purchased Assets without regard to Seller's instructions

(including, but not limited to, if an Act of Insolvency shall occur with respect to Seller, to the extent Seller controls or is entitled to control selection of any servicer, Buyer may transfer any or all of such servicing to an entity satisfactory to Buyer).

ARTICLE 8.
SALE, TRANSFER, HYPOTHECATION OR PLEDGE OF PURCHASED ASSETS

(a) Title to all Purchased Items shall pass to Buyer on the applicable Purchase Date, and Buyer shall have free and unrestricted use of all Purchased Items, subject, however, to the terms of this Agreement. Subject to the provisions of **Article 19**, nothing in this Agreement or any other Transaction Document shall preclude Buyer from engaging in repurchase transactions with the Purchased Assets or otherwise selling, transferring, pledging, repledging, hypothecating, or rehypothecating the Purchased Items, and provided that no such transaction shall relieve Buyer of its obligations to transfer the Purchased Items to Seller pursuant to **Article 3** of this Agreement or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to **Article 5** hereof, or of Buyer's obligations pursuant to **Article 19** hereof.

(b) Nothing contained in this Agreement or any other Transaction Document shall obligate Buyer to segregate any Purchased Assets delivered to Buyer by Seller. Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, no Purchased Asset shall remain in the custody of Seller or an Affiliate of Seller.

ARTICLE 9.
REPRESENTATIONS AND WARRANTIES

(a) Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any Governmental Authority required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any Requirement of Law applicable to it or its organizational documents or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction for the purchase of any Purchased Assets by Buyer from Seller and any Transaction hereunder and at all times while this Agreement and any Transaction thereunder is in effect, Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

(b) In addition to the representations and warranties in **Article 9(a)** above, Seller represents and warrants to Buyer as of the date of this Agreement and will be deemed to represent and warrant to Buyer as of the Purchase Date for the purchase of any Purchased Assets by Buyer from Seller and any Transaction thereunder that at all times while this Agreement and any Transaction thereunder is in effect, unless otherwise stated herein:

(i) Organization. Seller is duly organized, validly existing and in good standing under the laws and regulations of the jurisdiction of Seller's incorporation or organization, as the case may be, and is duly licensed, qualified, and in good standing in every state where such

licensing or qualification is necessary for the transaction of Seller's business, except where failure to so qualify could not be reasonably likely to have a Material Adverse Effect. Seller has the power to own and hold the assets it purports to own and hold, and to carry on its business as now being conducted and proposed to be conducted, and has the power to execute, deliver, and perform its obligations under this Agreement and the other Transaction Documents.

(ii) Due Execution; Enforceability. The Transaction Documents have been or will be duly executed and delivered by Seller, for good and valuable consideration. The Transaction Documents constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms subject to bankruptcy, insolvency, and other limitations on creditors' rights generally and to equitable principles.

(iii) Ability to Perform. Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in the Transaction Documents applicable to it to which it is a party.

(iv) Non-Contravention; Consents. Neither the execution and delivery of the Transaction Documents, nor consummation by Seller of the transactions contemplated by the Transaction Documents (or any of them), nor compliance by Seller with the terms, conditions and provisions of the Transaction Documents (or any of them) will (A) conflict with or result in a breach of any of the terms, conditions or provisions of the organizational documents of Seller, (B) violate or conflict with any contractual provisions of, or cause a default or event of default under, any indenture, loan agreement, mortgage, contract or other material agreement to which Seller is a party or by which Seller may be bound to which Seller is now a party, (C) result in the creation or imposition of any Lien or any other encumbrance of any of the assets of Seller, other than pursuant to the Transaction Documents, (D) conflict with any judgment or order, writ, injunction, decree or demand of any court applicable to Seller, or (E) conflict any applicable Requirement of Law to the extent that such conflict or breach referred to in this clause (E) would have a Material Adverse Effect upon Seller's ability to perform its obligations hereunder.

(v) Litigation; Requirements of Law. There is no action, suit, proceeding, investigation, or arbitration pending or, to the Knowledge of Seller, threatened against Seller or any of its assets, nor is there any action, suit, proceeding, investigation, or arbitration pending or threatened against Seller that (A) may, individually or in the aggregate, result in any Material Adverse Effect, (B) may have an adverse effect on the validity of the Transaction Documents or any action taken or to be taken in connection with the obligations of Seller under any of the Transaction Documents or (C) requires filing with the SEC in accordance with the 1934 Act or any rules thereunder. Seller is in compliance in all material respects with all Requirements of Law. Seller is not in default in any material respect with respect to any judgment, order, writ, injunction, decree, rule or regulation of any arbitrator or Governmental Authority.

(vi) No Broker. Seller has not dealt with any broker, investment banker, agent, or other Person (other than Buyer or an Affiliate of Buyer) who may be entitled to any commission or compensation in connection with the sale of Purchased Assets pursuant to any of the Transaction Documents.

(vii) Good Title to Purchased Assets. Immediately prior to the purchase of any Purchased Assets by Buyer from Seller, such Purchased Assets are free and clear of any lien, encumbrance or impediment to transfer (including any "adverse claim" as defined in Article 8 102(a)(1) of the UCC), and Seller is the record and beneficial owner of and has good and marketable title to and the right to sell and transfer such Purchased Assets to Buyer and, upon

transfer of such Purchased Assets to Buyer, Buyer shall be the equitable owner of such Purchased Assets free of any adverse claim. In the event the related Transaction is recharacterized as a secured financing of the Purchased Assets, the provisions of this Agreement are effective to create in favor of Buyer a valid security interest in all rights, title and interest of Seller in, to and under the Purchased Assets and Buyer shall have a valid, perfected first priority security interest in the Purchased Assets (and without limitation on the foregoing, Buyer, as entitlement holder, shall have a "security entitlement" to the Purchased Assets).

(viii) No Material Adverse Effect; No Potential Events of Default To Seller's Knowledge, there are no post-Transaction facts or circumstances that have a Material Adverse Effect on any Purchased Asset that Seller has not notified Buyer of in writing. No Event of Default or, to Seller's Knowledge, Potential Event of Default exists under or with respect to the Transaction Documents.

(ix) Authorized Representatives. The duly authorized representatives of Seller are listed on, and true signatures of such authorized representatives are set forth on, **Exhibit II** attached to this Agreement.

(x) Representations and Warranties Regarding Purchased Assets; Delivery of Purchased Asset File

(A) As of the date hereof, Seller has not assigned, pledged, or otherwise conveyed or encumbered any Purchased Asset to any other Person, and immediately prior to the sale of such Purchased Asset to Buyer, Seller was the sole owner of such Purchased Asset and had good and marketable title thereto, free and clear of all Liens, and any impediment to transfer (including any "adverse claim" as defined in Section 8-102(a)(1) of the UCC), in each case except for Liens to be released simultaneously with the sale to Buyer hereunder.

(B) The provisions of this Agreement and the related Confirmation are effective to either (1) constitute a sale of Purchased Items to Buyer or (2) in the event the related Transaction is recharacterized as a secured financing of the Purchased Assets, to create in favor of Buyer a legal, valid and enforceable security interest in all right, title and interest of Seller in, to and under the Purchased Items, and in such event, Buyer shall have a valid, perfected first priority security interest in the Purchased Items (and without limitation on the foregoing, Buyer, as entitlement holder, shall have a "security entitlement" to the Purchased Items).

(C) Upon receipt by the Custodian of each Mortgage Note or Participation Certificate, endorsed in blank by a duly authorized officer of Seller, either a purchase shall have been completed by Buyer of such Mortgage Note or Participation Certificate, as applicable, or Buyer shall have a valid and fully perfected first priority security interest in all right, title and interest of Seller in the Purchased Items described therein.

(D) Each of the representations and warranties made in respect of the Purchased Assets pursuant to**Exhibit V** are true, complete and correct, except to the extent disclosed in a Requested Exceptions Report.

(E) Upon the filing of financing statements on Form UCC-1 naming Buyer as "**Secured Party**", Seller as "**Debtor**" and describing the Purchased Items, in the jurisdiction and recording office listed on **Exhibit X** attached hereto, the security

interests granted hereunder in that portion of the Purchased Items which can be perfected by filing under the UCC will constitute fully perfected security interests under the UCC in all right, title and interest of Seller in, to and under such Purchased Items.

(F) Upon execution and delivery of the Depository Agreement, Buyer shall either be the owner of, or have a valid and fully perfected first priority security interest in, the Depository Account and all amounts at any time on deposit therein.

(G) Upon execution and delivery of the Depository Agreement, Buyer shall either be the owner of, or have a valid and fully perfected first priority security interest in, the "investment property" and all "deposit accounts" (each as defined in the Uniform Commercial Code) comprising Purchased Items or any after-acquired property related to such Purchased Items.

(H) With respect to each Purchased Asset purchased by Seller or an Affiliate of Seller from a Transferor, (a) such Purchased Asset was acquired and transferred pursuant to a Purchase Agreement, (b) such Transferor received reasonably equivalent value in consideration for the transfer of such Purchased Asset, (c) no such transfer was made for or on account of an antecedent debt owed by such Transferor to Seller or an Affiliate of Seller, (d) no such transfer is or may be voidable or subject to avoidance under the Bankruptcy Code, and (e) the representations and warranties made by such Transferor to Seller or such Affiliate in such Purchase Agreement are hereby incorporated herein *mutatis mutandis* and are hereby remade by Seller to Buyer on each date as of which they speak in such Purchase Agreement. Seller or such Affiliate of Seller has been granted a security interest in each such Purchased Asset, filed one or more UCC financing statements against the Transferor to perfect such security interest, and assigned such financing statements in blank and delivered such assignments to Buyer or Custodian.

(I) Seller has complied with all material requirements of the Custodial Agreement with respect to each Purchased Asset, including delivery to Custodian of all required Purchased Asset Documents. Except to the extent disclosed in a Requested Exceptions Report, Seller or its designee is in possession of a complete, true and accurate Purchased Asset File with respect to each Purchased Asset, except for such documents the originals of which have been delivered to the Custodian.

(J) The Purchased Assets constitute the following, as applicable, as defined in the UCC: a general intangible, instrument, investment property, security, deposit account, financial asset, uncertificated security, securities account, or security entitlement. Seller has not authorized the filing of and is not aware of any UCC financing statements filed against Seller as debtor that include the Purchased Assets, other than any financing statement that has been terminated or filed pursuant to this Agreement.

(xi) Adequate Capitalization; No Fraudulent Transfer. Seller has, as of each Purchase Date, adequate capital for the normal obligations foreseeable in a business of its size and character and in light of its contemplated business operations. Neither the Transaction Documents nor any Transaction thereunder are entered into in contemplation of insolvency or with intent to hinder, delay or defraud any of Seller's creditors. The transfer of the Purchased Assets subject hereto and the obligation to repurchase such Purchased Assets is not undertaken with the intent to hinder, delay or defraud any of Seller's creditors. As of the Purchase Date,

Seller is not insolvent within the meaning of Section 101(32) of the Bankruptcy Code or any successor provision thereof, is generally able to pay, and as of the date hereof is paying, its debts as they become due, and the transfer and sale of the Purchased Assets pursuant hereto and the obligation to repurchase such Purchased Asset (A) will not cause the liabilities of Seller to exceed the assets of Seller, (B) will not result in Seller having unreasonably small capital, and (C) will not result in debts that would be beyond Seller's ability to pay as the same mature. Seller received reasonably equivalent value in exchange for the transfer and sale of the Purchased Assets and the Purchased Items subject hereto. No petition in bankruptcy has been filed against Seller in the last ten (10) years, and Seller has not in the last ten (10) years made an assignment on behalf of creditors or taken advantage of any debtors relief laws. Seller has only entered into agreements on terms that would be considered arm's length and otherwise on terms consistent with other similar agreements with other similarly situated entities.

(xii) Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration by Seller with, or exemption by, any Governmental Authority is required to authorize, or is required in connection with, (A) the execution, delivery and performance of any Transaction Document to which Seller is or will be a party, (B) the legality, validity, binding effect or enforceability of any such Transaction Document against Seller or (C) the consummation of the transactions contemplated by this Agreement (other than consents, approvals and filings that have been obtained or made as applicable, and the filing of certain financing statements in respect of certain security interests).

(xiii) Organizational Documents. Seller has delivered to Buyer certified copies of its organization documents, together with all amendments thereto, if any.

(xiv) No Encumbrances. There are (i) no outstanding rights, options, warrants or agreements on the part of Seller for a purchase, sale or issuance, in connection with the Purchased Assets, (ii) no agreements on the part of Seller to issue, sell or distribute the Purchased Assets, and (iii) no obligations on the part of Seller (contingent or otherwise) to purchase, redeem or otherwise acquire any securities or interest therein, except as contemplated by the Transaction Documents.

(xv) Federal Regulations. Seller is not required to register as an "investment company," or a company "controlled by an investment company," within the meaning of the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

(xvi) Taxes. Seller has timely filed all required federal income Tax returns and all other material Tax returns, domestic and foreign, required to be filed by them and have paid all Taxes (whether or not shown on a return), which have become due, except for Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which appropriate reserves have been established in accordance with GAAP. Seller has satisfied all of its withholding tax obligations. No Tax Liens are currently filed against any assets of Seller and no claims are currently being asserted in writing against Seller with respect to Taxes (except for liens and with respect to Taxes not yet due and payable or liens or claims with respect to Taxes that are being contested in good faith and for which adequate reserves have been established in accordance with GAAP).

(xvii) Judgments/Bankruptcy. Except as disclosed in writing to Buyer, there are no judgments against Seller unsatisfied of record or docketed in any court located in the United States of America and no Act of Insolvency has ever occurred with respect to Seller.

(xviii) Use of Proceeds; Margin Regulations. All proceeds of each Transaction shall be used by Seller for purposes permitted under Seller's governing documents, provided that no part of the proceeds of any Transaction will be used by Seller to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Neither the entering into of any Transaction nor the use of any proceeds thereof will violate, or be inconsistent with, any provision of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(xix) Full and Accurate Disclosure. No information contained in the Transaction Documents, or any written statement furnished by or on behalf of Seller pursuant to the terms of the Transaction Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under or context in which they were made when such statements and omissions are considered in the totality of the circumstances in question.

(xx) Financial Information. All financial data concerning Seller and, to Seller's Knowledge, the Purchased Assets that has been delivered by or on behalf of Seller to Buyer is true, complete and correct in all material respects. All financial data concerning Seller has been prepared fairly in accordance with GAAP. Since the delivery of such data, except as otherwise disclosed in writing to Buyer, there has been no change in the financial position of Seller or, to Seller's knowledge, the Purchased Assets, or in the results of operations of Seller, which change is reasonably likely to have a Material Adverse Effect on Seller.

(xxi) Intentionally Omitted.

(xxii) Servicing Agreements. Seller has delivered to Buyer copies of all Servicing Agreements pertaining to the Purchased Assets and to the Knowledge of Seller, as of the date of this Agreement and as of the Purchase Date for the purchase of any Purchased Assets subject to a Servicing Agreement, each such Servicing Agreement is in full force and effect in accordance with its terms and no default or event of default exists thereunder.

(xxiii) No Reliance. Seller has made its own independent decisions to enter into the Transaction Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary. Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(xxiv) Patriot Act.

(a) Seller is in compliance with the (A) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other applicable enabling legislation or executive order relating thereto, (B) the USA Patriot Act, and (C) the United States Foreign Corrupt Practices Act of 1977, as amended, and any other applicable anti-bribery laws and regulations. No part of the proceeds of any Transaction will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(b) Seller agrees that, from time to time upon the prior written request of Buyer, it shall (A) execute and deliver such further documents, provide such additional information and reports and perform such other acts as Buyer may reasonably request in order to insure compliance with the provisions hereof (including, without limitation, compliance with the USA Patriot Act and to fully effectuate the purposes of this Agreement and (B) provide such opinions of counsel concerning matters described in the foregoing clause (A) as Buyer may reasonably request; provided, however, that nothing in this **Article 9(b)(xxiv)** shall be construed as requiring Buyer to conduct any inquiry or decreasing Seller's responsibility for its statements, representations, warranties or covenants hereunder. In order to enable Buyer and its Affiliates to comply with any anti-money laundering program and related responsibilities including, but not limited to, any obligations under the USA Patriot Act and regulations thereunder, Seller on behalf of itself and its Affiliates makes the foregoing representations and covenants to Buyer and its Affiliates, that neither Seller, nor, any of its Affiliates, is a Prohibited Investor and Seller is not acting on behalf of or for the benefit of any Prohibited Investor. Seller agrees to promptly notify Buyer or a person appointed by Buyer to administer their anti-money laundering program, if applicable, of any change in information affecting this representation.

(xxv) [Reserved]

(xxvi) Insider. Seller is not an "executive officer," "director," or "person who directly or indirectly or acting through or in concert with one or more persons owns, controls, or has the power to vote more than 10% of any class of voting securities" (as those terms are defined in 12 U.S.C. § 375(b) or in regulations promulgated pursuant thereto) of Buyer, of a bank holding company of which Buyer is a Subsidiary, or of any Subsidiary, of a bank holding company of which Buyer is a Subsidiary, of any bank at which Buyer maintains a correspondent account or of any lender which maintains a correspondent account with Buyer.

(xxvii) Office of Foreign Assets Control. Seller warrants, represents and covenants that neither Seller nor any of its Affiliates are or will be an entity or Person that is or is owned or controlled by a Person that is the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Asset Control, the United Nations Security Council, the European Union or Her Majesty's Treasury (collectively, "**Sanctions**"). Seller covenants and agrees that, with respect to the Transactions under this Agreement, none of Seller or, to Seller's Knowledge, any of its Affiliates will conduct any business, nor engage in any transaction, Assets or dealings, with any Person who is the subject of Sanctions. Seller further covenants and agrees that it will not, directly or indirectly, use the proceeds of the facility, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions.

(xxviii) Notice Address; Jurisdiction of Organization. On the date of this Agreement, Seller's address for notices is as specified on **Annex I**. Seller's jurisdiction of organization is Delaware. The location where Seller keeps its books and records, including all computer tapes and records relating to the Purchased Items, is its notice address. Seller may change its address for notices and for the location of its books and records by giving Buyer written notice of such change.

(xxix) Anti-Money Laundering Laws. Seller either (1) is entirely exempt from or (2) has otherwise fully complied with all applicable anti-money laundering laws and regulations

(collectively, the "**Anti-Money Laundering Laws**"), by (A) establishing an adequate anti-money laundering compliance program as required by the Anti-Money Laundering Laws, (B) conducting the requisite due diligence in connection with the origination of each Purchased Asset for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the related obligor (if applicable) and the origin of the assets used by such obligor to purchase the property in question, and (C) maintaining sufficient information to identify the related obligor (if applicable) for purposes of the Anti-Money Laundering Laws.

(xxx) Ownership of Property. Seller does not own, and has not ever owned, any assets other than (A) the Purchased Assets, and (B) such incidental personal property related thereto.

(xxxi) Ownership. Seller is and shall remain at all times a wholly owned direct or indirect Subsidiary of Guarantor.

(xxxii) Compliance with ERISA. (a) Neither Seller nor Guarantor has any employees as of the date of this Agreement; (b) each of Seller and Guarantor either (i) qualifies as a VCOC or a REOC, (ii) complies with an exception set forth in the Plan Asset Regulations such that the assets of such Person would not be subject to Title I of ERISA and/or Section 4975 of the Code, or (iii) is not deemed to hold "plan assets" within the meaning of the Plan Asset Regulations that are subject to ERISA; and (c) assuming that no portion of the Purchased Assets are funded by Buyer with "plan assets" within the meaning of the Plan Asset Regulations, none of the transactions contemplated by the Transaction Documents will constitute a nonexempt prohibited transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that could subject the Buyer to any tax or penalty imposed under Section 4975 of the Code or Section 502(i) of ERISA.

(xxxiii) Servicing Agreements. Any Servicing Agreement related to a Purchased Asset, including without limitation, the Primary Servicing Agreement, may be terminated at will by Seller without payment of any penalty or fee.

ARTICLE 10.
NEGATIVE COVENANTS OF SELLER

On and as of the date hereof and each Purchase Date and until this Agreement is no longer in force with respect to any Transaction, Seller shall not without the prior written consent of Buyer:

(a) take any action that would directly or indirectly impair or adversely affect Buyer's title to the Purchased Assets;

(b) transfer, assign, convey, grant, bargain, sell, set over, deliver or otherwise dispose of, or pledge or hypothecate, directly or indirectly, any interest in the Purchased Assets (or any of them) to any Person other than Buyer, or engage in repurchase transactions or similar transactions with respect to the Purchased Assets (or any of them) with any Person other than Buyer, unless and until such Purchased Asset is repurchased by Seller in accordance with this Agreement;

(c) modify in any material respect any Servicing Agreement to which it is a party;

(d) create, incur or permit to exist any Lien in or on any of its property, assets, revenue, the Purchased Assets, the other Purchased Items, whether now owned or hereafter acquired, other than the Liens granted by Seller pursuant to **Article 6** of this Agreement and the Lien granted by Pledgor under

the Pledge and Security Agreement or unless and until such Purchased Asset relating to such Purchased Items is repurchased by Seller in accordance with this Agreement;

(e) take any action or permit such action to be taken which would result in a Change of Control;

(f) consent or assent to, or permit the Primary Servicer or servicer to make, any Significant Modification relating to the Purchased Assets without the prior written consent of Buyer, which shall be granted or denied in Buyer's sole discretion;

(g) permit the organizational documents or organizational structure of Seller to be amended without the prior written consent of Buyer, which consent shall not, prior to the occurrence and during the continuance of a Default or an Event of Default, be unreasonably withheld, conditioned or delayed, other than with respect to special purpose entity provisions, for which consent shall be at Buyer's in its sole discretion;

(h) acquire or maintain any right or interest in any Purchased Asset or Underlying Mortgaged Property that is senior to, junior to or *pari passu* with the rights and interests of Buyer therein under this Agreement and the other Transaction Documents unless such right or interest becomes a Purchased Asset hereunder or unless such right or interest exists as of the Purchase Date for such Purchased Asset and is approved by Buyer in writing;

(i) use any part of the proceeds of any Transaction hereunder for any purpose which violates, or would be inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System;

(j) incur any Indebtedness except as provided in **Article 12(i)** or otherwise cease to be a Single-Purpose Entity;

(k) take any action, cause, allow, or permit any of the Seller, Pledgor or Guarantor to be required to register as an "investment company", or a company "controlled by an investment company", within the meaning of the Investment Company Act, or to violate any provisions of the Investment Company Act, including Section 18 thereof or any rules promulgated thereunder;

(l) after the occurrence and during the continuance of any Potential Event of Default or Event of Default, make any distribution, payment on account of, or set apart assets for, a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of any equity or ownership interest of Seller, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of Seller;

(m) make any future advances under any Purchased Asset to any underlying obligor that are not provided for in the related Purchased Asset Documents;

(n) seek its dissolution, liquidation or winding up, in whole or in part; or

(o) permit, at any time, a breach of the Concentration Limit.

ARTICLE 11.
AFFIRMATIVE COVENANTS OF SELLER

On and as of the date hereof and each Purchase Date and until this Agreement is no longer in force with respect to any Transaction:

(a) Seller shall promptly notify Buyer of any material adverse change in the business operations and/or financial condition of Seller, Pledgor or Guarantor; provided, however, that nothing in this **Article 11** shall relieve Seller of its obligations under this Agreement.

(b) Seller shall provide Buyer with copies of such documents as Buyer may reasonably request evidencing the truthfulness of the representations set forth in **Article 9**.

(c) Seller shall (i) defend the right, title and interest of Buyer in and to the Purchased Items against, and take such other action as is necessary to remove, the Liens, security interests, claims and demands of all Persons (other than Liens created in favor of Buyer pursuant to the Transaction Documents) and (ii) at Buyer's reasonable request, take all action necessary to ensure that Buyer will have a first priority security interest in the Purchased Assets subject to any of the Transactions in the event such Transactions are recharacterized as secured financings.

(d) Seller will permit Buyer or its designated representative to inspect Seller's records with respect to the Purchased Items and the conduct and operation of its business related thereto upon reasonable prior written notice from Buyer or its designated representative, at such reasonable times and with reasonable frequency not to exceed twice per calendar year unless a Potential Event of Default or Event of Default has occurred and is continuing, and to make copies of extracts of any and all thereof, subject to the terms of any confidentiality agreement between Buyer and Seller and applicable law, and if no such confidentiality agreement then exists between Buyer and Seller, Buyer and Seller shall act in accordance with customary market standards regarding confidentiality and applicable law. Buyer shall act in a commercially reasonable manner in requesting and conducting any inspection relating to the conduct and operation of Seller's business. So long as no Potential Event of Default or Event of Default has occurred and is continuing, any such inspection shall be at Buyer's cost and expense.

(e) If Seller shall at any time become entitled to receive or shall receive any rights, whether in addition to, in substitution of, as a conversion of, or in exchange for a Purchased Asset, or otherwise in respect thereof, Seller shall accept the same as Buyer's agent, hold the same in trust for Buyer and deliver the same forthwith to the Custodian in the exact form received, duly endorsed by Seller to Buyer, if required, together with all related and necessary duly executed transfer documents to be held by

Buyer hereunder as additional collateral security for the Transactions. If any sums of money or property so paid or distributed in respect of the Purchased Assets shall be received by Seller, Seller shall, until such money or property is paid or delivered to Buyer, hold such money or property in trust for Buyer, segregated from other funds of Seller, as additional collateral security for the Transactions.

(f) At any time from time to time upon the reasonable request of Buyer, at the sole expense of Seller, Seller will promptly and duly execute and deliver such further instruments and documents and take such further actions as Buyer may request for the purposes of obtaining or preserving the full benefits of this Agreement including the perfected, first priority security interest required hereunder, (ii) ensure that such security interest remains fully perfected at all times and remains at all times first in priority as against all other creditors of such Seller (whether or not existing as of the Closing Date, any Purchase Date or in the future) and (iii) obtain or preserve the rights and powers herein granted (including, among other things, filing such UCC financing statements as Buyer may request). If any amount payable under or in connection with any of the Purchased Items shall be or become evidenced by

any promissory note, other instrument or certificated security, such note, instrument or certificated security shall be promptly delivered to Buyer, duly endorsed in a manner satisfactory to Buyer, to be itself held as a Purchased Item pursuant to this Agreement, and the documents delivered in connection herewith.

(g) Seller shall provide, or cause to be provided, to Buyer the following financial and reporting information:

(i) Within fifteen (15) calendar days after each month-end, a monthly reporting package substantially in the form of **Exhibit III-A** attached hereto (the "**Monthly Reporting Package**");

(ii) Within forty-five (45) calendar days after the last day of each of the first three fiscal quarters in any fiscal year, a quarterly reporting package substantially in the form of **Exhibit III-B** attached hereto (the "**Quarterly Reporting Package**"), except for the Quarterly asset management reports which shall be due within seventy (70) calendar days after the last day of each of the first three fiscal quarters;

(iii) Within ninety (90) calendar days after the last day of its fiscal year, an annual reporting package substantially in the form of **Exhibit III-C** attached hereto (the "**Annual Reporting Package**"); and

(iv) Upon Buyer's request:

(A) copies of Seller's (if applicable) and Guarantor's Federal Income Tax returns, if any, delivered within thirty (30) calendar days after the filing thereof; and

(B) such other information regarding the financial condition, operations or business of Seller, Guarantor or any Mortgagor in respect of a Purchased Asset as Buyer may reasonably request; provided, however, that the failure of Seller to timely deliver any such information regarding a Mortgagor as a result of the failure of such Mortgagor to timely deliver to Seller such information so requested of Mortgagor by Seller shall not be an Event of Default with respect to this clause (iv)(B).

(h) Seller shall make a representative available to Buyer every month for attendance at a telephone conference, the date of which to be mutually agreed upon by Buyer and Seller, regarding the status of each Purchased Asset, Seller's compliance with the requirements of **Articles 11** and **12**, and any other matters relating to the Transaction Documents or Transactions that Buyer wishes to discuss with Seller.

(i) Seller shall at all times (i) comply with all contractual obligations, (ii) comply in all respects with all laws, ordinances, rules, regulations and orders (including, without limitation, Environmental Laws) of any Governmental Authority or any other federal, state, municipal or other public authority having jurisdiction over Seller or any of its assets and Seller shall do or cause to be done all things necessary to preserve and maintain in full force and effect its legal existence, and all licenses material to its business and (iii) maintain and preserve its legal existence and all of its material rights, privileges, licenses and franchises necessary for the operation of its business (including, without limitation, preservation of all lending licenses held by Seller and of Seller's status as a "qualified transferee" (however denominated) under all documents which govern the Purchased Assets).

(j) Seller shall or shall cause Guarantor to at all times keep proper books of records and accounts in which full, true and correct entries shall be made of its transactions fairly in accordance with GAAP, and set aside on its books from its earnings for each fiscal year all such proper reserves in accordance with GAAP.

(k) Seller shall observe, perform and satisfy all the terms, provisions, covenants and conditions required to be observed, performed or satisfied by it, and shall pay when due all costs, fees and expenses required to be paid by it under the Transaction Documents, including, but not limited to, the fees and expenses of the Custodian and the Acceptable Attorney, Depository and each servicer (including, without limitation, the Primary Servicer) of any or all of the Purchased Assets, the Draw Fee, the Exit Fee, the Amortization Period Fee and the Renewal Period Fee, as applicable.

(l) Seller will continue to be a U.S. Person that is a partnership for U.S. federal income tax purposes, or a disregarded entity of a U.S. Person for U.S. federal income tax purposes. Seller shall pay and discharge all Taxes, levies, liens and other charges on its assets and on the Purchased Items that, in each case, in any manner would create any Lien upon the Purchased Items, other than (A) Taxes that are not yet due and payable and (B) any such Taxes that are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided in accordance with GAAP; provided that such contest operates to suspend collection of the contested Tax and enforcement of a Lien.

(m) Seller shall advise Buyer in writing of the opening of any new chief executive office or the closing of any such office of Seller, Pledgor or Guarantor and of any change in Seller's, Pledgor's or Guarantor's name or the places where the books and records pertaining to the Purchased Assets are held not less than fifteen (15) Business Days prior to taking any such action.

(n) Seller will maintain records with respect to the Purchased Items and the conduct and operation of its business with no less a degree of prudence than if the Purchased Items were held by Seller for its own account.

(o) Upon reasonable notice (unless a Default or an Event of Default shall have occurred and is continuing, in which case, no prior notice shall be required), during normal business hours, Seller shall allow Buyer to (i) review any operating statements, occupancy status and other property level information with respect to the underlying real estate directly or indirectly securing or supporting the Purchased Assets that either is in Seller's possession or is available to Seller, (ii) examine, copy (at Buyer's expense) and make extracts from its books and records, to inspect any of its Properties, and (iii) discuss Seller's business and affairs with its Responsible Officers.

(p) Intentionally omitted.

(q) Intentionally omitted.

(r) Seller shall continue to engage in business of the same general type as now conducted by it or otherwise as approved by Buyer prior to the date hereof.

(s) Seller shall cause each servicer of a Purchased Asset to provide to Buyer via electronic transmission, promptly upon request by Buyer a Servicing Tape for the most recently ended quarter (or any portion thereof).

(t) With respect to each Eligible Asset to be purchased hereunder, Seller shall notify Buyer in writing of the creation of any right or interest in such Eligible Asset or related Underlying Mortgaged

Property that is senior to or *pari passu* with the rights and interests that are to be transferred to Buyer under this Agreement and the other Transaction Documents, and whether any such interest will be held or obtained by Seller or an Affiliate of Seller.

(u) [Reserved].

(v) With respect to each Purchased Asset, Seller shall take all action necessary or required by the Transaction Documents, Purchased Asset Documents and each and every Requirement of Law, or requested by Buyer, to perfect, protect and more fully evidence Buyer's ownership of and first priority perfected security interest in such Purchased Asset and related Purchased Asset Documents, including executing or causing to be executed such other instruments or notices as may be necessary or appropriate and filing and maintaining effective UCC financing statements, continuation statements and assignments and amendments thereto. Seller shall not take any action to cause any Purchased Asset that is not evidenced by an instrument or chattel paper (as defined in the UCC) to be so evidenced. If a Purchased Asset becomes evidenced by an instrument or chattel paper, the same shall be immediately delivered to Buyer or to Custodian on behalf of Buyer, together with endorsements required by Buyer.

(w) Notwithstanding anything herein to the contrary, Buyer shall have the unlimited right, at any time and from time to time, to obtain an Appraisal relating to any Purchased Asset at its own cost and expense.

(x) Seller shall provide notice to Buyer in writing of any of the following, together with a certificate of a Responsible Officer of Seller setting forth details of such occurrence and any action Seller has taken or proposes to take with respect thereto:

(i) promptly upon receipt by Seller of notice or Knowledge of the occurrence of any Potential Event of Default or Event of Default, but in no event later than the immediately succeeding Business Day after the earlier of obtaining notice or Knowledge of any such occurrence;

(ii) with respect to any Purchased Asset, promptly following receipt of any unscheduled Principal Payment (in full or in part);

(iii) promptly upon the occurrence of any of the following: (A) with respect to any Purchased Asset or related Underlying Mortgaged Property, material loss or damage, regulatory issues, material licensing or permit issues, violation of any Requirement of Law, violation of any Environmental Law or any other actual or expected event or change in circumstances that could reasonably be expected to result in a default or material decline in Market Value or cash flow, and (B) with respect to Seller, Pledgor and Guarantor, a violation of any Requirement of Law or other event or circumstance that could reasonably be expected to have a Material Adverse Effect;

(iv) promptly upon the establishment of a rating by any nationally recognized rating agency applicable to Guarantor and any downgrade in or withdrawal of such rating once established;

(v) promptly upon the occurrence of any event or circumstance that could reasonably be determined to cause Guarantor to breach any of the covenants contained in Section 9 of the Guarantee Agreement;

(vi) promptly, and in any event within ten (10) days after service of process on any of the following, give Buyer notice of all litigation, action, suit, arbitration, investigation or other

legal or arbitration proceedings (including, without limitation, any of the following which are pending or threatened) or other legal or arbitrable proceedings affecting Seller, Pledgor, Guarantor, any Purchased Asset (or obligor thereunder) or affecting any of the assets of Seller before any Governmental Authority that (A) questions or challenges the validity or enforceability of any Transaction, Purchased Asset or Purchased Asset Document, (B) makes a claim or claims in an aggregate amount greater than (1) $250,000 with respect to Seller and (2) $10,000,000 with respect to Guarantor, (C) individually or in the aggregate, if adversely determined, could reasonably be likely to have a Material Adverse Effect, (D) requires filing with the SEC in accordance with the 1934 Act and any rules thereunder or (E) raises any lender licensee issues with respect to any Purchased Asset;

(vii) promptly, and in any event within one (1) Business Day of receipt of notice by Seller or Knowledge, of (A) any event that would result in any Purchased Asset becoming subject to a Mandatory Early Repurchase Event, (B) any lien or security interest (other than security interests created hereby) on, or claim asserted against, any Purchased Asset or, to Seller's Knowledge, the underlying collateral therefor, (C) any event or change in circumstances that has or could reasonably be expected to have an adverse effect on the Market Value of a Purchased Asset or (D) the resignation or termination of any servicer under any Servicing Agreement with respect to any Purchased Asset; and

(viii) promptly upon receipt by Seller of notice or Knowledge of the occurrence of any breach of any representation contained in **Article 9(b)(x)**, but in no event later than the immediately succeeding Business Day after the earlier of obtaining notice or Knowledge of any such occurrence;

(ix) promptly upon any transfer of any Underlying Mortgaged Property or any direct or indirect equity interest in any Mortgagor of which Seller has Knowledge, whether or not consent to such transfer is required under the applicable Purchased Asset Documents.

(y) Seller shall comply with the USA Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Seller and the Purchased Items, including those relating to money laundering and terrorism. Seller agrees that Buyer shall have the right to audit Seller's compliance with the USA Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Seller and the Purchased Items, including those relating to money laundering and terrorism. Seller agrees that, in the event Seller fails to comply with the USA Patriot Act or any such applicable requirements of Governmental Authorities, then Buyer may, at its option, cause Seller to comply therewith, and any and all reasonable costs and expenses incurred by Buyer in connection therewith shall be immediately due and payable by Seller.

(z) Seller shall provide Buyer with written notice of any amendment, modification or waiver with respect to a Purchased Asset (including such amendments, modifications or waivers that do not constitute a Significant Modification).

ARTICLE 12.

SINGLE PURPOSE ENTITY

Seller hereby represents and warrants to Buyer and covenants with Buyer that, on and as of the date of this Agreement and each Purchase Date and at all times while this Agreement and any Transaction hereunder is in effect or any Repurchase Obligations remain outstanding:

(a) it is and intends to remain solvent, and it has paid and will pay its debts and liabilities (including overhead expenses) from its own assets as the same shall become due;

(b) it has complied and will comply with the provisions of its certificate of formation and its limited liability company agreement;

(c) it has done or caused to be done and will do all things necessary to observe limited liability company formalities and to preserve its existence as an entity duly organized, validly existing and in good standing under the applicable laws of the jurisdiction of its organization or formation;

(d) it has maintained and will maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates, its members and any other Person, and it will file its own tax returns (except to the extent consolidation is required or permitted under GAAP or as a matter of law);

(e) it has been, is and will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any Affiliate of Seller), it shall correct any known misunderstanding regarding its status as a separate entity, it shall conduct business in its own name, it shall not identify itself or any of its Affiliates as a division or part of the other and it shall maintain and utilize separate stationery, invoices and checks;

(f) it has not owned and will not own any property or any other assets other than the Purchased Assets and cash;

(g) it has not engaged and will not engage in any business other than the origination, acquisition, ownership, financing and disposition of the Purchased Assets in accordance with the applicable provisions of the Transaction Documents;

(h) it has not entered into, and will not enter into, any contract or agreement with any of its affiliates, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's length basis with Persons other than such affiliate;

(i) it has not incurred and will not incur any indebtedness or obligation, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than (i) obligations under the Transaction Documents, (ii) obligations under the documents evidencing the Purchased Assets, and (iii) unsecured trade payables, in an aggregate amount not to exceed $250,000 at any one time outstanding, incurred in the ordinary course of acquiring, owning, financing and disposing of the Purchased Assets; provided, however, that any such trade payables incurred by Seller shall be paid within sixty (60) days of the date incurred;

(j) it has not made and will not make any loans or advances to any other Person, and shall not acquire obligations or securities of any member or affiliate of any member or any other Person (other than in connection with the origination or acquisition of Purchased Assets);

(k) it will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(l) it will not seek the dissolution, liquidation or winding up, in whole or in part of Seller;

(m) it will not commingle its funds and other assets with those of any of its Affiliates or any other Person;

(n) it has maintained and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any of its Affiliates or any other Person;

(o) it has not held and will not hold itself out to be responsible for the debts or obligations of any other Person;

(p) it will (i) have at all times at least one (1) Independent Director and (ii) provide Buyer with up-to-date contact information for all Independent Directors and a copy of the agreement pursuant to which each Independent Director consents to and serves as an Independent Director for Seller;

(q) its organizational documents shall provide that (i) no Independent Director of Seller may be removed or replaced without Cause, (ii) Buyer be given at least five (5) Business Days prior notice of the removal and/or replacement of any Independent Director, together with the name and contact information of the replacement Independent Director and evidence of the replacement's satisfaction of the definition of Independent Director and (iii) any Independent Director of Seller shall not have any fiduciary duty to anyone including the holders of the equity interests in Seller and any Affiliates of Seller except Seller and the creditors of Seller with respect to taking of, or otherwise voting on, any Act of Insolvency; provided that the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing;

(r) it shall not, without the consent of its Independent Directors, institute any proceeding to be adjudicated as bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or consent to the filing of any such petition or to the appointment of a receiver, rehabilitator, conservator, liquidator, assignee, trustee or sequestrator (or other similar official) of it or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, or make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any action in furtherance of any of the foregoing; and

(s) it shall not have any employees.

ARTICLE 13.
EVENTS OF DEFAULT; REMEDIES

(a) Each of the following events shall constitute an "**Event of Default**" under this Agreement:

(i) Seller shall fail to repurchase any Purchased Asset on the applicable Repurchase Date;

(ii) Seller shall fail to apply any Income (including, for the avoidance of doubt, any Principal Payments) received by Seller in accordance with the provisions hereof; provided, however, to the extent that any such failure occurs despite sufficient funds being on deposit in the Depository Account, Seller shall have one (1) Business Day to cure such failure, except that such failure shall not be an Event of Default if sufficient Income, which would otherwise be remitted to Buyer pursuant to Section 5 hereof, is on deposit in the Depository Account but the Depository fails to remit such funds to Buyer, so long as Seller causes such funds to be

remitted to Buyer within one (1) Business Day of such failure;

(iii) Seller shall fail to cure any Margin Deficit in accordance with **Article 4** of this Agreement;

(iv) Seller, Pledgor or Guarantor shall fail to make any payment not otherwise addressed under this **Article 13(a)** owing to Buyer that has become due, whether by acceleration or otherwise under the terms of this Agreement or the terms of the Pledge and Security Agreement, or the Guarantee Agreement, the Fee Letter or any other Transaction Document, which failure is not remedied within three (3) Business Days of written notice thereof by Buyer to Seller;

(v) Seller shall default in the observance or performance of its obligation in any agreement contained in **Article 10** of this Agreement and, to the extent such default is capable of being cured by Seller, such default shall not be cured within five (5) Business Days after the earlier of (A) notice by Buyer to Seller thereof and (B) Knowledge on the part of Seller thereof, provided, that if such default is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period and if Seller has diligently and expeditiously proceeded to cure the same, such five (5) Business Day period shall be extended for such time as determined by Buyer in its sole discretion for Seller, in the exercise of due diligence, to cure such default;

(vi) [Reserved];

(vii) an Act of Insolvency occurs with respect to Seller, Pledgor or Guarantor;

(viii) [Reserved];

(ix) Seller, Pledgor or Guarantor shall admit to any Person its inability to, or its intention not to, perform any of its obligations hereunder;

(x) the Custodial Agreement, the Depository Agreement, the Pledge and Security Agreement, the Guarantee Agreement, the Servicing Agreement, the Fee Letter or any other Transaction Document shall for whatever reason be terminated (except with Buyer's prior written consent) or cease to be in full force and effect, or the enforceability thereof shall be contested by Seller, Pledgor, Guarantor or any counter-party thereto, as the case may be;

(xi) [Reserved];

(xii) [Reserved];

(xiii) (A) Seller or an ERISA Affiliate shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan that is not exempt from such Sections of ERISA and the Code, (B) any material "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the Pension Benefit Guaranty Corporation or a Plan shall arise on the assets of Seller or any ERISA Affiliate, (C) a Reportable Event (as referenced in Section 4043(b)(3) of ERISA), the reporting of which has not been waived by regulations, shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Plan, which Reportable Event (as so defined) or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of Buyer, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (D) any Plan shall terminate for purposes of Title IV of ERISA, (E) Seller or any ERISA Affiliate shall, or in the reasonable opinion of Buyer is likely to, incur any liability in connection with a withdrawal

from, or the insolvency or reorganization of, a Multiemployer Plan or (F) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (A) through (F) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

(xiv) either (A) the Transaction Documents shall for any reason not cause, or shall cease to cause, Buyer to be the owner free of any adverse claim of any of the Purchased Assets, and such condition is not cured by Seller within three (3) Business Days after notice thereof from Buyer to Seller or after Seller otherwise has Knowledge thereof, or (B) if a Transaction is recharacterized as a secured financing, and the Transaction Documents with respect to any Transaction shall for any reason cease to create and maintain a valid first priority security interest in favor of Buyer in any of the Purchased Assets and such condition is not cured by Seller within three (3) Business Days after notice thereof from Buyer to Seller or after Seller otherwise has Knowledge thereof;

(xv) [Reserved];

(xvi) any governmental, regulatory, or self-regulatory authority shall have taken any action to remove, limit, restrict, suspend or terminate the rights, privileges, or operations of Seller, Pledgor or Guarantor, which suspension or termination has a Material Adverse Effect in the reasonable determination of Buyer;

(xvii) [Reserved];

(xviii) the breach by Pledgor of any term or condition set forth in the Pledge and Security Agreement or of any representation, warranty, certification or covenant made or deemed made in the Pledge and Security Agreement by Pledgor, and such breach or failure to perform is susceptible of cure and is not remedied within (A) the specified cure period or (B) if no cure is specified, five (5) Business Days after the earlier of (1) notice thereof to Pledgor to Buyer or (2) Pledgor's Knowledge thereof; provided, however, that with respect to clause (B) only, if such default is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period and if Pledgor has diligently and expeditiously proceeded to cure the same, such five (5) Business Day period shall be extended for such time as is reasonably necessary for Pledgor, in the exercise of due diligence, to cure such default, and in no event shall such cure period exceed fifteen (15) days from the earlier of Pledgor's receipt of Buyer's notice of such default or Pledgor's Knowledge of such default; provided, further however, that if Pledgor shall have made any such representation with knowledge that it was materially incorrect or untrue at the time made, such misrepresentation shall constitute an Event of Default;

(xix) any representation (other than the representations and warranties of Seller set forth in **Exhibit V** and **Article 9(b)(x)(D)**) made by Seller to Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated and such breach is not remedied within ten (10) Business Days after (A) delivery of notice thereof to Seller by Buyer or (B) Knowledge on the part of Seller of such breach; provided, however, that if Seller shall have made any such representation with Knowledge that it was materially incorrect or untrue at the time made, such misrepresentation shall constitute an Event of Default;

(xx) a final judgment by any court of competent jurisdiction for the payment of money (a) rendered against Seller in an amount greater than $250,000 or (b) rendered against Guarantor in an amount greater than $10,000,000, and remains undischarged or unpaid for a

period of sixty (60) calendar days, unless such judgment is effectively stayed by fully bonding over or other means reasonably acceptable to Buyer;

(xxi) if Seller shall breach or fail to perform any of the covenants or conditions contained in this Agreement or any Transaction Document, other than those specifically otherwise referred to in this **Article 13**, and such breach or failure to perform is susceptible of cure and is not remedied within (A) the specified cure period or (B) if no cure is specified, five (5) Business Days after the earlier of (1) notice thereof to Seller to Buyer or (2) Seller's Knowledge thereof; provided, however, that with respect to clause (B) only, if such default is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period and if Seller has diligently and expeditiously proceeded to cure the same, such five (5) Business Day period shall be extended for such time as is reasonably necessary for Seller, in the exercise of due diligence, to cure such default, and in no event shall such cure period exceed thirty (30) days from the earlier of Seller's receipt of Buyer's notice of such default or Seller's Knowledge of such default;

(xxii) [Reserved];

(xxiii) the breach, subject to applicable grace and cure periods, (A) by Guarantor of any term, covenant (financial or otherwise) or condition set forth in the Guarantee Agreement or (B) of any representation, warranty, certification or covenant made or deemed made in the Guarantee Agreement by Guarantor or if any certificate furnished by Guarantor to Buyer pursuant to the Guarantee Agreement or any information with respect to the Purchased Assets furnished in writing on behalf of Guarantor shall prove to have been false or misleading in any respect as of the time made or furnished; provided, however, that with respect to clause (B) only, if such default is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period and if Guarantor has diligently and expeditiously proceeded to cure the same, such five (5) Business Day period shall be extended for such time as is reasonably necessary for Guarantor, in the exercise of due diligence, to cure such default, and in no event shall such cure period exceed fifteen (15) days from the earlier of Guarantor's receipt of Buyer's notice of such default or Guarantor's Knowledge of such default; provided, further however, that if Guarantor shall have made any such representation with knowledge that it was materially incorrect or untrue at the time made, such misrepresentation shall constitute an Event of Default;

(xxiv) [Reserved];

(xxv) Seller, Pledgor or Guarantor are required to register as an "investment company" (as defined in the Investment Company Act), or any of the terms of this Agreement violate any requirement of the Investment Company Act, including without limitation Section 18 thereof or any rules or regulations promulgated thereunder;

(xxvi) Seller or any servicer fails to deposit all Income or other amounts as required by the provisions of this Agreement when due, or an event of default has occurred under any servicing agreement (including the Servicing Agreement); provided that no Event of Default under this clause (xxvi) shall occur if (a) such failure to deposit all Income or any other amounts as required by the provisions of this Agreement is cured within two (2) Business Days of written notice to Seller or Seller otherwise becoming aware thereof and (b) the related servicer is removed and replaced with a replacement servicer satisfactory to Buyer in its sole discretion within sixty (60) days of such date; or

(xxvii) Guarantor's audited annual financial statements or the notes thereto or other opinions or conclusions stated therein are qualified or limited by reference to the status of Guarantor as a "going concern" or a reference of similar import, other than a qualification or limitation expressly related to Buyer's rights in the Purchased Assets.

(b) After the occurrence and during the continuance of an Event of Default, Seller shall have no ability to enter into any further Transactions hereunder. If an Event of Default shall occur and be continuing with respect to Seller, the following rights and remedies shall be available to Buyer:

(i) At the option of Buyer, exercised by written notice to Seller (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an Act of Insolvency with respect to Seller, Pledgor or Guarantor), the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (the date on which such option is exercised or deemed to have been exercised being referred to hereinafter as the "**Accelerated Repurchase Date**").

(ii) If Buyer exercises or is deemed to have exercised the option referred to in **Article 13(b)(i)** of this Agreement:

(A) Seller's obligations hereunder to repurchase all Purchased Assets shall become immediately due and payable on and as of the Accelerated Repurchase Date without presentment or demand of any kind, which are hereby expressly waived, and all Income (including, without limitation, any Principal Payments or any other amounts received, without regard to their source) deposited in the Depository Account shall be retained by Buyer and applied in accordance with **Article 5(d)**;

(B) to the extent permitted by applicable law, the Repurchase Price with respect to each Transaction (determined as of the Accelerated Repurchase Date) shall be increased by the aggregate amount obtained by daily application of, on a 360-day-per-year basis for the actual number of days during the period from and including the Accelerated Repurchase Date to but excluding the date of payment of the Repurchase Price (as so increased), (x) the Pricing Rate for such Transaction multiplied by (y) the Purchase Price for such Transaction (decreased by (I) any amounts actually remitted to Buyer by the Depository or Seller from time to time pursuant to **Article 5** of this Agreement and applied to such Repurchase Price, and (II) any amounts applied to the Repurchase Price pursuant to **Article 13(b)(iii)** of this Agreement); and

(C) Buyer may terminate this Agreement.

(iii) Upon the occurrence and during the continuance of an Event of Default with respect to Seller, Buyer may (A) immediately sell, at a public or private sale in a commercially reasonable manner and at such price or prices as Buyer may deem satisfactory any or all of the Purchased Assets, and/or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Assets, to give Seller credit for such Purchased Assets in an amount equal to the Market Value of such Purchased Assets against the aggregate unpaid Repurchase Price for such Purchased Assets and any other amounts owing by Seller under the Transaction Documents. The proceeds of any disposition of Purchased Assets effected pursuant to this **Article 13(b)(iii)** shall be applied, (v) *first*, to the costs and expenses incurred by Buyer in connection with Seller's default, including without limitation, all costs of collection associated with the interpretation and enforcement of Buyer's rights and remedies under this Agreement and all of the other Transaction Documents; (w) *second*, to actual, out-of-pocket damages incurred by Buyer in connection with

Seller's default, (x) *third*, to the Repurchase Price; (y) *fourth*, to any Breakage Costs; and (z) *fifth*, to return any excess to Seller.

(iv) The parties recognize that it may not be possible to purchase or sell all of the Purchased Assets on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market for such Purchased Assets may not be liquid. In view of the nature of the Purchased Assets, the parties

agree that liquidation of a Transaction or the Purchased Assets does not require a public purchase or sale and that a good faith private purchase or sale shall be deemed to have been made in a commercially reasonable manner. Accordingly, Buyer may elect, in its sole discretion, the time and manner of liquidating any Purchased Assets, and nothing contained herein shall (A) obligate Buyer to liquidate any Purchased Assets on the occurrence and during the continuance of an Event of Default or to liquidate all of the Purchased Assets in the same manner or on the same Business Day or (B) constitute a waiver of any right or remedy of Buyer.

(v) Seller shall be liable to Buyer and its Affiliates and shall indemnify Buyer and its Affiliates for the amount (including in connection with the enforcement of this Agreement) of all out-of-pocket losses, costs and expenses, including reasonable legal fees and expenses of outside counsel, actually incurred by Buyer in connection with or as a consequence of an Event of Default.

(vi) Buyer shall have, in addition to its rights and remedies under the Transaction Documents, all of the rights and remedies provided by applicable federal, state, foreign (where relevant), and local laws (including, without limitation, if the Transactions are recharacterized as secured financings, the rights and remedies of a secured party under the UCC of the State of New York, to the extent that the UCC is applicable, and the right to offset any mutual debt and claim), in equity, and under any other agreement between Buyer and Seller. Without limiting the generality of the foregoing, Buyer shall be entitled to set off the proceeds of the liquidation of the Purchased Assets against all of Seller's obligations to Buyer under this Agreement, without prejudice to Buyer's right to recover any deficiency.

(vii) Buyer may exercise any or all of the remedies available to Buyer immediately upon the occurrence of an Event of Default with respect to Seller and at any time during the continuance thereof. All rights and remedies arising under the Transaction Documents, as amended from time to time, are cumulative and not exclusive of any other rights or remedies that Buyer may have.

(viii) Buyer may enforce its rights and remedies hereunder without prior judicial process or hearing, and Seller hereby expressly waives any defenses Seller might otherwise have to require Buyer to enforce its rights by judicial process. Seller also waives, to the extent permitted by law, any defense Seller might otherwise have arising from the use of non-judicial process, disposition of any or all of the Purchased Assets, or from any other election of remedies. Seller recognizes that non-judicial remedies are consistent with the usages of the trade, are responsive to commercial necessity and are the result of a bargain at arm's length.

ARTICLE 14.
INCREASED COSTS; TAXES

(a) Market Disruption. If prior to the first (1st) day of any Pricing Rate Period with respect to any Transaction, (i) Buyer shall have determined (which determination shall be conclusive and binding upon Seller absent manifest error) that LIBOR is unobtainable in accordance in the definition of

LIBOR in **Article 2**, or (ii) LIBOR determined or to be determined for such Pricing Rate Period will not adequately and fairly reflect the cost to Buyer (as determined and certified by Buyer) of making or maintaining Transactions during such Pricing Rate Period, then Buyer shall, by written notice to Seller, which notice shall set forth in reasonable detail such circumstances, establish the Pricing Rate for such Pricing Rate Period and all subsequent Pricing Rate Periods until such notice is withdrawn by Buyer, as a per annum rate equal to the sum of (x) Federal Funds Rate plus (y) the Applicable Spread (the "**Alternative Rate**").

(b) Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for Buyer to enter into or maintain Transactions as contemplated by the Transaction Documents, (a) the commitment of Buyer hereunder to enter into new Transactions or, if such adoption of or change in Requirement of Law makes it unlawful for Buyer to continue to maintain Transactions as contemplated by this Agreement, to continue Transactions as such shall forthwith be canceled, and (b) the Transactions then outstanding shall be converted automatically to Alternative Rate Transactions on the last day of the then current Pricing Rate Period or within such earlier period as may be required by law; provided, however, that any such determination by Buyer and imposition of Alternative Rate Transactions shall be applied to all sellers under similar repurchase facilities with Buyer. If any such conversion of a Transaction occurs on a day that is not the last day of the then current Pricing Rate Period with respect to such Transaction, Seller shall pay to Buyer such amounts, if any, as may be required pursuant to **Article 14(f)** of this Agreement.

(c) Increased Costs. If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof by any Governmental Authority or compliance by Buyer with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority having jurisdiction over Buyer made subsequent to the date hereof:

(i) shall subject Buyer or any Transferee to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligation, or its deposits, reserves, other liabilities or capital attributable thereto;

(ii) shall impose, modify or hold applicable any Reserve Requirements, other reserves, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of Buyer that is not otherwise included in the determination of LIBOR hereunder; or

(iii) shall impose on Buyer any other condition;

and the result of any of the foregoing is to increase the cost to Buyer, by an amount that Buyer deems, in the exercise of its reasonable business judgment, to be material, of entering into, continuing or maintaining Transactions or to reduce any amount receivable under the Transaction Documents in respect thereof; then, in any such case, Seller shall promptly pay Buyer, upon its demand, any additional amounts necessary to compensate Buyer for such increased cost or reduced amount receivable; provided, however, that to the extent any such determination by Buyer and imposition of such increased costs shall be applied to all sellers under similar repurchase facilities with Buyer. Such notification as to the calculation of any additional amounts payable pursuant to this subsection shall be submitted by Buyer to Seller and shall be prima facie evidence of such additional amounts. This covenant shall survive the termination of this Agreement and the repurchase by Seller of any or all of the Purchased Assets.

(d) Capital Adequacy. If Buyer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by Buyer or any corporation controlling Buyer with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on Buyer's or such corporation's capital as a consequence of its obligations hereunder to a level below that which Buyer or such corporation could have achieved but for such adoption, change or compliance (taking into consideration Buyer's or such corporation's policies with respect to capital adequacy) by an amount deemed by Buyer, to be material, then from time to time, after submission by Buyer to Seller of a written request therefor, Seller shall pay to Buyer such additional amount or amounts as will compensate Buyer for such reduction; provided, however, that any such determination by Buyer and imposition of such increased costs shall be applied to all sellers under similar repurchase facilities with Buyer. Such notification as to the calculation of any additional amounts payable pursuant to this subsection shall be submitted by Buyer to Seller and shall be prima facie evidence of such additional amounts. This covenant shall survive the termination of this Agreement and the repurchase by Seller of any or all of the Purchased Assets.

(e) Dodd-Frank; Basel III. Notwithstanding any provision herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all

rules, regulations, guidelines or directives promulgated in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities pursuant to Basel III, in each case are deemed to be an adoption of or change in a Requirement of Law made subsequent to the date of this Agreement, regardless of the date enacted, adopted or issued.

(f) Breakage Costs. If Seller repurchases Purchased Assets on a day other than the last day of a Pricing Rate Period, Seller shall indemnify Buyer and hold Buyer harmless from any actual out-of-pocket losses, costs and/or expenses which Buyer sustains as a direct consequence thereof ("**Breakage Costs**"), in each case for the remainder of the applicable Pricing Rate Period. Buyer shall deliver to Seller a statement setting forth the amount and basis of determination of any Breakage Costs in reasonable detail, it being agreed that such statement and the method of its calculation shall be conclusive and binding upon Seller absent manifest error. This **Article 14(f)** shall survive termination of this Agreement and the repurchase of all Purchased Assets subject to Transactions hereunder.

(g) Payments Free of Taxes. Any and all payments by or on account of any obligation of Seller under this Agreement or any Transaction Document shall be made without deduction or withholding for any Taxes, except as required by applicable law (including FATCA). If any applicable law (as determined in the good faith discretion of Seller) requires the deduction or withholding of any Tax from any such payment by Seller, then Seller shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Seller shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this **Article 14**) the applicable Buyer or Transferee receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(h) Payment of Other Taxes by Seller. Seller shall timely pay, without duplication, (i) any Other Taxes imposed on such Seller to the relevant Governmental Authority in accordance with applicable law, and (ii) any Other Taxes imposed on Buyer or Transferee upon written notice from such Person setting forth in reasonable detail the calculation of such Other Taxes.

(i) Evidence of Payments. As soon as practicable after any payment of Taxes by Seller to a Governmental Authority pursuant to this **Article 14**, Seller shall deliver to Buyer or Transferee the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Buyer or Transferee.

(j) Indemnification by Seller. Seller shall indemnify Buyer and each Transferee, within ten (10) calendar days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this **Article 14**) payable or paid by Buyer or such Transferee or required to be withheld or deducted from a payment to such Buyer or Transferee and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Seller by Buyer or such Transferee shall be conclusive absent manifest error.

(k) Status of Buyer and Assignees. Any Buyer or Assignee that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to Seller, at the time or times reasonably requested by Seller, such properly completed and executed documentation reasonably requested by Seller as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Buyer or Assignee, if reasonably requested by Seller, shall deliver such other documentation prescribed by applicable law or reasonably requested by Seller as will enable Seller to determine whether or not Buyer or Assignee is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Articles 14(k)(A), (B)** and **(D**) below) shall not be required if in Buyer's or Assignee's reasonable judgment such completion, execution or submission would subject Buyer or such Assignee to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of Buyer or such Assignee.

Without limiting the generality of the foregoing:

(A) Buyer or any Transferee that is a U.S. Person shall deliver to Seller on or prior to the date on which Buyer or such Assignee acquires an interest under any Transaction Document (and from time to time thereafter upon the reasonable request of Seller), executed originals of IRS Form W 9 certifying that Buyer or Assignee is exempt from U.S. federal backup withholding tax;

(B) any Foreign Buyer shall, to the extent it is legally entitled to do so, deliver to Seller (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Assignee acquires an interest under this Agreement (and from time to time thereafter upon the reasonable request of Seller), whichever of the following is applicable:

(1) in the case of a Foreign Buyer claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under this Agreement, executed originals of IRS Form W 8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under this Agreement, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of,

U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Buyer claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of **Exhibit VIII** to the effect that such Foreign Buyer is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "**10 percent shareholder**" of Seller within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Buyer is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of **Exhibit VIII-B** or **Exhibit VIII-C**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Buyer is a partnership and one or more direct or indirect partners of such Foreign Buyer are claiming the portfolio interest exemption, such Foreign Buyer may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit VIII-D** on behalf of each such direct and indirect partner;

(C) any Foreign Buyer shall, to the extent it is legally entitled to do so, deliver to Seller (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Buyer acquires an interest under this Agreement (and from time to time thereafter upon the reasonable request of Seller), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal

withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Seller to determine the withholding or deduction required to be made; and

(D) if a payment made to Buyer or Transferee under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if Buyer or Transferee were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Buyer or Transferee shall deliver to Seller at the time or times prescribed by law and at such time or times reasonably requested by Seller such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Seller as may be necessary for Seller to comply with its obligations under FATCA and to determine that Buyer or Transferee has complied with Buyer or Transferee's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FACTA" shall include any amendments made to FATCA after the date of this Agreement.

Buyer and each Assignee agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification, provide such successor form or promptly notify Seller in writing of its legal inability to do so.

(l) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Article 14(l)** (including by the payment of additional amounts pursuant to this **Article 14(l)**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this **Article 14(l)** with respect to the Taxes giving rise to such refund), net of all out of pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this **Article 14(l)** (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Article 14(l)**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Article 14(l)** the payment of which would place the indemnified party in a less favorable net after Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(m) Assignment of Certain Rights. If any Buyer or Assignee requests compensation under this **Article 14** or, if Seller is required to pay any Indemnified Taxes or additional amounts to any Buyer or any Assignee or any Governmental Authority for the account of any Buyer or Assignee pursuant to **Article 14(d),** or if any Buyer or Assignee defaults in its obligations under this Agreement, then Seller may, at its sole expense and effort, upon notice to such Buyer or Assignee, require such Buyer or Assignee to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in **Article 18**), all its interests, rights (other than its existing rights to payments pursuant to **Article 3(g)** or **Article 14(c)**) and obligations under this Agreement and the related Transaction Documents to an assignee that shall assume such obligations (which assignee may be another Buyer, if a Buyer accepts such assignment); provided that (i) such Buyer shall have received payment of an amount equal to the Repurchase Price for all Transactions, Price Differential accreted with respect thereto, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding Repurchase Price principal and accreted Price Differential and fees) or Seller (in the case of all other amounts) and (ii) in the case of any such assignment resulting from a claim for compensation under **Article 14(c)** or payments required to be made pursuant to **Article 3(g)**, such assignment will result in a reduction in such compensation or payments. A Buyer or Assignee shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Buyer or Assignee or otherwise, the circumstances entitling Seller to require such assignment and delegation cease to apply.

(n) Survival of Obligations. Each party's obligations under this **Article 14** shall survive any assignment of rights by, or the replacement of, Buyer or Assignee, the termination of the Agreement and the repayment, satisfaction or discharge of all obligations under this Agreement.

ARTICLE 15.
SINGLE AGREEMENT

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of, and in reliance upon, the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each

Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

ARTICLE 16.
RECORDING OF COMMUNICATIONS

EACH OF BUYER AND SELLER SHALL HAVE THE RIGHT (BUT NOT THE OBLIGATION) FROM TIME TO TIME TO MAKE OR CAUSE TO BE MADE TAPE RECORDINGS OF COMMUNICATIONS BETWEEN ITS EMPLOYEES, IF ANY, AND THOSE OF THE OTHER PARTY WITH RESPECT TO TRANSACTIONS. EACH OF BUYER AND SELLER HEREBY CONSENTS TO THE ADMISSIBILITY OF SUCH TAPE RECORDINGS IN ANY COURT, ARBITRATION, OR OTHER PROCEEDINGS, AND AGREES THAT A DULY AUTHENTICATED TRANSCRIPT OF SUCH A TAPE RECORDING SHALL BE DEEMED TO BE A WRITING CONCLUSIVELY EVIDENCING THE PARTIES' AGREEMENT.

ARTICLE 17.
NOTICES AND OTHER COMMUNICATIONS

Unless otherwise provided in this Agreement, all notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) hand delivery, with proof of delivery, (b) certified or registered United States mail, postage prepaid, (c) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of delivery or (d) by telecopier (with answerback acknowledged) provided that such telecopied notice must also be delivered by one of the means set forth above. A notice shall be deemed to have been given: (w) in the case of hand delivery, at the time of delivery, (x) in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day, (y) in the case of expedited prepaid delivery upon the first attempted delivery on a Business Day or (z) in the case of telecopier, upon receipt of answerback confirmation, provided that such telecopied notice was also delivered as required in this **Article 17**. A party receiving a notice that does not comply with the technical requirements for notice under this **Article 17** may elect to waive in writing any deficiencies and treat the notice as having been properly given.

ARTICLE 18.

ENTIRE AGREEMENT; SEVERABILITY

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

ARTICLE 19.
NON ASSIGNABILITY

(a) Subject to **Article 19(b)** below, Seller may not assign any of its rights or obligations under this Agreement without the prior written consent of Buyer and any attempt by Seller to assign any of its rights or obligations under this Agreement without the prior written consent of Buyer shall be null and void ab initio. Buyer may, without consent of Seller, sell to one or more banks, financial institutions or other entities ("**Participants**") participating interests in any Transaction, its interest in the Purchased Assets, or any other interest of Buyer under this Agreement. Buyer may, at any time and from time to time, assign to any Person (an "**Assignee**" and together with Participants, each a "**Transferee**" and collectively, the "**Transferees**") all or any part of its rights its interest in the Purchased Assets, or any other interest of Buyer under this Agreement, provided that, so long as no Event of Default has occurred and is continuing, (i) Seller shall continue to deal solely and directly with Buyer in connection with Buyer's rights and obligations under the Transaction Documents and (ii) Buyer shall retain sole decision-making authority under the Transaction Documents. Seller shall not be charged for, incur or be required to reimburse Buyer or any other Person for any cost or expense relating to any such sale, assignment, transfer or participation. Seller agrees to cooperate with Buyer in connection with any such assignment, transfer or sale of participating interest and to enter into such restatements of, and amendments, supplements and other modifications to, this Agreement and all other Transaction Documents in order to give effect to such assignment, transfer or sale, all at no expense to Seller; provided, that any such amendments will not materially increase Seller's obligations hereunder or materially adversely affect Seller's rights hereunder.

(b) Buyer, acting solely for this purpose as an agent of Seller, shall maintain, either at its offices at the address set forth on Annex I attached hereto (including electronically), a copy of each assignment and a register for the recordation of the names and addresses of the Assignees, and ownership rights in the Transactions, Purchased Assets or in any other interests under this Agreement of any Assignee pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and Seller, Buyer and the Assignees shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as the beneficial owner of the interests in the Transactions, Purchased Assets or in any other interests under this Agreement for all purposes of this Agreement. The Register shall be available for inspection by Seller, Buyer and any Assignee, at any reasonable time and from time to time upon reasonable prior notice during normal banking business hours.

(c) If Buyer sells a participation it shall, acting solely for this purpose as an agent of Seller, maintain a register on which it enters the name and address of each Participant and the ownership rights in the Transactions, Purchased Assets or any other interests under this Agreement of each Participant (the "**Participant Register**"); provided that Buyer shall have no obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's ownership rights in the Transactions, Purchased Assets or any other interests under this Agreement) to any Person except to the extent (i) disclosing the portion of the Participant Register relating to a Participant with respect to which a claim for additional amounts is made under **Articles 14(a)**, **14(b)**, **14(c)**, **14(d)** or **14(f)**, or (ii) otherwise to the extent such disclosure is reasonably expected to be necessary to establish that such ownership rights in the Transactions or any other interests under this Agreement are in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and Buyer shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, no sale, assignment, transfer or participation pursuant to this **Article 19** shall be effective unless and until reflected in the Register or Participant Register, as applicable.

(d) Nothing in this Agreement shall prevent or prohibit any Buyer from pledging any of its Purchased Assets hereunder to a Federal Reserve Bank in support of borrowings made by such Buyer from such Federal Reserve Bank; provided, however, no such pledge shall release a Buyer from any of its obligations hereunder or substitute any such pledgee for such Buyer as a party hereto.

ARTICLE 20.
GOVERNING LAW

THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES TO THIS AGREEMENT, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES TO THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CHOICE OF LAW RULES THEREOF. THE PARTIES HERETO INTEND THAT THE PROVISIONS OF SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY TO THIS AGREEMENT.

ARTICLE 21.
NO WAIVERS, ETC.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure here from shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation of any of the foregoing, the failure to give a notice pursuant to **Articles 4(a)** or **4(b)** hereof will not constitute a waiver of any right to do so at a later date.

ARTICLE 22.
USE OF EMPLOYEE PLAN ASSETS

(a) If assets of an employee benefit plan subject to any provision of ERISA are intended to be used by either party hereto (the "**Plan Party**") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this **Article 22**, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction, pursuant to this **Article 22**, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition that Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is Seller in any outstanding Transaction involving a Plan Party.

ARTICLE 23.
INTENT

(a) The parties intend and recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101(47) of the Bankruptcy Code (except insofar as the type of Assets subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of the Bankruptcy Code (except insofar as the type of assets subject to such Transaction would render such definition inapplicable). The parties intend (i) for each Transaction to qualify for the "safe harbor" treatment provided by the Bankruptcy Code and for Buyer to be entitled to all of the rights, benefits and protections afforded to Persons under the Bankruptcy Code with respect to a "repurchase agreement" as defined in Section 101(47) of the Bankruptcy Code and a "securities contract" as defined in Section 741(7) of the Bankruptcy Code and that payments under this Agreement are deemed "margin payments" or "settlement payments," as defined in Section 101 of the Bankruptcy Code, (ii) for the grant of a security interest set forth in **Article 6** to also be a "securities contract" as defined in Section 741(7)(A)(xi) of the Bankruptcy Code and a "repurchase agreement" as that term is defined in Section 101(47)(A)(v) of the Bankruptcy Code, and (iii) that Buyer (for so long as each party is either a "financial institution," "financial participant," "repo participant," "master netting participant" or other entity listed in Sections 546, 555, 559, 561, 362(b)(6) or 362(b)(7) of the Bankruptcy Code) shall be entitled to the "safe harbor" benefits and protections afforded under the Bankruptcy Code with respect to a "repurchase agreement" and a "securities contract," and a "master netting agreement" including (x) the rights, set forth in **Article 13** and in Section 555, 559 and 561 of the Bankruptcy Code, to liquidate the Purchased Assets and terminate this Agreement, and (y) the right to offset or net out as set forth in **Article 13** and in Sections 362(b)(6), 362(b)(7), 362(o) and 546 of the Bankruptcy Code.

(b) It is understood that either party's right to accelerate or terminate this Agreement or to liquidate Assets delivered to it in connection with the Transactions hereunder or to exercise any other remedies pursuant to **Article 13** hereof is a contractual right to accelerate or terminate this Agreement or to liquidate Assets as described in Sections 555 and 559 of the Bankruptcy Code. It is further understood and agreed that either party's right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement or the Transactions hereunder is a contractual right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement as described in Section 561 of the Bankruptcy Code.

(c) The parties agree and acknowledge that if a party hereto is an "**insured depository institution**," as such term is defined in the Federal Deposit Insurance Act, as amended ("**FDIA**"), then each Transaction hereunder is a "**qualified financial contract**," as that term is defined in the FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) Each party hereto further agrees that it shall not challenge the characterization of this Agreement or any Transaction as a "repurchase agreement," "securities contract," and/or "master netting agreement," or each party as a "repo participant" within the meaning of the Bankruptcy Code except in so far as the type of Purchased Assets subject to the Transactions or, in the case of a "repurchase agreement," the term of the Transactions, would render such definition inapplicable.

(e) It is understood that this Agreement constitutes a "**netting contract**" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("**FDICIA**") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a

"**covered contractual payment entitlement**" or "**covered contractual payment obligation**", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "**financial institution**" as that term is defined in FDICIA).

(f) It is understood that this Agreement constitutes a "master netting agreement" as defined in Section 101(38A) of the Bankruptcy Code, and as used in Section 561 of the Bankruptcy Code.

(g) Each party to this Agreement acknowledges that it is its intent for purposes of U.S. federal, state and local income and franchise taxes (a) to treat each Transaction as indebtedness of Seller that is secured by the Purchased Assets and (b) that the Purchased Assets are owned by Seller in the absence of an Event of Default by Seller. All parties to this Agreement agree to such treatment and agree to take no action inconsistent with this treatment, unless required by law.

(h) The parties agree that the Servicing Rights and other servicing provisions of this Agreement constitute (a) "related terms" under this Agreement within the meaning of Section 101(47)(A)(i) of the Bankruptcy Code and/or (b) a security agreement or other arrangement or other credit enhancement related to the Transaction Documents.

ARTICLE 24.
DISCLOSURE RELATING TO CERTAIN FEDERAL PROTECTIONS

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("**SEC**") under Section 15 of the Securities Exchange Act of 1934, the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("**SIPA**") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder;

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable; and

(d) In the case of Transactions in which one of the parties is an "insured depository institution", as that term is defined in Section 1813(c)(2) of Title 12 of the United States Code, funds held by the financial institution pursuant to a Transaction are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund or the Bank Insurance Fund, as applicable.

ARTICLE 25.
CONSENT TO JURISDICTION; WAIVERS

(a) **PURSUANT TO, AND IN ACCORDANCE WITH, SECTION 5-1402 OF THE NEW YORK STATE GENERAL OBLIGATIONS LAW, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY (I) SUBMITS TO THE NON EXCLUSIVE JURISDICTION OF ANY**

UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN MANHATTAN, AND ANY APPELLATE COURT FROM ANY SUCH COURT,

SOLELY FOR THE PURPOSE OF ANY SUIT, ACTION OR PROCEEDING BROUGHT TO ENFORCE ITS OBLIGATIONS UNDER THIS AGREEMENT OR RELATING IN ANY WAY TO THIS AGREEMENT OR ANY TRANSACTION UNDER THIS AGREEMENT AND (II) WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND ANY RIGHT OF JURISDICTION ON ACCOUNT OF ITS PLACE OF RESIDENCE OR DOMICILE.

(b) **TO THE EXTENT THAT EITHER PARTY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY (SOVEREIGN OR OTHERWISE) FROM ANY LEGAL ACTION, SUIT OR PROCEEDING, FROM JURISDICTION OF ANY COURT OR FROM SET OFF OR ANY LEGAL PROCESS (WHETHER SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OF JUDGMENT, EXECUTION OF JUDGMENT OR OTHERWISE) WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, SUCH PARTY HEREBY IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM SUCH IMMUNITY IN RESPECT OF ANY ACTION BROUGHT TO ENFORCE ITS OBLIGATIONS UNDER THIS AGREEMENT OR RELATING IN ANY WAY TO THIS AGREEMENT OR ANY TRANSACTION UNDER THIS AGREEMENT.**

(c) **THE PARTIES HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT EACH MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING AND IRREVOCABLY CONSENT TO THE SERVICE OF ANY SUMMONS AND COMPLAINT AND ANY OTHER PROCESS BY THE MAILING OF COPIES OF SUCH PROCESS TO THEM AT THEIR RESPECTIVE ADDRESS SPECIFIED HEREIN. THE PARTIES HEREBY AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS ARTICLE 25 SHALL AFFECT THE RIGHT OF EITHER PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF SUCH PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE OTHER PARTY OR ITS PROPERTY IN THE COURTS OF OTHER JURISDICTIONS.**

(d) **SELLER AND BUYER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.**

ARTICLE 26.
NO RELIANCE

Each of Buyer and Seller hereby acknowledges, represents and warrants to the other that, in connection with the negotiation of, the entering into, and the performance under, the Transaction Documents and each Transaction thereunder:

(a) It is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the other party to the Transaction Documents, other than the representations expressly set forth in the Transaction Documents;

(b) It has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent that it has deemed necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the suitability of any Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party;

(c) It is a sophisticated and informed Person that has a full understanding of all the terms, conditions and risks (economic and otherwise) of the Transaction Documents and each Transaction thereunder and is capable of assuming and willing to assume (financially and otherwise) those risks;

(d) It is entering into the Transaction Documents and each Transaction thereunder for the purposes of managing its borrowings or investments or hedging its assets or liabilities and not for purposes of speculation; and

(e) It is not acting as a fiduciary or financial, investment or commodity trading advisor for the other party and has not given the other party (directly or indirectly through any other Person) any assurance, guarantee or representation whatsoever as to the merits (either legal, regulatory, tax, business, investment, financial accounting or otherwise) of the Transaction Documents or any Transaction thereunder.

ARTICLE 27.
INDEMNITY

Seller hereby agrees to indemnify Buyer and its officers, directors and employees (collectively, "**Indemnified Parties**") from and against any and all actual out-of-pocket liabilities, obligations, losses, damages, penalties, actions, judgments, suits, fees, costs, expenses (including, without limitation, reasonable attorneys' fees and disbursements) or disbursements (all of the foregoing, collectively "**Indemnified Amounts**") that may at any time (including, without limitation, such time as this Agreement shall no longer be in effect and the Transactions shall have been repaid in full) be imposed on, incurred and paid by or asserted against any Indemnified Party in any way whatsoever arising out of, or in connection with, or relating to the Transaction Documents including this Agreement or any Transactions hereunder or any action taken or omitted to be taken by any Indemnified Party under or in connection with any of the foregoing; provided, that Seller shall not be liable for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, fees, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of any Indemnified Party. Without limiting the generality of the foregoing, Seller agrees to hold Buyer harmless from and indemnify Buyer against all Indemnified Amounts with respect to all Purchased Assets relating to, or arising out of, any violation or alleged violation of any Environmental Law, rule or regulation or any consumer credit laws, including, without limitation, ERISA, the Truth in Lending Act and/or the Real Estate Settlement Procedures Act; provided, that Seller shall not be liable for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, fees, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of any Indemnified Party. In any suit, proceeding or action brought by Buyer in connection with any Purchased Asset for any sum owing thereunder, or to enforce any provisions of any Purchased Asset, Seller will save, indemnify and hold Buyer harmless from and against all actual out-of-pocket expense (including, without limitation, reasonable attorneys' fees and disbursements), loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Seller of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Seller. Seller also agrees to reimburse Buyer as and when billed by Buyer for all Buyer's reasonable out-of-pocket costs and expenses incurred in connection with Buyer's due diligence reviews with respect to the Purchased Assets (including, without limitation,

those incurred pursuant to **Article 28** and **Article 3** (including, without limitation, all Pre-Purchase Legal Expenses, even if the underlying prospective Transaction for which they were incurred does not take place for any reason) and the enforcement or the preservation of Buyer's rights under this Agreement, any Transaction Documents or Transaction contemplated hereby, including, without limitation, the reasonable fees and disbursements of its counsel. Seller hereby acknowledges that the obligation of Seller hereunder is a recourse obligation of Seller. This Article 25 shall not apply with respect to Taxes other than any Taxes that represent liabilities, obligations, Indemnified Amounts, penalties, actions, judgments, suits, fees, costs or expenses.

ARTICLE 28.

DUE DILIGENCE

Seller acknowledges that Buyer has the right to perform continuing due diligence reviews with respect to the Purchased Assets, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Seller agrees that upon reasonable prior notice to Seller, Buyer or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of, the Purchased Asset Files, Servicing Records and any and all documents, records, agreements, instruments or information relating to such Purchased Assets in the possession or under the control of Seller, Primary Servicer and any other servicer or sub-servicer and/or the Custodian. Seller agrees to reimburse Buyer for any and all reasonable out of pocket costs and expenses incurred by Buyer with respect to continuing due diligence on the Purchased Assets, which shall be paid by Seller to Buyer within thirty (30) calendar days after receipt of an invoice therefor. Seller also shall make available to Buyer a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Purchased Asset Files and the Purchased Assets. Without limiting the generality of the foregoing, Seller acknowledges that Buyer may enter into Transactions with Seller based solely upon the information provided by Seller to Buyer and the representations, warranties and covenants contained herein, and that Buyer, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Purchased Assets; provided, that prior to the occurrence and continuance of a Potential Event of Default or an Event of Default, notwithstanding anything in this Agreement to the contrary, Buyer shall not contact any Mortgagor of an Eligible Asset with respect to a proposed Transaction or a Purchased Asset, any related sponsor or other obligor, any related tenant or any other loan party, without Seller's prior consent. Buyer may underwrite such Purchased Assets itself or engage a third party underwriter to perform such underwriting. Seller agrees to cooperate with Buyer and any third party underwriter in connection with such underwriting, including, but not limited to, providing Buyer and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Purchased Assets in the possession, or under the control, of Seller. Upon a written demand therefor by Buyer to Seller, Seller further agrees that Seller shall promptly (but in no event later than ten (10) Business Days after such a demand) reimburse Buyer for any and all attorneys' fees, costs and expenses incurred by Buyer in connection with continuing due diligence on Eligible Assets and Purchased Assets.

ARTICLE 29.
SERVICING

(a) Each servicer of any Purchased Asset (including the Primary Servicer) shall service the Assets for the benefit of Buyer and Buyer's successors and assigns. The appointment of each servicer of any Purchased Asset shall be subject to the prior written approval of Buyer (other than the initial Primary Servicer that has been pre-approved). Seller shall cause each such servicer (including the Primary Servicer) to service the Purchased Assets at Seller's sole cost and for the benefit of Buyer in accordance with Accepted Servicing Practices; provided that, without prior written consent of Buyer in its sole

discretion as required by **Article 7(d)** no servicer (including the Primary Servicer) of any of the Purchased Assets shall take any action with respect to any Purchased Asset described in **Article 7(d)**, other than pursuant to a Revocable Option.

(b) Seller agrees that Buyer is the owner of all servicing records, including, but not limited to, any and all servicing agreements (including, without limitation, the Primary Servicing Agreement or any other servicing agreement relating to the servicing of any or all of the Purchased Assets) (collectively, the "**Servicing Agreements**"), files, documents, records, data bases, computer tapes, copies of computer tapes, proof of insurance coverage, insurance policies, valuations, other closing documentation, payment history records, and any other records relating to or evidencing the servicing of Purchased Assets (the "**Servicing Records**"), so long as the Purchased Assets are subject to this Agreement. Seller covenants to safeguard such Servicing Records and to deliver them promptly to Buyer or its designee at Buyer's request.

(c) Upon the occurrence and during the continuance of an Event of Default, Buyer may, in its sole discretion, (i) sell its right to the Purchased Assets on a servicing released basis and/or (ii) terminate Seller (as the servicer), Primary Servicer or any other servicer or sub-servicer of the Purchased Assets with or without cause, in each case without payment of any termination fee.

(d) Seller shall not employ sub-servicers or any other servicer other than Primary Servicer pursuant to the Primary Servicing Agreement to service the Purchased Assets without the prior written approval of Buyer, in Buyer's sole discretion. If the Purchased Assets are serviced by such a Buyer approved sub-servicer or any other servicer, Seller shall, irrevocably assign all rights, title and interest (if any) in the servicing agreements in the Purchased Assets to Buyer. Seller shall cause all servicers and sub-servicers engaged by Seller to execute a direct agreement with Buyer acknowledging Buyer's security interest and agreeing that each servicer and/or sub-servicer shall transfer all Income with respect to the Purchased Assets in accordance with the applicable Servicing Agreement and so long as any Purchased Asset is owned by Buyer hereunder, following notice from Buyer to Seller and each such servicer of an Event of Default under this Agreement, each such servicer (including Primary Servicer) or sub-servicer shall take no action with regard to such Purchased Asset other than as specifically directed by Buyer.

(e) The payment of servicing fees shall be subordinate to payment of amounts outstanding under any Transaction and this Agreement.

(f) For the avoidance of doubt, Seller retains no economic rights to the servicing, other than Seller's rights under the Primary Servicing Agreement or any other servicing agreement related to the Purchased Assets. As such, Seller expressly acknowledges that the Purchased Assets are sold to Buyer on a "servicing released" basis with such servicing retained by the Servicer.

ARTICLE 30.
MISCELLANEOUS

(a) All rights, remedies and powers of Buyer hereunder and in connection herewith are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all other rights, remedies and powers of Buyer whether under law, equity or agreement. In addition to the rights and remedies granted to it in this Agreement, to the extent this Agreement is determined to create a security interest, Buyer shall have all rights and remedies of a secured party under the UCC.

(b) The Transaction Documents may be executed in counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

(c) The headings in the Transaction Documents are for convenience of reference only and shall not affect the interpretation or construction of the Transaction Documents.

(d) Without limiting the rights and remedies of Buyer under the Transaction Documents, Seller shall pay Buyer's reasonable actual out-of-pocket costs and expenses, including reasonable fees and expenses of accountants, attorneys and advisors, incurred in connection with the preparation, negotiation, execution, consummation and administration of, and any amendment, supplement or modification to, the Transaction Documents and the Transactions thereunder, whether or not such Transaction Document (or amendment thereto) or Transaction is ultimately consummated. Seller agrees to pay Buyer promptly on demand (but in no event later than ten (10) Business Days after such a demand) all costs and expenses (including, without limitation, reasonable expenses for legal services of every kind) of any subsequent enforcement of any of the provisions hereof, or of the performance by Buyer of any obligations of Seller in respect of the Purchased Assets, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Purchased Items and for the custody, care or preservation of the Purchased Items (including insurance costs) and defending or asserting rights and claims of Buyer in respect thereof, by litigation or otherwise. In addition, Seller agrees to pay Buyer on demand all

reasonable costs and expenses (including, without limitation, reasonable expenses for legal services of every kind) incurred in connection with the maintenance of the Depository Account and registering the Purchased Items in the name of Buyer or its nominee. All such expenses shall be recourse obligations of Seller to Buyer under this Agreement.

(e) In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of such rights, Seller hereby grants to Buyer and its Affiliates a right of offset, to secure repayment of all amounts owing to Buyer or its Affiliates by Seller under the Transaction Documents, upon any and all monies, securities, collateral or other property of Seller and the proceeds therefrom, now or hereafter held or received by Buyer or its Affiliates or any entity under the control of Buyer or its Affiliates and its respective successors and assigns (including, without limitation, branches and agencies of Buyer, wherever located), for the account of Seller, whether for safekeeping, custody, pledge, transmission, collection, or otherwise, and also upon any and all deposits (general or specified) and credits of Seller at any time existing. Buyer and its Affiliates are hereby authorized at any time and from time to time upon the occurrence and during the continuance of an Event of Default, without notice to Seller, any such notice being expressly waived, to offset, appropriate, apply and enforce such right of offset against any and all items hereinabove referred to against any amounts owing to Buyer or its Affiliates by Seller under the Transaction Documents, irrespective of whether Buyer or its Affiliates shall have made any demand hereunder and although such amounts, or any of them, shall be contingent or unmatured and regardless of any other collateral securing such amounts. Seller shall be deemed directly indebted to Buyer and its Affiliates in the full amount of all amounts owing to Buyer and its Affiliates by Seller under the Transaction Documents, and Buyer and its Affiliates shall be entitled to exercise the rights of offset provided for above. ANY AND ALL RIGHTS TO REQUIRE BUYER OR ITS AFFILIATES TO EXERCISE THEIR RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL OR PURCHASED ITEMS THAT SECURE THE AMOUNTS OWING TO BUYER OR ITS AFFILIATES BY SELLER UNDER THE TRANSACTION DOCUMENTS, PRIOR TO EXERCISING THEIR RIGHT OF OFFSET WITH RESPECT TO SUCH MONIES, SECURITIES, COLLATERAL, DEPOSITS, CREDITS OR OTHER PROPERTY OF SELLER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED BY SELLER.

(f) Intentionally Omitted.

(g) Each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or be invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(h) This Agreement contains a final and complete integration of all prior expressions by the parties with respect to the subject matter hereof and thereof and shall constitute the entire agreement among the parties with respect to such subject matter, superseding all prior oral or written understandings.

(i) The parties understand that this Agreement is a legally binding agreement that may affect such party's rights. Each party represents to the other that it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement and that it is satisfied with its legal counsel and the advice received from it.

(j) Should any provision of this Agreement require judicial interpretation, it is agreed that a court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all parties have participated in the preparation of this Agreement.

(k) Wherever pursuant to this Agreement, Buyer exercises any right given to it to consent or not consent, or to approve or disapprove, or any arrangement or term is to be satisfactory to, Buyer in each case in its sole discretion, Buyer shall decide to consent or not consent, or to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory, in its sole discretion and such decision by Buyer shall be final and conclusive.

(l) All information regarding the terms set forth in any of the Transaction Documents or the Transactions shall be kept confidential and shall not be disclosed by either party hereto to any Person except (a) to the Affiliates of such party or its or their respective directors, officers, employees, agents, advisors, attorneys, accountants and other representatives who are informed of the confidential nature of such information and instructed to keep it confidential, (b) to the extent requested by any regulatory authority, stock exchange, government department or agency, or required by Requirements of Law, (c) to the extent required to be included in the financial statements of either party or an Affiliate thereof, (d) to the extent required to exercise any rights or remedies under the Transaction Documents, Purchased Assets or Underlying Mortgaged Properties, (e) to the extent required to consummate and administer a Transaction, (f) in the event any party is legally compelled to make pursuant to deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process by court order of a court of competent jurisdiction, and (g) to any actual or prospective Transferee that agrees to comply with this **Article 30(l)**; provided, that, except with respect to the disclosures by Buyer under this **Article 30(l)** no such disclosure made with respect to any Transaction Document shall include a copy of such Transaction Document to the extent that a summary would suffice, but if it is necessary for a copy of any Transaction Document to be disclosed, all pricing and other economic terms set forth therein shall be redacted before disclosure.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as a deed as of the day first written above.

BUYER:

GOLDMAN SACHS BANK USA, a New York state-chartered bank

By: /s/ Jeffrey Dawkins
Name: Jeffrey Dawkins
Title: Authorized Person

SELLER:

TH COMMERCIAL GS LLC, a Delaware limited liability company

By: /s/ Brad Farrell
Name: Brad Farrell
Title: Chief Financial Officer

ANNEXES, EXHIBITS AND SCHEDULES

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EXHIBIT I	Form of Confirmation Statement
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EXHIBIT XVII	Future Funding Advance Procedures

ANNEX I

NAMES AND ADDRESSES FOR COMMUNICATIONS BETWEEN PARTIES

Buyer:

GOLDMAN SACHS BANK USA
200 West Street
New York, New York 10282
Attention: Mr. Jeffrey Dawkins
Telephone: (212) 902-6852
Telecopy: (212) 977-4870
Email: jeffrey.dawkins@gs.com

Email: gs-refgwarehouse@ny.email.gs.com
Email: gs-crewarehouse-am@ny.email.gs.com
Email: gs-warehouse-ops@ny.email.gs.com

With copies to:

Paul Hastings LLP
200 Park Avenue

New York, New York 10166
Attention: Lisa A. Chaney, Esq.
Telephone: (212) 318-6773
Facsimile: (212) 230-7793
Email: lisachaney@paulhastings.com

Seller:

TH Commercial GS LLC
601 Carlson Parkway, Suite 1400
Minnetonka, MN 55305
Attention: General Counsel
Telephone: 612-238-3385
Telecopy: 612-629-2501
Email: legal.two@twoharborsinvestment.com

With copies to:

Two Harbors Investment Corp.
590 Madison Avenue, 36th Floor
New York, NY 10022
Attention: General Counsel
Telephone: (612) 629-2500
Facsimile: (612) 629-2501
Email: Legal.two@twoharborsinvestment.com

and:

Sidley Austin LLP
787 Seventh Avenue
New York, NY 10019
Attention: Brian Krisberg
Telephone: 212-839-8735
Email: bkrisberg@sidley.com

SCHEDULE I

[RESERVED]

SCHEDULE II

With respect to each Purchased Asset, the following documents, as applicable:

(A) The original Mortgage Note or Participation Certificate bearing all intervening endorsements, endorsed "Pay to the order of without recourse" and signed in the name of the last endorsee (the "**Last Endorsee**") by an authorized Person of the Last Endorsee (in the event that the Purchased Asset was acquired by the Last Endorsee in a merger, the signature must be in the following form: "[Last Endorsee], successor by merger to [name of predecessor]"; in the event that the Purchased Asset was acquired or originated by the Last Endorsee while doing business under another name, the signature must be in the following form: "[Last Endorsee], [formerly known] or [doing business] as [previous name]") or a lost note affidavit in a form reasonably approved by Buyer, with a copy of the applicable Mortgage Note attached thereto.

(B) The original or a copy of the loan agreement and the guarantee, if any, executed in connection with the Purchased Asset.

(C) The original Mortgage with evidence of recording thereon, or a copy thereof together with an officer's certificate of Seller or certification of the named bailee certifying that such copy represents a true and correct copy of the original and that such original has been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Underlying Mortgaged Property is located.

(D) The originals of all assumption, modification, consolidation or extension agreements with evidence of recording thereon, or copies thereof together with an officer's certificate of Seller or certification of the named bailee certifying that such copies represent true and correct copies of the originals and, if applicable, that such originals have each been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Underlying Mortgaged Property is located.

(E) The original Assignment of Mortgage in blank for each Purchased Asset, in form and substance acceptable for recording and signed in the name of the Last Endorsee (in the event that the Purchased Asset was acquired by the Last Endorsee in a merger, the signature must be in the following form: "[Last Endorsee], successor by merger to [name of predecessor]"; in the event that the Purchased Asset was acquired or originated while doing business under another name, the signature must be in the following form: "[Last Endorsee], [formerly known] or [doing business] as [previous name]").

(F) The originals of all intervening assignments of mortgage (if any) with evidence of recording thereon, or copies thereof together with an officer's certificate of Seller or certification of the named bailee certifying that such copies represent true and correct copies of the originals and that such originals have each been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Underlying Mortgaged Property is located.

(G) The original or a copy of the title policy or, if the original title policy has not been issued, the original or a copy of the irrevocable marked commitment to issue the same or pro-forma title policy.

(H) The original or a copy of any security agreement, chattel mortgage or equivalent document executed in connection with the Purchased Asset.

(I) The original Assignment of Leases, if any, with evidence of recording thereon, or a copy thereof together with an officer's certificate of Seller or certification of the named bailee certifying that such copy represents a true and correct copy of the original that has been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Underlying Mortgaged Property is located.

(J) The originals of all intervening assignments of Assignment of Leases and rents, if any, or copies thereof, with evidence of recording thereon, or copies thereof together with an officer's certificate of Seller or certification of the named bailee certifying that such copies represent true and correct copies of the originals and that such originals have each been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Underlying Mortgaged Property is located.

(K) A copy of the UCC financing statements, certified as true and correct by Seller, and all necessary UCC continuation statements with evidence of filing thereon or copies thereof together with evidence that such UCC financing or continuation statements have been sent for filing, and UCC assignments in blank, which UCC assignments shall be in form and substance acceptable for filing in the applicable jurisdictions.

(L) The original or a copy of any environmental indemnity agreement or similar guaranty or indemnity, whether stand-alone or incorporated into the applicable loan documents (if any).

(M) Mortgagor's certificate or title affidavit (if any).

(N) A survey of the Underlying Mortgaged Property (if any) as accepted by the title company for issuance of the title policy.

(O) A copy of all servicing agreements and Servicing Records related to such Purchased Asset, which Seller shall deliver to Servicer (with a copy to Buyer).

(P) A copy of the Mortgagor's opinions of counsel.

(Q) An assignment of any management agreements, permits, contracts and other material agreements (if any).

(R) If reasonably requested by Buyer, reports of UCC, tax lien, judgment and litigation searches, conducted by search firms reasonably acceptable to Buyer with respect to the Purchased Asset, Seller and the related underlying obligor and such reports reasonably satisfactory to Buyer.

(S) Copies of all documents relating to the formation and organization of the related obligor under such Purchased Asset, together with all consents and resolutions delivered in connection with such obligor's obtaining such Purchased Asset.

(T) The original omnibus assignment in blank or such other documents necessary and sufficient to transfer to Buyer all of Seller's right, title and interest in and to the Purchased Asset.

(U) The original or a copy of any participation agreement and an original or copy of any intercreditor, co-lender agreement, and/or servicing agreement executed in connection with the Purchased Asset.

(V) Copies of all other material documents and instruments evidencing, guaranteeing, insuring, securing or modifying such Purchased Asset, executed and delivered to Seller in connection with, or otherwise relating to, such Purchased Asset, including all documents establishing or implementing any lockbox pursuant to which Seller is entitled to receive any payments from cash flow of the underlying real property.

EXHIBIT I

CONFIRMATION STATEMENT
GOLDMAN SACHS BANK USA

Ladies and Gentlemen:

Seller is pleased to deliver our written **CONFIRMATION** of our agreement to enter into the Transaction pursuant to which GOLDMAN SACHS BANK USA, a New York state-chartered bank, shall purchase from us the Purchased Assets identified on the attached **Schedule 1** pursuant to the Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (the "**Master Repurchase and Securities Contract Agreement**"), between GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**") and TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**"), on the following terms. Capitalized terms used herein without definition have the meanings given in the Master Repurchase and Securities Contract Agreement.

Purchase Date:	, 20
Purchased Assets:	[Name]: As identified on attached Schedule 1
Principal Amount of Purchased Asset as of Purchase Date:	[$]
Available Future Funding as of Purchase Date:	

Fully-funded Principal Amount of Purchased Asset:	
Repurchase Date:	
Advance Rate:	
Purchase Price:	[$]
Change in Purchase Price:	[$]
Pricing Rate:	LIBOR Rate plus %
Governing Agreements:	As identified on attached Schedule 1
Draw Fee:	
Requested Wire Amount (net of Draw Fee):	
Requested Fund Date:	
As-Is Value of Underlying Mortgaged Property:	
Buyer's LTV:	
Maximum Buyer's LTV:	
Portfolio Purchase Price Debt Yield:	See Schedule 2
Wire Amount:	

Type of Funding:	[Table/Non-table]
Wiring Instructions:	See Schedule 3
Name and address for communications:	Buyer: GOLDMAN SACHS BANK USA 200 West Street New York, New York 10282 Attention: Mr. Jeffrey Dawkins Telephone: (212) 902-6852 Telecopy: (212) 977-4870 Email: jeffrey.dawkins@gs.com Email: gs-refgwarehouse@ny.email.gs.com Email: gs-crewarehouse-am@ny.email.gs.com Email: gs-warehouse-ops@ny.email.gs.com With copies to: Paul Hastings LLP 200 Park Avenue New York, New York 10166 Attention: Lisa A. Chaney, Esq. Telephone: (212) 318-6773 Facsimile: (212) 230-7793 Email: lisachaney@paulhastings.com Seller: TH COMMERCIAL GS LLC 601 Carlson Parkway, Suite 1400 Minnetonka, MN 55305 Attention: General Counsel Telephone: (612) 238-3385 Facsimile: (612) 629-2501 Email: Legal.two@twoharborsinvestment.com With copies to: Two Harbors Investment Corp. 590 Madison Avenue, 36th Floor New York, NY 10022 Attention: General Counsel Telephone: (612) 629-2500 Facsimile: (612) 629-2501 Email: Legal.two@twoharborsinvestment.com

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By: _____
Name:
Title:

AGREED AND ACKNOWLEDGED:

GOLDMAN SACHS BANK USA,
a New York state-chartered bank

By: _____
Name:
Title:

Schedule 1 to Confirmation Statement

Purchased Asset:	[Asset Type] dated as of [ ] in the original principal amount of $[ ], made by [ ] to [ ] under and pursuant to that certain [loan agreement]/[applicable document] (the "Governing Agreement").
Aggregate Principal Amount:	$[ ] [(plus up to $[ ] of future advances under Section [ ] of the Governing Agreement). Buyer's obligation to fund any future advances is contingent on (a) Seller's satisfaction of the conditions captained in Article 3(l) of the Master Repurchase and Securities Contract Agreement and (b) a bringdown by Seller of all representations and warranties made on the date hereof with regard to the Purchased Asset pursuant to Article 9 of the Master Repurchase and Securities Contract Agreement.]
Representations:	Seller acknowledges and agrees that upon funding by Buyer of the Purchase Price for the Purchased Asset [and, in connection with any subsequent funding of the Advance Rate of a future advance under the Purchased Asset, (i)] Seller shall be deemed to have confirmed that all of the representations and warranties set forth in Article 9 of the Master Repurchase and Securities Contract Agreement are true and correct as of the Purchase Date with respect to all Purchased Assets [or the applicable funding date, as the case may be,], except such representations and warranties which by their terms speak as of a specified date and except as set forth in the Requested Exception Report attached as Schedule 4 hereto or in the Requested Exception Report delivered with respect to any other Purchased Asset [and (ii) with respect to the funding of a Future Funding Advance, Seller shall be deemed to have represented and warranted that all of the conditions to funding of such advance set forth in Section [ ] of the Governing Agreement have been satisfied (and no conditions have been waived, except as has been previously disclosed by Seller to Buyer in writing)].
Fixed/Floating:	[Floating]
Coupon:	[ ]%
Term of Loan including Extension Options:	[ ],[ ]

Amortization (e.g., IO, full amortization, etc.):	[ ]-year amortization[, with [ ]-month IO.]

Schedule 2 to Confirmation Statement

[to be attached]

Schedule 3 to Confirmation Statement

Wiring Instructions

[to be attached]

Schedule 4 to Confirmation Statement

Requested Exceptions Report

[to be attached]

EXHIBIT II

AUTHORIZED REPRESENTATIVES OF SELLER

[SEE ATTACHED]

EXHIBIT III-A

MONTHLY REPORTING PACKAGE

The Monthly Reporting Package shall include, *inter alia*, the following:

- A listing of all Purchased Assets reflecting (i) the payment status of each Purchased Asset and any material changes in the financial or other condition of each Purchased Asset, including, without limitation any new or ongoing litigation; and (ii) any representation and/or warranty breaches under the Purchased Asset Documents.
- Any and all financial statements, rent rolls, any other financial reports or certificates, or other material information received from the borrowers related to each Purchased Asset.
- A listing of any existing Potential Events of Default.
- A remittance report containing servicing information, including without limitation, the amount of each periodic payment due, the amount of each periodic payment received, the date of receipt, the date due, and whether there has been any material adverse change to the real property, on a loan by loan basis and in the aggregate, with respect to the Purchased Assets serviced by any servicer (such remittance report, a "**Servicing Tape**"), or to the extent any servicer does not provide any such Servicing Tape, a remittance report containing the servicing information that would otherwise be set forth in the Servicing Tape.
- All other information as Buyer, from time to time, may reasonably request with respect to Seller or any Purchased Asset, obligor or Underlying Mortgaged Property.

EXHIBIT III-B

QUARTERLY REPORTING PACKAGE

The Quarterly Reporting Package shall include, *inter alia*, the following:

- Consolidated unaudited financial statements of Guarantor presented fairly in accordance with GAAP or, if such financial statements being delivered have been filed with the SEC pursuant to the requirements of the 1934 Act, or similar state securities laws, presented in accordance with applicable statutory and/or regulatory requirements and delivered to Buyer within the same time frame as are required to be filed in accordance with such applicable statutory or regulatory requirements, in either case accompanied by a Covenant Compliance Certificate, including a statement of operations and a statement of changes in cash flows for such quarter and statement of net assets as of the end of such quarter, and certified as being true and correct by a Covenant Compliance Certificate.
- Quarterly asset management reports.

EXHIBIT III-C

ANNUAL REPORTING PACKAGE

The Annual Reporting Package shall include, *inter alia*, the following:

- Guarantor's consolidated audited financial statements, prepared by a nationally recognized independent certified public accounting firm and presented fairly in accordance with GAAP or, if such financial statements being delivered have been filed with the SEC pursuant to the requirements of the 1934 Act, or similar state securities laws, presented in accordance with applicable statutory and/or regulatory requirements and delivered to Buyer within the same time frame as are required to be filed in accordance with such applicable statutory and/or regulatory requirements, in either case accompanied by a Covenant Compliance Certificate, including a statement of operations and a statement of changes in cash flows for such year and statement of net assets as of the end of such year accompanied by an unqualified report of the nationally recognized independent certified public accounting firm that prepared them.

EXHIBIT IV

FORM OF POWER OF ATTORNEY

Know All Men by These Presents, that TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**"), does hereby appoint GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**"), its attorney in fact to act in Seller's name, place and stead in any way that Seller could do, if an Event of Default has occurred and is continuing, with respect to (i) the completion of any endorsements of documents or instruments relating to the Purchased Assets, including without limitation, any transfer documents related thereto and any written notices to underlying obligors to effectuate a legal transfer of the Purchased Assets, (ii) the recordation of any instruments relating to such Purchased Assets, (iii) the preparation and filing, in form and substance satisfactory to Buyer, of such financing statements, continuation statements, and other uniform commercial code forms, as Buyer may from time to time, reasonably consider necessary to create, perfect, and preserve Buyer's security interest in the Purchased Assets, and (iv) the enforcement of Seller's rights under the Purchased Assets purchased by Buyer pursuant to the Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (the "**Master Repurchase and Securities Contract Agreement**"), between Buyer and Seller, and to take such other steps as may be necessary or desirable to enforce Buyer's rights against such Purchased Assets, the related Purchased Asset Files and the Servicing Records to the extent that Seller is

permitted by law to act through an agent.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OR SUCH REVOCATION OR TERMINATION SHALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY, AND SELLER ON ITS OWN BEHALF AND ON BEHALF OF SELLER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

IN WITNESS WHEREOF, Seller has caused this Power of Attorney to be executed as a deed this [ ] day of [ ].

[SIGNATURES ON THE FOLLOWING PAGE]

TH COMMERCIAL GS LLC, a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT V

REPRESENTATIONS AND WARRANTIES
REGARDING THE PURCHASED ASSETS

With respect to each Purchased Asset and the related Underlying Mortgaged Property or Underlying Mortgaged Properties, on the related Purchase Date and at all times while this Agreement and any Transaction contemplated hereunder is in effect, Seller shall be deemed to make the following representations and warranties to Buyer as of such date; provided, however, that, with respect to any Purchased Asset, such representations and warranties shall be deemed to be modified by any Exception Report delivered by Seller to Buyer prior to the issuance of a Confirmation with respect thereto.

(1) Whole Loan; Ownership of Purchased Assets. Each Purchased Asset is an Eligible Asset. At the time of the sale, transfer and assignment to Buyer, no Mortgage Note, Mortgage or Participation Certificate was subject to any assignment (other than assignments to Seller), participation (other than with respect to the Participation Interests) or pledge, and Seller had good title to, and was the sole owner of, each Purchased Asset free and clear of any and all liens, charges, pledges, encumbrances, participations (other than with respect to the Participation Interests), any other ownership interests on, in or to such Purchased Asset. Seller has full right and authority to sell, assign and transfer each Purchased Asset, and the assignment to Buyer constitutes a legal, valid and binding assignment of such Purchased Asset free and clear of any and all liens, pledges, charges or security interests of any nature encumbering such Purchased Asset.

(2) Loan Document Status. Each related Mortgage Note, Mortgage, Assignment of Leases (if a separate instrument), guaranty and other agreement executed by or on behalf of the related Mortgagor, guarantor or other obligor in connection with such Purchased Asset is the legal, valid and binding obligation of the related Mortgagor, guarantor or other obligor (subject to any non-recourse provisions contained in any of the foregoing agreements and any applicable state anti-deficiency, one-action or market value limit deficiency legislation), as applicable, and is enforceable in accordance with its terms, except (a) as such enforcement may be limited by (i) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law) and (b) that certain provisions in such Purchased Asset Documents (including, without limitation, provisions requiring the payment of default interest, late fees or prepayment/yield maintenance or prepayment fees, charges and/or premiums) are, or may be, further limited or rendered unenforceable by or under applicable law, but (subject to the limitations set forth in clause (a) above) such limitations or unenforceability will not render such Purchased Asset Documents invalid as a whole or materially interfere with the mortgagee's realization of the principal benefits and/or security provided thereby (clauses (a) and (b) collectively, the "Standard Qualifications"). Except as set forth in the immediately preceding sentences, to Seller's Knowledge, there is no valid offset, defense, counterclaim or right of rescission available to the related borrower with respect to any of the related Mortgage Notes, Mortgages or other Purchased Asset Documents, including, without limitation, any such valid offset, defense, counterclaim or right based on intentional fraud by Seller in connection with the origination of the Purchased Asset, that would deny the mortgagee the principal benefits intended to be provided by the Mortgage Note, Mortgage or other Purchased Asset Documents.

(3) Mortgage Provisions. The Purchased Asset Documents for each Purchased Asset contain provisions that render the rights and remedies of the holder thereof adequate for the practical realization against the Underlying Mortgaged Property of the principal benefits of the security

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intended to be provided thereby, including realization by judicial or, if applicable, non-judicial foreclosure subject to the limitations set forth in the Standard Qualifications.

(4) Hospitality Provisions. The Purchased Asset Documents for each Purchased Asset that is secured by a hospitality property operated pursuant to a franchise agreement includes an executed comfort letter or similar agreement signed by the Mortgagor and franchisor of such property enforceable against such franchisor, either directly or as an assignee of the originator. The Mortgage or related security agreement for each Purchased Asset secured by a hospitality property creates a security interest in the revenues of such property for which a UCC financing statement has been filed in the appropriate filing office.

(5) Mortgage Status; Waivers and Modifications. Since origination and except by written instruments set forth in the related Purchased Asset File or as otherwise provided in the related Purchased Asset Documents (a) the material terms of such Mortgage, Mortgage Note, guaranty, participation agreement, if applicable, and related Purchased Asset Documents have not been waived, impaired, modified, altered, satisfied, canceled, subordinated or rescinded in any respect that could have a material adverse effect on Purchased Asset; (b) no related Underlying Mortgaged Property or any portion thereof has been released from the lien of the related Mortgage in any manner which materially interferes with the security intended to be provided by such Mortgage or the use or operation of the remaining portion of such Underlying Mortgaged Property; and (c) neither the related borrower nor the related guarantor nor the related participating Person has been released from its material obligations under the Purchased Asset Documents. With respect to each Purchased Asset, except as contained in a written document included in the

Purchased Asset File, there have been no modifications, amendments or waivers, that could be reasonably expected to have a material adverse effect on such Purchased Asset consented to by Seller.

(6) Lien; Valid Assignment. Subject to the Standard Qualifications, each assignment of Mortgage and assignment of Assignment of Leases to Buyer constitutes a legal, valid and binding assignment to Buyer. Each related Mortgage and Assignment of Leases is freely assignable without the consent of the related Mortgagor. Each related Mortgage is a legal, valid and enforceable first lien on the related Mortgagor's fee or leasehold interest in the Underlying Mortgaged Property in the principal amount of such Purchased Asset or allocated loan amount (subject only to Permitted Encumbrances, except as the enforcement thereof may be limited by the Standard Qualifications. Such Underlying Mortgaged Property (subject to and excepting Permitted Encumbrances) is, based on the Title Policy, free and clear of any recorded mechanics' liens, recorded materialmen's liens and other recorded encumbrances, and no rights exist which under law could give rise to any such lien or encumbrance that would be prior to or equal with the lien of the related Mortgage, except those which are bonded over, escrowed for or insured against by a lender's title insurance policy (as described below). Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Purchased Asset establishes and creates a valid and enforceable lien on property described therein, except as such enforcement may be limited by Standard Qualifications subject to the limitations described in Paragraph (9) below. Notwithstanding anything herein to the contrary, no representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the filing of UCC financing statements is required in order to effect such perfection.

(7) Permitted Liens; Title Insurance. Each Underlying Mortgaged Property securing a Purchased Asset is covered by a Title Policy in the original principal amount of such Purchased Asset (or with respect to a Purchased Asset secured by multiple properties, an amount equal to at least the

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allocated loan amount with respect to the Title Policy for each such property) after all advances of principal (including any advances held in escrow or reserves), that insures for the benefit of the owner of the indebtedness secured by the Mortgage, the first priority lien of the Mortgage, which lien is subject only to Permitted Encumbrances. None of the Permitted Encumbrances are mortgage liens that are senior to or coordinate and co-equal with the lien of the related Mortgage. Such Title Policy (or, if it has yet to be issued, the coverage to be provided thereby) is in full force and effect, all premiums thereon have been paid and no claims have been made by Seller thereunder and no claims have been paid thereunder. Neither Seller, nor to Seller's knowledge, any other holder of the Purchased Asset, has done, by act or omission, anything that would materially impair the coverage under such Title Policy. Each Title Policy contains no exclusion for, or affirmatively insures (except for any Underlying Mortgaged Property located in a jurisdiction where such affirmative insurance is not available in which case such exclusion may exist), (a) that the area shown on the survey is the same as the property legally described in the Mortgage and (b) to the extent that the Underlying Mortgaged Property consists of two or more adjoining parcels, such parcels are contiguous.

(8) Junior Liens. There are no subordinate mortgages or junior liens securing the payment of money encumbering the related Underlying Mortgaged Property (other than Permitted Encumbrances). Seller has no knowledge of any mezzanine debt secured directly by interests in the related Mortgagor.

(9) Assignment of Leases. There exists as part of the related Purchased Asset File an Assignment of Leases (either as a separate instrument or incorporated into the related Mortgage). Subject to the Permitted Encumbrances, each related Assignment of Leases creates a valid first-priority collateral assignment of, or a valid first-priority lien or security interest in, rents and certain rights under the related lease or leases, subject only to a license granted to the related Mortgagor to exercise certain rights and to perform certain obligations of the lessor under such lease or leases, including the right to operate the related leased property, except as the enforcement thereof may be limited by the Standard Qualifications. No Person other than the related Mortgagor owns any interest in any payments due under such lease or leases that is superior to or of equal priority with the lender's interest therein. The related Mortgage or related Assignment of Leases, subject to applicable law, provides that, upon an event of default under the Purchased Asset, a receiver is permitted to be appointed for the collection of rents or for the related mortgagee to enter into possession to collect the rents or for rents to be paid directly to the mortgagee.

(10) UCC Filings. Seller has filed and/or recorded or caused to be filed and/or recorded (or, if not filed and/or recorded, have been submitted in proper form for filing and/or recording), UCC-1 financing statements in the appropriate public filing and/or recording offices necessary at the time of the origination of the Purchased Asset to perfect a valid security interest in all items of physical personal property reasonably necessary to operate such Underlying Mortgaged Property owned by such Mortgagor and located on the related Underlying Mortgaged Property (other than any non-material personal property, any personal property subject to a purchase money security interest, a sale and leaseback financing arrangement as permitted under the terms of the related Purchased Asset Documents or any other personal property leases applicable to such personal property), to the extent perfection may be effected pursuant to applicable law by recording or filing, as the case may be. Subject to the Standard Qualifications, each related Mortgage (or equivalent document) creates a valid and enforceable lien and security interest on the items of personalty described above. No representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the filing of UCC-1 financing statements are required in order to effect such perfection. Each UCC-1 financing statement, if any, filed with respect to personal property

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constituting a part of the related Underlying Mortgaged Property and each UCC-2 or UCC-3 assignment, if any, of such financing statement to Seller was in suitable form for filing in the filing office in which such financing statement was filed.

(11) Condition of Property. Seller or the originator of the Purchased Asset inspected or caused to be inspected each related Underlying Mortgaged Property within six months of origination of the Purchased Asset and within twelve months of the Purchased Date. An engineering report or property condition assessment was prepared in connection with the origination of each Purchased Asset no more than twelve months prior to the Purchase Date. To Seller's knowledge, based solely upon due diligence customarily performed in connection with the origination of comparable mortgage loans, each related Underlying Mortgaged Property was (a) free and clear of any material damage, (b) in good repair and condition and (c) is free of structural defects, except in each case (i) for any damage or deficiencies that would not materially and adversely affect the use, operation or value of such Underlying Mortgaged Property as security for the Purchased Asset, (ii) if such repairs have been completed or (iii) if escrows in an aggregate amount consistent with the standards utilized by Seller with respect to similar loans its holds for its own account have been established, which escrows will in all events be in an aggregate amount not less than the estimated cost of such repairs. Seller has no knowledge of any material issues with the physical condition of the Underlying Mortgaged Property that Seller believes would have a material adverse effect on the use, operation or value of the Underlying Mortgaged Property other than those disclosed in the engineering report and those addressed in clauses (i), (ii) and (iii) above.

(12) Taxes and Assessments. All real estate taxes, governmental assessments and other similar outstanding governmental charges (including, without limitation, water and sewage charges), or installments thereof, that could be a lien on the related Underlying Mortgaged Property that would be of equal or superior priority to the lien of the Mortgage and that prior to the Purchase Date have become delinquent in respect of each related Underlying Mortgaged Property have been paid, or, if the appropriate amount of such taxes or charges is being appealed or is otherwise in dispute, an escrow of funds has been established in an amount sufficient to cover such payments and reasonably estimated interest and penalties, if any, thereon. For purposes of this Paragraph (12), real estate taxes and governmental assessments and other outstanding governmental charges and installments thereof shall not be considered delinquent until the earlier of (a) the date on which interest and/or penalties would first be payable thereon and (b) the date on which enforcement action is entitled to be taken by the related taxing authority.

(13) Condemnation. As of the date of origination and to Seller's knowledge as of the Purchase Date, there is no proceeding pending, and, to Seller's knowledge as of the date of origination and as of the Purchased Date, there is no proceeding threatened, for the total or partial condemnation of such Underlying Mortgaged Property that would have a material adverse effect on the value, use or operation of the Underlying Mortgaged Property.

(14) Actions Concerning Purchased Asset. As of the date of origination and to Seller's knowledge as of the Purchase Date, there was no pending, filed or threatened action, suit or proceeding, arbitration or governmental investigation involving any Mortgagor, guarantor, or the Underlying Mortgaged Property, an adverse outcome of which would reasonably be expected to materially and adversely affect (a) such Mortgagor's title to the Underlying Mortgaged Property, (b) the validity or enforceability of the Mortgage, (c) such Mortgagor's ability to perform under the related Purchased Asset Documents, (d) such guarantor's ability to perform under the related guaranty, (e) the use, operation or value of the Underlying Mortgaged Property, (f) the principal benefit of the security intended to be provided by the Purchased Asset Documents, (g) the current

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ability of the Underlying Mortgaged Property to generate net cash flow sufficient to service such Purchased Asset or (h) the current principal use of the Underlying Mortgaged Property.

(15) Escrow Deposits. All escrow deposits and payments required to be escrowed with lender pursuant to the Purchased Asset Documents are in the possession, or under the control, of Seller or its servicer, and unless Seller is diligently collecting any such amounts from the related Mortgagor in accordance with the terms of the Purchased Assets Documents, there are no deficiencies (subject to any applicable grace or cure periods) in connection therewith, and all such escrows and deposits (or the right thereto) that are required to be escrowed with lender under the related Purchased Asset Documents are being conveyed by Seller to Buyer or its servicer. Any and all requirements under the Purchased Asset Documents as to completion of any material improvements and as to disbursements of any funds escrowed for such purpose, which requirements were to have been complied with on or before the Purchase Date, have been complied with in all material respects or the funds so escrowed have not been released. No other escrow amounts have been released except in accordance with the terms and conditions of the Purchased Asset Documents.

(16) No Holdbacks. The principal balance of the Purchased Asset set forth on the Purchased Asset Schedule has been fully disbursed, except for any future funding per the Purchased Asset Documents, as of the Purchase Date and there is no requirement for future advances thereunder (except in those cases where the full amount of the Purchased Asset has been disbursed but a portion thereof is being held in escrow or reserve accounts pending the satisfaction of certain conditions relating to leasing, repairs or other matters with respect to the related Underlying Mortgaged Property, the Mortgagor or other considerations determined by Seller to merit such holdback), and any requirements or conditions to disbursements of any loan proceeds held in escrow have been satisfied with respect to any disbursements of any such escrow fund made on or prior to the date hereof.

(17) Insurance. Each related Underlying Mortgaged Property is, and is required pursuant to the related Mortgage to be, insured by a property insurance policy providing coverage for loss in accordance with coverage found under a "special cause of loss form" or "all risk form" that includes replacement cost valuation issued by an insurer meeting the requirements of the related Purchased Asset Documents and having a claims-paying or financial strength rating of any one of the following: (i) at least "A-:VII" from A.M. Best Company, Inc., (ii) at least "A3" (or the equivalent) from Moody's or (iii) at least "A-" from Standard & Poor's (collectively, the "Insurance Rating Requirements"), in an amount (subject to a customary deductible) not less than the lesser of (1) the original principal balance of the Purchased Asset and (2) the full insurable value on a replacement cost basis of the improvements, furniture, furnishings, fixtures and equipment owned by the Mortgagor and included in the Underlying Mortgaged Property (with no deduction for physical depreciation), but, in any event, not less than the amount necessary or containing such endorsements as are necessary to avoid the operation of any coinsurance provisions with respect to the related Underlying Mortgaged Property.

Each related Underlying Mortgaged Property is also covered, and required to be covered pursuant to the related Loan Documents, by business interruption or rental loss insurance which (subject to a customary deductible) (i) covers a period of not less than 12 months (or with respect to each Purchased Asset on a single asset with a principal balance of $50 million or more, 18 months); (ii) for a Purchased Asset with a principal balance of $50 million or more, contains a 180 day "extended period of indemnity"; and (iii) covers the actual loss sustained during restoration.

If any material part of the improvements, exclusive of a parking lot, located on a Underlying Mortgaged Property is in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, the related Mortgagor is required to maintain insurance in the maximum amount available under the National Flood Insurance Program, plus such additional excess flood coverage in an amount as is generally required by prudent institutional commercial mortgage lenders originating mortgage loans for securitization.

If windstorm and/or windstorm related perils and/or "named storms" are excluded from the primary property damage insurance policy, the Underlying Mortgaged Property is insured by a separate windstorm insurance policy issued by an insurer meeting the Insurance Rating Requirements or endorsement covering damage from windstorm and/or windstorm related perils and/or named storms in an amount at least equal to 100% of the full insurable value on a replacement cost basis of the improvements and personalty and fixtures included in the related Underlying Mortgaged Property by an insurer meeting the Insurance Rating Requirement.

The Underlying Mortgaged Property is covered, and required to be covered pursuant to the related Purchased Asset Documents, by a commercial general liability insurance policy issued by an insurer meeting the Insurance Rating Requirements including coverage for property damage, contractual damage and personal injury (including bodily injury and death) in amounts as are generally required by a prudent institutional commercial mortgage lender for loans originated for securitization, and in any event not less than $1 million per occurrence and $2 million in the aggregate.

An architectural or engineering consultant has performed an analysis of each of the Mortgaged Properties located in seismic zones 3 or 4 in order to evaluate the structural and seismic condition of such property, for the sole purpose of assessing either the scenario expected limit (the "SEL") or the probable maximum loss (the "PML") for the Underlying Mortgaged Property in the event of an earthquake. In such instance, the SEL or PML, as applicable, was based on a 475-year return period, an exposure period of 50 years and a 10% probability of exceedance. If the resulting report concluded that the SEL or PML, as applicable, would exceed 20% of the amount of the replacement costs of the improvements, earthquake insurance on such Underlying Mortgaged Property was obtained by an insurer rated at least "A:VII" by A.M. Best Company, Inc. or "A3" (or the equivalent) from Moody's or "A-" by Standard & Poor's in an amount not less than 150% of the SEL or PML, as applicable.

The Purchased Asset Documents require insurance proceeds in respect of a property loss to be applied either (a) to the repair or restoration of all or part of the related Underlying Mortgaged Property, with respect to all property losses in excess of 5% of the then outstanding principal amount of the related Purchased Asset, the lender (or a trustee appointed by it) having the right to hold and disburse such proceeds as the repair or restoration progresses, or (b) to the reduction of the outstanding principal balance of such Purchased Asset together with any accrued interest thereon.

All premiums on all insurance policies referred to in this Paragraph (17) required to be paid as of the Purchase Date have been paid, and such insurance policies name the lender under the Purchased Asset and its successors and assigns as a loss payee under a mortgagee endorsement clause or, in the case of the general liability insurance policy, as named or additional insured. Such insurance policies will inure to the benefit of Buyer. Each related Purchased Asset obligates the related Mortgagor to maintain all such insurance and, at such Mortgagor's failure to do so, authorizes the lender to maintain such insurance at the Mortgagor's cost and expense and to charge such Mortgagor for related premiums and other related expenses, including reasonable

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attorney's fees. All such insurance policies (other than commercial liability policies) require at least 10 days' prior notice to the lender of termination or cancellation

arising because of nonpayment of a premium and at least 30 days prior notice to the lender of termination or cancellation (or such lesser period, not less than 10 days, as may be required by applicable law) arising for any reason other than non-payment of a premium and no such notice has been received by Seller.

(18) Access; Utilities; Separate Tax Lots. Each Underlying Mortgaged Property (a) is located on or adjacent to a public road and has direct legal access to such road, or has access via an irrevocable easement or irrevocable right of way permitting ingress and egress to/from a public road, (b) is served by or has uninhibited access rights to public or private water and sewer (or well and septic) and all required utilities, all of which are appropriate for the current use of the Underlying Mortgaged Property, and (c) constitutes one or more separate tax parcels which do not include any property which is not part of the Underlying Mortgaged Property or is subject to an endorsement under the related Title Policy insuring the Underlying Mortgaged Property, or in certain cases, an application has been, or will be, made to the applicable governing authority for creation of separate tax lots, in which case the Purchased Asset Documents require the Mortgagor to escrow an amount sufficient to pay taxes for the existing tax parcel of which the Underlying Mortgaged Property is a part until the separate tax lots are created or the non-recourse carveout guarantor under the Purchased Asset Documents has indemnified the mortgagee for any loss suffered in connection therewith.

(19) No Encroachments. To Seller's knowledge based solely on surveys obtained in connection with origination (which may have been a previously existing "as built" survey) and the lender's Title Policy (or, if such policy is not yet issued, a pro forma title policy, a preliminary title policy with escrow instructions or a "marked up" commitment) obtained in connection with the origination of each Purchased Asset, all material improvements that were included for the purpose of determining the appraised value of the related Underlying Mortgaged Property at the time of the origination of such Purchased Asset are within the boundaries of the related Underlying Mortgaged Property, except encroachments that do not materially and adversely affect the value or current use of such Underlying Mortgaged Property or for which insurance or endorsements were obtained under the Title Policy. No improvements on adjoining parcels encroach onto the related Underlying Mortgaged Property except for encroachments that do not materially and adversely affect the value or current use of such Underlying Mortgaged Property or for which insurance or endorsements were obtained under the Title Policy. No material improvements encroach upon any easements except for encroachments the removal of which would not materially and adversely affect the value or current use of such Underlying Mortgaged Property or for which insurance or endorsements have been obtained under the Title Policy.

(20) No Contingent Interest or Equity Participation. No Purchased Asset has a shared appreciation feature, any other contingent interest feature or a negative amortization feature (except that an anticipated repayment date loan may provide for the accrual of the portion of interest in excess of the rate in effect prior to the anticipated Repayment Date) or an equity participation by Seller.

(21) REMIC. To Seller's Knowledge, the Purchased Asset is a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code (but determined without regard to the rule in Treasury Regulations Section 1.860G-2(f)(2) that treats certain defective mortgage loans as qualified mortgages), and, accordingly, (a) the issue price of the Purchased Asset to the related Mortgagor at origination did not exceed the non-contingent principal amount of the Purchased Asset and (b) either: (i) such Purchased Asset is secured by an interest in real property (including buildings and structural components thereof, but excluding personal property) having a fair

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market value (A) at the date the Purchased Asset was originated at least equal to 80% of the adjusted issue price of the Purchased Asset on such date or (B) at the Purchase Date at least equal to 80% of the adjusted issue price of the Purchased Asset on such date, provided that, for purposes hereof, the fair market value of the real property interest must first be reduced by (1) the amount of any lien on the real property interest that is senior to the Purchased Asset and (2) a proportionate amount of any lien that is in parity with the Purchased Asset; or (ii) substantially all of the proceeds of such Purchased Asset were used to acquire, improve or protect the real property which served as the only security for such Purchased Asset (other than a recourse feature or other third-party credit enhancement within the meaning of Treasury Regulations Section 1.860G-2(a)(1)(ii)). If the Purchased Asset was "significantly modified" prior to the Purchase Date so as to result in a taxable exchange under Section 1001 of the Code, it either (i) was modified as a result of the default or reasonably foreseeable default of such Purchased Asset or (ii) satisfies the provisions of either clause (b)(i)(A) above (substituting the date of the last such modification for the date the Purchased Asset was originated) orclause (b)(i)(B), including the proviso thereto. Any prepayment premium and yield maintenance charges applicable to the Purchased Asset constitute "customary prepayment penalties" within the meaning of Treasury Regulations Section 1.860G-(b)(2). All terms used in this Paragraph (21) shall have the same meanings as set forth in the related Treasury Regulations.

(22) Compliance with Usury Laws. The interest rate (exclusive of any default interest, late charges, yield maintenance charges, exit fees, or prepayment premiums) of such Purchased Asset complied as of the date of origination with, or was exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury.

(23) Authorized to do Business. To the extent required under applicable law, as of the Purchase Date and as of each date that such entity held the Mortgage Note, each holder of the Mortgage Note was authorized to transact and do business in the jurisdiction in which each related Underlying Mortgaged Property is located, or the failure to be so authorized does not materially and adversely affect the enforceability of such Purchased Asset by Buyer.

(24) Trustee under Deed of Trust. With respect to each Mortgage which is a deed of trust, a trustee, duly qualified under applicable law to serve as such, currently so serves and is named in the deed of trust or has been substituted in accordance with the Mortgage and applicable law or may be substituted in accordance with the Mortgage and applicable law by the related mortgagee, and except in connection with a trustee's sale after a default by the related Mortgagor or in connection with any full or partial release of the related Underlying Mortgaged Property or related security for such Purchased Asset, and except in connection with a trustee's sale after a default by the related Mortgagor, no fees are payable to such trustee except for *de minimis* fees paid.

(25) Local Law Compliance. To Seller's knowledge, based upon any of a letter from any governmental authorities, a legal opinion, an architect's letter, a zoning consultant's report, an endorsement to the related Title Policy, or other affirmative investigation of local law compliance consistent with the investigation conducted by Seller for similar commercial, multifamily and manufactured housing community mortgage loans intended for securitization, with respect to the improvements located on or forming part of each Underlying Mortgaged Property securing a Purchased Asset, there are no material violations of applicable laws, zoning ordinances, rules, covenants, building codes, restrictions and land laws (collectively, "Zoning Regulations") other than those which (i) constitute a legal non-conforming use or structure, as to which the Underlying Mortgaged Property may be restored or repaired to the full extent necessary to maintain the use of the structure immediately prior to a casualty or the inability to restore or repair to the full extent necessary to maintain the use or structure immediately prior to the

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casualty would not materially and adversely affect the use or operation of the Underlying Mortgaged Property, (ii) are insured by the Title Policy or other insurance policy, (iii) are insured by law and ordinance insurance coverage in amounts customarily required by prudent commercial mortgage lenders for loans originated for securitization that provides coverage for additional costs to rebuild and/or repair the property to current Zoning Regulations or (iv) would not have a material adverse effect on the Purchased Asset. The terms of the Purchased Asset Documents require the Mortgagor to comply in all material respects with all applicable governmental regulations, zoning and building laws.

(26) Licenses and Permits. Each Mortgagor covenants in the Purchased Asset Documents that it shall keep all material licenses, permits, franchises, certificates of occupancy, consents and applicable governmental authorizations necessary for its operation of the Underlying Mortgaged Property in full force and effect, and to Seller's knowledge based upon a letter from any government authorities or other affirmative investigation of local law compliance consistent with the investigation conducted by Seller for similar commercial, multifamily and manufactured housing community mortgage loans intended for securitization, all such material licenses, permits and applicable governmental authorizations are in effect. The Purchased Asset Documents require the related Mortgagor to be qualified to do business in the jurisdiction in which the related Underlying Mortgaged Property is located and for the Mortgagor and the Underlying Mortgaged Property to be in compliance in all material respects with all regulations, zoning and building laws.

(27) Recourse Obligations. The Purchased Asset Documents for each Purchased Asset provide that such Purchased Asset is non-recourse to the related parties thereto except that: (a) the related Mortgagor and a guarantor (which is a natural person or persons, or an entity distinct from the Mortgagor (but may be affiliated with Mortgagor) that has assets other than equity in the related Underlying Mortgaged property that are not *de minimis*) shall be fully liable for losses, liabilities, costs and damages arising from certain acts of the related Mortgagor and/or its principals specified in the related Purchased Asset Documents, which acts generally include the following: (i) acts of fraud or intentional material misrepresentation, (ii) misappropriation of rents (following an event of default), insurance proceeds or condemnation awards, (iii) intentional material physical waste of the Underlying Mortgaged Property, (iv) intentional misconduct and (v) any breach of the environmental covenants contained in the related Loan Documents, and (b) the Purchased Asset shall become full recourse to the related Mortgagor and a guarantor (which is a natural person or persons, or an entity distinct from the Mortgagor (but may be affiliated with Mortgagor) that has assets other than equity in the related Underlying Mortgaged Property that are not *de minimis*), upon any of the following events: (i) if any petition for bankruptcy, insolvency, dissolution or liquidation pursuant to federal bankruptcy law, or nay similar federal or state law, shall be filed, consented to, or acquiesced in by the Mortgagor, (ii) Mortgagor and/or its principals shall have colluded with other creditors to cause an involuntary bankruptcy filing with respect to the Mortgagor or (iii) upon the transfer of either the Underlying Mortgaged Property or equity interests in Mortgagor made in violation of the Purchased Asset Documents.

(28) Mortgage Releases. The terms of the related Mortgage or related Purchased Asset Documents do not provide for release of any material portion of the Underlying Mortgaged Property from the lien of the Mortgage except (a) a partial release, accompanied by principal repayment of not less than a specified percentage at least equal to the lesser of (i) 115% of the related allocated loan amount of such portion of the Underlying Mortgaged Property and (ii) the outstanding principal balance of the Purchased Asset, (b) upon payment in full of such Purchased Asset, (c) releases of out-parcels that are unimproved or other portions of the Underlying Mortgaged Property which will not have a material adverse effect on the underwritten value of the Underlying Mortgaged

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Property and which were not afforded any material value in the appraisal obtained at the origination of the Purchased Asset and are not necessary for physical access to the Underlying Mortgaged Property or compliance with zoning requirements, or (d) as required pursuant to an order of condemnation. With respect to any partial release under the preceding clause (a) or (d), either: (i) such release of collateral (A) would not constitute a "significant modification" of the subject Purchased Asset within the meaning of Treasury Regulations Section 1.860G-2(b)(2) and (B) would not cause the subject Purchased Asset to fail to be a "qualified mortgage" within the meaning of Section 860G(a)(3)(A) of the Code; or (ii) the mortgagee or servicer can, in accordance with the related Purchased Asset Documents, condition such release of collateral on the related Mortgagor's delivery of an opinion of tax counsel to the effect specified in the immediately preceding clause (i). For purposes of the preceding clause (i), if the fair market value of the real property constituting such Underlying Mortgaged Property after the release is not equal to at least 80% of the principal balance of the Purchased Asset outstanding after the release, the Mortgagor is required to make a payment of principal in an amount not less than the amount required by the provisions governing a "real estate mortgage investment conduit" as defined in Section 860D of the Code (the "REMIC Provisions").

In the event of a taking of any portion of a Underlying Mortgaged Property by a State or any political subdivision or authority thereof, whether by legal proceeding or by agreement, the Mortgagor can be required to pay down the principal balance of the Purchased Asset in an amount not less than the amount required by the REMIC Provisions and, to such extent, awards are not required to be applied to the restoration of the Underlying Mortgaged Property or to be released to the Mortgagor, if, immediately after the release of such portion of the Underlying Mortgaged Property from the lien of the Mortgage (but taking into account the planned restoration) the fair market value of the real property constituting the remaining Underlying Mortgaged Property is not equal to at least 80% of the remaining principal balance of the Purchased Asset.

No such Purchased Asset that is secured by more than one Underlying Mortgaged Property or that is cross-collateralized with another Purchased Asset permits the release of cross-collateralization of the related Mortgaged Properties, other than in compliance with the REMIC Provisions.

(29) Financial Reporting and Rent Rolls. The Purchased Asset Documents for each Purchased Asset require the Mortgagor to provide the owner or holder of the Mortgage with quarterly (other than for single-tenant properties) and annual operating statements, and quarterly (other than for single-tenant properties) rent rolls for properties that have leases contributing more than 5% of the in-place base rent and annual financial statements, which annual financial statements with respect to each Purchased Asset with more than one Mortgagor are in the form of an annual combined balance sheet of the Mortgagor entities (and no other entities), together with the related combined statements of operations, members' capital and cash flows, including a combining balance sheet and statement of income for the Mortgaged Properties on a combined basis.

(30) Acts of Terrorism Exclusion. With respect to each Purchased Asset over $20 million, the related special-form all-risk insurance policy and business interruption policy (issued by an insurer meeting the Insurance Rating Requirements) do not specifically exclude Acts of Terrorism, as defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (collectively, the "TRIA"), from coverage, or if such coverage is excluded, it is covered by a separate terrorism insurance policy. With respect to each other Purchased Asset, the related special-form all-risk insurance policy and business interruption policy (issued by an insurer meeting the Insurance Rating Requirements) does not

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specifically exclude Acts of Terrorism, as defined in TRIA, from coverage, or if such coverage is excluded, it is covered by a separate terrorism insurance policy. With respect to each Purchased Asset, the related Purchased Asset Documents do not expressly waive or prohibit the mortgagee from requiring coverage for Acts of Terrorism, as defined in the TRIA, or damages related thereto except to the extent that any right to require such coverage may be limited by commercial availability on commercially reasonable terms; *provided, however*, that if the TRIA or a similar or subsequent statute is not in effect, then,*provided* that terrorism insurance is commercially available, the Mortgagor under each Purchased Asset is required to carry terrorism insurance, but in such event the Mortgagor shall not be required to spend on terrorism insurance coverage more than two times the amount of the insurance premium that is payable in respect of the property and business interruption/rental loss insurance required under the related Purchased Asset Documents (without giving effect to the cost of terrorism and earthquake components of such casualty and business interruption/rental loss insurance) at the time of the origination of the Purchased Asset, and if the cost of terrorism insurance exceeds such amount, the borrower is required to purchase the maximum amount of terrorism insurance available with funds equal to such amount.

(31) Due on Sale or Encumbrance. Subject to specific exceptions set forth below, each Purchased Asset contains a "due on sale" or other such provision for the acceleration of the payment of the unpaid principal balance of such Purchased Asset if, without the consent of the holder of the Mortgage (which consent, in some cases, may not be unreasonably withheld) and/or complying with the requirements of the related Purchased Asset Documents (which provide for transfers without the consent of the lender which are customarily acceptable to prudent commercial and multifamily mortgage lending institutions on the security of property comparable to the related Underlying Mortgaged Property, including, without limitation, transfers of worn-out or obsolete furnishings, fixtures, or equipment promptly replaced with property of equivalent value and functionality and transfers by leases entered into in accordance with the Purchased Asset Documents), (a) the related Underlying Mortgaged Property, or any equity interest of greater than 50% in the related Mortgagor, is directly or indirectly pledged, transferred or sold, other than as related to (i) family and estate planning transfers or transfers upon death or legal incapacity, (ii) transfers to certain affiliates as defined in the related Purchased Asset Documents, (iii) transfers that do not result in a change of Control of the related Mortgagor or transfers of passive interests so long as the guarantor retains Control, (iv) transfers to another holder of direct or indirect equity in the Mortgagor, a specific Person designated in the related Purchased Asset Documents or a Person satisfying specific criteria identified in the related Purchased Asset Documents, such as a qualified equityholder, (v) transfers of stock or similar equity units in publicly traded companies or (vi) a substitution or release of collateral within the parameters of Paragraph (28) herein, or (vii) to the extent set forth in any Exception Report, by reason of any mezzanine debt that existed at the origination of the related Purchased Asset, or future permitted mezzanine debt in each case as set forth in any Exception Report or (b) the related Underlying Mortgaged Property is encumbered with a subordinate lien or security interest against the related Underlying Mortgaged Property, other than any Permitted Encumbrances. The Mortgage or other Purchased Asset Documents provide that to the extent any rating agency fees are

incurred in connection with the review of and consent to any transfer or encumbrance, the Mortgagor is responsible for such payment along with all other reasonable fees and expenses incurred by the Mortgagee relative to such transfer or encumbrance. For purposes of the foregoing representation, "Control" means the power to direct the management and policies of an entity, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise.

(32) Single-Purpose Entity. Each Purchased Asset requires the borrower to be a Single-Purpose Entity for at least as long as the Purchased Asset is outstanding. Both the Purchased Asset Documents and the organizational documents of the Mortgagor with respect to each Purchased Asset with a

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principal amount on the Purchase Date of $5 million or more provide that the borrower is a Single-Purpose Entity, and each Purchased Asset with a principal amount on the Purchase Date of $20 million or more has a counsel's opinion regarding non-consolidation of the Mortgagor. For purposes of this Paragraph (32), a "Single-Purpose Entity" shall mean an entity, other than an individual, whose organizational documents provide substantially to the effect that it was formed or organized solely for the purpose of owning and operating one or more of the Mortgaged Properties securing the Purchased Assets and prohibit it from engaging in any business unrelated to such Underlying Mortgaged Property or Properties, and whose organizational documents further provide, or which entity represented in the related Purchased Asset Documents, substantially to the effect that it does not have any assets other than those related to its interest in and operation of such Underlying Mortgaged Property or Properties, or any indebtedness other than as permitted by the related Mortgage(s) or the other related Purchased Asset Documents, that it has its own books and records and accounts separate and apart from those of any other person, and that it holds itself out as a legal entity, separate and apart from any other person or entity.

(33) Intentionally Omitted.

(34) Ground Leases. For purposes of this Exhibit III, a "Ground Lease" shall mean a lease creating a leasehold estate in real property where the fee owner as the ground lessor conveys for a term or terms of years its entire interest in the land and buildings and other improvements, if any, comprising the premises demised under such lease to the ground lessee (who may, in certain circumstances, own the building and improvements on the land), subject to the reversionary interest of the ground lessor as fee owner and does not include industrial development agency (IDA) or similar leases for purposes of conferring a tax abatement or other benefit.

With respect to any Purchased Asset where the Purchased Asset is secured by a leasehold estate under a Ground Lease in whole or in part, and the related Mortgage does not also encumber the related lessor's fee interest in such Underlying Mortgaged Property, based upon the terms of the Ground Lease and any estoppel or other agreement received from the ground lessor in favor of Seller, its successors and assigns, Seller represents and warrants that:

(a) (i) the Ground Lease or a memorandum regarding such Ground Lease has been duly recorded or submitted for recordation in a form that is acceptable for recording in the applicable jurisdiction; (ii) the Ground Lease or an estoppel or other agreement received from the ground lessor permits the interest of the lessee to be encumbered by the related Mortgage and does not restrict the use of the related Underlying Mortgaged Property by such lessee, its successors or assigns in a manner that would materially adversely affect the security provided by the related Mortgage and (iii) no material change in the terms of the Ground Lease had occurred since its recordation, except by any written instrument which are included in the related Purchased Asset File;

(b) the lessor under such Ground Lease has agreed in a writing included in the related Purchased Asset File (or in such Ground Lease) that the Ground Lease may not be amended or modified, or canceled or terminated, without the prior written consent of the lender (except termination or cancellation if (i) notice of a default under the Ground Lease is provided to lender and (ii) such default is curable by lender as provided in the Ground Lease but remains uncured beyond the applicable cure period), and no such consent has been granted by Seller since the origination of the Purchased Asset except as reflected in any written instruments which are included in the related Purchased Asset File;

(c) the Ground Lease has an original term (or an original term plus one or more optional renewal terms, which, under all circumstances, may be exercised, and will be enforceable, by either Mortgagor or the mortgagee) that extends not less than 20 years beyond the stated maturity of the related Purchased Asset, or 10 years past the stated maturity if such Purchased Asset fully amortizes by the stated maturity (or with respect to a Purchased Asset that accrues on an actual 360 basis, substantially amortizes);

(d) the Ground Lease either (i) is not subject to any liens or encumbrances superior to, or of equal priority with, the Mortgage, except for the related fee interest of the ground lessor and the Permitted Encumbrances, or (ii) is subject to a subordination, non-disturbance and attornment agreement to which the mortgagee on the lessor's fee interest in the Underlying Mortgaged Property is subject;

(e) the Ground Lease does not place commercially unreasonable restrictions on the identity of the mortgagee and the Ground Lease is assignable to the holder of the Purchased Asset and its successors and assigns without the consent of the lessor thereunder, and in the event it is so assigned, it is further assignable by the holder of the Purchased Asset and its successors and assigns without the consent of the lessor;

(f) Seller has not received any written notice of material default under or notice of termination of such Ground Lease and, to Seller's knowledge, there is no material default under such Ground Lease and no condition that, but for the passage of time or giving of notice, would result in a material default under the terms of such Ground Lease and to Seller's knowledge, such Ground Lease is in full force and effect;

(g) the Ground Lease or ancillary agreement between the lessor and the lessee requires the lessor to give to the lender written notice of any default, and provides that no notice of default or termination is effective against the lender unless such notice is given to the lender;

(h) a lender is permitted a reasonable opportunity (including, where necessary, sufficient time to gain possession of the interest of the lessee under the Ground Lease through legal proceedings) to cure any default under the Ground Lease which is curable after the lender's receipt of notice of any default before the lessor may terminate the Ground Lease;

(i) the Ground Lease does not impose any restrictions on subletting that would be viewed as commercially unreasonable by a prudent commercial mortgage lender;

(j) under the terms of the Ground Lease, an estoppel or other agreement received from the ground lessor and the related Mortgage (taken together), any related insurance proceeds or the portion of the condemnation award allocable to the ground lessee's interest (other than (i) *de minimis* amounts for minor casualties or (ii) in respect of a total or substantially total loss or taking as addressed in Paragraph (34)(k) below) will be applied either to the repair or to restoration of all or part of the related Underlying Mortgaged Property with (so long as such proceeds are in excess of the threshold amount specified in the related Purchased Asset Documents) the lender or a trustee appointed by it having the right to hold and disburse such proceeds as repair or restoration progresses, or to the payment of the outstanding principal balance of the Purchased Asset, together with any accrued interest;

(k) in the case of a total or substantially total taking or loss, under the terms of the Ground Lease, an estoppel or other agreement and the related Mortgage (taken together), any related insurance proceeds, or portion of the condemnation award allocable to ground lessee's interest in respect of a total or substantially total loss or taking of the related Underlying Mortgaged Property to the extent not applied to restoration, will be applied first to the payment of the outstanding principal balance of the Purchased Asset, together with any accrued interest; and

(l) provided that the lender cures any defaults which are susceptible to being cured, the ground lessor has agreed to enter into a new lease with the lender upon termination of the Ground Lease for any reason, including rejection of the Ground Lease in a bankruptcy proceeding.

(35) Servicing. The servicing and collection practices used by Seller with respect to the Purchased Asset have been, in all material respects, legal and have met customary industry standards for servicing of similar commercial loans.

(36) Origination and Underwriting. The origination practices of Seller (or the related originator if Seller was not the originator) with respect to each Purchased Asset have been, in all material respects, legal and as of the date of its origination, such Purchased Asset and the origination thereof complied in all material respects with, or was exempt from, all requirements of federal, state or local laws and regulations relating to the origination of such Purchased Asset. At the time of origination of such Purchased Asset, the origination, due diligence and underwriting performed by or on behalf of Seller in connection with each Purchased Asset complied in all material respects with the terms, conditions and requirements of Seller's origination, due diligence, underwriting procedures, guidelines and standards for similar commercial and multifamily loans.

(37) Rent Rolls; Operating Histories. Seller has obtained a rent roll (other than with respect to hospitality properties) certified by the related Mortgagor or the related guarantor(s) as accurate and complete in all material respects as of a date within 180 days of the date of origination of the related Purchased Asset. Seller has obtained operating histories (the "Certified Operating Histories") with respect to each Underlying Mortgaged Property certified by the related Mortgagor or the related guarantor(s) as accurate and complete in all material respects as of a date within 180 days of the date of origination of the related Purchased Asset. The Certified Operating Histories collectively report on operations for a period equal to (a) at least a continuous three-year period or (b) in the event the Underlying Mortgaged Property was owned, operated or constructed by the Mortgagor or an affiliate for less than three years then for such shorter period of time.

(38) No Material Default; Payment Record. No Purchased Asset has been more than 30 days delinquent, without giving effect to any grace or cure period, in making required payments since origination, and as of the Purchased Date, no Purchased Asset is delinquent (beyond any applicable grace or cure period) in making required payments. To Seller's knowledge, there is (a) no, and since origination there has been no, material default, breach, violation or event of acceleration existing under the related Purchased Asset Documents, or (b) no event (other than payments due but not yet delinquent) which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a material default, breach, violation or event of acceleration, which default, breach, violation or event of acceleration, in the case of either clause (a) or (b), materially and adversely affects the value of the Purchased Asset, or the value, use or operation of the related Underlying Mortgaged Property, *provided*, *however*, that this Paragraph (38) does not cover any default, breach, violation or event of acceleration that

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specifically pertains to or arises out of an exception scheduled to any other representation and warranty made by Seller in any Exception Report. No person other than the holder of such Purchased Asset may declare any event of default under the Purchased Asset or accelerate any indebtedness under the Purchased Asset Documents.

(39) Bankruptcy. As of the date of origination of the related Purchased Asset and to Seller's knowledge as of the Purchase Date, neither the Underlying Mortgaged Property nor any portion thereof is the subject of, and no Mortgagor, guarantor or tenant occupying a single-tenant property is a debtor in state or federal bankruptcy, insolvency or similar proceeding.

(40) Organization of Mortgagor. With respect to each Purchased Asset, in reliance on certified copies of the organizational documents of the Mortgagor delivered by the Mortgagor in connection with the origination of such Purchased Asset, the Mortgagor is an entity organized under the laws of a state of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico. No Purchased Asset has a Mortgagor that is an Affiliate of another borrower.

Seller has obtained an organizational chart or other description of each Mortgagor which identifies all beneficial controlling owners of the Mortgagor (i.e., managing members, general partners or similar controlling person for such Mortgagor) (the "Controlling Owner") and all owners that hold a 20% or greater direct ownership share (the "Major Sponsors"). Seller (a) required questionnaires to be completed by each Controlling Owner and guarantor or performed other processes designed to elicit information from each Controlling Owner and guarantor regarding such Controlling Owner's or guarantor's prior history regarding any bankruptcies or other insolvencies, any felony convictions, and (b) performed or caused to be performed searches of the public records or services such as Lexis/Nexis, or a similar service designed to elicit information about each Controlling Owner, Major Sponsor and guarantor regarding such Controlling Owner's, Major Sponsor's or guarantor's prior history regarding any bankruptcies or other insolvencies, any felony convictions, and provided, however, that manual public records searches were limited to the last 10 years (clauses (a) and (b) collectively, the "Sponsor Diligence"). Based solely on the Sponsor Diligence, to the knowledge of Seller, no Major Sponsor or guarantor (i) was in a state or federal bankruptcy or insolvency proceeding, (ii) had a prior record of having been in a state of federal bankruptcy or insolvency, or (iii) had been convicted of a felony.

(41) Environmental Conditions. At origination, each Mortgagor represented and warranted that to its knowledge no hazardous materials or any other substances or materials which are included under or regulated by Environmental Laws are located on, or have been handled, manufactured, generated, stored, processed, or disposed of on or released or discharged from the Underlying Mortgaged Property, except for those substances commonly used in the operation and maintenance of properties of kind and nature similar to those of the Underlying Mortgaged Property in compliance with all Environmental Laws and in a manner that does not result in contamination of the Underlying Mortgaged Property or in a material adverse effect on the value, use or operations of the Underlying Mortgaged Property.

A Phase I environmental site assessment (or update of a previous Phase I and or Phase II site assessment) and, with respect to certain Purchased Assets, a Phase II environmental site assessment (collectively, an "ESA") meeting ASTM requirements was conducted by a reputable environmental consultant in connection with such Purchased Asset within 12 months prior to its origination date (or an update of a previous ESA was prepared), and such ESA either (i) did not identify the existence of recognized "environmental conditions" as such term is defined in ASTM E1527-05 or its successor (the "Environmental Conditions") at the related Underlying Mortgaged

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Property or the need for further investigation with respect to any Environmental Condition that was identified, or (ii) if the existence of an Environmental Condition or need for further investigation was indicated in any such ESA, then at least one of the following statements is true: (A) an amount reasonably estimated by a reputable environmental consultant to be sufficient to cover the estimated cost to cure any material noncompliance with applicable environmental laws or the Environmental Condition has been escrowed by the related Mortgagor and is held or controlled by the related lender; (B) if the only Environmental Condition relates to the presence of asbestos-containing materials, radon in indoor air, lead based paint or lead in drinking water, and the only recommended action in the ESA is the institution of such a plan, an operations or maintenance plan has been required to be instituted by the related Mortgagor that can reasonably be expected to mitigate the identified risk; (C) the Environmental Condition identified in the related environmental report was remediated or abated in all material respects prior to the date hereof, and, if and as appropriate, a no further action or closure letter was obtained from the applicable governmental regulatory authority (or the Environmental Condition affecting the related Underlying Mortgaged Property was otherwise listed by such governmental authority as "closed" or a reputable environmental consultant has concluded that no further action is required); (D) a secured creditor environmental policy or a pollution legal liability insurance policy that covers liability for the Environmental

Condition was obtained from an insurer rated no less than "A-" (or the equivalent) by Moody's, Standard & Poor's and/or Fitch, Inc.; (E) a party not related to the Mortgagor was identified as the responsible party for such Environmental Condition and such responsible party has financial resources reasonably estimated to be adequate to address the situation; or (F) a party related to the Mortgagor having financial resources reasonably estimated to be adequate to address the situation is required to take action. To Seller's knowledge, except as set forth in the ESA, there is no Environmental Condition (as such term is defined in ASTM E1527-05 or its successor) at the related Underlying Mortgaged Property.

In the case of each Purchased Asset with respect to which there is an environmental insurance policy (the "Environmental Insurance Policy"), (i) such Environmental Insurance has been issued by the issuer set forth in the related Exception Report (the "Policy Issuer") and is effective as of the Purchase Date, (ii) as of origination and to Seller's knowledge as of the Purchase Date the Environmental Insurance Policy is in full force and effect, there is no deductible and Seller is a named insured under such policy, (iii) (A) a property condition or engineering report was prepared, if the related Underlying Mortgaged Property was constructed prior to 1985, with respect to asbestos-containing materials ("ACM") and, if the related Underlying Mortgaged Property is a multifamily property, with respect to radon gas ("RG") and lead-based paint ("LBP"), and (B) if such report disclosed the existence of a material and adverse LBP, ACM or RG environmental condition or circumstance affecting the related Underlying Mortgaged Property, the related Mortgagor (1) was required to remediate the identified condition prior to closing the Purchased Asset or provide additional security or establish with the mortgagee a reserve in an amount deemed to be sufficient by Seller, for the remediation of the problem, and/or (2) agreed in the Purchased Asset Documents to establish an operations and maintenance plan after the closing of the Purchased Asset that should reasonably be expected to mitigate the environmental risk related to the identified LBP, ACM or RG condition, (iv) on the effective date of the Environmental Insurance Policy, Seller as originator had no knowledge of any material and adverse environmental condition or circumstance affecting the Underlying Mortgaged Property (other than the existence of LBP, ACM or RG) that was not disclosed to the Policy Issuer in one or more of the following: (A) the application for insurance, (B) a Mortgagor questionnaire that was provided to the Policy Issuer, or (C) an engineering or other report provided to the Policy Issuer, and (v) the premium of any Environmental Insurance Policy has been paid through the maturity of the policy's term and the term of such policy extends at least five years beyond the maturity of the Purchased Asset.

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(42) Lease Estoppels. With respect to each Purchased Asset secured by retail, office or industrial properties, Seller requested the related Mortgagor to obtain estoppels from each commercial tenant with respect to the rent roll delivered as of the origination date. With respect to each Purchased Asset predominantly secured by a retail, office or industrial property leased to a single tenant, Seller reviewed such estoppel obtained from such tenant no earlier than 90 days prior to the origination date of the related Purchased Asset, and to Seller's knowledge, (i) the related lease is in full force and effect and (ii) there exists no default under such lease, either by the lessee thereunder or by the lessor subject, in each case, to customary reservations of tenant's rights, such as with respect to common area maintenance ("CAM") and pass-through audits and verification of landlord's compliance with co-tenancy provisions. With respect to each Purchased Asset predominantly secured by a retail, office or industrial property, Seller has received lease estoppels executed within 90 days of the origination date of the related Purchased Asset that collectively account for at least 65% of the in-place base rent for the Underlying Mortgaged Property that secure a Purchased Asset that is represented as of the origination date. To Seller's knowledge, (i) each lease represented on the rent roll delivered as of the origination date is in full force and effect and (ii) there exists no material default under any such related lease that represents 20% or more of the in-place base rent for the Underlying Mortgaged Property either by the lessee thereunder or by the related Mortgagor, subject, in each case, to customary reservations of tenant's rights, such as with respect to CAM and pass-through audits and verification of landlord's compliance with co-tenancy provisions.

(43) Appraisal. The Purchased Asset File contains an appraisal of the related Underlying Mortgaged Property with an appraisal date within six months of the Purchased Asset origination date, and within 12 months of the Purchase Date. The appraisal is signed by an appraiser who is a Member of the Appraisal Institute. Each appraiser has represented in such appraisal or in a supplemental letter that the appraisal satisfies the requirements of the "Uniform Standards of Professional Appraisal Practice" as adopted by the Appraisal Standards Board of the Appraisal Foundation and has certified that such appraiser had no interest, direct or indirect, in the Underlying Mortgaged Property or the borrower or in any loan made on the security thereof, and its compensation is not affected by the approval or disapproval of the Purchased Asset.

(44) Purchased Asset Schedule. The information pertaining to each Purchased Asset which is set forth in the Purchased Asset Schedule is true and correct in all material respects as of the Purchased Date and contains all information required by the Repurchase Agreement to be contained therein.

(45) Cross-Collateralization. No Purchased Asset is cross-collateralized or cross-defaulted with any other mortgage loan.

(46) Advance of Funds by Seller. After origination, no advance of funds has been made by Seller to the related Mortgagor other than in accordance with the Purchased Asset Documents, and, to Seller's knowledge, no funds have been received from any person other than the related Mortgagor or an affiliate for, or on account of, payments due on the Purchased Asset (other than as contemplated by the Purchased Asset Documents, such as, by way of example and not in limitation of the foregoing, amounts paid by the tenant(s) into a lender-controlled lockbox if required or contemplated under the related lease or Purchased Asset Documents). Neither Seller nor any affiliate thereof has any obligation to make any capital contribution to any Mortgagor under a Purchased Asset, other than contributions made on or prior to the date hereof.

(47) Compliance with Anti-Money Laundering Laws. Seller has complied in all material respects with the Prescribed Laws. Seller has established an anti-money laundering compliance program as required by the Prescribed Laws, has conducted the requisite due diligence in connection with the

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origination of the Purchased Asset for purposes of the Prescribed Laws, including with respect to the legitimacy of the applicable Mortgagor and the origin of the assets used by the said Mortgagor to purchase the property in question, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Prescribed Laws.

(48) OFAC. (a) No Purchased Asset is (i) subject to nullification pursuant to Executive Order 13224 or the regulations promulgated by OFAC (the "OFAC Regulations") or (ii) in violation of Executive Order 13224 or the OFAC Regulations, and (b) no Mortgagor is (i) subject to the provisions of Executive Order 13224 or the OFAC Regulations or (ii) listed as a "blocked person" for purposes of the OFAC Regulations.

(49) Floating Interest Rates. Each Purchased Asset bears interest at a floating rate of interest that is based on LIBOR plus a margin (which interest rate may be subject to a minimum or "floor" rate)

(50) Senior Participations. With respect to each Purchased Asset that is a Participation Interest: (i) either (A) the Participation Interest is treated as a real estate asset for purposes of Section 856(c) of the Code, and the interest payable pursuant to such Participation Interest is treated as interest on an obligation secured by a mortgage on real property or on an interest in real property for purposes of Section 856(c) of the Code, or (B) the Participation Interest qualifies as a security that would not otherwise cause any parent REIT to fail to qualify as a REIT under the Code (including after the sale, transfer and assignment to Buyer of such Participation Interest); (ii) to the actual knowledge of Seller, as of the Closing Date, the related participating Person was not a debtor in any outstanding proceeding pursuant to the federal bankruptcy code; and (iii) Seller has not received written notice of any outstanding liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind for which the holder of such Participation Interest is or may become obligated

(51) Prior Asset Pledges/Sales. No Purchased Asset has been pledged as collateral to any lender in connection with any loan or sold to any buyer in connection with a repurchase or other facility.

EXHIBIT VI

ADVANCE PROCEDURES

(a) Submission of Due Diligence Package. Seller shall deliver to Buyer a due diligence package for Buyer's review and approval, which shall contain the following items (the "**Due Diligence Package**"):

1. Delivery of Purchased Asset Documents. With respect to a New Asset that is a Pre-Existing Asset, each of the Purchased Asset Documents.

2. Transaction-Specific Due Diligence Materials. With respect to any New Asset, a summary memorandum outlining the proposed transaction, including potential transaction benefits and all material underwriting risks, all Underwriting Issues and all other characteristics of the proposed transaction that a reasonable buyer would consider material, together with the following due diligence information relating to the New Asset:

A. With respect to each Eligible Asset:

(i) a current rent roll and roll over schedule, if applicable;

(ii) a cash flow pro forma, plus historical operating statements, if available;

(iii) flood certification (or the equivalent in the applicable jurisdiction);

(iv) if available, maps and photos;

(v) copies of valuation, environmental, engineering and any other third party reports; *provided*, that, if same are not available to Seller at the time of Seller's submission of the Due Diligence Package to Buyer, Seller shall deliver such items to Buyer promptly upon Seller's receipt of such items;

(vi) a description of the underlying real estate directly or indirectly securing or supporting such Purchased Asset and the ownership structure of the borrower and the sponsor;

(vii) indicative debt service coverage ratios;

(viii) indicative loan-to-value ratios;

(ix) indicative debt yield ratios;

(x) a term sheet outlining the transaction generally;

(xi) a description of the Mortgagor, including experience with other projects (real estate owned), its ownership structure and financial statements;

(xii) a description of Seller's relationship with the Mortgagor, if any;

(xiii) copies of documents evidencing such New Asset, or current drafts thereof, including, without limitation, underlying debt and security documents,

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guaranties, the underlying borrower's and guarantor's organizational documents, warrant agreements, and loan and collateral pledge agreements, as applicable, provided that, if same are not available to Seller at the time of Seller's submission of the Due Diligence Package to Buyer, Seller shall deliver such items to Buyer promptly upon Seller's receipt of such items;

(xiv) any exceptions to the representations and warranties set forth in Exhibit V to this Agreement.

3. Environmental and Engineering. A "Phase 1" (and, if applicable, "Phase 2") environmental report, an asbestos survey, if applicable, and an engineering report, each in form reasonably satisfactory to Buyer, by an engineer or environmental consultant reasonably approved by Buyer.

4. Credit Memorandum. Copies of all final internal credit analysis, including, without limitation, final investment committee memoranda, credit memoranda, asset summaries or other similar documents that detail, among other things, cash flow underwriting, historical operating numbers, underwriting footnotes, rent roll and lease rollover schedule.

5. Appraisal. An Appraisal acceptable to Buyer, which Appraisal shall be dated less than one hundred eighty (180) days prior to the proposed Purchase Date.

6. Opinions of Counsel. Opinion letters to Seller and its successors and assigns from counsels to Seller and the underlying obligor, as applicable, on the underlying loan transaction, as to enforceability of the loan documents governing such transaction and such other matters as Buyer shall require (including, without limitation, opinions as to due formation, authority, choice of law, and perfection of security interests).

7. Additional Real Estate Matters. To the extent obtained by Seller from the Mortgagor relating to any Eligible Asset at the origination of the Eligible Asset, such other real estate related certificates and documentation as may have been requested by Buyer.

8. Other Documents. Any other documents as Buyer or its counsel shall reasonably deem necessary.

(b) Submission of Legal Documents. With respect to a New Asset that is an Originated Asset, no less than seven (7) calendar days (or such other time as may be mutually acceptable to Buyer and Seller) prior to the proposed Purchase Date, Seller shall deliver, or cause to be delivered, to counsel for Buyer the following items, where applicable:

1. Copies of all draft Purchased Asset Documents in substantially final form, blacklined against the approved form Purchased Asset Documents.

2. Certificates or other evidence of insurance demonstrating insurance coverage in respect of the underlying real estate directly or indirectly securing or supporting such Purchased Asset, if applicable, of types, in amounts, with insurers and otherwise in compliance with the terms, provisions and conditions set forth in the Purchased Asset Documents, in each case satisfactory to Buyer.

3. All surveys of the underlying real estate directly or indirectly securing or supporting such Purchased Asset that are in Seller's possession.

4. As reasonably requested by Buyer, satisfactory reports of tax lien, judgment and litigation searches and other searches customarily required in the relevant jurisdiction, conducted by search firms which are reasonably acceptable to Buyer with respect to the Eligible Asset, underlying real estate directly or indirectly securing or supporting such Eligible Asset, Seller and Mortgagor, such searches to be conducted in each location Buyer shall reasonably designate.

5. Certifications that the property is in compliance with all applicable licensing and zoning laws, each issued by the appropriate Governmental Authority.

(c) Approval of Eligible Asset. Conditioned upon the timely and satisfactory completion of Seller's requirements in clauses (a) and (b) above, Buyer shall (1) notify Seller in writing (which may take the form of electronic mail format) that Buyer has not approved the proposed Eligible Asset as a Purchased Asset or (2) notify Seller in writing (which may take the form of electronic mail format) that Buyer has approved the proposed Eligible Asset as a Purchased Asset.

(d) Assignment Documents. Seller shall have executed and delivered to Buyer, in form and substance reasonably satisfactory to Buyer and its counsel, all applicable assignment documents executed in blank with respect to the proposed Eligible Asset that shall be subject to no liens except as expressly permitted by Buyer. Each of the assignment documents shall contain such representations and warranties in writing concerning the proposed Eligible Asset and such other terms as shall be satisfactory to Buyer in its sole discretion, and shall include blacklined copies of each document, showing all changes made to the forms of assignment documents that have been approved in advance by Buyer.

EXHIBIT VII

FORM OF MARGIN DEFICIT NOTICE

[DATE]

VIA ELECTRONIC TRANSMISSION

TH COMMERCIAL GS LLC
[ ]
[ ]
[ ]
Attention: [ ]

Re: Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "**Master Repurchase and Securities Contract Agreement**"; capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Master Repurchase and Securities Contract Agreement) by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**"), and TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**").

Pursuant to **Article 4(a)** of the Master Repurchase and Securities Contract Agreement, Buyer hereby notifies Seller of the existence of a Margin Deficit as of the date hereof as follows:

Purchase Price for certain Purchased Asset:	$
MARGIN DEFICIT:	$
Accrued Price Differential from [ ] to [ ]:	$
TOTAL WIRE DUE:	$

SELLER IS REQUIRED TO CURE THE MARGIN DEFICIT SPECIFIED ABOVE IN ACCORDANCE WITH THE MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT AND WITHIN THE TIME PERIOD SPECIFIED ARTICLE 4(a) THEREOF.

GOLDMAN SACHS BANK USA, a New York state-chartered bank

By: _____
Name:
Title:

EXHIBIT VIII

EXHIBIT VIII-A

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Assignees That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 14(k) of the Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (the '**Master Repurchase and Securities Contract Agreement**"), by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank, as Buyer, and TH COMMERCIAL GS LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the

Master Repurchase and Securities Contract Agreement.

The undersigned hereby certifies that (i) it is the sole record and beneficial owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Seller(s) with a correct, complete, and accurate executed IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the applicable Seller(s), and (2) the undersigned shall have at all times furnished the applicable Seller(s) with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Date: , 201[ ]

EXHIBIT VIII-B

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 14(k) of the Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (the "**Master Repurchase and Securities Contract Agreement**"), by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank, as Buyer, and TH COMMERCIAL GS LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Master Repurchase and Securities Contract Agreement.

The undersigned hereby certifies that (i) it is the sole record and beneficial owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Buyer or Assignee with a correct, complete, and accurate executed IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Buyer or Assignee in writing, and (2) the undersigned shall have at all times furnished such Buyer or Assignee with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 201[ ]

EXHIBIT VIII-C

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 14(k) of the Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (the "**Master Repurchase and Securities Agreement**"), by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank, as Buyer, and TH COMMERCIAL GS LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Master Repurchase and Securities Contract Agreement.

The undersigned hereby certifies that (i) it is the sole record owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such interest, (iii) with respect such interest, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Buyer or Assignee with a correct, complete, and accurate executed IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY

accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Buyer or Assignee and (2) the undersigned shall have at all times furnished such Buyer or Assignee with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 201[ ]

EXHIBIT VIII-D

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Assignees That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 14(k) of the Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (the "**Master Repurchase and Securities Contract Agreement**"), by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank, as Buyer, and TH COMMERCIAL GS LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Master Repurchase and Securities Contract Agreement.

The undersigned hereby certifies that (i) it is the sole record owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such interest, (iii) with respect to such interest, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Seller(s) with a correct, complete, and accurate executed IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the applicable Seller(s), and (2) the undersigned shall have at all times furnished the applicable Seller(s) with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Date: , 201[ ]

EXHIBIT IX

FORM OF COVENANT COMPLIANCE CERTIFICATE

[ ] [ ], 20[ ]

GOLDMAN SACHS BANK USA
200 West Street
New York, New York 10282
Attention: Mr. Jeffrey Dawkins

This Covenant Compliance Certificate is furnished pursuant to that certain Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**"), and TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**") (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "**Master Repurchase and Securities Contract Agreement**"). Unless otherwise defined herein, capitalized terms used in this Covenant Compliance Certificate have the respective meanings ascribed thereto in the Master Repurchase and Securities Contract Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am a duly elected Responsible Officer.

2. All of the financial statements, calculations and other information set forth in this Covenant Compliance Certificate, including, without limitation, in any exhibit or other attachment hereto, are true, complete and correct as of the date hereof.

3. I have reviewed the terms of the Master Repurchase and Securities Contract Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and financial condition of Seller during the accounting period covered by the financial statements attached (or most recently delivered to Buyer if none are attached).

4. I am not aware of any facts, or pending developments that have caused, or may in the future cause the Market Value of any Purchased Asset to decline at any time within the reasonably foreseeable future.

5. As of the date hereof, and since the date of the certificate most recently delivered pursuant to**Article 11(x)** of the Master Repurchase and Securities Contract Agreement, Seller has observed or performed all of its covenants and other agreements in all material respects, and satisfied in all material respects, every condition, contained in the Master Repurchase and Securities Contract Agreement and the related documents to be observed, performed or satisfied by it.

6. The examinations described in Paragraph 3 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or Potential Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Covenant Compliance Certificate (including after giving effect to any pending Transactions requested to be entered into), except as set forth below.

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7. As of the date hereof, each of the representations and warranties made by Seller in the Master Repurchase and Securities Contract Agreement are true, correct and complete in all material respects with the same force and effect as if made on and as of the date hereof, except as to the extent disclosed in a Requested Exceptions Report.

8. Attached as **Exhibit 1** hereto is a description of all interests of Affiliates of Seller in any Underlying Mortgaged Property (including without limitation, any lien, encumbrance or other debt or equity position or other interest in the Underlying Mortgaged Property that is senior or junior to, or *pari passu* with, a Mortgage Asset in right of payment or priority).

9. Attached as **Exhibit 2** hereto are the financial statements required to be delivered pursuant to**Article 11** of the Master Repurchase and Securities Contract Agreement (or, if none are required to be delivered as of the date of this Covenant Compliance Certificate, the financial statements most recently delivered pursuant to **Article 11** of the Master Repurchase and Securities Contract Agreement), which financial statements, to the best of my knowledge after due inquiry, fairly and accurately present in all material respects, the financial condition and operations of Seller as of the date or with respect to the period therein specified, determined in accordance with the requirements set forth in **Article 11**.

10. Attached as **Exhibit 3** hereto are the calculations demonstrating compliance with the financial covenants set forth in the Guarantee Agreement.

11. As of the date hereof, all representations and warranties made on the applicable Purchase Date with respect to each Purchased Asset and as set forth on **Exhibit V** of the Master Repurchase and Securities Agreement remain true, complete and correct except as to the extent disclosed in a Requested Exceptions Report.

To the extent that Financial Statements are being delivered in connection with this Covenant Compliance Certificate, Seller hereby makes the following representations and warranties: (i) it is in compliance with all of the terms and conditions of the Master Repurchase and Securities Contract Agreement and (ii) it has no claim or offset against Buyer under the Transaction Documents.

To the best of my knowledge, Seller has, during the period since the delivery of the immediately preceding Covenant Compliance Certificate, observed or performed all of its covenants and other agreements in all material respects, and satisfied in all material respects every condition, contained in the Master Repurchase and Securities Contract Agreement and the related documents to be observed, performed or satisfied by it, and I have no knowledge of the occurrence during such period, or present existence, of any condition or event which constitutes an Event of Default or Potential Event of Default (including after giving effect to any pending Transactions requested to be entered into), except as set forth below.

Described below are the exceptions, if any, to the foregoing paragraphs, listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Guarantor or Seller has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the financial statements, updates, reports, materials, calculations and other information set forth in any exhibit or other attachment hereto, or otherwise covered by this Covenant Compliance Certificate, are made and delivered this [ ] day of [ ], 20[ ].

TH COMMERCIAL GS LLC,
a Delaware limited liability company

By: _____
Name:
Title:

TWO HARBORS INVESTMENT CORP.,
a Maryland corporation

By: _____
Name:
Title:

EXHIBIT X

UCC FILING JURISDICTIONS

Delaware.

EXHIBIT XI

FORM OF SERVICER NOTICE

[DATE]

[SERVICER]
[ADDRESS]
Attention:

Re: Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank ("Buyer"), TH COMMERCIAL GS LLC, a Delaware limited liability company ("Seller") (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "Master Repurchase and Securities Contract Agreement"); (capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Master Repurchase and Securities Contract Agreement).

Ladies and Gentlemen:

[ ] (the "Servicer") is servicing certain mortgage assets sold by Seller to Buyer pursuant to the Master Repurchase and Securities Contract Agreement (the "Purchased Assets") pursuant to a servicing agreement dated as of [ ] between Servicer and Seller (the "Servicing Agreement"). Servicer is hereby notified that, pursuant to the Master Repurchase and Securities Contract Agreement, Seller has sold the Purchased Assets to Buyer on a servicing-released basis, and has granted a security interest to Buyer in the Purchased Assets.

In accordance with Seller's requirements under the Master Repurchase and Securities Contract Agreement, Seller hereby notifies and instructs Servicer, and Servicer hereby agrees that Servicer shall (a) segregate all amounts collected on account of the Purchased Assets, (b) hold the Purchased Assets in trust for Buyer, (c) immediately following the receipt thereof by Servicer, deposit all collections of income to the Collection Account at [ ], ABA # [ ], Account # [ ] and (d) in accordance with the terms of the Servicing Agreement, remit all such income (net of any deductions permitted under Section [ ] of the Servicing Agreement), to the Depository Account at [ ], ABA # [ ], Account # [ ]. Upon receipt of a notice of Event of Default under the Master Repurchase and Securities Contract Agreement from Buyer, Servicer shall only follow the instructions of Buyer with respect to the Purchased Assets, and shall deliver to Buyer any information with respect to the Purchased Assets reasonably requested by Buyer.

Servicer hereby agrees that, notwithstanding any provision to the contrary in the Servicing Agreement or in any other agreement which exists between Servicer and Seller in respect of any Purchased Asset, (i) Servicer is servicing the Purchased Assets for the joint benefit of Seller and Buyer, (ii) Buyer is expressly intended to be a third-party beneficiary under the Servicing Agreement, and (iii) Buyer may, at any time after the occurrence and during the continuance of an Event of Default under the Master Repurchase and Securities Contract Agreement, terminate the Servicing Agreement and any other such agreement immediately upon the delivery of written notice thereof to Servicer and/or in any

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event transfer servicing to Buyer's designee, at no cost or expense to Buyer, it being agreed that Seller will pay any and all fees required to terminate the Servicing Agreement and any other such agreement and to effectuate the transfer of servicing to the designee of Buyer in accordance with this Servicer Notice.

Notwithstanding any contrary information or direction which may be delivered to Servicer by Seller, Servicer may conclusively rely on any information, direction or notice of an Event of Default under the Master Repurchase and Securities Contract Agreement delivered by Buyer, and, so long as an Event of Default under the Master Repurchase and Securities Contract Agreement exists at such time, Seller shall indemnify and hold Servicer harmless for any and all claims asserted against Servicer for any actions taken in good faith by Servicer in connection with the delivery of such information, direction or notice of any such Event of Default.

No provision of this letter or any Servicing Agreement may be amended, countermanded or otherwise modified without the prior written consent of Buyer. Buyer is an intended third party beneficiary of this letter.

Please acknowledge receipt and your agreement to the terms of this instruction letter by signing in the signature block below and forwarding an executed copy to Buyer promptly upon receipt. Any notices to Buyer should be delivered to the following address: [ ].

Very truly yours,

GOLDMAN SACHS BANK USA, a New York state-chartered bank

By: _____
Name:
Title:

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

ACKNOWLEDGED AND AGREED TO:

TH COMMERCIAL GS LLC,
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT XII

FORM OF RELEASE LETTER

[Date]

GOLDMAN SACHS BANK USA
200 West Street
New York, New York 10282
Attention: Mr. Jeffrey Dawkins

Re: Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 by and between GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**") and TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**") (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "**Master Repurchase and Securities Contract Agreement**"); (capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Master Repurchase and Securities Contract Agreement).

Ladies and Gentlemen:

With respect to the Purchased Assets described in the attached**Schedule A** (the "**Purchased Assets**") (a) we hereby certify to you that the Purchased Assets are not subject to a lien of any third party, and (b) we hereby release all right, interest or claim of any kind other than any rights under the Master Repurchase and Securities Contract Agreement with respect to such Purchased Assets, such release to be effective automatically without further action by any party upon payment by Buyer of the amount of the Purchase Price contemplated under the Master Repurchase and Securities Contract Agreement (calculated in accordance with the terms thereof) in accordance with the wiring instructions set forth in the Master Repurchase and Securities Contract Agreement.

Very truly yours,

TH COMMERCIAL GS LLC, a Delaware limited liability company

By: _____
Name:
Title:

Schedule A

[List of Purchased Asset Documents]

EXHIBIT XIII

[RESERVED]

EXHIBIT XIV

FORM OF CUSTODIAL DELIVERY CERTIFICATE

On this of , 201 , TH COMMERCIAL GS LLC, a Delaware limited liability company ("Seller") under that certain Master Repurchase and Securities Contract Agreement, dated as of May 2, 2017 (the "Repurchase Agreement") between GOLDMAN SACHS BANK USA, a New York state-chartered bank ("Buyer") and Seller, does hereby deliver to [ ] ("Custodian"), as custodian under that certain Custodial Agreement, dated as of [ ] (the "Custodial Agreement"), among Buyer, Custodian and Seller, the Purchased Asset Files with respect to the Purchased Assets to be purchased by Buyer pursuant to the Repurchase Agreement, which Purchased Assets are listed on the Purchased Asset Schedule attached hereto and which Purchased Assets shall be subject to the terms of the Custodial Agreement on the date hereof.

With respect to the Purchased Asset Files delivered hereby, for the purposes of issuing the Trust Receipt, the Custodian shall review the Purchased Asset Files to ascertain delivery of the documents listed in Section [ ] to the Custodial Agreement.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Custodial Agreement.

IN WITNESS WHEREOF, Seller has caused its name to be signed hereto by its officer thereunto duly authorized as of the day and year first above written.

TH COMMERCIAL GS LLC, a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT XV

FORM OF BAILEE LETTER

, 20

Ladies and Gentlemen:

Reference is made to that certain Master Repurchase and Securities Contract Agreement, dated as ofMay 2, 2017 (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "**Master Repurchase and Securities Contract Agreement**"; capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Master Repurchase and Securities Contract Agreement) by and among GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**"), and TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**"). In consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Buyer and [ ] (the "**Bailee**") hereby agree as follows:

(a) Seller shall deliver to the Bailee in connection with any Purchased Assets delivered to the Bailee hereunder, the Custodial Identification Certificate attached hereto as Attachment 1.

(b) On or prior to the date indicated on the Custodial Identification Certificate delivered by Seller (the "**Funding Date**"), Seller shall have delivered to the Bailee, as bailee for hire, the original documents set forth on Schedule A attached hereto (collectively, the "**Purchased Asset File**") for each of the Purchased Assets (each a "**Purchased Asset**" and collectively, the "**Purchased Assets**") listed in Exhibit A to Attachment 1 attached thereto.

(c) The Bailee shall issue and deliver to Buyer and [ ] (the "**Custodian**") on or prior to the Funding Date by electronic mail (a) in the name of Buyer, an initial trust receipt and certification in the form of Attachment 2 attached hereto (the "**Bailee's Trust Receipt and Certification**") which Bailee's Trust Receipt and Certification shall state that the Bailee has received the documents comprising the Purchased Asset File as set forth in the Custodial Delivery Certificate.

(d) On the applicable Funding Date, in the event that Buyer fails to purchase from Seller the Purchased Assets identified in the related Custodial Identification Certificate, Buyer shall deliver by electronic mail to the Bailee to the attention of [ ] at [ ], an authorization (the "**Electronic Authorization**") to release the Purchased Asset Files with respect to the Purchased Assets identified therein to Seller. Upon receipt of such Electronic Authorization, the Bailee shall release the Purchased Asset Files to Seller in accordance with Seller's instructions.

(e) Following the Funding Date and the funding of the Purchase Price, the Bailee shall forward the Purchased Asset Files to the Custodian at [ ], by insured overnight courier for receipt by the Custodian no later than 1:00 p.m. on the third (3rd) Business Day following the applicable Funding Date (the "**Delivery Date**").

(f) From and after the applicable Funding Date until the time of receipt of the Electronic Authorization or the Delivery Date, as applicable, the Bailee (a) shall maintain continuous custody (and will forward in accordance with **clause (e)** above) and control of the related Purchased Asset Files as bailee for Buyer and (b) is holding the related Purchased Assets as sole and exclusive bailee for Buyer unless and until otherwise instructed in writing by Buyer.

(g) Seller agrees to indemnify and hold the Bailee and its partners, directors, officers, agents and employees harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorneys fees, that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of this Bailee Letter or any action taken or not taken by it or them hereunder unless such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (other than special, indirect, punitive or consequential damages, which shall in no event be paid by the Bailee) were imposed on, incurred by or asserted against the Bailee because of the breach by the Bailee of its obligations hereunder, which breach was caused by gross negligence or willful misconduct on the part of the Bailee or any of its partners, directors, officers, agents or employees. The foregoing indemnification shall survive any resignation or removal of the Bailee or the termination or assignment of this Bailee Letter.

(h) In the event that the Bailee fails to produce any document in a Purchased Asset File related to a Purchased Asset that is (or was required to be) then in its possession within ten (10) business days after required or requested by Seller or Buyer (a "**Delivery Failure**"), the Bailee shall indemnify and hold Buyer, on behalf of Buyers, harmless against actual out of pocket liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorneys fees, that may be imposed on, incurred by, or asserted against it in any way relating to or arising out of such Delivery Failure (but excluding special, indirect, punitive or consequential damages).

(i) Seller agrees to indemnify and hold Buyer and its respective affiliates and designees harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorneys fees, that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of a Custodial Delivery Failure (as defined in the Custodial Agreement) or the Bailee's negligence, lack of good faith or willful misconduct. The foregoing indemnification shall survive any termination or assignment of this Bailee Letter.

(j) Seller hereby represents, warrants and covenants that the Bailee is not an affiliate of or otherwise controlled by Seller. Notwithstanding the foregoing, the parties hereby acknowledge that the Bailee hereunder may act as counsel to Seller in connection with a proposed transaction and [ ], has represented Seller in connection with negotiation, execution and delivery of the Master Repurchase and Securities Contract Agreement.

(k) The agreement set forth in this Bailee Letter may not be modified, amended or altered, except by written instrument, executed by all of the parties hereto.

(l) This Bailee Letter may not be assigned by Seller or the Bailee without the prior written consent of Buyer.

(m) For the purpose of facilitating the execution of this Bailee Letter as herein provided and for other purposes, this Bailee Letter may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute and be one and the same instrument. Electronically transmitted signature pages shall be binding to the same extent.

(n) This Bailee Letter shall be construed in accordance with the laws of the State of New York, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

(o) Capitalized terms used herein and defined herein shall have the meanings ascribed to them in the Repurchase Agreement.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

Very truly yours,

TH COMMERCIAL GS LLC, a Delaware limited liability company, as Seller

By: _____
Name:
Title:

ACCEPTED AND AGREED:

[ ], as Bailee

By: _____
Name:
Title:

ACCEPTED AND AGREED:

GOLDMAN SACHS BANK USA,

a New York state-chartered bank, as Buyer

By: _____
Name:
Title:

Schedule A

[List of Purchased Asset Documents]

Attachment 1

CUSTODIAL IDENTIFICATION CERTIFICATE

On this [ ] day of [ ], 201[ ], [TBD SELLER] ("Seller"), under that certain Bailee Agreement of even date herewith (the "Bailee Agreement"), among Seller, [ ] (the "Bailee"), and GOLDMAN SACHS BANK USA, a New York state-chartered bank, as Buyer, does hereby instruct the Bailee to hold, in its capacity as Bailee, the Purchased Asset Files with respect to the Purchased Assets listed on Exhibit A hereto, which Purchased Assets shall be subject to the terms of the Bailee Agreement as of the date hereof.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bailee Agreement.

IN WITNESS WHEREOF, Seller has caused this Identification Certificate to be executed and delivered by its duly authorized officer as of the day and year first above written.

TH COMMERCIAL GS LLC, a Delaware limited liability company

By: _____
Name:
Title:

Exhibit A to Attachment 1

PURCHASED ASSET SCHEDULE

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Attachment 2

FORM OF BAILEE'S TRUST RECEIPT AND CERTIFICATION

[ ], 201

GOLDMAN SACHS BANK USA
[*]
[*]
[*]

Re: Bailee Letter, dated as of [ ] (the "**Bailee Letter**") among TH COMMERCIAL GS LLC, a Delaware limited liability company ("**Seller**"), GOLDMAN SACHS BANK USA, a New York state-chartered bank ("**Buyer**") and [ ] (the "**Bailee**")

Ladies and Gentlemen:

In accordance with the provisions of Paragraph (c) of the above-referenced Bailee Letter, the undersigned, as the Bailee, hereby certifies that as to each Purchased Asset described in the Purchased Asset Schedule (Exhibit A to Attachment 1), a copy of which is attached hereto, it has reviewed the Purchased Asset File (Exhibit B to Attachment 1) and has determined that (i) all documents listed in the Purchased Asset File are in its possession and (ii) such documents have been reviewed by it and appear regular on their face and relate to such Purchased Asset.

The Bailee hereby confirms that it is holding each such Purchased Asset File as agent and bailee for the exclusive use and benefit of Buyer pursuant to the terms of the Bailee Letter.

All initially capitalized terms used herein shall have the meanings ascribed to them in the above-referenced Bailee Letter.

[ ], BAILEE

By: _____
Name:
Title:

cc: [Custodian]

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EXHIBIT XVI

[RESERVED]

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EXHIBIT XVII

FUTURE FUNDING ADVANCE PROCEDURES

(a) Submission of Future Funding Due Diligence Package. Seller shall deliver to Buyer a due diligence package (the "**Future Funding Due Diligence Package**") for Buyer's review and approval, which shall contain the following items:

1. The executed request for advance (which shall include Seller's approval of such Future Funding);
2. The executed borrower's affidavit;
3. The fund control agreement (or escrow agreement, if funding through escrow);
4. Certified copies of all relevant trade contracts;
5. The title policy endorsement for the advance;
6. Certified copies of any tenant leases;
7. Certified copies of any service contracts;
8. Updated financial statements, operating statements and rent rolls, if applicable;
9. Evidence of required insurance; and
10. Updates to the engineering report, if required.

(b) Approval of Future Funding Advance. Conditioned upon the timely and satisfactory completion of Seller's requirements in clause (a) above, Buyer shall, no less than three (3) Business Days prior to the proposed date of the Future Funding Advance (1) notify Seller in writing (which may take the form of electronic mail format) that Buyer has not approved the proposed Future Funding Amount or (2) notify Seller in writing (which may take the form of electronic mail format) that Buyer has approved the proposed Future Funding Amount. Buyer's failure to respond to Seller on or prior to three (3) Business Days prior to the proposed Future Funding Advance shall be deemed to be a denial of Seller's request that Buyer approve the proposed Future Funding Advance, unless Buyer and Seller has agreed otherwise in writing.

Exhibit 10.7

Execution Version

UNCOMMITTED

MASTER REPURCHASE AGREEMENT

Dated as of December 3, 2015

between

TH COMMERCIAL JPM LLC,

as Seller,

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,

as Buyer

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UNCOMMITTED MASTER REPURCHASE AGREEMENT

MASTER REPURCHASE AGREEMENT, dated as of December 3, 2015, by and between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States ("Buyer") and TH COMMERCIAL JPM LLC, a Delaware limited liability company ("Seller").

ARTICLE 1.
APPLICABILITY

From time to time the parties hereto may enter into transactions in which Seller and Buyer agree to the transfer from Seller to Buyer all of its rights, title and interest to certain Eligible Assets (as defined herein) or other assets and, in each case, the other related Purchased Items (as defined herein) (collectively, the "Assets") against the transfer of funds by Buyer to Seller, with a simultaneous agreement by Buyer to transfer back to Seller such Assets at a date certain or on demand, against the transfer of funds by Seller to Buyer. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in any exhibits identified herein as applicable hereunder. Each individual transfer of an Eligible Asset shall constitute a distinct Transaction. Notwithstanding any provision or agreement herein, at no time shall Buyer be obligated to purchase or effect the transfer of any Eligible Asset from Seller to Buyer.

ARTICLE 2.
DEFINITIONS

"A-Note" shall mean the original promissory note, if any, that was executed and delivered in connection with the senior position of a Senior Mortgage Loan.

"Accelerated Repurchase Date" shall have the meaning specified in Article 12(b)(i) of this Agreement.

"Acceptable Attorney" means an attorney-at-law that has delivered at Seller's request a Bailee Letter, with the exception of an attorney that Buyer has notified

Seller is not satisfactory to Buyer.

"Accepted Servicing Practices" shall mean with respect to any applicable Purchased Asset, those mortgage loan, participation interest or mezzanine loan servicing practices of prudent mortgage lending institutions that service mortgage loans, participation interests and/or mezzanine loans of the same type as such Purchased Asset in the state where the related underlying real estate directly or indirectly securing or supporting such Purchased Asset is located.

"Act of Insolvency" shall mean, with respect to any Person, (i) the filing of a petition, commencing, or authorizing the commencement of any case or proceeding under any Insolvency

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Law, or suffering any such petition or proceeding to be commenced by another which is consented to, not timely contested or results in entry of an order for relief that, in the case of an action not instigated by or on behalf of or with the consent of Seller, is not dismissed or stayed within sixty (60) days; (ii) the seeking or consenting to the appointment of a receiver, trustee, custodian or similar official for such Person or any substantial part of the property of such Person; (iii) the appointment of a receiver, conservator, or manager for such Person by any governmental agency or authority having the jurisdiction to do so; (iv) the making of a general assignment for the benefit of creditors; (v) the admission by such Person of its inability to pay its debts or discharge its obligations as they become due or mature; (vi) that any Governmental Authority or agency or any person, agency or entity acting or purporting to act under Governmental Authority shall have taken any action to condemn, seize or appropriate, or to assume custody or control of, all or any substantial part of the property of such Person, or shall have taken any action to displace the management of such Person or to curtail its authority in the conduct of the business of such Person; (vii) the consent by such Person to the entry of an order for relief in an insolvency case under any Insolvency Law; or (viii) the taking of action by any such Person in furtherance of any of the foregoing.

"Advance Rate" shall mean, with respect to each Transaction and any Pricing Rate Period, the initial Advance Rateagreed to by Buyer and Seller for such Transaction on a case by case basis in Buyer's sole discretion as shown in the related Confirmation, as may be reduced pursuant to Article 11(ff), which in any case shall not exceed the Maximum Advance Rate for the related Purchased Asset as specified in Schedule I attached to the Fee Letter, unless otherwise agreed to by Buyer and Seller and specified in the related Confirmation.

"Affiliate" shall mean, when used with respect to any specified Person, (i) any other Person directly or indirectly controlling, controlled by, or under common control with, such Person. Control shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise and "controlling" and "controlled" shall have meanings correlative thereto, or (ii) any "affiliate" of such Person, as such term is defined in the Bankruptcy Code; provided, however, that in no event shall any of the following entities be considered an "Affiliate" of Seller or Guarantor: (i) Pine River Capital Management L.P., Pine River Domestic Management L.P., Pine River Capital Management LLC or Manager (collectively, the "Pine River Entities"); or (ii) any Subsidiary or other Affiliate of, or any fund or other entity managed or advised from time to time by, any of the Pine River Entities solely to the extent that such Person would be considered an Affiliate solely as a result of a Pine River Entity's direct or indirect ownership interest therein.

"Affiliated Hedge Counterparty" shall mean JPMorgan Chase Bank, National Association, or any Affiliate thereof, in its capacity as a party to any Hedging Transaction with Seller.

"Agreement" shall mean this Master Repurchase Agreement, dated as of December 3, 2015, by and between Seller and Buyer as such agreement may be modified or supplemented from time to time.

"Alternative Rate" shall have the meaning specified in Article 3(h) of this Agreement.

"Alternative Rate Transaction" shall mean, with respect to any Pricing Rate Period, any Transaction with respect to which the Pricing Rate for such Pricing Rate Period is determined with reference to the Alternative Rate.

"Annual Reporting Package" shall mean the reporting package described on Exhibit III-C.

"Anti-Money Laundering Laws" shall have the meaning specified in Article 9(b)(xxxiii) of this Agreement.

"Applicable Spread" shall mean, with respect to a Transaction involving a Purchased Asset:

(i) with respect to any Purchased Asset and any Pricing Rate Period, so long as no Event of Default shall have occurred and be continuing, the incremental *per annum* rate (expressed as a number of "basis points", each basis point being equivalent to 1/100 of 1%) specified in Schedule I attached to the Fee Letter as being the "Applicable Spread to LIBOR" for such type of Purchased Asset, or such other rate as may be agreed upon between Seller and Buyer and as set forth in the related Confirmation, and

(ii) after the occurrence and during the continuance of an Event of Default, the applicable incremental per annum rate described in clause (i) of this definition, plus 500 basis points (5.0%).

"Appraisal" shall mean, with respect to each Underlying Mortgaged Property, an appraisal of the related Underlying Mortgaged Property conducted by an Independent Appraiser in accordance with the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, and, in addition, certified by such Independent Appraiser as having been prepared in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, addressed to (either directly or pursuant to a reliance letter in favor of Buyer or reliance language in such Appraisal running to the benefit of Buyer as a successor and/or assign) and reasonably satisfactory to Buyer.

"Asset Due Diligence" shall have the meaning set forth in Article 3(b)(iv) hereof.

"Asset Information" shall mean, with respect to each Purchased Asset, the information set forth in Exhibit VII attached hereto.

"Assets" shall have the meaning specified in Article 1 of this Agreement.

"Assignee" shall have the meaning set forth in Article 17(a) hereof.

"Assignment of Mortgage" shall have the meaning specified in Exhibit VI to this Agreement.

"B-Note" shall mean the original promissory note, if any, that was executed and delivered in connection with the senior position of a Junior Mortgage Loan.

"Bailee Letter" shall mean a letter from an Acceptable Attorney or from a Title Company, or another Person acceptable to Buyer in its sole and absolute discretion, in the form attached to this Agreement as Exhibit IX, wherein such Acceptable Attorney, Title Company or other Person described above in possession of a Purchased Asset File (i) acknowledges receipt of such Purchased Asset File, (ii) confirms that such Acceptable Attorney, Title Company, or other Person acceptable to Buyer is holding the same as bailee of Buyer under such letter and (iii) agrees that such Acceptable Attorney, Title Company or other Person described above shall deliver such Purchased Asset File to the Custodian by not later than the third (3rd) Business Day following the Purchase Date for the related Purchased Asset.

"Bankruptcy Code" shall mean the United States Bankruptcy Code of 1978, as amended from time to time.

"Breakage Costs" shall have the meaning assigned thereto in Article 3(m).

"Business Day" shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which the New York Stock Exchange or the Federal Reserve Bank of New York is authorized or obligated by law or executive order to be closed and (iii) a day on which banks in the State of New York, Pennsylvania, Kansas or Minnesota are authorized or obligated by law or executive order to be closed or, with respect to a "London Business Day" for the determination of LIBOR, any day other than a day on which banks in London, England are authorized or obligated by law or executive order to be closed.

"Buyer" shall mean JPMorgan Chase Bank, National Association, or any successor or assign.

"Buyer Compliance Policy" shall mean any corporate policy of Buyer or of any corporate entity Controlling Buyer related to the compliance by Buyer or such corporate entity or any of Buyer's or by any such corporate entity's Affiliates with any Requirement of Law and/or any request or directive by any Governmental Authority (whether or not having the force of law) and/or any proposed law, rule or regulation, including without limitation any policy of Buyer or any such corporation to comply with rules in proposed form or otherwise not yet in effect or to adhere to standards or other requirements in excess of those that would be required by any Requirement of Law.

"Buyer Funding Costs" shall mean the actual funding costs of Buyer or of any corporate entity controlling Buyer associated with any one or more of the Transactions (including any related Future Funding Transaction) or otherwise with Buyer's obligations under the Transaction Documents.

"Buyer's Margin Amount" shall mean with respect to any Transaction and any Purchased Asset on any date of determination, the lesser of (a) the applicable Advance Rate for such Purchased Asset, multiplied by the Market Value of such Purchased Asset as of such date of determination and (b) the applicable Advance Rate for such Purchased Asset, multiplied by the Market Value of such Purchased Asset as of the applicable Purchase Date for such Purchased Asset.

"Capital Stock" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent equity ownership interests in a Person which is not a corporation, including, without limitation, any and all member or other equivalent interests in any limited liability company, any and all partner or other equivalent interests in any partnership or limited partnership, and any and all warrants or options to purchase any of the foregoing.

"Capitalized Lease Obligations" shall mean obligations under a lease that are required to be capitalized for financial reporting purposes in accordance with GAAP. The amount of a Capitalized Lease Obligation is the capitalized amount of such obligation as would be required to be reflected on the balance sheet prepared in accordance with GAAP of the applicable Person as of the applicable date.

"Cash Equivalents" shall mean, as of any date of determination, marketable securities issued or directly and unconditionally guaranteed as to interest and principal by the United States Government.

"Change of Control" shall mean, (a) with respect to any Person, if any "person" or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of a percentage of the total voting power of all Capital Stock of such Person entitled to vote generally in the election of directors, members or partners of 35% or more, (b) with respect to Parent, if Guarantor shall cease to own and Control, of record and beneficially, directly or indirectly, 100% of each class of outstanding Capital Stock of Parent, (c) with respect to Seller, if Parent (or a replacement for Parent that is acceptable to Buyer, which enters into a pledge agreement and delivers to Buyer the membership interest certificates in Seller, in each case, in form and substance acceptable to Buyer) shall cease to own and Control, of record and beneficially, directly 100% of each class of outstanding Capital Stock of Seller or (d) with respect to Manager, the sale, merger, consolidation or reorganization of Manager with or into any entity that is not an Affiliate of the Manager or Guarantor as of the Closing Date.

"Closing Date" shall mean December 3, 2015.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Collection Period" shall mean (i) with respect to the first Remittance Date, the period beginning on and including the Closing Date and continuing to, and including the calendar day immediately preceding such Remittance Date, and (ii) with respect to each subsequent Remittance Date, the period beginning on and including the Remittance Date in the month preceding the month in which such Remittance Date occurs and continuing to and including the calendar day immediately preceding the following Remittance Date.

"Confirmation" shall have the meaning specified in Article 3(b) of this Agreement.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (howeverdenominated) or that are franchise Taxes or branch profits Taxes.

"Control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise and "Control," "Controlling" and "Controlled" shall have meanings correlative thereto.

"Covenant Compliance Certificate" shall mean a properly completed and executed Covenant Compliance Certificate in form and substance identical to the certificate attached hereto as Exhibit XVI.

"Custodial Agreement" shall mean the Custodial Agreement, dated as of the date hereof, by and among the Custodian, Seller and Buyer, or any successor agreement thereto approved by Buyer in its sole discretion, as may be amended from time to time in accordance therewith.

"Custodial Delivery Certificate" shall mean the form executed by Seller in order to deliver the Purchased Asset Schedule and the Purchased Asset File to Buyer or its designee (including the Custodian) pursuant to Article 7 of this Agreement, a form of which is attached hereto asExhibit IV.

"Custodian" shall mean Wells Fargo Bank, National Association, or any successor Custodian appointed by Buyer and, so long as no Default or Event of Default has occurred and is continuing, with the prior written consent of Seller, such consent not to be unreasonably withheld, conditioned or delayed.

"Default" shall mean any event which, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

"Defaulted Asset" shall mean any Purchased Asset (and/or any Underlying Mortgage Loan related thereto) (a) where the related Mortgagor or any participant or co-lender that acts as an administrative agent or paying agent in respect of such Purchased Asset (or Underlying Mortgage Loan related thereto) or any borrower under any related loan pari passu with or senior to the related Purchased Asset (or any Underlying Mortgage Loan related thereto) (any such related loan related thereto, "Other Indebtedness") is thirty (30) days or more (or, in the case of payments due at maturity, one (1) day) delinquent in the payment of principal, interest, fees or other amounts payable under the terms of the related loan documents or other asset documentation or, with respect to a Participation Interest, the Underlying Mortgage Loan is thirty (30) days or more (or, in the case of payments due at maturity, one (1) day) delinquent in the payment of principal, interest, fees or other amounts payable under the terms of the related loan documents or other asset documentation, in each case, without regard to any waivers or modifications of, or amendments to, the related loan documents or other asset documentation, other than those that were (x) disclosed in writing to Buyer prior to the Purchase Date of the related Purchased Asset, or (y) consented to in writing by Buyer in accordance with the terms of this Agreement, (b) for which there is a breach of the applicable representations and warranties set forth on Exhibit VI hereto that materially and adversely affects the value of such Purchased

Asset, the Underlying Mortgaged Property related thereto or the interests of Buyer or the exercise of rights and remedies by Buyer, in each case, in respect of such Purchased Asset, except to the extent disclosed in a Requested Exceptions Report approved in writing by Buyer, (c) as to which an Act of Insolvency shall have occurred with respect to the related Mortgagor, borrower under an Underlying Mortgage Loan, guarantor of any of the obligations of such Mortgagor or any borrower under any Other Indebtedness, (d) as to which any material non-monetary default or event of default (howsoever defined in the related Purchased Asset Documents or documents related to any Other Indebtedness) shall have occurred with respect to the Purchased Asset, any Underlying Mortgage Loan or Other Indebtedness or under any document included in the Purchased Asset File for such Purchased Asset, (e) with respect to which there has been an extension, amendment, waiver, termination, rescission, cancellation, release or other modification to the terms of, or any collateral, guaranty or indemnity for, or the exercise of any material rights or remedy of a holder (including all lending, corporate and voting rights, remedies, consents, approvals and waivers) of any Purchased Asset Document or any other related loan or participation document (in each case, including, without limitation, any such document with respect to any Underlying Mortgage Loan related to a Participation Interest or Mezzanine Loan) that has a material adverse effect on the interest in such asset, as determined by Buyer in its sole discretion and with respect to which Buyer has not expressly and specifically consented thereto, or (f) for which foreclosure proceedings have commenced or notice of proposed foreclosure has been delivered with respect to any lien on any related Underlying Mortgaged Property; provided that with respect to any Participation Interest or Mezzanine Loan, as applicable, in addition to the foregoing, such Participation Interest or Mezzanine Loan shall also be considered a Defaulted Asset to the extent that the related Underlying Mortgage Loan would be considered a Defaulted Asset as described in this definition provided, however, in each case, without regard to any waivers or modifications of, or amendments to, the related loan documents or other asset documentation, other than waivers, modifications or amendments approved in writing by Buyer.

"Delaware Act" shall mean the Delaware Limited Liability Company Act (6 Del. C. § 18-101 et seq.), as amended from time to time.

"Depository" shall mean Wells Fargo Bank, National Association, or any successor Depository appointed by Buyer and, so long as no Default or Event of Default has occurred and is continuing, with the prior written consent of Seller, such consent not to be unreasonably withheld, conditioned or delayed.

"Depository Account" shall mean a segregated interest bearing account, in the name of Buyer, established at Depository pursuant to this Agreement, and which is subject to the Depository Agreement.

"Depository Agreement" shall mean that certain Depository Agreement, dated as of the date hereof, among Buyer, Seller and Depository, or any successor agreement thereto approved by Buyer in its sole discretion.

"Draft Appraisal" shall mean a short form appraisal, "letter opinion of value," or any other form of draft appraisal acceptable to Buyer.

"Due Diligence Package" shall have the meaning specified in Exhibit VIII to this Agreement.

"Early Repurchase" shall mean a repurchase of a Purchased Asset as described in Article 3(f) of this Agreement.

"Early Repurchase Date" shall have the meaning specified in Article 3(f) of this Agreement.

"Eligible Assets" shall mean any of the following types of assets or loans (1) that are acceptable to Buyer in its sole and absolute discretion; provided that, following a determination by Buyer that an asset or loan is an Eligible Asset pursuant to this clause (1), Buyer may not revise such determination as a result of an examination of the same due diligence materials received by it in connection with such initial determination unless any such information was untrue or incorrect as of the time provided, (2) on each day, with respect to which the representations and warranties set forth in this Agreement (including the exhibits hereto) are true and correct in all respects except to the extent specifically disclosed in writing in a Requested Exceptions Report approved by Buyer, and (3) that are secured directly or indirectly by properties that are multi-family, mixed use, industrial, office building or hospitality or such other types of commercial properties that Buyer may agree to in its sole discretion, and are properties located in the United States of America, its territories or possessions (or elsewhere, in the sole discretion of Buyer):

(i) Senior Mortgage Loans;

(ii) Junior Mortgage Loans;

(iii) Participation Interests;

(iv) Mezzanine Loans, which may be either stand-alone Mezzanine Loans or Related Mezzanine Loans (as specified in the related Confirmation); provided that, in the case of any such Asset identified in the related Confirmation as a Related Mezzanine Loan, such Asset shall be not be an Eligible Asset at any time when the related Underlying Mortgage Loan is not both a Purchased Asset and an Eligible Asset or when such Related Mezzanine Loan otherwise fails to satisfy the definition of Eligible Asset; and

(v) any other asset types or classifications that are acceptable to Buyer, subject to its consent on all necessary and appropriate modifications to this Agreement and each of the Transaction Documents, as determined by Buyer in its sole and absolute discretion.

Notwithstanding anything to the contrary contained in this Agreement, the following shall not be Eligible Assets for purposes of this Agreement: (i) non-performing loans; (ii) loans that are Defaulted Assets; (iii) construction loans or land loans, (iv) any Asset, where the purchase thereof would cause the aggregate of all Purchase Prices to

exceed the Maximum Facility Amount; (v) loans for which the applicable Appraisal is (a) not dated within three hundred sixty-four (364) days of the proposed financing date or (b) not ordered by a financial

institution or mortgage broker (and for the avoidance of doubt, such Appraisal may not be ordered from the related borrower or an Affiliate of the related borrower), (vi) any Asset that is a subordinate loan other than a Junior Mortgage Loan, a Participation Interest in a Junior Mortgage Loan or a Mezzanine Loan, (vii) any Asset that cannot be owned or financed by Buyer pursuant to any Requirement of Law or (viii) assets secured directly or indirectly by loans described in the preceding clauses (i) through (vii).

"Eligible Loans" shall mean any Senior Mortgage Loans, Junior Mortgage Loans, Participation Interests and Mezzanine Loans that are also Eligible Assets.

"Environmental Law" shall mean any federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, employee health and safety or hazardous materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 3803 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Hazardous Material Transportation Act, 49 U.S.C. § 1801 et seq. and the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; and any state and local or foreign counterparts or equivalents, in each case as amended from time to time.

"Environmental Site Assessment" shall have the meaning specified in Exhibit VI.

"EO 13224" shall have the meaning set forth in Article 9(b)(xxxi) hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder. Article references to ERISA are to ERISA, as in effect at the date of this Agreement and, as of the relevant date, any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean any corporation or trade or business that is a member of any group of organizations (i) described in Article 414(b) or (c) of the Code of which Seller is a member and (ii) solely for purposes of potential liability under Article 302(c)(11) of ERISA and Article 412(c)(11) of the Code and the lien created under Article 302(f) of ERISA and Article 412(n) of the Code, described in Article 414(m) or (o) of the Code of which Seller is a member.

"Event of Default" shall have the meaning specified in Article 12 of this Agreement.

"Exchange Act" shall have the meaning specified in the definition of "Change of Control".

"Excluded Taxes" means any of the following Taxes imposed on or with respect to Buyer or any Transferee, or required to be withheld or deducted from a payment to or for the account of Buyer or Transferee, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of Buyer or

Transferee being organized under the laws of, or having its principal office or the office from which it books the Transactions located in the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Buyer or Transferee with respect to an interest under this Agreement pursuant to a law in effect on the date on which (i) such Buyer or Transferee acquires such interest hereunder (other than pursuant to an assignment request by Seller under Article 3(w)) or (ii) Buyer or Transferee changes the office from which it books the Transactions, except in each case to the extent that, pursuant to Article 3(p) or Article 3(s), amounts with respect to such Taxes were payable either to Buyer or Transferee's assignor immediately before such Buyer or Transferee acquired an interest hereunder or to such Buyer or Transferee immediately before it changed the office from which it books the Transactions, (c) Taxes attributable to Buyer's or such Transferee's failure to comply with Article 3(t) and Article 21(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Exit Fee" shall have the meaning specified in the Fee Letter.

"Extension Fee" shall have the meaning specified in the Fee Letter.

"Extension Period" shall have the meaning specified in Article 3(n)(i) of this Agreement.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into with a Governmental Authority pursuant thereto (including pursuant to Section 1471(b)(1) of the Code) and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code.

"Federal Funds Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by Buyer from three (3) federal funds brokers of recognized standing selected by it.

"Fee Letter" the Fee and Pricing Letter between Seller and Buyer dated as of December 3, 2015, or any successor agreement thereto approved by Buyer in its sole discretion, as may be amended from time to time in accordance therewith.

"Filings" shall have the meaning specified in Article 6(c) of this Agreement.

"Final Maturity Date" shall have the meaning specified in the definition of "Maturity Date".

"Fitch" shall mean Fitch, Inc., and its successors-in-interest.

"Foreign Buyer" shall mean (a) if the Seller is a U.S. Person, a Buyer that is not a U.S. Person, and (b) if the Seller is not a U.S. Person, a Buyer that is resident or

organized under the laws of a jurisdiction other than that in which the Seller is resident for tax purposes.

"Future Funding Amount" shall mean, with respect to any Purchased Asset as of any Future Funding Date, the product of (a) the lesser of (x) the amount of additional funding obligations that were expressly identified to and approved by Buyer in connection with the initial Transaction as set forth in the Confirmation for such Purchased Asset and (y) the amount of additional funding obligations actually funded by or on behalf of Seller in connection with such future funding obligation (or, if less, the portion of such additional funding obligations in which Buyer determines, in its sole discretion, to fund pursuant to a Future Funding Transaction hereunder), and (b) the Advance Rate for such Purchased Asset as of such Future Funding Date; provided, that the sum of the Purchase Price and Future Funding Amount shall in no event exceed the product of (i) the pro forma Market Value of such Purchased Asset (after giving effect to the proposed Future Funding Transaction) as of the related Future Funding Date and (ii) the Advance Rate of such Eligible Asset as of such Future Funding Date.

"Future Funding Confirmation" shall have the meaning specified in Article 3(c)(i).

"Future Funding Date" shall mean, with respect to any Eligible Asset, the date on which Buyer advances any portion of the Future Funding Amount related to such Eligible Asset.

"Future Funding Due Diligence" shall have the meaning set forth in Article 3(c)(ii) hereof.

"Future Funding Due Diligence Package" shall have the meaning set forth in Exhibit XVIII hereto.

"Future Funding Transaction" shall mean an additional Transaction requested with respect to any Eligible Asset to provide for the advance of additional funds that were expressly identified to and approved by Buyer in connection with the initial Transaction entered into in respect of such Eligible Asset.

"GAAP" shall mean United States generally accepted accounting principles consistently applied as in effect from time to time.

"Governmental Authority" shall mean any national or federal government, any state, regional, local or other political subdivision thereof with jurisdiction and any Person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee Agreement" shall mean the Guarantee Agreement, dated as of the date hereof, from Guarantor in favor of Buyer,in form and substance acceptable to Buyer, as may be amended from time to time in accordance therewith.

"Guarantor" shall mean Two Harbors Investment Corp., a Maryland corporation.

"Hedge-Required Asset" shall mean any Eligible Asset that is a fixed rate Eligible Asset.

"Hedging Transactions" shall mean, with respect to any or all of the Purchased Assets, any short sale of U.S. Treasury Securities or mortgage-related securities, futures contract (including Eurodollar futures) or options contract or any interest rate swap, cap or collar agreement or similar arrangements providing for protection against fluctuations in interest rates or the exchange of nominal interest obligations, entered into by any Affiliated Hedge Counterparty or Qualified Hedge Counterparty with Seller, either generally or under specific contingencies that is required by Buyer, or otherwise pursuant to this Agreement, to hedge the financing of a Hedge-Required Asset, or that Seller has elected to pledge or transfer to Buyer pursuant to this Agreement.

"Income" shall mean, with respect to any Purchased Asset at any time, (a) any collections or receipts of principal, interest, dividends, receipts or other distributions or collections or any other amounts related to such Purchased Asset, (b) all net sale proceeds received by Seller or any Affiliate of Seller in connection with a sale or liquidation of such Purchased Asset and (c) all payments actually received by Buyer on account of Hedging Transactions.

"Indebtedness" shall mean, for any Person, (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within ninety (90) days of the date the respective goods are delivered or the respective services are rendered; (c) Indebtedness of others secured by a lien on the property of such Person, whether or not the respective Indebtedness so secured has been assumed by such Person; (d) obligations (contingent or otherwise) of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for account of such Person; (e) obligations of such Person under repurchase agreements, sale/buy-back agreements or like arrangements; (f) Indebtedness of others guaranteed by such Person; (g) all obligations of such Person incurred in connection with the acquisition or carrying of fixed assets by such Person; (h) Indebtedness of general partnerships of which such Person is secondarily or contingently liable (other than by endorsement of instruments in the course of collection), whether by reason of any agreement to acquire such indebtedness to supply or advance sums or otherwise; (i) Capitalized Lease Obligations of such Person; and (j) all net liabilities or obligations under any interest rate, interest rate swap, interest rate cap, interest rate floor, interest rate collar, or other hedging instrument or agreement.

"Indemnified Amounts" shall have the meaning specified in Article 25 of this Agreement.

"Indemnified Parties" shall have the meaning specified in Article 25 of this Agreement.

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation ofSeller under any

Transaction Document and (b) to the extent not otherwise described in clause (a) of this definition, Other Taxes.

"Independent Appraiser" shall mean a professional real estate appraiser that (i) is approved by Buyer in its sole discretion; (ii) was not selected or identified by the Mortgagor; (iii) is not affiliated with the lender under the mortgage or the Mortgagor; (iv) is a member in good standing of the American Appraisal Institute; (v), is certified or licensed in the state where the subject Underlying Mortgaged Property is located and (vi) in each such case, has a minimum of seven years' experience in the subject property type.

"Independent Director" shall mean an individual with at least three (3) years of employment experience serving as an independent director at the time of appointment who is provided by, and is in good standing with, CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional independent directors or managers or is not acceptable to the Rating Agencies, another nationally recognized company reasonably approved by Buyer, in each case that is not an Affiliate of Seller and that provides

professional independent directors or managers and other corporate services in the ordinary course of its business, and which individual is duly appointed as a member of the board of directors or board of managers of Seller and is not, and has never been, and will not while serving as independent director or manager be:

(a) a member (other than an independent, non-economic "springing" member), partner, equityholder, manager, director, officer or employee of Seller or any of its equityholders or Affiliates (other than as an independent director or manager of an Affiliate of Seller that does not own a direct or indirect interest in Seller and that is required by a creditor to be a single purpose bankruptcy remote entity, provided that such independent director or manager is employed by a company that routinely provides professional independent directors or managers in the ordinary course of business);

(b) a customer, creditor, supplier or service provider (including provider of professional services) to Seller or any of its equityholders or Affiliates (other than a nationally recognized company that routinely provides professional independent directors or managers and other corporate services to Seller or any of its equityholders or Affiliates in the ordinary course of business);

(c) a family member of any such member, partner, equityholder, manager, director, officer, employee, customer, creditor, supplier or service provider; or

(d) a Person that Controls or is under common Control with (whether directly, indirectly or otherwise) any of (a), (b) or (c) above.

A natural person who otherwise satisfies the foregoing definition other than subparagraph (a) by reason of being the independent director or manager of a single purpose bankruptcy remote entity affiliated with Seller that does not own a direct or indirect interest in Seller shall not be disqualified from serving as an independent director or manager of Seller, provided that the fees that such individual earns from serving as independent directors or

managers of such Affiliates in any given year constitute in the aggregate less than five percent (5%) of such individual's annual income for that year.

"Initial Maturity Date" shall have the meaning specified in the definition of "Maturity Date".

"Insolvency Law" shall mean any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law relating to the protection of creditors.

"Interim Servicer" shall mean Situs Asset Management LLC, or any other interim servicer approved by Buyer in its sole and absolute discretion.

"Interim Servicing Agreement" shall mean the Interim Servicing Agreement between Seller, Buyer and Interim Servicer dated as of December 3, 2015, or any successor agreement thereto approved by Buyer in its sole discretion, as may be amended from time to time in accordance therewith.

"IRS" shall mean the United States Internal Revenue Service.

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended.

"Junior Mortgage Loan" shall mean a performing mortgage loan evidenced by one or more junior promissory notes or B-Notes in a stabilized or transitional commercial, multifamily fixed or floating rate mortgage loan evidenced by a promissory note, in each case secured by first liens on multi-family or commercial properties.

"LIBOR" shall mean, with respect to each Pricing Rate Period, the rate determined by Buyer to be (i) the per annum rate for deposits in U.S. dollars for a period equal to the applicable Pricing Rate Period that appears on the Thomson Reuters ICE LIBOR# Rates - LIBOR01 Page (or any successor thereto) as the London Interbank Offering Rate as of 11:00 a.m., London time, on the Pricing Rate Determination Date (rounded upwards, if necessary, to the nearest 1/1000 of 1%); (ii) if such rate does not appear on said Thomson Reuters ICE LIBOR# Rates - LIBOR01 Page, the arithmetic mean (rounded as aforesaid) of the offered quotations of rates obtained by Buyer from the Reference Banks for deposits in U.S. dollars for a period equal to the applicable Pricing Rate Period to prime banks in the London Interbank market as of approximately 11:00 a.m., London time, on the Pricing Rate Determination Date and in an amount that is representative for a single transaction in the relevant market at the relevant time; or (iii) if fewer than two (2) Reference Banks provide Buyer with such quotations, the rate per annum which Buyer determines to be the arithmetic mean (rounded as aforesaid) of the offered quotations of rates which major banks in New York, New York selected by Buyer are quoting at approximately 11:00 a.m., New York City time, on the Pricing Rate Determination Date for loans in U.S. dollars to leading European banks for a period equal to the applicable Pricing Rate Period in amounts of not less than U.S. $1,000,000.00; provided that, in each of clauses (i), (ii) and (iii) above, if such rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. Buyer's determination of LIBOR shall be binding and conclusive on Seller absent manifest error. LIBOR may or may not be the lowest rate based upon the market for U.S. Dollar deposits in the London Interbank Eurodollar Market at which Buyer

prices loans on the date which LIBOR is determined by Buyer as set forth above. Notwithstanding the foregoing or any other provision in this Agreement or any other Transaction Document, in no event shall LIBOR be less than zero.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any financing lease having substantially the same economic effect as any of the foregoing), and the filing of any financing statement under the UCC or comparable law of any jurisdiction in respect of any of the foregoing.

"London Business Day" shall mean any day other than (a) a Saturday, (b) a Sunday or (c) any other day on which commercial banks in London, England are not open for business.

"LTV" shall mean, with respect to any Purchased Asset, the loan-to-value ratio for such Purchased Asset, as determined by Buyer in its sole discretion.

"Manager" shall mean PRCM Advisers LLC, a Delaware limited liability company.

"Mandatory Repurchase Event" shall mean the occurrence of any (i) Change of Control, (ii) Act of Insolvency with respect to Manager or any present or future Affiliate of Seller or Guarantor, (iii) default by Seller or Guarantor under (A) any Indebtedness of Seller or Guarantor, as applicable, which default (1) involves the failure to pay a matured obligation in excess of $250,000, with respect to Seller or $10,000,000, with respect to Guarantor or (2) permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such Indebtedness, if the aggregate amount of the Indebtedness in respect of which such default or defaults shall have occurred is at least $250,000, with respect to Seller or $10,000,000, with respect to Guarantor; or (B) any other material contract to which Seller or Guarantor is a party which default (1) involves the failure to pay a matured obligation in excess of $250,000, with respect to Seller or $10,000,000, with respect to Guarantor or (2) permits the acceleration of the maturity of obligations by any other party to or beneficiary of such contract if the aggregate amount of such obligations is $250,000, with respect to Seller or $10,000,000, with respect to Guarantor; provided that, in respect of this clause (iii), the related Mandatory Repurchase Event shall not be deemed to have occurred prior to the date that is one (1) Business Day after Seller or Guarantor is notified by the counterparty or beneficiary of the related Indebtedness or material contract that a default

described in this clause (iii) has occurred and is continuing, and any applicable grace or cure periods under such program documents have elapsed, or (iv) default by Seller or Guarantor or any of their present or future Affiliates under any Indebtedness of Seller or Guarantor or any of their present or future Affiliates, as applicable, to Buyer or any of its present or future Affiliates, which default (A) involves the failure to pay a matured obligation, or (B) permits the acceleration of the maturity of obligations by any other party to or beneficiary with respect to such Indebtedness; provided that, in respect of this clause (iv), (I) none of Seller, Guarantor or any of their present or future Affiliates shall be deemed to be in default of any Indebtedness where Buyer or any of its present or future Affiliates is counterparty in its capacity as a prime broker or custodian under a prime brokerage arrangement where Buyer or any such present or future Affiliate either (i) fails to give notice of the existence of a default or an event of

default where notice is required under the applicable program documents, or (ii) fails to transfer available cash to cure an event of default where sufficient amounts are credited to the account established under the applicable program documents to cure such a default, and (II) the related Mandatory Repurchase Event shall not be deemed to have occurred prior to the date that is one (1) Business Day after (x) Buyer sends written notice to Seller and Guarantor that an event specified in clause (iv) has occurred, or (y) Buyer or Buyer's present or future Affiliate sends a notice of default under the applicable program documents in respect of such Indebtedness and any applicable grace or cure periods under such program documents have elapsed.

"Margin Deadline" shall have the meaning specified in Article 4(a).

"Margin Deficit" shall have the meaning specified in Article 4(a).

"Margin Deficit Notice" shall have the meaning specified in Article 4(a).

"Market Disruption Event" shall mean either (a) any event or events shall have occurred in thereasonable determination of Buyer resulting in the effective absence of a "repo market" or related "lending market" for purchasing (subject to repurchase) or financing debt obligations secured by commercial mortgage loans, mezzanine loans, participations in commercial mortgage loans or mezzanine loans, or securities or an event or events shall have occurred resulting in Buyer not being able to finance Eligible Assets through the "repo market" or "lending market" with traditional counterparties at rates which would have been reasonable prior to the occurrence of such event or events, or (b) any event or events shall have occurred resulting in the effective absence of a "securities market" for securities backed by Eligible Assets, including, but not limited to the "CMBS/CDO/CLO market", or an event or events shall have occurred resulting in Buyer not being able to sell securities backed by Eligible Assets at prices which would have been reasonable prior to such event or events, in each case as determined by Buyer.

"Market Value" shall mean, with respect to any Purchased Asset as of any relevant date, the market value for such Purchased Asset on such date as determined by Buyer in its sole and absolute discretion in good faith; provided that, notwithstanding any other provision of this Agreement, the Market Value of a Purchased Asset (expressed as a percentage of par) as of any date of determination shall not exceed the lower of (x) the Market Value (expressed as a percentage of par) assigned to such Purchased Asset as of the Purchase Date, and (y) the par value of such Purchased Asset as of such date of determination. The Market Value shall be deemed to be zero with respect to each Purchased Asset (i) in respect of which there is a breach of a representation and warranty set forth in Exhibit VI of this Agreement that materially and adversely affects the value of such Purchased Asset, the Underlying Mortgaged Property related thereto or the interests of Buyer or the exercise of rights and remedies by Buyer, in each case, in respect of such Purchased Asset, (ii) subject to Article 7(e), in respect of which the complete Purchased Asset File has not been delivered to the Custodian in accordance with the terms of the Custodial Agreement, (iii) that has been released from the possession of the Custodian under the Custodial Agreement to Seller for a period in excess of ten (10) calendar days, (iv) upon the occurrence of any Act of Insolvency with respect to any participant or co-lender that acts as an administrative agent or paying agent in respect of such Purchased Asset (or Underlying Mortgage Loan related thereto) or any borrower under any related loan that is senior to, or *pari passu* with, in right of payment or priority the rights of Buyer in such Purchased Asset, in each

case, if such Act of Insolvency adversely affects in any respect the ability of Buyer or any other lender to exercise rights or remedies under the related Purchased Asset or any related Underlying Mortgage Loan, (v) that is a Defaulted Asset, or (vi) that is determined by Buyer not to be an Eligible Asset. For the avoidance of doubt, any future funding advance made by Seller in respect of any Purchased Asset in which Buyer has not participated by funding a Future Funding Amount hereunder shall not increase the Market Value of the related Purchased Asset.

The Market Value of each Purchased Asset may be determined by Buyer, in its sole and absolute discretionin good faith, on each Business Day during the term of this Agreement.

"Material Action" shall mean, as to any Person, to file any insolvency, or reorganization case or proceeding, to institute proceedings to have such Person be adjudicated bankrupt or insolvent, to institute proceedings under any applicable insolvency law, to seek any relief under any law relating to relief from debts or the protection of debtors, to consent to the filing or institution or bankruptcy or insolvency proceedings against such Person, to file a petition seeking, or consent to, reorganization or relief with respect to such Person under any applicable federal or state law relating to bankruptcy or insolvency, to see or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian, or any similar official of or for such Person or a substantial part of its property, to make any assignment for the benefit of creditors of such Person, to admit in writing such Person's inability to pay its debts generally as they become due, or to take action in furtherance of any of the foregoing.

"Material Adverse Effect" shall mean a material adverse effect on (a) the property, business, operations, financial condition or prospects of Seller or Guarantor, (b) the ability of Seller or Guarantor to perform its obligations under any of the Transaction Documents, (c) the validity or enforceability of any of the Transaction Documents, (d) the rights and remedies of Buyer under any of the Transaction Documents, (e) the timely payment of any amounts payable under this Agreement or any other Transaction Document, or (f) the Market Value, rating (if applicable) or liquidity of any Purchased Asset or all of the Purchased Assets in the aggregate.

"Material Modification" shall have the meaning set forth in Article 7(f).

"Materials of Environmental Concern" shall mean any toxic mold, any petroleum (including, without limitation, crude oil or any fraction thereof) or petroleum products (including, without limitation, gasoline) or any hazardous or toxic substances, materials or wastes, defined as such in or regulated under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls, and urea-formaldehyde insulation.

"Maturity Date" shall mean December 3, 2017 or the immediately succeeding Business Day, if such day shall not be a Business Day (the "Initial Maturity Date"), or such later date as may be in effect pursuant to Article 3(n) hereof. For the sake of clarity, the Maturity Date shall not be any date beyond three (3) years from the Closing Date (the "Final Maturity Date").

"Maturity Date Extension Conditions" shall have the meaning set forth in Article 3(n)(i).

"Maximum Advance Rate" shall mean, with respect to each Purchased Asset, the maximum amount, expressed as a percentage of par, as specified in the appropriate row for such Eligible Asset type under the "Maximum Advance Rate" specified in Schedule I attached to the

Fee Letter or as otherwise agreed to by Seller and Buyer, in the related Confirmation for such Purchased Asset; provided, however, that with respect to any Eligible Asset to be purchased hereunder, the Maximum Advance Rates shown in Schedule I attached to the Fee Letter are only indicative of the maximum advance rate available to Seller, and Buyer is not obligated to purchase any Eligible Asset at such Maximum Advance Rates.

"Maximum Facility Amount" shall mean $250,000,000.

"Mezzanine Loan" shall mean a performing loan evidenced by a note and primarily secured by pledges of all the equity interests in entities (the "Mezzanine Loan Collateral") that own, directly or indirectly, stabilized or transitional multifamily or commercial properties that serve as collateral for Senior Mortgage Loans.

"Mezzanine Loan Collateral" shall have the meaning specified in the definition of "Mezzanine Loan".

"Mezzanine Loan Documents" shall mean, with respect to any Mezzanine Loan, the Mezzanine Note, all other documents executed in connection with, evidencing or governing such Mezzanine Loan and the Mortgage Loan Documents for the related Underlying Mortgage Loan, including, without limitation, those documents which are required to be delivered to Custodian under the Custodial Agreement.

"Mezzanine Note" shall mean the original promissory note that was executed and delivered in connection with a particular Mezzanine Loan.

"Minimum Purchased Asset Requirement" shall have the meaning specified in Article 11(ff).

"Minimum Transfer Amount" shall mean, with respect to Seller, $250,000; provided, however, that if a Default or an Event of Default has occurred and is continuing hereunder, the Minimum Transfer Amount shall be U.S. $0.

"Monthly Reporting Package" shall mean the reporting package described on Exhibit III-A.

"Moody's" shall mean Moody's Investors Service, Inc., and its successors-in-interest.

"Mortgage" shall mean any mortgage, deed of trust, assignment of rents, security agreement and fixture filing, or other instruments creating and evidencing a lien on real property and other property and rights incidental thereto.

"Mortgage Loan Documents" shall mean, with respect to any Senior Mortgage Loan (including any Senior Mortgage Loan evidenced by an A-Note) or Junior Mortgage Loan (including any Junior Mortgage Loan evidenced by a B-Note), as applicable, the Mortgage Note, Mortgage and all other documents executed in connection with and/or evidencing or governing such Senior Mortgage Loan or Junior Mortgage Loan, as applicable, including, without limitation (a) those documents that are required to be delivered to Custodian under the Custodial

Agreement and (b) in the case of any Junior Mortgage Loan, the Mortgage Loan Documents for the Senior Mortgage Loan to which such Junior Mortgage Loan relates.

"Mortgage Note" shall mean a note or other evidence of indebtedness of a Mortgagor with respect to a Senior Mortgage Loan or Junior Mortgage Loan.

"Mortgagor" shall mean (a) with respect to a Senior Mortgage Loan or a Junior Mortgage Loan, the obligor on a Mortgage Note and the grantor of the related Mortgage, (b) with respect to a Participation Interest, the obligor on a Mortgage Note and the grantor of the related Mortgage on the Underlying Mortgage Loan related to such Participation Interest and (c) with respect to a Mezzanine Loan, the obligor on a Mezzanine Note and the grantor of the related security instrument related to such Mezzanine Loan.

"Multiemployer Plan" shall mean a multiemployer plan defined as such in Article 3(37) of ERISA to which contributions have been, or were required to have been, made by Seller or any ERISA Affiliate and that is covered by Title IV of ERISA.

"New Asset" shall mean an Eligible Asset that Seller proposes to be included as a Purchased Item.

"OFAC" shall mean the U.S. Department of the Treasury Office of Foreign Assets Control.

"Originated Asset" shall mean any Eligible Asset originated by TH Commercial Mortgage LLC.

"Other Connection Taxes" shall mean Taxes imposed as a result of a present or former connection between such Buyer or Transferee and the jurisdiction imposing such Tax (other than connections arising from such Buyer or Transferee having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other Transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in any Transaction or any Transaction Document).

"Other Taxes" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Transaction Document, except for (i) any such Taxes that are Other Connection Taxes imposed with respect to an assignment, transfer or sale of participation or other interest in or with respect to the Transaction Documents (other than an assignment made pursuant to Article 3(w) hereof), and (ii) for the avoidance of doubt, any Excluded Taxes.

"Parent" shall mean TH Commercial Mortgage LLC, a Delaware limited liability company.

"Participants" shall have the meaning set forth in Article 17(a) hereof.

"Participation Certificate" shall mean the original participation certificate, if any, that was executed and delivered in connection with a Participation Interest.

"Participation Interest" shall mean (a) a Senior Pari Passu Participation Interest, (b) the most senior interest in a performing senior participation interest in a performing Senior Mortgage Loan, or (c) the most senior interest in a performing participation interest in a performing Junior Mortgage Loan, in each case, evidenced by a Participation Certificate.

"Participation Interest Documents" shall mean, with respect to any Participation Interest, the Participation Certificate, any co-lender agreements, participation

agreements and/or intercreditor agreements, all other documents governing or otherwise relating to such Participation Interest, and the Mortgage Loan Documents for the related Underlying Mortgage Loan, and including, without limitation, those documents which are required to be delivered to Custodian under the Custodial Agreement.

"Person" shall mean an individual, corporation, limited liability company, business trust, partnership, joint tenant or tenant-in-common, trust, joint stock company, joint venture, unincorporated organization, or any other entity of whatever nature, or a Governmental Authority.

"Plan" shall mean an employee benefit or other plan established or maintained by Seller or any ERISA Affiliate during the five year period ended prior to the date of this Agreement or to which Seller or any ERISA Affiliate makes, is obligated to make or has, within the five year period ended prior to the date of this Agreement, been required to make contributions and that is covered by Title IV of ERISA or Article 302 of ERISA or Article 412 of the Code, other than a Multiemployer Plan.

"Plan Asset Regulations" shall mean the regulations promulgated at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

"Plan Party" shall have the meaning set forth in Article 20(a) of this Agreement.

"Pledge Agreement" shall mean that certain Pledge Agreement, dated as of the date hereof, by Parent in favor of Buyer, as may be amended from time to time in accordance therewith, pledging all of Seller's Capital Stock to Buyer.

"Pre-Existing Asset" shall mean any Eligible Asset that is not an Originated Asset.

"Pre-Transaction Legal Expenses" shall mean all of the reasonable out-of-pocket legal fees, costs and expenses incurred by Buyer in connection with the Asset Due Diligence associated with Buyer's decision as to whether or not to enter into a particular Transaction or Future Funding Transaction.

"Price Differential" shall mean, with respect to any Purchased Asset as of any date, the aggregate amount obtained by daily application of the applicable Pricing Rate for such Purchased Asset to the Purchase Price of such Purchased Asset on a 360-day-per-year basis for the actual number of days during each Pricing Rate Period commencing on (and including) the Purchase Date for such Purchased Asset and ending on (but excluding) the date of determination

(reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Purchased Asset).

"Pricing Rate" shall mean, for any Pricing Rate Period and any Purchased Asset, an annual rate equal to the sum of (i) LIBOR and (ii) the relevant Applicable Spread with respect to such Purchased Asset, in each case, for the applicable Pricing Rate Period for the related Purchased Asset. The Pricing Rate shall be subject to adjustment and/or conversion as provided in the Transaction Documents or the related Confirmation.

"Pricing Rate Determination Date" shall mean with respect to any Pricing Rate Period with respect to any Transaction, the second (2nd) London Business Day preceding the first day of such Pricing Rate Period.

"Pricing Rate Period" shall mean, with respect to any Transaction, Remittance Date or Repurchase Date (a) in the case of the first Pricing Rate Period with respect to any Transaction, the period commencing on and including the Purchase Date for such Transaction and ending on and excluding the following Remittance Date, and (b) in the case of any subsequent Pricing Rate Period, the period commencing on and including the immediately preceding Remittance Date and ending on and excluding such Remittance Date; provided, however, that in no event shall any Pricing Rate Period for a Purchased Asset end subsequent to the Repurchase Date for such Purchased Asset.

"Primary Servicer" shall mean Trimont Real Estate Advisors, LLC, or any other primary servicer approved by, or in the case of a termination of Primary Servicer pursuant to Article 27(c), appointed by Buyer, in each case in Buyer's sole and absolute discretion. Notwithstanding any provision to the contrary set forth elsewhere in this Agreement, immediately upon the termination of the Primary Servicing Agreement, all references in this Agreement to the term "Primary Servicer" shall automatically be changed to the term "Interim Servicer".

"Primary Servicing Agreement" shall mean the Servicing and Asset Management Agreement by and between Primary Servicer and TH Commercial Holdings LLC dated as of July 6, 2015 and, if any other Primary Servicer is approved by Buyer in its sole and absolute discretion, any servicing agreement with such other Primary Servicer in respect of the Purchased Assets, which agreement is approved by Buyer in its sole and absolute discretion.

"Principal Proceeds" shall mean, with respect to any Purchased Asset, any scheduled or unscheduled payment or prepayment of principal (including net sale proceeds) received by the Depository or allocated as principal in respect of any such Purchased Asset.

"Prohibited Investor" shall mean (1) a person or entity whose name appears on the list of Specially Designated Nationals and Blocked Persons by OFAC, (2) any foreign shell bank, and (3) any person or entity resident in or whose subscription funds are transferred from or through an account in a jurisdiction that has been designated as a non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering ("FATF"), of which the U.S. is a member and with which designation the U.S. representative to the group or organization

continues to concur. (See http://www.fatf-gati.org for FATF's list of Non-Cooperative Countries and Territories.)

"Prohibited Person" shall have the meaning set forth in Article 9(b)(xxxi).

"Properties" shall have the meaning set forth in Article 9(b)(xxix)(a).

"Purchase Agreement" shall mean any purchase agreement between Seller and any Transferor pursuant to which Seller purchased or acquired an Asset that is subsequently sold to Buyer hereunder, which Purchase Agreement shall contain a grant of a security interest in favor of Seller and authorize the filing of UCC financing statements against the Transferor with respect to such Asset.

"Purchase Date" shall mean, with respect to any Purchased Asset, the initial date on which Buyer purchases such Purchased Asset from Seller hereunder.

"Purchase Price" shall mean, with respect to any Purchased Asset, the price at which such Purchased Asset is transferred by Seller to Buyer on the applicable Purchase Date, adjusted after the Purchase Date as set forth below. The Purchase Price as of the Purchase Date for any Purchased Asset shall be an amount (expressed in dollars) equal to the product obtained by multiplying (i) the Market Value of such Purchased Asset as of the Purchase Date (or the par amount of such Purchased Asset, if lower than Market Value) by (ii) the Advance Rate for such Purchased Asset, as determined by Buyer in its sole and absolute discretion and as set forth on the related Confirmation. The Purchase Price of any Purchased Asset shall be (x) increased by any Future Funding Amounts actually funded by Buyer and any additional amounts disbursed by Buyer to Seller or to the related Mortgagor on behalf of Seller or otherwise with respect to such Purchased Asset and (y) decreased by (A) the portion of any Principal Proceeds on such Purchased Asset that are applied pursuant to Article 5 hereof to reduce such Purchase Price and (B) any other amounts paid to Buyer by Seller

specifically to reduce such Purchase Price and that are applied pursuant to Article 5 hereof to reduce such Purchase Price.

"Purchased Asset" shall mean (i) with respect to any Transaction, the Eligible Asset sold by Seller to Buyer in such Transaction and (ii) with respect to the Transactions in general, all Eligible Assets sold by Seller to Buyer (other than Purchased Assets that have been repurchased by Seller).

"Purchased Asset Documents" shall mean, with respect to any Purchased Asset, the Mortgage Loan Documents, Participation Interest Documents and/or Mezzanine Loan Documents related thereto, as applicable.

"Purchased Asset File" shall mean the documents specified as the "Purchased Asset File" in Article 7(b), together with any additional documents and information required to be delivered to Buyer or its designee (including the Custodian) pursuant to this Agreement; provided that to the extent that Buyer waives, including pursuant to Article 7(c), receipt of any document in connection with the purchase of an Eligible Asset (but not if Buyer merely agrees to accept delivery of such document after the Purchase Date), such document shall not be a required component of the Purchased Asset File until such time as Buyer determines in good faith that such document is necessary or appropriate for the servicing of the applicable Purchased Asset.

"Purchased Asset Schedule" shall mean a schedule of Purchased Assets attached to each Trust Receipt and Custodial Delivery Certificate containing information substantially similar to the Asset Information.

"Purchased Items" shall have the meaning specified in Article 6(a) of this Agreement.

"Qualified Hedge Counterparty" shall mean, with respect to any Hedging Transaction, any entity, other than an Affiliated Hedge Counterparty, that (a) qualifies as an "eligible contract participant" as such term is defined in the Commodity Exchange Act (as amended by the Commodity Futures Modernization Act of 2000), (b) the long-term unsecured debt of which is rated no less than "A+" by S&P and "A1" by Moody's and (c) is reasonably acceptable to Buyer; provided, that with respect to clause (c), if Buyer has approved an entity as a counterparty, it may not thereafter deem such counterparty unacceptable with respect to any previously outstanding Transaction unless clause (a) or clause (b) no longer applies with respect to such counterparty.

"Quarterly Reporting Package" shall mean the reporting package described on Exhibit III-B.

"Rating Agency" shall mean any of Fitch, Moody's, S&P, DBRS, Inc. and Kroll Bond Rating Agency Inc.

"Re-direction Letter" shall mean a letter in the form of Exhibit XVII hereto.

"Reference Banks" shall mean banks each of which shall (i) be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market and (ii) have an established place of business in London. Initially, the Reference Banks shall be JPMorgan Chase Bank, National Association, Barclays Bank, Plc and Deutsche Bank AG. If any such Reference Bank should be unwilling or unable to act as such or if Buyer shall terminate the appointment of any such Reference Bank or if any of the Reference Banks should be removed from the Reuters Monitor Money Rates Service or in any other way fail to meet the qualifications of a Reference Bank, Buyer, in its sole discretion exercised in good faith, may designate alternative banks meeting the criteria specified in clauses (i) and (ii) above.

"Register" shall have the meaning assigned in Article 17(c).

"Related Mezzanine Loan" shall mean any Mezzanine Loan that is identified as such pursuant to the terms of the related Confirmation and that satisfies the definition of Eligible Asset.

"Release Letter" shall mean a letter substantially in the form of Exhibit XV hereto (or such other form as may be acceptable to Buyer).

"REMIC" shall mean a real estate mortgage investment conduit, within the meaning of Section 860D(a) of the Code.

"Remittance Date" shall mean the fifteenth (15th) calendar day of each month, or the immediately succeeding Business Day, if such calendar day shall not be a Business Day, or such other day as is mutually agreed to by Seller and Buyer.

"REOC" shall mean a Real Estate Operating Company within the meaning of Regulation Section 2510.3-101(e) of the Plan Asset Regulations.

"Repurchase Date" shall mean, with respect to a Purchased Asset, the earliest to occur of (i) any Early Repurchase Date for such Transaction; (ii) the date set forth in the applicable Confirmation for such Transaction, or if the Repurchase Date for such Transaction is so extended pursuant to Article 3(y), the date to which it is extended; (iii) the Accelerated Repurchase Date; (iv) the Maturity Date; (v) the date that is two (2) Business Days prior to the maturity date of the applicable Purchased Asset (subject to extension, if applicable, in accordance with the related Purchased Asset Documents but subject to the terms of this Agreement); provided, that, solely with respect to clause (v), the settlement with respect to such Repurchase Date and Purchased Asset may occur two (2) Business Days later; and (vi) one (1) Business Day after the occurrence of any Mandatory Repurchase Event.

"Repurchase Date Extension Conditions" shall have the meaning set forth in Article 3(y).

"Repurchase Obligations" shall have the meaning assigned thereto in Article 6(a).

"Repurchase Price" shall mean, with respect to any Purchased Asset as of any Repurchase Date or any date on which the Repurchase Price is required to be determined hereunder, the price at which such Purchased Asset is to be transferred from Buyer to Seller; such price will be determined by Buyer in accordance with this Agreement in each case as the sum of (i) the outstanding Purchase Price of such Purchased Asset (as increased by any Future Funding Amount and additional funds advanced by Buyer in connection with such Purchased Asset); (ii) the accreted and unpaid Price Differential with respect to such Purchased Asset as of the date of such determination (other than, with respect to calculations in connection with the determination of a Margin Deficit, accreted and unpaid Price Differential for the current Pricing Rate Period); (iii) any other amounts due and owing by Seller to Buyer and its Affiliates pursuant to the terms of this Agreement as of such date; (iv) if such Repurchase Date is not a Remittance Date, except as otherwise expressly set forth in this Agreement, any Breakage Costs payable in connection with such repurchase other than with respect to the determination of a Margin Deficit; (v) any amounts that would be payable to (a positive amount) a Qualified Hedge Counterparty under any related Hedging Transaction, if such Hedging Transaction were terminated on the date of determination, if such determination is in connection with any calculation of Margin Deficit; and (vi) any amounts that would be payable to (a positive amount) an Affiliated Hedge Counterparty under any related Hedging Transaction, if such Hedging Transaction were terminated on the date of determination, if such determination is in connection with any calculation of Margin Deficit (and not in connection with an actual repurchase of a Purchased Asset). In addition to the foregoing, the Repurchase Price shall be decreased by (A) the portion of any Principal Proceeds on such Purchased Asset that is applied pursuant to Article 5 hereof to reduce such Repurchase Price for such Purchased Asset and (B) any other amounts paid to Buyer by or on behalf of Seller to reduce such Repurchase Price for such Purchased Asset.

"Requested Exceptions Report" shall have the meaning assigned thereto in Article 3(b)(iv)(E).

"Requirement of Law" shall mean any law, treaty, rule, regulation, code, directive, policy, order or requirement or determination of an arbitrator or a court or other Governmental Authority whether now or hereafter enacted or in effect.

"Responsible Officer" shall mean any executive officer of Seller.

"S&P" shall mean Standard and Poor's Ratings Services, a Standard and Poor's Financial Services LLC business, and its successors-in-interest.

"Sanctions Laws and Regulations" shall mean any sanctions, prohibitions or requirements imposed by any executive order or by any sanctions program administered by OFAC.

"SEC" shall have the meaning set forth in Article 22(a) hereof.

"Secondary Market Transaction" shall have the meaning set forth in Article 28(a).

"Seller" shall mean the entity identified as "Seller" in the Recitals hereto and such other sellers as may be approved by Buyer in its sole discretion from time to time.

"Senior Mortgage Loan" shall mean a performing senior commercial or multifamily fixed or floating rate mortgage loan or A-Note related to a performing senior commercial or multifamily fixed or floating rate mortgage loan, in each case secured by a first lien on multifamily or commercial properties.

"Senior Pari Passu Participation Interest" shall mean a *pari passu* participation interest representing one portion of the most senior interest in a performing Senior Mortgage Loan.

"Senior Tranche" shall have the meaning set forth in Article 28(a).

"Servicer Notice" shall mean the agreement between Buyer, Seller and Primary Servicer, substantially in the form ofExhibit XIV hereto, as amended, supplemented or otherwise modified from time to time.

"Servicing Agreement" shall have the meaning specified in Article 27(b).

"Servicing Records" shall have the meaning specified in Article 27(b).

"Servicing Rights" shall mean all right, title and interest of Seller, Parent, Guarantor, or any Affiliate of Seller, Parent or Guarantor, or any other Person, in and to any and all of the following: (a) rights to service and/or sub-service, and collect and make all decisions with respect to, the Purchased Assets and/or any related Underlying Mortgage Loans, (b) amounts received by Seller, Parent, Guarantor or any Affiliate of Seller, Parent or Guarantor, or any other Person, for servicing and/or sub-servicing the Purchased Assets and/or any related Underlying Mortgage Loans, (c) late fees, penalties or similar payments with respect to the Purchased Assets and/or any related Underlying Mortgage Loans, (d) agreements and documents creating or evidencing any such rights to service and/or sub-service (including, without limitation, all Servicing Agreements), together with all Servicing Records, and rights of Seller, Parent,

Guarantor or any Affiliate of Seller, Parent, or Guarantor, or any other Person, thereunder, (e) escrow, reserve and similar amounts with respect to the Purchased Assets and/or any related Underlying Mortgage Loans, (f) rights to appoint, designate and retain any other servicers, sub-servicers, special servicers, agents, custodians, trustees and liquidators with respect to the Purchased Assets and/or any related Underlying Mortgage Loans, and (g) accounts and other rights to payment related to the Purchased Assets and/or any related Underlying Mortgage Loans.

"Servicing Tape" shall have the meaning specified in Exhibit III-A hereto.

"SIPA" shall have the meaning set forth in Article 22(a) hereof.

"Special Purpose Provisions" shall have the meaning set forth in Seller's limited liability company agreement, dated as of the date hereof, as amended, restated, supplemented or otherwise modified and in effect from time to time, in each case, with Buyer's prior written consent.

"Structuring Fee" shall have the meaning specified in the Fee Letter.

"Subordinate Eligible Assets" shall mean Eligible Assets described in items (ii), (iii) and (iv) of the definition of Eligible Assets.

"Subordinate Financing" shall have the meaning set forth in Article 28(a) hereof.

"Subsidiary" shall mean, as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of Seller.

"Survey" shall mean a certified ALTA/ACSM (or applicable state standards for the state in which the collateral is located) survey of the underlying real estate directly or indirectly securing or supporting such Purchased Asset prepared by a registered independent surveyor or engineer and in form and content satisfactory to Buyer and the company issuing the Title Policy for such Underlying Mortgaged Property.

"Taxes" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Title Company" shall mean a nationally-recognized title insurance company acceptable to Buyer.

"Title Policy" shall have the meaning specified in Exhibit VI.

"Transaction" shall mean a Transaction, as specified in Article 1 of this Agreement and shall include any related Future Funding Transaction.

"Transaction Documents" shall mean, collectively, this Agreement, any applicable Schedules, Exhibits and Annexes to this Agreement, the Guarantee Agreement, the Custodial Agreement, each Servicing Agreement, the Depository Agreement, the Pledge Agreement, the Fee Letter, all Hedging Transactions, each Servicer Notice, each Re-direction Letter, and all Confirmations and assignment documentation executed pursuant to this Agreement in connection with specific Transactions.

"Transferee" shall have the meaning set forth in Article 17(a) hereof.

"Transferor" shall mean the seller of an Asset under a Purchase Agreement.

"Trust Receipt" shall mean a trust receipt issued by Custodian to Buyer confirming the Custodian's possession of certain Purchased Asset Files that are the property of and held by Custodian for the benefit of Buyer (or any other holder of such trust receipt) or a Bailee Letter.

"UCC" shall have the meaning specified in Article 6(c) of this Agreement.

"Underlying Mortgage Loan" shall mean, in the case of (a) a Participation Interest in a Senior Mortgage Loan or a Junior Mortgage Loan, the mortgage loan in which Seller owns such Participation Interest, and (b) a Mezzanine Loan, the mortgage loan made to the borrower whose Capital Stock, or whose direct or indirect parent's Capital Stock, comprises the security for such Mezzanine Loan.

"Underlying Mortgaged Property" shall mean, in the case of:

(a) a Senior Mortgage Loan, the real property securing such Senior Mortgage Loan;

(b) a Junior Mortgage Loan, the real property securing such Junior Mortgage Loan;

(c) a Mezzanine Loan, the real property that is owned by the borrower on the related Underlying Mortgage Loan; and

(d) a Participation Interest, the real property securing the related Underlying Mortgage Loan.

"Underwriting Issues" shall mean, with respect to any Purchased Asset as to which Seller intends to request a Transaction or Future Funding Transaction all material information that has come to Seller's attention that, based on the making of reasonable inquiries and the exercise of reasonable care and diligence under the circumstances, would be considered a materially "negative" factor (either separately or in the aggregate with other information), or a defect in loan documentation or closing deliveries (such as any absence of any Purchased Asset Document(s)), to a reasonable institutional mortgage buyer in determining whether to originate or acquire the Purchased Asset in question.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" shall have the meaning assigned to such term in Article 3(t)(ii)(B)(3).

"VCOC" shall mean a "venture capital operating company" within the meaning of Section 2510.3-101(d) of the Plan Asset Regulations.

All references to articles, schedules and exhibits are to articles, schedules and exhibits in or to this Agreement unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles. References to "good faith" in this Agreement shall mean "honesty in fact in the conduct or transaction concerned".

ARTICLE 3.
INITIATION; CONFIRMATION; TERMINATION; FEES; EXTENSION OF MATURITY DATE; EXTENSION OF REPURCHASE DATE

Buyer's agreement to enter into the initial Transaction hereunder is subject to the satisfaction, immediately prior to or concurrently with the making of such Transaction, of the condition precedent that Buyer shall have received from Seller payment of an amount equal to all fees and expenses payable hereunder, and all of the following items, each of which shall be satisfactory in form and substance to Buyer and its counsel and the satisfaction of the other conditions precedent in clause (a) below:

(a) The following documents, delivered to Buyer, and the consents and payment of all amounts specified below:

(i) this Agreement, duly completed and executed by each of the parties hereto (including all exhibits hereto);

(ii) a Custodial Agreement, duly executed and delivered by each of the parties thereto;

(iii) a Depository Agreement, duly completed and executed by each of the parties thereto;

(iv) a Guarantee Agreement, duly completed and executed by each of the parties thereto;

(v) a Pledge Agreement, duly completed and executed by each of the parties thereto;

(vi) the Primary Servicing Agreement, the related Servicer Notice and the Interim Servicing Agreement, each duly completed and executed by each of the parties thereto;

(vii) any and all consents and waivers applicable to Seller or to the Purchased Assets;

(viii) UCC financing statements for filing in each of the UCC filing jurisdictions described onExhibit XII hereto, (x) in the case of the Seller, naming Seller as "Debtor" and Buyer as "Secured Party" and adequately describing as "Collateral" all of the items set forth in the definition of Purchased Items in this

Agreement, together with any other documents necessary or requested by Buyer to perfect the security interests granted by Seller in favor of Buyer under this Agreement or any other Transaction Document such that the lien created in favor of Buyer is a perfected, first priority security interest senior to the claim of any other creditor of Seller and (y) in the case of Parent, naming Parent as "Debtor" and Buyer as "Secured Party" and adequately describing as "Collateral" all of the items set forth in the definition of "Pledged Collateral" under the Pledge Agreement such that the lien created in favor of Buyer is a perfected, first priority security interest senior to the claim of any other creditor of Parent;

(ix) any documents relating to any Hedging Transactions;

(x) opinions of outside counsel to Seller reasonably acceptable to Buyer (including, but not limited to, those relating to bankruptcy safe harbor, enforceability, corporate matters, applicability of the Investment Company Act of 1940 to Seller, Guarantor or any Subsidiary of Guarantor that is also a direct or indirect parent of Seller, and security interests);

(xi) good standing certificates and certified copies of the charters and by-laws (or equivalent documents) of Seller and Guarantor and of all corporate or other authority for Seller and Guarantor with respect to the execution, delivery and performance of the Transaction Documents and each other document to be delivered by Seller and Guarantor from time to time in connection herewith (and Buyer may conclusively rely on such certificate until it receives notice in writing from Seller to the contrary);

(xii) with respect to any Eligible Asset to be purchased hereunder on the related Purchase Date that is serviced by any servicer other than Primary Servicer (or is serviced pursuant to any servicing agreement other than the Primary Servicing Agreement), Seller shall have provided to Buyer a copy of the related servicing agreement, certified as a true, correct and complete copy of the original, together with a Servicer Notice, fully executed by Seller and such servicer;

(xiii) Buyer shall have received payment from Seller of an amount equal to the amount of actual costs and expenses, including, without limitation, the reasonable fees and expenses of outside counsel to Buyer, incurred by Buyer in connection with the development, preparation and execution of this Agreement, the other Transaction Documents and any other documents prepared in connection herewith or therewith;

(xiv) Buyer shall have received payment from Seller, as consideration for Buyer's agreement to enter into this Agreement, the Structuring Fee; and

(xv) all such other and further documents, documentation and legal opinions as Buyer in its discretion shall reasonably require.

(b) Buyer's agreement to enter into each Transaction (including the initial Transaction) is subject to the satisfaction of the following further conditions precedent, both immediately prior to entering into such Transaction and also after giving effect to the consummation thereof and the intended use of the proceeds of the sale:

(i) the sum of (A) the unpaid Purchase Price for all prior outstanding Transactions and (B) the requested Purchase Price for the pending Transaction, in each case, including any Future Funding Amount, shall not exceed the Maximum Facility Amount;

(ii) no Market Disruption Event has occurred and is continuing, no Margin Deficit exists, and no Default or Event of Default has occurred and is continuing under this Agreement or any other Transaction Document;

(iii) Seller shall give Buyer no less than one (1) Business Day prior written notice of (x) each Transaction (including the initial Transaction), together with a signed, written confirmation in the form of Exhibit I attached hereto prior to each Transaction (a "Confirmation") and (y) each Future Funding Transaction, together with a revised Confirmation for the related Transaction. Each Confirmation shall describe the Purchased Assets, shall identify Buyer and Seller and shall be executed by both Buyer and Seller (provided that, in instances where funds are being wired to an account other than 4129235511 at Wells Fargo Bank, National Association, the Confirmation shall be signed by a Responsible Officer of Seller); provided, however, that Buyer shall not be liable to Seller if it inadvertently acts on a Confirmation that has not been signed by a Responsible Officer of Seller, and shall set forth (among other things):

(A) the Purchase Date for the Purchased Assets included in the Transaction;

(B) the Purchase Price for the Purchased Assets included in the Transaction;

(C) the Repurchase Date for the Purchased Assets included in the Transaction;

(D) the requested Advance Rate for the Purchased Assets included in the Transaction;

(E) the amount of any Future Funding Amount requested;

(F) the Applicable Spread; and

(G) any additional terms or conditions not inconsistent with this Agreement.

(iv) Buyer shall have the right to review, as described in Exhibit VIII hereto, the Eligible Assets Seller proposes to sell to Buyer in any Transaction and to conduct its own due diligence investigation of such Eligible Assets as Buyer determines ("Asset Due Diligence"). Buyer shall be entitled to make a determination, in the exercise of its sole discretion, that, in the case of a Transaction, it shall or shall not purchase any or all of the assets proposed to be sold to Buyer by Seller. On the Purchase Date for the Transaction, which shall be not less than one (1) Business Day following the final approval of an Eligible Asset by Buyer in accordance with Exhibit VIII hereto, the Eligible Assets shall be transferred to Buyer or the Custodian on Buyer's behalf against the transfer of the Purchase Price to an account of Seller. Buyer shall inform Seller of its determination with respect to any such proposed Transaction solely in accordance with Exhibit VIII attached hereto. Upon the approval by Buyer of a particular proposed Transaction, Buyer shall deliver to Seller a signed copy of the related Confirmation described in clause (iii) above, on or before the scheduled date of the underlying proposed Transaction. Prior to the approval of each proposed Transaction:

(A) Buyer shall have (i) determined, in its sole and absolute discretion, that the asset proposed to be sold to Buyer by Seller in such Transaction is an Eligible Asset, (ii) determined conformity to the terms of the Transaction Documents, Buyer's internal credit and underwriting criteria, and (iii) obtained internal credit approval, to be granted or denied in Buyer's sole and absolute discretion, for the inclusion of such Eligible Asset as a Purchased Asset in a Transaction, without regard for any prior credit decisions by Buyer or any Affiliate of Buyer, and with the understanding that Buyer shall have the absolute right to change any or all of its internal underwriting criteria at any time, without notice of any kind to Seller;

(B) Buyer shall have fully completed all external legal due diligence;

(C) Buyer shall have determined the Pricing Rate applicable to the Transaction (including the Applicable Spread);

(D) no Default or Event of Default shall have occurred or Market Disruption Event shall have occurred and be continuing under this Agreement or any other Transaction Document and no event shall have occurred that has, or would reasonably be expected to have, a Material Adverse Effect;

(E) Seller shall have delivered to Buyer a list of all exceptions to the representations and warranties relating to the Eligible Asset and any other eligibility criteria for such Eligible Asset (the "Requested Exceptions Report");

(F) Buyer shall have waived in writing all exceptions in the Requested Exceptions Report;

(G) both immediately prior to the requested Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller in each of Exhibit VI and Article 9 shall be true, correct and complete on and as of such Purchase Date in all respects with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date;

(H) subject to Buyer's right to perform one or more due diligence reviews pursuant to Article 26, Buyer shall have completed its due diligence review of the Purchased Asset File, and such other documents, records, agreements, instruments, mortgaged properties or information relating to such Eligible Asset as Buyer in its sole discretion deems appropriate to review and such review shall be satisfactory to Buyer in its sole discretion and Buyer has consented in writing to the Eligible Asset becoming a Purchased Asset;

(I) with respect to any Eligible Loan to be purchased hereunder on the related Purchase Date that is not primarily serviced by Interim Servicer or an Affiliate thereof, Seller shall have provided to Buyer a copy of the related Servicing Agreement, certified as a true, correct and complete copy of the original, together with a Servicer Notice, fully executed by Seller and the servicer named in the related Servicing Agreement;

(J) With respect to any Eligible Asset to be purchased hereunder on the related Purchase Date that is a Participation Interest or a Mezzanine Loan, where the servicer of the Underlying Mortgage Loan is not the Interim Servicer or Primary Servicer, Seller shall have provided to Buyer a copy of the related Servicing Agreement, certified as a true, correct and complete copy of the original, together with a Servicer Notice, fully executed by Seller and such servicer;

(K) Seller, regardless of whether this Agreement is executed, shall have paid to Buyer all legal fees and expenses and the reasonable costs and expenses incurred by Buyer in connection with the entering into of any Transaction hereunder, including, without limitation, costs associated with due diligence, recording or other administrative expenses necessary or incidental to the execution of any Transaction hereunder, which amounts, at Buyer's option, may be withheld from the sale proceeds of any Transaction hereunder;

(L) Buyer shall have determined, in its sole and absolute discretion, that no Margin Deficit shall exist, either immediately prior to or after giving effect to the requested Transaction;

(M) Buyer shall have received on each Purchase Date either a Bailee Letter from an Acceptable Attorney or an Asset Schedule and Exception Report (as defined in the Custodial Agreement) from Custodian with respect to each Purchased Asset, dated the Purchase Date, duly completed and with exceptions

acceptable to Buyer in its sole discretion in respect of Eligible Assets to be purchased hereunder on such Business Day;

(N) Buyer shall have received from Seller a Release Letter covering each Eligible Asset to be sold to Buyer;

(O) Buyer shall have reasonably determined that the introduction of, or a change in, any Requirement of Law or in the interpretation or administration of any Requirement of Law applicable to Buyer has not made it unlawful, and no Governmental Authority shall have asserted that it is unlawful, for Buyer to enter into Transactions;

(P) the Repurchase Date for such Transaction is not later than the Maturity Date;

(Q) Seller shall have taken such other action as Buyer shall have reasonably requested in order to transfer the Purchased Assets pursuant to this Agreement and to perfect all security interests granted under this Agreement or any other Transaction Document in favor of Buyer with respect to the Purchased Assets;

(R) with respect to any Eligible Asset to be purchased hereunder, if such Eligible Asset was acquired by Seller, Seller shall have disclosed to Buyer the acquisition cost of such Eligible Asset (including therein reasonable supporting documentation required by Buyer, if any);

(S) Buyer shall have received all such other and further documents, documentation and legal opinions (including, without limitation, opinions regarding the perfection of Buyer's security interests) as Buyer in its reasonable discretion shall reasonably require;

(T) Buyer shall have received a copy of any documents relating to any Hedging Transaction, and Seller shall have pledged and assigned to Buyer, pursuant to Article 6 hereunder, all of Seller's rights under each Hedging Transaction included within a Purchased Asset, if any;

(U) no "Termination Event", "Event of Default" or any similar event by Seller, however defined therein, shall have occurred and be continuing under any Hedging Transaction;

(V) the counterparty to Seller in any Hedging Transaction shall be an Affiliated Hedge Counterparty or a Qualified Hedge Counterparty, and, in the case of a Qualified Hedge Counterparty, in the event that such counterparty no longer qualifies as a Qualified Hedge Counterparty, then, at the election of Buyer or Seller shall ensure that such counterparty posts additional collateral in an amount satisfactory to Buyer under all its Hedging Transactions with Seller, or Seller shall promptly terminate the Hedging Transactions with such counterparty and enter into new Hedging Transactions with a Qualified Hedge Counterparty;

(W) a Re-direction Letter executed by Seller in blank shall have been delivered to Custodian; and

(X) the Depository Account shall have been opened prior to the Purchase Date of the initial Transaction.

(c) Buyer's agreement to enter into each Future Funding Transaction is subject to the satisfaction of the following conditions precedent, both immediately prior to entering into such Future Funding Transaction and also after giving effect to the consummation thereof:

(i) Seller shall give Buyer written notice of each Future Funding Transaction, together with a signed, written confirmation in the form of Exhibit XIII attached hereto prior to each Future Funding Transaction (a "Future Funding Confirmation"), signed by a Responsible Officer of Seller. Each Future Funding Confirmation shall identify the related Purchased Asset, shall identify Buyer and Seller and shall be executed by both Buyer and Seller; provided, however, that Buyer shall not be liable to Seller if it inadvertently acts on a Future Funding Confirmation that has not been signed by a Responsible Officer of Seller, and shall set forth:

(A) the Future Funding Date;

(B) the Future Funding Amount to be funded in the Future Funding Transaction;

(C) the remaining future funding obligations of Seller, other than the Future Funding Amount, related to the applicable Asset;

(D) the Repurchase Date of the related Purchased Asset;

(E) any additional terms or conditions not inconsistent with this Agreement; and

(F) the applicable Advance Rate.

(ii) Buyer shall have the right to conduct, as described in Exhibit XVIII hereto, an additional due diligence investigation of the related Purchased Asset as Buyer determines ("Future Funding Due Diligence"). Buyer shall be entitled to make a determination, in the exercise of its commercially reasonable discretion (taking into account such criteria as Buyer deems appropriate, including, without limitation, the performance of the related Purchased Asset and related Underlying Mortgaged Properties, in relation to their respective performances as underwritten by Buyer on or prior to the related Purchase Date), that, in the case of a Future Funding Transaction, it shall or shall not advance any or all of the Future Funding Amount to the related Mortgagor. Any Future Funding Amounts advanced to Seller shall be applied by Seller in strict accordance with the applicable Purchased Asset Documents. On the Future Funding Date for the Future Funding Transaction, which shall occur following the final approval of the Future Funding Transaction by Buyer in accordance with Exhibit XVIII hereto, the Future Funding Amount shall be transferred by Buyer to Seller or, at Seller's

direction, to the related Mortgagor; provided that, notwithstanding the Future Funding Amount set forth in the related Confirmation on the Purchase Date, no Future Funding Amount shall exceed the product of (a) the Advance Rate for such Purchased Asset as of such Future Funding Date, multiplied by (b) the amount of additional funding obligations actually funded by or on behalf of Seller in connection with such future funding obligation. Buyer shall inform Seller of its determination with respect to any such proposed Future Funding Transaction solely in accordance with Exhibit XVIII attached hereto. Upon the approval by Buyer of a particular Future Funding Transaction, Buyer shall deliver to Seller a signed copy of the related Future Funding Confirmation described in clause (i) above, on or before the scheduled date of the underlying proposed Future Funding Transaction. Prior to the approval of each proposed Future Funding Transaction by Buyer:

(A) Buyer shall have (i) determined, in its sole and absolute discretion, that the related Purchased Asset is not a Defaulted Asset, (ii) obtained internal credit approval, to be granted or denied in Buyer's sole and absolute discretion, for the advance of the Future Funding Amount related to the Senior Mortgage Loan, Junior Mortgage Loan, Mezzanine Loan or Participation Interest, without regard for any prior credit decisions by Buyer or any Affiliate of Buyer, and with the understanding that Buyer shall have the absolute right to change any or all of its internal underwriting criteria at any time, without notice of any kind to Seller and, for the avoidance of doubt, Buyer's determination of Market Value of such Purchased Asset shall be in Buyer's sole discretion and (iii) fully completed all external legal due diligence;

(B) no Default or Event of Default shall have occurred and be continuing under this Agreement or any other Transaction Document and no event shall have occurred that has, or would reasonably be expected to have, a Material Adverse Effect;

(C) both immediately prior to the requested Future Funding Transaction and also after giving effect thereto and to the intended use thereof, the representations and warranties made by Seller in each of Exhibit VI and Article 9 of this Agreement, as applicable, (subject to such exceptions specifically disclosed in writing in the Requested Exceptions Report that have been approved by Buyer) shall be true, correct and complete on and as of such Future Funding Date with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(D) Buyer shall have completed its Future Funding Due Diligence, and its review of any documents, records, agreements, instruments, mortgaged properties or information relating to such Purchased Asset as Buyer in its sole discretion deems appropriate to review and such review shall be satisfactory to Buyer in its sole discretion and Buyer has consented in writing to the advance of funds;

(E) Seller shall have paid to Buyer all legal fees and expenses and the reasonable out-of-pocket costs and expenses incurred by Buyer in connection with the entering into of any Future Funding Transaction hereunder, including, without limitation, reasonable costs associated with due diligence, recording or other administrative expenses necessary or incidental to the execution of any Future Funding Transaction hereunder;

(F) Buyer shall have determined, in its sole and absolute discretion, that no Margin Deficit shall exist, either immediately prior to or after giving effect to the requested Future Funding Transaction;

(G) Buyer shall have reasonably determined that no introduction of, or a change in, any Requirement of Law or in the interpretation or administration of any Requirement of Law applicable to Buyer has made it unlawful, and no Governmental Authority shall have asserted that it is unlawful, for Buyer to enter into Transactions;

(H) Seller shall have taken any other action as Buyer shall have reasonably requested in order to perfect all security interests granted under this Agreement or any other Transaction Document in favor of Buyer with respect to the funds to be advanced;

(I) Buyer shall have received all such other and further documents, documentation and legal opinions (including, without limitation, opinions regarding the perfection of Buyer's security interests) as Buyer in its reasonable discretion shall reasonably require; and

(J) Seller shall have delivered to Buyer a certificate of a Responsible Officer of Seller, certifying that the related borrower has met all conditions required under the related Purchased Asset Documents to be entitled to the advance of the Future Funding Amount.

(d) Upon the satisfaction of all conditions set forth in Articles 3(a) and (b), Seller shall sell, transfer, convey and assign to Buyer on a servicing released basis all of Seller's right, title and interest in and to each Purchased Asset, together with all related Servicing Rights against the transfer of the Purchase Price to an account of Seller. With respect to any Transaction, the Pricing Rate shall be determined initially on the Pricing Rate Determination Date applicable to the first Pricing Rate Period for such Transaction, and shall be reset on the Pricing Rate Determination Date for each of the next succeeding Pricing Rate Periods for such Transaction. Buyer or its agent shall determine in accordance with the terms of this Agreement the Pricing Rate on each Pricing Rate Determination Date for the related Pricing Rate Period in Buyer's sole and absolute discretion, and notify Seller of such rate for such period each such Pricing Rate Determination Date.

(e) Each Confirmation and Future Funding Confirmation, together with this Agreement, shall be conclusive evidence of the terms of the Transaction or Future Funding Transaction, as applicable, covered thereby. In the event of any conflict between the terms of

such Confirmation or Future Funding Confirmation and the terms of this Agreement, other than with respect to the Advance Rate or the applicable Pricing Rate set forth in the related Confirmation, this Agreement shall prevail.

(f) Seller shall be entitled to terminate a Transaction in whole, but not in part, on demand and repurchase the Purchased Asset subject to a Transaction on any Business Day prior to the Repurchase Date (an "Early Repurchase Date"); provided, however, that:

(i) Seller notifies Buyer in writing of its intent to terminate such Transaction and repurchase such Purchased Asset, setting forth the Early Repurchase Date and identifying with particularity the Purchased Asset to be repurchased on such Early Repurchase Date, no later than thirty (30) calendar days prior to such Early Repurchase Date; provided, that, to the extent such repurchase relates to a prepayment (in whole or in part) of a Purchased Asset by the related Mortgagor, Seller shall use its best efforts to notify Buyer no later than thirty (30) calendar days prior to such Early Repurchase Date, but in no event later than five (5) Business Days prior to such Early Repurchase Date; provided, further, that so long as Seller pays any amounts due and payable pursuant to Article 3(j), Seller shall have the right to revoke any such notice at any time up to and including the proposed Early Repurchase Date,

(ii) on such Early Repurchase Date, Seller pays to Buyer an amount equal to the sum of (x) the Repurchase Price for the Purchased Assets, (y) in the case of an Early Repurchase Date as set forth in subclause (i) above, the Exit Fee and (z) any other amounts payable under this Agreement (including, without limitation, Article 3(j) of this Agreement) with respect to the Purchased Assets against transfer to Seller or its agent of the Purchased Assets and any related Hedging Transactions, and

(iii) on such Early Repurchase Date, in addition to the amounts set forth in clause (ii) above, Seller pays to Buyer an amount sufficient to reduce the Purchase Price for all other Purchased Assets to an amount equal to Buyer's Margin Amount for such Purchased Assets.

(g) On the Repurchase Date for any Transaction, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Assets being repurchased and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Article 5 of this Agreement) against the simultaneous transfer of the Repurchase Price to an account of Buyer. Notwithstanding the foregoing and any provision of this Agreement to the contrary, in the case of any Purchased Asset that has a Related Mezzanine Loan, (i) Seller shall not repurchase any such Purchased Asset without simultaneously repurchasing the Related Mezzanine Loan, and (ii) if such Purchased Asset is required to be repurchased by Seller pursuant to the terms of this Agreement, Seller shall also simultaneously repurchase the Related Mezzanine Loan.

(h) If prior to the first day of any Pricing Rate Period with respect to any Transaction, (i) Buyer shall have determined in the exercise of its reasonable business judgment (which determination shall be conclusive and binding upon Seller) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining

LIBOR for such Pricing Rate Period, or (ii) LIBOR determined or to be determined for such Pricing Rate Period will not adequately and fairly reflect the cost to Buyer (as determined and certified by Buyer) of making or maintaining Transactions during such Pricing Rate Period, Buyer shall give written notice thereof to Seller as soon as practicable thereafter; provided, that any such calculation by Buyer of the cost to Buyer of making or maintaining Transactions during such Pricing Rate Period shall be made using a methodology that is substantially similar to the methodology used by Buyer in similar agreements with similarly situated counterparties. If such written notice is given, the Pricing Rate with respect to such Transaction for such Pricing Rate Period, and for any subsequent Pricing Rate Periods until such written notice has been withdrawn by Buyer, shall be a per annum rate equal to the Federal Funds Rate plus the Applicable Spread (the "Alternative Rate").

(i) Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or Buyer Compliance Policy or in the interpretation of any such Requirement of Law or Buyer Compliance Policy, the application thereof or the compliance therewith, in each case whether by a Governmental Authority, by Buyer or by any corporation controlling Buyer, shall make it unlawful for Buyer to enter into or maintain Transactions or Future Funding Transactions as contemplated by the Transaction Documents, (a) the agreement of Buyer hereunder to consider entering into new Transactions or Future Funding Transactions and to continue Transactions as such shall forthwith be canceled, and (b) if such adoption or change makes it unlawful to maintain Transactions with a Pricing Rate based on LIBOR, the Transactions then outstanding shall be converted automatically to Alternative Rate Transactions on the last day of the then current Pricing Rate Period or within such earlier period as may be required by law; provided, that any related calculation by Buyer shall be made using a methodology that is substantially similar to the methodology used by Buyer in similar agreements with similarly situated counterparties. If any such conversion of a Transaction occurs on a day that is not the last day of the then current Pricing Rate Period with respect to such Transaction, Seller shall pay to Buyer such amounts, if any, as may be required pursuant to Article 3(m) of this Agreement.

(j) Upon demand by Buyer, Seller shall indemnify Buyer and hold Buyer harmless from any loss, cost or expense (including, without limitation, reasonable attorneys' fees and disbursements) that Buyer may sustain or incur as a consequence of (i) default by Seller repurchasing any Purchased Asset after Seller has given a notice in accordance with Article 3(f) of an Early Repurchase, (ii) any payment of the Repurchase Price on any day other than a Remittance Date, including Breakage Costs, (iii) a default by Seller in selling Eligible Assets after Seller has notified Buyer of a proposed Transaction and Buyer has agreed to purchase such Eligible Assets in accordance with the provisions of this Agreement, (iv) Buyer's enforcement of the terms of any of the Transaction Documents, (v) any actions taken to perfect or continue any lien created under any Transaction Documents, and/or (vi) Buyer entering into any of the Transaction Documents or owning any Purchased Item. A certificate as to such costs, losses, damages and expenses, setting forth the calculations therefor shall be submitted promptly by Buyer to Seller and shall be prima facie evidence of the information set forth therein.

(k) If the adoption of or any change in any Requirement of Law or Buyer Compliance Policy or in the interpretation of any such Requirement of Law or Buyer Compliance Policy, the application thereof or the compliance therewith, or the compliance by Buyer with any request or

directive (whether or not having the force of law) from any central bank or other Governmental Authority having jurisdiction over Buyer, in each case whether by a Governmental Authority, by Buyer or by any corporation controlling Buyer:

(i) shall subject Buyer to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligation, or its deposits, reserves, other liabilities or capital attributable thereto;

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of Buyer that is not otherwise included in the determination of LIBOR hereunder; or

(iii) shall impose on Buyer any other condition (other than Taxes);

and the result of any of the foregoing is to increase the cost to Buyer, by an amount that Buyer deems, in the exercise of its reasonable business judgment, to be material, of entering into, continuing or maintaining Transactions or Future Funding Transactions or to reduce any amount receivable under the Transaction Documents in respect of any of the foregoing; then, in any such case, Seller shall promptly pay Buyer, upon its demand, any additional amounts necessary to compensate Buyer for such increased cost or reduced amount receivable; provided, that any related calculation by Buyer shall be made using a methodology that is substantially similar to the methodology used by Buyer in similar agreements with similarly situated counterparties. Such notification as to the calculation of any additional amounts payable pursuant to this Article 3(k) shall be submitted by Buyer to Seller and shall be prima facie evidence of such additional amounts. This covenant shall survive the termination of this Agreement and the repurchase by Seller of any or all of the Purchased Assets.

(l) If Buyer shall have determined that the adoption of or any change in any Requirement of Law or Buyer Compliance Policy made subsequent to the date hereof regarding capital adequacy or otherwise affecting the Buyer Funding Costs, or in the interpretation of any such Requirement of Law or Buyer Compliance Policy, the application thereof or the compliance therewith, in each case whether by a Governmental Authority, by Buyer or by any corporation controlling Buyer (including, without limitation, any request or directive regarding capital adequacy or otherwise affecting the Buyer Funding Costs (whether or not having the force of law) from any Governmental Authority or any Buyer Compliance Policy related to such request or directive), does or shall have the effect of reducing the rate of return on Buyer's or such corporation's capital as a consequence of any one or more of the Transactions or Future Funding Transactions or otherwise as a consequence of its obligations under the Transaction Documents to a level below that which Buyer or such corporation could have achieved, but for such adoption, change, interpretation, application or compliance, by an amount that Buyer deems, in the exercise of its reasonable business judgment, to be material, then, from time to time, after submission by Buyer to Seller of a written request therefor, Seller shall pay to Buyer such additional amount or amounts as will reimburse Buyer for the actual damages, losses, costs and expenses incurred by Buyer in connection with each such reduction; provided, that any related

calculation by Buyer shall be made using a methodology that is substantially similar to the methodology used by Buyer in similar agreements with similarly situated counterparties. Such notification as to the calculation of any additional amounts payable pursuant to this subsection shall be submitted by Buyer to Seller and shall be *prima facie* evidence of such additional amounts. This covenant shall survive the termination of this Agreement and the repurchase by Seller of any or all of the Purchased Assets.

(m) If Seller repurchases Purchased Assets on a day other than a Remittance Date, Seller shall indemnify Buyer and hold Buyer harmless from any actual losses, costs and/or expenses which Buyer sustains as a direct consequence thereof ("Breakage Costs"), in each case for the remainder of the applicable Pricing Rate Period. Buyer shall deliver to Seller a statement setting forth the amount and basis of determination of any Breakage Costs in reasonable detail, it being agreed that such statement and the method of its calculation shall be conclusive and binding upon Seller absent manifest error. This Article 3(m) shall survive termination of this Agreement and the repurchase of all Purchased Assets subject to Transactions hereunder.

(n) (i) Notwithstanding the definition of Maturity Date herein, upon written request of Seller prior to the then current Maturity Date, provided that Buyer has determined in its sole discretion that all of the extension conditions listed in clause (ii) below (collectively, the "Maturity Date Extension Conditions") shall have been satisfied both on the date of Seller's written request and as of the then-current Maturity Date, Buyer shall agree to extend the Maturity Date for a period of three hundred sixty-four (364) additional days (the "Extension Period") by giving notice to Seller of such extension; provided, that any failure by Buyer to deliver such notice of extension to Seller within thirty (30) days from the date first received by Buyer shall be deemed a denial of Seller's request to extend such Maturity Date. Notwithstanding anything to the contrary in this Article 3(n)(i) hereof, in no event shall the Maturity Date be extended for more than one (1) Extension Period and in no event shall the Final Maturity Date be after December 3, 2018.

(ii) For purposes of this Article 3(n), the Maturity Date Extension Conditions shall be deemed to have been satisfied if:

(A) Buyer shall have received payment from Seller, as consideration for Buyer's agreement to extend the then-current Maturity Date, the Extension Fee, such amount to be paid to Buyer in U.S. Dollars, in immediately available funds, without deduction, set-off or counterclaim;

(B) Seller shall have given Buyer written notice, not less than forty-five (45) days prior, and no more than one hundred and eighty (180) days prior to the originally scheduled Maturity Date, of Seller' desire to extend the Maturity Date;

(C) no Margin Deficit in excess of the Minimum Transfer Amount, and no Default or Event of Default under this Agreement shall have occurred and be continuing as of the date notice is given under subclause (B) above or as of the originally scheduled Maturity Date and no "Termination Event," "Event of

Default" or any similar event by Seller, however denominated, shall have occurred and be continuing under any Hedging Transaction; and

(D) all representations and warranties (except to the extent disclosed in a Requested Exceptions Report accepted by Buyer) shall be true, correct, complete and accurate in all respects as of the existing Maturity Date.

(o) [Reserved].

(p) Any and all payments by or on account of any obligation of Seller under this Agreement or any other Transaction Document shall be made without

deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Seller shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Article 3) the applicable Buyer or Transferee receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(q) Seller shall timely pay (i) any Other Taxes imposed on Seller to the relevant Governmental Authority in accordance with Requirements of Law, and (ii) any Other Taxes imposed on the Buyer or Transferee upon written notice from such Person setting forth in reasonable detail the calculation of such Other Taxes.

(r) As soon as practicable after any payment of Taxes by Seller to a Governmental Authority pursuant toArticle 3(p), Article 3(q) or Article 3(s), Seller shall deliver to Buyer or Transferee, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Buyer or Transferee, as applicable.

(s) Seller shall indemnify Buyer and each Transferee, within ten (10) Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under Article 3(p), Article 3(q) or this Article 3(s)) payable or paid by Buyer or such Transferee or required to be withheld or deducted from a payment to such Person and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Seller by Buyer or such Transferee shall be conclusive absent manifest error.

(t) (i) Any Buyer or any Transferee that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to Seller, at the time or times reasonably requested by Seller, such properly completed and executed documentation reasonably requested by Seller as will permit such payments to be

made without withholding or at a reduced rate of withholding. In addition, Buyer or Transferee, if reasonably requested by Seller, shall deliver such other documentation prescribed by applicable law or reasonably requested by Seller as will enable Seller to determine whether or not Buyer or Transferee is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Articles 3(t)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in Buyer or Transferee's reasonable judgment such completion, execution or submission would subject Buyer or such Transferee to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of Buyer or such Transferee.

(ii) Without limiting the generality of the foregoing:

(A) Buyer or any Transferee that is a U.S. Person shall deliver to Seller on or prior to the date on which Buyer or such Transferee acquires an interest under any Transaction Document (and from time to time thereafter upon the reasonable request of Seller), executed copies of IRS Form W-9 certifying that Buyer and such Transferee is exempt from U.S. federal backup withholding tax;

(B) any Foreign Buyer shall, to the extent it is legally entitled to do so, deliver to Seller (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Buyer acquires an interest under this Agreement (and from time to time thereafter upon the reasonable request of Seller), whichever of the following is applicable:

(1) in the case of a Foreign Buyer claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Transaction Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Transaction Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Buyer claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit XI-1 to the effect that such Foreign Buyer is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Seller within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Buyer is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit XI-2 or Exhibit XI-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Buyer is a partnership and one or more direct or indirect partners of such Foreign Buyer are claiming the portfolio interest exemption, such Foreign Buyer may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit XI-4 on behalf of each such direct and indirect partner;

(C) any Foreign Buyer shall, to the extent it is legally entitled to do so, deliver to Seller (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Buyer acquires an interest under this Agreement (and from time to time thereafter upon the reasonable request of Seller), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Seller to determine the withholding or deduction required to be made; and

(D) if a payment made to Buyer or Transferee under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if Buyer or Transferee were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Buyer or such Transferee shall deliver to Seller at the time or times prescribed by law and at such time or times reasonably requested by Seller such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Seller as may be necessary for Seller to comply with its obligations under FATCA and to determine that Buyer or Transferee has complied with Buyer or Transferee's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Buyer and each Transferee agrees that if any form or certification described in items (A), (B), (C) or (D) above it previously delivered expires or becomes obsolete

or inaccurate in any respect, it shall update such form or certification or promptly notify Seller in writing of its legal inability to do so.

(u) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Article 3 (including by the payment of additional amounts pursuant to this Article 3), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Article 3 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest

(other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Article 3(u) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Article 3(u), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Article 3(u) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(v) Each party's obligations under this Article 3 shall survive any assignment of rights by, or the replacement of, Buyer or Assignee, the termination of the Agreement and the repayment, satisfaction or discharge of all obligations under this Agreement.

(w) If any Buyer or Assignee requests compensation under Article 3(k) or, if Seller is required to pay any Indemnified Taxes or additional amounts to any Buyer or any Assignee or any Governmental Authority for the account of any Buyer or Assignee pursuant to Articles 3(p) or 3(s) or if any Buyer or Assignee defaults in its obligations under this Agreement, then Seller may, at its sole expense and effort, upon notice to such Buyer or Assignee, require such Buyer or Assignee to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Article 17), all its interests, rights (other than its existing rights to payments pursuant to Articles 3(k), 3(p), 3(q) or 3(s)) and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Buyer, if a Buyer accepts such assignment); provided that (i) such Buyer shall have received payment of an amount equal to the Repurchase Price for all Transactions, Price Differential accreted with respect thereto, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding Repurchase Price principal and accreted Price Differential and fees) or Seller (in the case of all other amounts), (ii) in the case of any such assignment resulting from a claim for compensation under Article 3(k) or payments required to be made pursuant to Articles 3(g), 3(p) or 3(s) such assignment will result in a reduction in such compensation or payments, and (iii) such assignment or delegation would not subject such Buyer or Assignee to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Buyer or Assignee. A Buyer or Assignee shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Buyer or Assignee or otherwise, the circumstances entitling Seller to require such assignment and delegation cease to apply.

(x) If at any time prior to the Maturity Date, a non-use fee or other similar charge is assessed against Buyer internally against the related cost center of the Buyer in connection with any proposed law, rule, regulation, request or directive by any governmental agency or internal policy, Seller shall, monthly on demand from Buyer, reimburse Buyer for the exact amount of each such fee, as and when originally assessed, with each such assessment and payment to be in addition to the monthly Price Differential payments otherwise due in accordance with the applicable provisions of this Agreement; provided, that any such calculation by Buyer of a non-

use fee or other similar charge shall be made using a methodology that is substantially similar to the methodology used by Buyer in similar agreements with similarly situated counterparties.

(y) Except as otherwise set forth in clauses (iii) through (vi) of the definition of Repurchase Date or as otherwise specified in the related Confirmation, if the Repurchase Date of a Purchased Asset set forth in the related Confirmation is coterminous with the Maturity Date and the Maturity Date is extended pursuant to Article 3(n), and if all of the extension conditions listed in clauses (i) through (iii) of this Article 3(y) (collectively, the "Repurchase Date Extension Conditions") shall have been satisfied, Seller may extend the Repurchase Date set forth in the Confirmation for a Transaction by giving notice to Buyer of such extension to a date no later than the Maturity Date as so extended. For purposes of the preceding sentence, the Repurchase Date Extension Conditions shall be deemed to have been satisfied if:

(i) Seller shall have given Buyer written notice, not less than thirty (30) days prior but no more than ninety (90) days prior to the originally scheduled Repurchase Date, of Seller's desire to extend the Repurchase Date; and if Seller fails to give such notice, Seller shall be deemed to have elected not to extend the Repurchase Date;

(ii) no Margin Deficit in excess of the Minimum Transfer Amount shall exist, and no Default or Event of Default under this Agreement shall have occurred and be continuing as of the date notice is given under clause (i) above or as of the originally scheduled Repurchase Date and no "Termination Event," "Event of Default" or any similar event by Seller, however denominated, shall have occurred and be continuing under any Hedging Transaction required to be assigned hereunder; and

(iii) all representations and warranties shall be true, correct, complete and accurate in all material respects as of the then-scheduled Repurchase Date, except to the extent specifically disclosed in writing in a Requested Exceptions Report previously accepted by Buyer.

ARTICLE 4.
MARGIN MAINTENANCE

(a) If at any time on any date the Buyer's Margin Amount for any Purchased Asset is less than the Repurchase Price for such Purchased Asset (a "Margin Deficit"), then Buyer may by written notice to Seller in the form of Exhibit X (a "Margin Deficit Notice") require Seller to, at Seller's option, no later than one (1) Business Day following the receipt of a Margin Deficit Notice (provided that a Margin Deficit Notice received later than 12:00 p.m. New York City time on any Business Day shall be deemed delivered on the next Business Day) (the "Margin Deadline") to the extent such Margin Deficit equals or exceeds the Minimum Transfer Amount (taking into account all Margin Deficits in the aggregate for such date), (i) repurchase such Purchased Asset at its respective Repurchase Price, (ii) make a payment in reduction of the Purchase Price of such Purchased Asset, or in lieu of a payment in reduction such Purchase Price, deliver Cash Equivalents, subject to Buyer's reasonable satisfaction as additional posted collateral, or (iii) choose any combination of the foregoing, such that, after giving effect to such transfers, repurchases and payments, Buyer's Margin Amount for each Purchased Asset, considered individually, shall be equal to or greater than the related Repurchase Price for each

such Purchased Asset. In connection with the delivery of Cash Equivalents in accordance with clause (ii) above, Seller shall deliver to Buyer any additional documents (including, without limitation, to the extent not covered by any previously delivered legal opinions, one or more opinions of counsel reasonably satisfactory to Buyer) and take

any actions reasonably necessary in Buyer's discretion for Buyer to have a first priority, perfected security interest in such Cash Equivalents.

(b) The failure of Buyer, on any one or more occasions, to exercise its rights hereunder, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Buyer to do so at a later date. Seller and Buyer each agree that a failure or delay by Buyer to exercise its rights hereunder shall not limit or waive Buyer's rights under this Agreement or otherwise existing by law or in any way create additional rights for Seller.

ARTICLE 5.
INCOME PAYMENTS AND PRINCIPAL PROCEEDS

(a) The Depository Account shall be established at the Depository and shall be subject to the Depository Agreement concurrently with the execution and delivery of this Agreement by Seller and Buyer. Pursuant to the Depository Agreement, Buyer shall have sole dominion and control (including "control" within the meaning of the UCC (as defined in Article 6(c) below) over the Depository Account. The Depository Account shall, at all times, be subject to the Depository Agreement. All Income or other amounts in respect of the Purchased Assets, as well as any interest received from the reinvestment of such Income or other amounts, shall be deposited by the Primary Servicer into the Depository Account in accordance with the Servicer Notice. Depository shall then apply such Income in accordance with the applicable provisions of Articles 5(c) through 5(e) of this Agreement.

(b) Following the occurrence of an Event of Default, or at any time that a Mortgagor is not required to remit Income to the Primary Servicer, Seller shall deliver to each Mortgagor, issuer of a Participation Interest, servicer and/or paying agent and/or similar Person with respect to each Purchased Asset or borrower under a Purchased Asset an irrevocable direction letter in the form of Exhibit XVII (the "Re-direction Letter"), instructing, as applicable, such Mortgagor, issuer of a Participation Interest, servicer, paying agent or similar Person with respect to such Purchased Asset (as applicable) to pay all amounts payable under the related Purchased Asset into the Depository Account; and if such Mortgagor, issuer of a Participation Interest, servicer or paying agent with respect to the Purchased Asset or borrower forwards any Income or other amounts with respect to a Purchased Asset to Seller or any Affiliate of Seller rather than into the Depository Account, Seller shall, or shall cause such Affiliate to, (i) deliver an additional Re-direction Letter to the applicable Mortgagor, issuer of a Participation Interest, servicer, paying agent or similar Person with respect to the Purchased Asset and make other best efforts to cause such Mortgagor, issuer of a Participation Interest, servicer, paying agent or similar Person with respect to the Purchased Asset or borrower to forward such amounts directly to the Depository Account and (ii) deposit in the Depository Account any such amounts within one (1) Business Day of Seller's (or its Affiliate's) receipt thereof.

(c) So long as no Event of Default shall have occurred and be continuing, all Income or other amounts received by the Depository in respect of any Purchased Asset (other than

Principal Proceeds) during each Collection Period shall be applied by the Depository at the instruction of Buyer or Interim Servicer on behalf of Buyer on the related Remittance Date in the following order of priority:

(i) *first*, (i) to the Custodian for payment of the document custodian fees payable to Custodian pursuant to the Custodian Agreement, then (ii) to the Depository for payment of fees payable to the Depository in connection with the Depository Account and then (iii) to the Interim Servicer for payment of the interim servicing fees payable monthly to the Interim Servicer plus the reasonable out-of-pocket costs and expenses, in each case, as required under the Interim Servicing Agreement as in effect from time to time;

(ii) *second*, *pro rata*, (A) to Buyer, an amount equal to the Price Differential that has accreted and is outstanding as of such Remittance Date and (B) to any Affiliated Hedge Counterparty, any amount then due and payable to an Affiliated Hedge Counterparty under any Hedging Transaction related to a Purchased Asset;

(iii) *third*, to Buyer, an amount equal to any other amounts then due and payable to Buyer or its Affiliates under any Transaction Document (including any outstanding Margin Deficits); and

(iv) *fourth*, to Seller, the remainder, if any; provided that, if any Default has occurred and is continuing on such Remittance Date, all amounts otherwise payable to Seller hereunder shall be retained in the Depository Account until the earlier of (x) the day on which Buyer provides written notice to the Depository that such Default has been cured to the satisfaction of Buyer in its sole discretion and no other Default or Event of Default has occurred and is continuing, at which time the Depository shall apply all such amounts pursuant to this priority *fourth*; and (y) the day that the related Default becomes an Event of Default, at which time the Depository shall apply all such amounts pursuant to Article 5(e).

(d) So long as no Event of Default shall have occurred and be continuing, any Principal Proceeds shall be applied by the Depository at the instruction of Buyer or Interim Servicer on behalf of Buyer on the related Remittance Date in the following order of priority:

(i) *first*, *pro rata*, (A) to Buyer, an amount equal to (1) in the case of any repayment in part of a Purchased Asset that is not made in connection with any release of any of the Underlying Mortgaged Property or other collateral related to the related Purchased Asset, the product of (x) the amount of Principal Proceeds received with respect to such Purchased Asset and (y) the Advance Rate for such Purchased Asset and (2) in all other cases, unless otherwise specified in the related Confirmation, 100% of such Principal Proceeds until the Repurchase Price of such Purchased Asset is reduced to zero, and (B) solely with respect to any Hedging Transaction with an Affiliated Hedge Counterparty related to such Purchased Asset, to such Affiliated Hedge Counterparty an amount equal to any accrued and unpaid breakage costs or termination payments under such Hedging Transaction related to such Purchased Asset;

(ii) *second*, to Buyer, an amount equal to any other amounts due and owing to Buyer or its Affiliates under any Transaction Document (including any outstanding Margin Deficits); and

(iii) *third*, to Seller, any remainder; provided that, if any Default has occurred and is continuing on such Remittance Date, all amounts otherwise payable to Seller hereunder shall be retained in the Depository Account until the earlier of (x) the day on which Buyer provides written notice to the Depository that such Default has been cured to the satisfaction of Buyer in its sole discretion and no other Default or Event of Default has occurred and is continuing, at which time the Depository shall apply all such amounts pursuant to this priority *third*; and (y) the day that the related Default becomes an Event of Default, at which time the Depository shall apply all such amounts pursuant to Article 5(e).

(e) If an Event of Default shall have occurred and be continuing, all Income (including, without limitation, any Principal Proceeds or any other amounts received, without regard to their source) or any other amounts received by the Depository in respect of a Purchased Asset shall be applied by the Depository at the instruction of Buyer or Interim Servicer on behalf of Buyer on the Business Day next following the Business Day on which such funds are deposited in the Depository Account in the following order of priority:

(i) *first*, (i) to the Custodian for payment of the document custodian fees payable to Custodian pursuant to the Custodian Agreement, then (ii) to the Depository for payment of fees payable to the Depository in connection with the Depository Account and then (iii) to the Interim Servicer for payment of the loan

servicing fees payable monthly to the Interim Servicer pursuant plus the reasonable out-of-pocket costs and expenses, in each case, as required under the Interim Servicing Agreement as in effect from time to time;

(ii) *second*, *pro rata*, (A) to Buyer, an amount equal to the Price Differential that has accreted and is outstanding in respect of all of the Purchased Assets as of such Business Day and (B) to any Affiliated Hedge Counterparty, any amounts then due and payable to an Affiliated Hedge Counterparty under any Hedging Transaction related to such Purchased Asset;

(iii) *third*, to Buyer, on account of the Repurchase Price of such Purchased Asset until the Repurchase Price for such Purchased Asset has been reduced to zero;

(iv) *fourth*, to Buyer, on account of the Repurchase Price of all other Purchased Assets until the Repurchase Price for all such other Purchased Assets has been reduced to zero;

(v) *fifth*, to Buyer, an amount equal to any other amounts due and owing to Buyer or its Affiliates under any Transaction Document; and

(vi) *sixth*, to the Seller, any remainder.

ARTICLE 6.
SECURITY INTEREST

(a) Buyer and Seller intend that the Transactions hereunder be sales to Buyer of the Purchased Assets and not loans from Buyer to Seller secured by the Purchased Assets. However, in order to preserve Buyer's rights under this Agreement in the event that a court or other forum recharacterizes the Transactions hereunder as loans and as security for the performance by Seller of all of Seller's obligations to Buyer under the Transaction Documents and the Transactions entered into hereunder, or in the event that a transfer of a Purchased Asset is otherwise ineffective to effect an outright transfer of such Purchased Asset to Buyer, Seller hereby assigns, pledges and grants a security interest in all of its right, title and interest in, to and under the Purchased Items (as defined below) to Buyer to secure the payment of the Repurchase Price on all Transactions to which it is a party and all other amounts owing by Seller or Seller's Affiliates to Buyer and any of Buyer's Affiliates under the Transaction Documents, including, without limitation, amounts owing pursuant to Article 25, and under the other Transaction Documents, including any obligations of Seller under any Hedging Transaction entered into with any Affiliated Hedge Counterparty (including, without limitation, all amounts anticipated to be paid to Buyer by an Affiliated Hedge Counterparty as provided for in the definition of Repurchase Price or otherwise) and to secure the obligation of Seller or its designee to service the Purchased Assets in conformity with Article 27 and any other obligation of Seller to Buyer (collectively, the "Repurchase Obligations"). Seller hereby acknowledges and agrees that each Purchased Asset and Hedging Transaction serves as collateral for the Buyer under this Agreement and that Buyer has the right to realize on any or all of the Purchased Assets in order to satisfy the Seller's obligations hereunder. Seller agrees to mark its computer records and tapes to evidence the interests granted to Buyer hereunder. All of Seller's right, title and interest in, to and under each of the following items of property, whether now owned or hereafter acquired, now existing or hereafter created and wherever located, is hereinafter referred to as the "Purchased Items":

(i) the Purchased Assets and all "securities accounts" (as defined in Article 8-501(a) of the UCC) to which any or all of the Purchased Assets are credited;

(ii) any and all interests of Seller in, to and under the Depository Account and all monies from time to time on deposit in the Depository Account;

(iii) any cash or Cash Equivalents delivered to Buyer in accordance withArticle 4(a);

(iv) the Purchased Asset Documents, Servicing Agreements, Servicing Records, Servicing Rights, all servicing fees relating to the Purchased Assets, insurance policies relating to the Purchased Assets, and collection and escrow accounts and letters of credit relating to the Purchased Assets;

(v) Seller's right under each Hedging Transaction, if any, relating to the Purchased Assets to secure the Repurchase Obligations;

(vi) all "general intangibles", "accounts", "chattel paper", "investment property", "instruments", "securities accounts" and "deposit accounts", each as defined in the UCC, relating to or constituting any and all of the foregoing;

(vii) any other items, amounts, rights or properties transferred or pledged by Seller to Buyer under any of the Transaction Documents; and

(viii) all replacements, substitutions or distributions on or proceeds, payments, Income and profits of, and records (but excluding any financial models or other proprietary information) and files relating to any and all of any of the foregoing.

(b) Buyer agrees to act as agent for and on behalf of the Affiliated Hedge Counterparties with respect to the security interest granted hereby to secure the obligations owing to the Affiliated Hedge Counterparties under any Hedging Transactions, including, without limitation, with respect to the Purchased Assets and the Purchased Asset Files held by the Custodian pursuant to the Custodial Agreement.

(c) Buyer's security interest in the Purchased Items shall terminate only upon and termination of Seller's obligations under this Agreement and the other Transaction Documents, all Hedging Transactions and the documents delivered in connection herewith and therewith. Upon such termination, Buyer shall deliver to Seller such UCC termination statements and other release documents as may be commercially reasonable and return the Purchased Assets to Seller and reconvey the Purchased Items to Seller and release its security interest in the Purchased Items. For purposes of the grant of the security interest pursuant to this Article 6, this Agreement shall be deemed to constitute a security agreement under the New York Uniform Commercial Code (the "UCC"). Buyer shall have all of the rights and may exercise all of the remedies of a secured creditor under the UCC and the other laws of the State of New York. In furtherance of the foregoing, (a) Buyer, at Seller's sole cost and expense, as applicable, shall cause to be filed in such locations as may be necessary to perfect and maintain perfection and priority of the security interest granted hereby, UCC financing statements and continuation statements (collectively, the "Filings"), and shall forward copies of such Filings to Seller upon the filing thereof, and (b) Seller shall from time to time take such further actions as may be requested by Buyer to maintain and continue the perfection and priority of the security interest granted hereby (including marking its records and files to evidence the interests granted to Buyer hereunder). For the avoidance of doubt, Buyer's security interest in any particular Purchased Item shall not terminate until Seller has fully paid the related Repurchase Price. In connection with the security interests granted pursuant to this Agreement, Seller authorizes the filing of UCC financing statements describing the collateral as "all assets of Seller, whether now owned or existing or hereafter acquired or arising and wheresoever located, and all proceeds and products thereof" or other similar language to that effect.

(d) Seller acknowledges that neither it nor Guarantor has any right to service the Purchased Assets but only has rights as a party to the Primary Servicing Agreement, the Interim Servicing Agreement or any other servicing agreement with respect to the Purchased Assets. Without limiting the generality of the foregoing and in the event that Seller or Guarantor is deemed to retain any residual Servicing Rights, and for the avoidance of doubt, each of Seller and Guarantor grants, assigns and pledges

to Buyer a security interest in the Servicing Rights and

proceeds related thereto and in all instances, whether now owned or hereafter acquired, now existing or hereafter created. The foregoing provision is intended to constitute a security agreement or other arrangement or other credit enhancement related to the Agreement and Transactions hereunder as defined under Sections 101(47)(v) and 741(7)(x) of the Bankruptcy Code.

ARTICLE 7.
PAYMENT, TRANSFER AND CUSTODY

(a) On the Purchase Date for each Transaction, (i) ownership of and title to the Purchased Asset shall be transferred to Buyer or its designee (including the Custodian) against the simultaneous transfer of the Purchase Price in immediately available funds to an account of Seller specified in the Confirmation relating to such Transaction, (ii) in connection with the purchase by Buyer of any Purchased Asset relating to a Related Mezzanine Loan, Seller shall also convey, transfer and assign to Buyer, each such Related Mezzanine Loan in form and substance satisfactory to Buyer, together with all other documents necessary or desirable to effect such collateral assignment, in each case as determined by Buyer and its counsel in their discretion, and (iii) Seller hereby sells, transfers, conveys and assigns to Buyer on a servicing-released basis all of Seller's right, title and interest in and to such Purchased Asset, together with all related Servicing Rights. Buyer may elect, in its sole discretion, to assign a Purchase Price of zero to a Related Mezzanine Loan. Subject to this Agreement, Seller may sell to Buyer, repurchase from Buyer and re-sell Eligible Assets to Buyer, but may not substitute other Eligible Assets for Purchased Assets. Buyer has the right to designate each servicer of the Purchased Assets; provided, that the servicer of any Purchased Asset as of the Purchase Date of such Purchased Asset shall be deemed to be appointed and approved by Buyer. The Servicing Rights and other servicing provisions under this Agreement are not severable from or to be separated from the Purchased Assets under this Agreement; and, such Servicing Rights and other servicing provisions of this Agreement constitute (a) "related terms" under this Agreement within the meaning of Section 101(47)(A)(i) of the Bankruptcy Code and/or (b) a security agreement or other arrangement or other credit enhancement related to the Transaction Documents.

(b) (i) With respect to each Transaction, Seller shall deliver or cause to be delivered to Buyer or its designee the Custodial Delivery Certificate in the form attached hereto as Exhibit IV, provided, that notwithstanding the foregoing, upon request of Seller, Buyer in its sole but good faith discretion may elect to permit Seller to make such delivery by not later than the third (3rd) Business Day after the related Purchase Date, so long as Seller causes an Acceptable Attorney, Title Company or other Person acceptable to Buyer to deliver to Buyer and the Custodian a Bailee Letter on or prior to such Purchase Date. Subject to Article 7(c), in connection with each sale, transfer, conveyance and assignment of a Purchased Asset, on or prior to each Purchase Date with respect to such Purchased Asset, Seller shall deliver or cause to be delivered and released to the Custodian a copy or original of each document as specified in the Purchased Asset File (as defined in the Custodial Agreement, and collectively, the "Purchased Asset File"), pertaining to each of the Purchased Assets identified in the Custodial Delivery Certificate delivered therewith, together with any other documentation in respect of such Purchased Asset requested by Buyer, in Buyer's sole but good faith discretion.

(ii) With respect to each Future Funding Transaction, Seller shall deliver or cause to be delivered to Buyer or its designee an updated Custodial Delivery Certificate that includes any additional documents delivered and/or executed in connection with any such Future Funding Transaction, provided, that notwithstanding the foregoing, upon request of Seller, Buyer in its sole but good faith discretion may elect to permit Seller to make such delivery by not later than the third (3rd) Business Day after the Future Funding Date, so long as Seller causes an Acceptable Attorney, Title Company or other Person acceptable to Buyer to deliver to Buyer and the Custodian a Bailee Letter on or prior to such date. Subject to Article 7(c), on or prior to that date of a Future Funding Transaction, Seller shall deliver or cause to be delivered and released to the Custodian a copy or original of each additional document delivered and/or executed in connection with each such Future Funding Transaction, as specified in the Purchased Asset File (as defined in the Custodial Agreement), pertaining to each of the Purchased Assets identified in the Custodial Delivery Certificate delivered therewith, together with any other documentation in respect of such Purchased Asset requested by Buyer, in Buyer's sole but good faith discretion.

(c) From time to time, Seller shall forward to the Custodian additional original documents or additional documents evidencing any assumption, modification, consolidation or extension of a Purchased Asset approved in accordance with the terms of this Agreement (including without limitation in connection with a Future Funding Transaction), and upon receipt of any such other documents, the Custodian shall hold such other documents as Buyer shall request from time to time. With respect to any documents that have been delivered or are being delivered to recording offices for recording and have not been returned to Seller in time to permit their delivery hereunder at the time required, in lieu of delivering such original documents, Seller shall deliver to Buyer a true copy thereof with an officer's certificate certifying that such copy is a true, correct and complete copy of the original, which has been transmitted for recordation. Seller shall deliver such original documents to the Custodian promptly when they are received. With respect to all of the Purchased Assets delivered by Seller to Buyer or its designee (including the Custodian), Seller shall execute an omnibus power of attorney substantially in the form of Exhibit V attached hereto irrevocably appointing Buyer its attorney-in-fact with full power to (i) complete the endorsements of the Purchased Assets, including without limitation the Mortgage Notes and Assignments of Mortgages, Mezzanine Notes, Participation Certificates and assignments of participation interests and any transfer documents related thereto, (ii) record the Assignments of Mortgages, (iii) prepare and file and record each assignment of mortgage, (iv) subject to Article 7(d) below, take any action (including exercising voting and/or consent rights) with respect to Participation Interests, Mezzanine Loans, or intercreditor or participation agreements, (v) complete the preparation and filing, in form and substance satisfactory to Buyer, of such financing statements, continuation statements, and other UCC forms, as Buyer may from time to time, reasonably consider necessary to create, perfect, and preserve Buyer's security interest in the Purchased Assets, (vi) enforce Seller's rights under the Purchased Assets purchased by Buyer pursuant to this Agreement and (vii) to take such other steps as may be necessary or desirable to enforce Buyer's rights against, under or with respect to such Purchased Assets and the related Purchased Asset Files and the Servicing Records; provided that prior to the occurrence of a Default or an Event of Default, Buyer may use such omnibus power of attorney only to the extent necessary or desirable to preserve and protect its interests in the Purchased Items and the perfection and priority thereof. Buyer shall deposit the Purchased Asset

Files representing the Purchased Assets, or direct that the Purchased Asset Files be deposited directly, with the Custodian. The Purchased Asset Files shall be maintained in accordance with the Custodial Agreement. If a Purchased Asset File is not delivered to Buyer or its designee (including the Custodian), such Purchased Asset File shall be held in trust by Seller or its designee for the benefit of Buyer as the owner thereof. Seller or its designee shall maintain a copy of the Purchased Asset File and the originals of the Purchased Asset File not delivered to Buyer or its designee. The possession of the Purchased Asset File by Seller or its designee is at the will of Buyer for the sole purpose of servicing the related Purchased Asset, and such retention and possession by Seller or its designee is in a custodial capacity only. The books and records (including, without limitation, any computer records or tapes) of Seller or its designee shall be marked appropriately to reflect clearly the sale of the related Purchased Asset to Buyer. Seller or its designee (including the Custodian) shall release its custody of the Purchased Asset File only in accordance with written instructions from Buyer, unless such release is required as incidental to the servicing of the Purchased Assets, is in connection with a repurchase of any Purchased Asset by Seller or as otherwise required by law.

(d) Subject to clause (f) below, Buyer hereby grants to Seller a revocable option to direct Buyer with respect to the exercise of all voting and corporate rights with respect to the Purchased Assets and to vote, take corporate actions and exercise any rights in connection with the Purchased Assets, so long as no monetary Default, material non-monetary Default, or Event of Default has occurred and is continuing. Such revocable option is not evidence of any ownership or other interest or right of Seller

in any Purchased Asset. Upon the occurrence and during the continuation of (i) a Default, (ii) an Event of Default or (iii) with respect to the exercise of any voting or corporate rights with respect to the Purchased Assets that could be reasonably determined to materially impair the Market Value, and in each case subject to the provisions of the Purchased Asset Documents, the revocable option discussed above shall be deemed to automatically terminate and Buyer shall be entitled to exercise all voting and corporate rights with respect to the Purchased Assets without regard to Seller's instructions (including, but not limited to, if an Act of Insolvency shall occur with respect to Seller, to the extent Seller controls or is entitled to control selection of any servicer, Buyer may transfer any or all of such servicing to an entity satisfactory to Buyer).

(e) Notwithstanding the provisions of Article 7(b) above requiring the execution of the Custodial Delivery Certificate and corresponding delivery of the Purchased Asset File to the Custodian on or prior to the related Purchase Date, with respect to each Transaction involving a Purchased Asset that is identified in the related Confirmation as a "Table Funded" Transaction, Seller shall, in lieu of effectuating the delivery of all or a portion of the Purchased Asset File on or prior to the related Purchase Date, (i) deliver to the Custodian by facsimile or email on or before the related Purchase Date for the Transaction (A) the promissory note(s), original stock certificate or Participation Certificate in favor of Seller evidencing the making of the Purchased Asset, with Seller's endorsement of such instrument to Buyer, (B) the mortgage, security agreement or similar item creating the security interest in the related collateral and the applicable assignment document evidencing the transfer to Buyer, (C) such other components of the Purchased Asset File as Buyer may require on a case by case basis with respect to the particular Transaction, and (D) evidence satisfactory to Buyer that all documents necessary to perfect Seller's (and, by means of assignment to Buyer on the Purchase Date, Buyer's) interest in the Purchased Items for the Purchased Asset, (ii) deliver to Buyer and Custodian a Bailee Letter

from an Acceptable Attorney, Title Company or other Person acceptable to Buyer on or prior to such Purchase Date and (iii) not later than the third (3rd) Business Day following the Purchase Date, deliver to Buyer the Custodial Delivery Certificate and to the Custodian the entire Purchased Asset File.

(f) Notwithstanding the rights granted to Seller pursuant to clause (d) above, Seller shall not, and shall not permit any servicer of any Purchased Asset to extend, amend, waive, terminate, rescind, cancel, release or otherwise modify the material terms of or any collateral, guaranty or indemnity for, or exercise any material right or remedy of a holder (including all lending, corporate and voting rights, remedies, consents, approvals and waivers) of, any Purchased Asset or Purchased Asset Document, or consent to any amendments, modifications, waivers, releases, sales, transfers, dispositions or other resolutions relating to any material term of a Purchased Asset or Purchased Asset Document (except to the extent required under the express terms of any related Purchased Asset Document and for which there is no lender discretion) including, without limitation, the following actions set forth in clauses (i) through (v) below, without the prior written consent of Buyer (any such action, a "Material Modification"):

(i) any forbearance, extension or other loan modification with respect to any Purchased Asset;

(ii) the release, discharge or reduction of any: (A) lien on any Underlying Mortgaged Property or (B) lien or claim on any letters of credit and other non-cash collateral that is required to be maintained pursuant to the underlying Mortgage loan documents, if any;

(iii) the extension of credit (including increasing the terms of any existing credit) to any Person with respect to any Purchased Asset;

(iv) any sale or other disposition of any Purchased Asset (except as permitted under Article 3(f) of this Agreement), Underlying Mortgaged Property or any other material property or collateral related thereto; and

(v) the incurrence of any lien or other encumbrance other than as expressly created hereunder or under any other Transaction Document.

ARTICLE 8.
SALE, TRANSFER, HYPOTHECATION OR PLEDGE OF PURCHASED ASSETS

(a) Title to all Purchased Items shall pass to Buyer on the applicable Purchase Date, and Buyer shall have free and unrestricted use of all Purchased Items, subject, however, to the terms of this Agreement. Nothing in this Agreement or any other Transaction Document shall preclude Buyer from engaging in repurchase transactions with the Purchased Items or otherwise selling, transferring, pledging, repledging, hypothecating, or rehypothecating the Purchased Items on terms and conditions that shall be in Buyer's discretion, but no such transaction shall relieve Buyer of its obligations to transfer the Purchased Assets to Seller pursuant to Article 3 of this Agreement or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Article 5 hereof.

(b) Nothing contained in this Agreement or any other Transaction Document shall obligate Buyer to segregate any Purchased Assets delivered to Buyer by Seller. Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, no Purchased Asset shall remain in the custody of Seller or an Affiliate of Seller.

ARTICLE 9.
REPRESENTATIONS AND WARRANTIES

(a) Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any Governmental Authority required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect, (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any Requirement of Law applicable to it or its organizational documents or any agreement by which it is bound or by which any of its assets are affected and (vi) it has not dealt with any broker, investment banker, agent, or other Person (other than Buyer or an Affiliate of Buyer in the case of Seller) who may be entitled to any commission or compensation in connection with the sale of Purchased Assets pursuant to any of the Transaction Documents. On the Purchase Date for any Transaction for the purchase of any Purchased Assets by Buyer from Seller and any Transaction hereunder and at all times while this Agreement and any Transaction thereunder is in effect, Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

(b) In addition to the representations and warranties in Article 9(a) above, Seller represents and warrants to Buyer as of the date of this Agreement and will be deemed to represent and warrant to Buyer as of the Purchase Date for the purchase of any Purchased Assets by Buyer from Seller and any Transaction thereunder and covenants that at all times while this Agreement and any Transaction thereunder is in effect, unless otherwise stated herein:

(i) Organization. Seller is duly organized, validly existing and in good standing under the laws and regulations of the jurisdiction of Seller's incorporation or organization, as the case may be, and is duly licensed, qualified, and in good standing in every state where such licensing or qualification is necessary for the transaction of Seller's business, except where failure to so qualify could not be reasonably likely to have a Material Adverse Effect. Seller has the power to own and hold the assets it purports to own and hold, and to carry on its business as now being conducted and proposed to be conducted, and has the power to execute, deliver, and perform its obligations under this Agreement and the other Transaction Documents.

(ii) Due Execution; Enforceability. The Transaction Documents have been or will be duly executed and delivered by Seller, for good and valuable consideration. The Transaction Documents constitute the legal, valid and binding obligations of Seller,

enforceable against Seller in accordance with their respective terms subject to bankruptcy, insolvency, and other limitations on creditors' rights generally and to equitable principles.

(iii) Ability to Perform. Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in the Transaction Documents applicable to it to which it is a party.

(iv) Non-Contravention. Neither the execution and delivery of the Transaction Documents, nor consummation by Seller of the transactions contemplated by the Transaction Documents (or any of them), nor compliance by Seller with the terms, conditions and provisions of the Transaction Documents (or any of them) will conflict with or result in a breach of any of the terms, conditions or provisions of (A) the organizational documents of Seller, (B) any contractual obligation to which Seller is now a party or the rights under which have been assigned to Seller or the obligations under which have been assumed by Seller or to which the assets of Seller are subject or constitute a default thereunder, or result thereunder in the creation or imposition of any lien upon any of the assets of Seller, other than pursuant to the Transaction Documents, (C) any judgment or order, writ, injunction, decree or demand of any court applicable to Seller or, (D) any applicable Requirement of Law, in the case of clauses (B), (C) or (D) above, to the extent that such conflict or breach would have a Material Adverse Effect upon Seller's ability to perform its obligations hereunder.

(v) Litigation; Requirements of Law. As of the date hereof and as of the Purchase Date for any Transaction hereunder, there is no action, suit, proceeding, investigation, or arbitration pending or, to the best knowledge of Seller, threatened against Seller, any Affiliate of Seller or any of their respective assets, nor is there any action, suit, proceeding, investigation, or arbitration pending or threatened against Seller or any Affiliate of Seller that may result in any Material Adverse Effect. Seller and Guarantor are each in compliance with all Requirements of Law, except to the extent, solely, with respect to Guarantor, such failure to comply would not reasonably be expected to result in a Material Adverse Effect. Neither Seller nor any of its Affiliates is in default in any material respect with respect to any judgment, order, writ, injunction, decree, rule or regulation of any arbitrator or Governmental Authority.

(vi) No Broker. Seller has not dealt with any broker, investment banker, agent, or other Person (other than Buyer or an Affiliate of Buyer) who may be entitled to any commission or compensation in connection with the sale of Purchased Assets pursuant to any of the Transaction Documents.

(vii) Good Title to Purchased Assets. Immediately prior to the purchase of any Purchased Assets by Buyer from Seller, such Purchased Assets are free and clear of any lien, encumbrance or impediment to transfer (including any "adverse claim" as defined in Article 8-102(a)(1) of the UCC), and Seller is the record and beneficial owner of and has good and marketable title to and the right to sell and transfer such Purchased Assets to Buyer and, upon transfer of such Purchased Assets to Buyer, Buyer shall be the owner of such Purchased Assets free of any adverse claim. In the event the related Transaction is

recharacterized as a secured financing of the Purchased Assets, the provisions of this Agreement are effective to create in favor of Buyer a valid security interest in all rights, title and interest of Seller in, to and under the Purchased Assets and Buyer shall have a valid, perfected first priority security interest in the Purchased Assets (and without limitation on the foregoing, Buyer, as entitlement holder, shall have a "security entitlement" to the Purchased Assets).

(viii) No Decline in Market Value; No Defaults. To Seller's knowledge, there are no facts or circumstances that are reasonably likely to cause or have caused the market value of any Purchased Asset to decline. No Default or Event of Default has occurred or exists under or with respect to the Transaction Documents. No default or event of default (however defined) on the part of Guarantor exists as of the date hereof, and no default or event of default (however defined) on the part of Guarantor exists as of any date of determination involving an amount in excess of $10,000,000, in each case, under any credit facility, repurchase facility or substantially similar facility that is presently in effect, to which Guarantor is a party.

(ix) Authorized Representatives. The duly authorized representatives of Seller are listed on, and true signatures of such authorized representatives are set forth on, Exhibit II attached to this Agreement.

(x) Representations and Warranties Regarding Purchased Assets; Delivery of Purchased Asset File

(A) As of the date hereof, Seller has not assigned, pledged, or otherwise conveyed or encumbered any Purchased Asset to any other Person, and immediately prior to the sale of such Purchased Asset to Buyer, Seller was the sole owner of such Purchased Asset and had good and marketable title thereto, free and clear of all liens, in each case except for (1) liens to be released simultaneously with the sale to Buyer hereunder and (2) liens granted by Seller in favor of the counterparty to any Hedging Transaction, solely to the extent such liens are expressly subordinate to the rights and interests of Buyer hereunder.

(B) The provisions of this Agreement and the related Confirmation are effective to either constitute a sale of Purchased Items to Buyer or to create in favor of Buyer a legal, valid and enforceable security interest in all right, title and interest of Seller in, to and under the Purchased Items.

(C) Upon receipt by the Custodian of each Mortgage Note, Mezzanine Note, or Participation Certificate, endorsed in blank by a duly authorized officer of Seller, either a purchase shall have been completed by Buyer of such Mortgage Note, Mezzanine Note or Participation Certificate, as applicable, or Buyer shall have a valid and fully perfected first priority security interest in all right, title and interest of Seller in the Purchased Items described therein.

(D) Each of the representations and warranties made in respect of the Purchased Assets pursuant toExhibit VI are true, complete and correct, except to

the extent specifically disclosed in writing in a Requested Exceptions Report approved by Buyer.

(E) Upon the filing of financing statements on Form UCC-1 naming Buyer as "Secured Party", Seller as "Debtor" and describing the Purchased Items, in the jurisdiction and recording office listed on Exhibit XII attached hereto, the security interests granted hereunder in that portion of the Purchased Items which can be perfected by filing under the UCC will constitute fully perfected security interests under the UCC in all right, title and interest of Seller in, to and under such Purchased Items.

(F) Upon execution and delivery of the Depository Agreement, Buyer shall either be the owner of, or have a valid and fully perfected first

priority security interest in, the Depository Account and all amounts at any time on deposit therein.

(G) Upon execution and delivery of the Depository Agreement, Buyer shall either be the owner of, or have a valid and fully perfected first priority security interest in, the "investment property" and all "deposit accounts" (each as defined in the UCC) comprising Purchased Items or any after-acquired property related to such Purchased Items. Except to the extent specifically disclosed in writing in a Requested Exceptions Report approved by Buyer, Seller or its designee is in possession of a complete, true and accurate Purchased Asset File with respect to each Purchased Asset, except for such documents the originals of which have been delivered to the Custodian.

(H) Seller has complied with all requirements of the Custodial Agreement with respect to each Purchased Asset, including delivery to Custodian of all required Purchased Asset Documents. Seller has no knowledge of any fact that could reasonably lead it to expect that any Purchased Asset will not be paid in full.

(I) With respect to each Purchased Asset purchased by Seller or an Affiliate of Seller from a Transferor, if such Purchased Asset was acquired and transferred pursuant to a Purchase Agreement, (a) such Transferor received reasonably equivalent value in consideration for the transfer of such Purchased Asset, (b) no such transfer was made for or on account of an antecedent debt owed by such Transferor to Seller or an Affiliate of Seller, (c) no such transfer is or may be voidable or subject to avoidance under the Bankruptcy Code, (d) if Seller acquired the Purchased Asset from an Affiliate, Seller has delivered to Buyer an opinion of counsel regarding the true sale of the purchase of such Asset by Seller and, if such Asset was acquired by Seller's Affiliate from another Affiliate, the true sale of the purchase of the Asset by the Affiliate of Seller from the Transferor Affiliate, which opinions shall be in form and substance satisfactory to Buyer, and (e) the representations and warranties, if any, made by such Transferor to Seller or such Affiliate in such Purchase Agreement are hereby incorporated herein *mutatis mutandis* and are hereby remade by Seller to Buyer

on each date as of which they speak in such Purchase Agreement. If Seller or such Affiliate of Seller has been granted a security interest in any such Purchased Asset and/or filed one or more UCC financing statements against the Transferor to perfect such security interest, Seller or such Affiliate has assigned such financing statements in blank and delivered such assignments to Buyer or Custodian.

(J) The Purchased Assets constitute the following, as defined in the UCC: a general intangible, instrument, investment property, security, deposit account, financial asset, uncertificated security, securities account, or security entitlement. Seller has not authorized the filing of and is not aware of any UCC financing statements filed against Seller as debtor that include the Purchased Assets, other than any financing statement that has been terminated or filed pursuant to this Agreement.

(xi) Adequate Capitalization; No Fraudulent Transfer. Seller has, as of such Purchase Date, adequate capital for the normal obligations foreseeable in a business of its size and character and in light of its contemplated business operations. Seller is generally able to pay, and as of the date hereof is paying, its debts as they come due. Seller has not become, or is not presently, financially insolvent nor will Seller be made insolvent by virtue of Seller's execution of or performance under any of the Transaction Documents within the meaning of the bankruptcy laws or the insolvency laws of any jurisdiction. Seller has not entered into any Transaction Document or any Transaction pursuant thereto in contemplation of insolvency or with intent to hinder, delay or defraud any creditor.

(xii) No Conflicts or Consents. Neither the execution and delivery of this Agreement and the other Transaction Documents by Seller, nor the consummation of any of the transactions by it herein or therein contemplated, nor compliance with the terms and provisions hereof or with the terms and provisions thereof, will contravene or conflict with or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of Seller pursuant to the terms of any indenture, mortgage, deed of trust, or other agreement or instrument to which Seller is a party or by which Seller may be bound, or to which Seller may be subject, other than liens created pursuant to the Transaction Documents. No consent, approval, authorization, or order of any third party is required in connection with the execution and delivery by Seller of the Transaction Documents to which it is a party or to consummate the transactions contemplated hereby or thereby which has not already been obtained (other than consents, approvals and filings that have been obtained or made, as applicable, or that, if not obtained or made, are not reasonably likely to have a Material Adverse Effect).

(xiii) Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any Governmental Authority is required to authorize, or is required in connection with, (A) the execution, delivery and performance of any Transaction Document to which Seller is or will be a party, (B) the legality, validity, binding effect or enforceability of any such Transaction Document against Seller or (C) the consummation of the

transactions contemplated by this Agreement (other than the filing of certain financing statements in respect of certain security interests).

(xiv) Organizational Documents. Seller has delivered to Buyer certified copies of its organization documents, together with all amendments thereto, if any.

(xv) No Encumbrances. There are (i) no outstanding rights, options, warrants or agreements on the part of Seller for a purchase, sale or issuance, in connection with the Purchased Assets, (ii) no agreements on the part of Seller to issue, sell or distribute the Purchased Assets, and (iii) no obligations on the part of Seller (contingent or otherwise) to purchase, redeem or otherwise acquire any securities or interest therein, except as contemplated by the Transaction Documents.

(xvi) Federal Regulations. None of Seller, Parent or Guarantor is required to register as an "investment company" under the Investment Company Act or is a company "controlled" by an "investment company" within the meaning of the Investment Company Act.

(xvii) Taxes. Seller is a U.S. Person that is a partnership for U.S. federal income tax purposes, or a disregarded entity of a U.S. Person for U.S. federal income tax purposes. Each of Seller and Guarantor has timely filed or caused to be filed all required federal and other material tax returns and has paid all U.S. federal income and other material Taxes imposed on it and any of its assets by any Governmental Authority except for any such Taxes as are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been provided in accordance with GAAP. No Tax liens have been filed against any of Seller's assets and no claims are being asserted in writing with respect to any such Taxes (except for liens and with respect to Taxes not yet due and payable or liens or claims with respect to Taxes that are being contested in good faith and for which adequate reserves have been established in accordance with GAAP).

(xviii) Judgments/Bankruptcy. Except as disclosed in writing to Buyer, there are no judgments against Seller unsatisfied of record or docketed in any court located in the United States of America and no Act of Insolvency has ever occurred with respect to Seller.

(xix) Solvency. Neither the Transaction Documents nor any Transaction or Future Funding Transaction thereunder are entered into in contemplation of insolvency or with intent to hinder, delay or defraud any creditor of Seller, Parent or Guarantor. The transfer of the Purchased Assets subject hereto and the obligation to repurchase such Purchased Assets is not undertaken with the intent to hinder, delay or defraud any creditor of Seller, Parent or Guarantor. As of the Purchase Date, Seller is not insolvent within the meaning of 11 U.S.C. Section 101(32) or any successor provision thereof and the transfer and sale of the Purchased Assets pursuant

hereto and the obligation to repurchase such Purchased Asset (A) will not cause the liabilities of Seller to exceed the assets of Seller, (B) will not result in Seller having unreasonably small capital, and (C) will not result in debts that would be beyond Seller's ability to pay as the same

mature. Seller received reasonably equivalent value in exchange for the transfer and sale of the Purchased Assets and the Purchased Items subject hereto. No petition in bankruptcy has been filed against Seller in the last ten (10) years, and Seller has not in the last ten (10) years made an assignment for the benefit of creditors or taken advantage of any debtors relief laws. Seller has only entered into agreements on terms that would be considered arm's length and otherwise on terms consistent with other similar agreements with other similarly situated entities.

(xx) Use of Proceeds; Margin Regulations. All proceeds of each Transaction shall be used by Seller for purposes permitted under Seller's governing documents, provided that no part of the proceeds of any Transaction shall be used by Seller to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Neither the entering into of any Transaction nor the use of any proceeds thereof will violate, or be inconsistent with, any provision of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(xxi) Full and Accurate Disclosure. No information contained in the Transaction Documents, or any written statement furnished by or on behalf of Seller pursuant to the terms of the Transaction Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

(xxii) Financial Information. All financial data concerning Seller and, to Seller's actual knowledge, the Purchased Assets that has been delivered by or on behalf of Seller to Buyer is true, complete and correct in all material respects. All financial data concerning Seller has been prepared fairly in accordance with GAAP. All financial data concerning the Purchased Assets has been prepared in accordance with standard industry practices. Since the delivery of such data, except as otherwise disclosed in writing to Buyer, there has been no change in the financial position of Seller or the Purchased Assets, or in the results of operations of Seller, which change is reasonably likely to have a Material Adverse Effect on Seller.

(xxiii) Hedging Transactions. To the actual knowledge of Seller, as of the Purchase Date for any Purchased Asset that is subject to a Hedging Transaction, each such Hedging Transaction is in full force and effect in accordance with its terms, each counterparty thereto is an Affiliated Hedge Counterparty or a Qualified Hedge Counterparty, and no "Termination Event" or "Event of Default" or any similar event, however denominated, has occurred and is continuing with respect thereto.

(xxiv) Selection Process. The Purchased Assets under this Agreement were not selected by Seller in a manner different from the manner in which Seller selects assets with regard to any other facilities to which it is a party or, in any event, so as to affect adversely the interests of Buyer.

(xxv) Servicing Agreements. Seller has delivered to Buyer all Servicing Agreements pertaining to the Purchased Assets and to the actual knowledge of Seller, as

of the date of this Agreement and as of the Purchase Date for the purchase of any Purchased Assets subject to a Servicing Agreement, each such Servicing Agreement is in full force and effect in accordance with its terms and no default or event of default exists thereunder.

(xxvi) No Reliance. Seller has made its own independent decisions to enter into the Transaction Documents and each Transaction and as to whether such Transaction is appropriate and proper for it based upon its own judgment and upon advice from such advisors (including without limitation, legal counsel and accountants) as it has deemed necessary. Seller is not relying upon any advice from Buyer as to any aspect of the Transactions, including without limitation, the legal, accounting or tax treatment of such Transactions.

(xxvii) PATRIOT Act.

(a) Seller is in compliance, in all material respects, with the (A) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other applicable enabling legislation or executive order relating thereto, and (B) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of any Transaction will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(b) Seller agrees that, from time to time upon the prior written request of Buyer, it shall (A) execute and deliver such further documents, provide such additional information and reports and perform such other acts as Buyer may reasonably request in order to insure compliance with the provisions hereof (including, without limitation, compliance with the USA Patriot Act of 2001 and to fully effectuate the purposes of this Agreement and (B) provide such opinions of counsel concerning matters relating to this Agreement as Buyer may reasonably request; provided, however, that nothing in this Article 9(b)(xxvii) shall be construed as requiring Buyer to conduct any inquiry or decreasing Seller's responsibility for its statements, representations, warranties or covenants hereunder. In order to enable Buyer and its Affiliates to comply with any anti-money laundering program and related responsibilities including, but not limited to, any obligations under the USA Patriot Act of 2001 and regulations thereunder, Seller on behalf of itself and its Affiliates makes the following representations and covenants to Buyer and its Affiliates that neither Seller, nor, to Seller's actual knowledge, any of its Affiliates, is a Prohibited Investor, and Seller is not acting on behalf of or for the benefit of any Prohibited Investor. Seller agrees to promptly notify Buyer or a person appointed by Buyer to administer their anti-

money laundering program, if applicable, of any change in information affecting this representation and covenant.

(xxviii) Ownership of Property. Seller does not own, and has not ever owned, any assets other than (A) the Purchased Assets and (B) such incidental personal property related thereto.

(xxix) Environmental Matters.

(a) No real properties owned or leased by Seller and no properties formerly owned or leased by Seller, its predecessors, or any former Subsidiaries or predecessors thereof (the "Properties"), contain, or have previously contained, any Materials of Environmental Concern in amounts or

concentrations which constitute or constituted a violation of, or reasonably could be expected to give rise to liability under, Environmental Laws;

(b) Seller is in compliance with all applicable Environmental Laws, and there is no violation of any Environmental Laws which reasonably would be expected to interfere with the continued operations of Seller;

(c) Seller has not received any notice of violation, alleged violation, non-compliance, liability or potential liability under any Environmental Law, nor does Seller have knowledge that any such notice will be received or is being threatened;

(d) Materials of Environmental Concern have not been transported or disposed by Seller in violation of, or in a manner or to a location which reasonably would be expected to give rise to liability under, any applicable Environmental Law, nor has Seller generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that reasonably would be expected to give rise to liability under, any applicable Environmental Law;

(e) No judicial proceedings or governmental or administrative action is pending, or, to the knowledge of Seller, threatened, under any Environmental Law which Seller is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements arising out of judicial proceedings or governmental or administrative actions, outstanding under any Environmental Law to which Seller is a party;

(f) There has been no release or threat of release of Materials of Environmental Concern in violation of or in amounts or in a manner that reasonably would be expected to give rise to liability under any Environmental Law for which Seller may become liable; and

(g) Each of the representations and warranties set forth in the preceding clauses (a) through (f) is true and correct with respect to each parcel of real property owned or operated by Seller.

(xxx) Insider. Seller is not an "executive officer," "director," or "person who directly or indirectly or acting through or in concert with one or more persons owns, Controls, or has the power to vote more than 10% of any class of voting securities" (as those terms are defined in 12 U.S.C. § 375(b) or in regulations promulgated pursuant thereto) of Buyer, of a bank holding company of which Buyer is a Subsidiary, or of any Subsidiary, of a bank holding company of which Buyer is a Subsidiary, of any bank at which Buyer maintains a correspondent account or of any lender which maintains a correspondent account with Buyer.

(xxxi) Office of Foreign Assets Control. Seller warrants, represents and covenants that neither Seller nor any of its Affiliates are or will be an entity or person (A) that is listed in the Annex to, or is otherwise subject to the provisions of, Executive Order 13224 issued on September 24, 2001 ("EO 13224"); (B) whose name appears on OFAC's most current list of "Specifically Designed National and Blocked Persons," (C) who commits, threatens to commit or supports "terrorism", as that term is defined in EO 13224; or (D) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in (A) through (D) above are herein referred to as a "Prohibited Person"). Seller covenants and agrees that none of Seller or any of its Affiliates will knowingly (1) conduct any business, nor engage in any transaction or dealing, with any Prohibited Person or (2) engage in or conspire to engage in any transaction that evades or avoids or that the purpose of evading or avoiding any of the prohibitions of EO 13224. Seller further covenants and agrees that (i) it shall not, directly or indirectly, use the proceeds of any Transaction, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person or entity (x) to fund any activities or business of or with any Prohibited Person, or in any country or territory, that at the time of such funding is the subject of any sanctions under any Sanctions Laws and Regulations, or (y) in any other manner that would result in a violation of any Sanction Laws and Regulations by any party to this Agreement and (ii) none of the funds or the assets of Seller that are used to pay any amount due pursuant to this Agreement or any other Transaction Document shall constitute funds obtained from transactions with or relating to Prohibited Persons or countries or territories that are the subject of sanctions under any Sanctions Laws and Regulations. Seller further covenants and agrees to deliver to Buyer any such certification or other evidence as may be requested by Buyer in its sole and absolute discretion, confirming that none of Seller or any of the its Affiliates is a Prohibited Person and none of Seller, or any of its Affiliates has engaged in any business transaction or dealings with a Prohibited Person, including, but not limited to, the making or receiving of any contribution of funds, goods or services to or for the benefit of a Prohibited Person.

(xxxii) Notice Address; Jurisdiction of Organization. On the date of this Agreement, Seller's location (within the meaning of Article 9 of the UCC) and address for notices is as specified on Annex I. Seller's legal name is, and has at all times been, TH Commercial JPM LLC. Seller's sole jurisdiction of organization is, and at all times

has been, Delaware. The location where Seller keeps its books and records (within the meaning of Article 9 of the UCC), including all computer tapes and records relating to the Purchased Items, is its notice address. Seller has not changed its name or location within the past twelve (12) months except as notified to Buyer. Seller may change its address for notices and for the location of its books and records by giving Buyer written notice of such change. Seller's organizational identification number is 5858279 and its tax identification number is 32-0478629. The fiscal year of Seller is the calendar year.

(xxxiii) Anti-Money Laundering Laws. Seller either (1) is entirely exempt from or (2) has otherwise fully complied with all applicable anti-money laundering laws and regulations (collectively, the "Anti-Money Laundering Laws"), by (A) establishing an adequate anti-money laundering compliance program as required by the Anti-Money Laundering Laws, (B) conducting the requisite due diligence in connection with the origination of each Purchased Asset for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the related obligor (if applicable) and the origin of the assets used by such obligor to purchase the property in question, and (C) maintaining sufficient information to identify the related obligor (if applicable) for purposes of the Anti-Money Laundering Laws.

(xxxiv) Ownership. Seller is and shall remain at all times a wholly owned direct or indirect Subsidiary of Guarantor.

(xxxv) Compliance with ERISA. (a) Neither Seller nor Guarantor has any employees as of the date of this Agreement; (b) each of Seller and Guarantor either (i) qualifies as a VCOC or a REOC, (ii) complies with an exception set forth in the Plan Asset Regulations such that the assets of such Person would not be subject to Title I of ERISA and/or Section 4975 of the Code, or (iii) does not hold any "plan assets" within the meaning of the Plan Asset Regulations that are subject to ERISA; and (c) assuming that no portion of the Purchased Assets are funded by Buyer with "plan assets" within the meaning of the Plan Asset Regulations, none of the transactions contemplated by the Transaction Documents will constitute a nonexempt prohibited transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that could subject the Buyer to any tax or penalty or prohibited transactions imposed under Section 4975 of the Code or Section 502(i) of ERISA.

(xxxvi) Hedging Transactions. (a) Seller has entered into all Hedging Transactions required hereunder, (b) each related agreement is in full force and effect, (c) no termination event, default or event of default (however defined) exists thereunder, and (d) Seller has effectively assigned to Buyer all Seller's rights (but none of its obligations) under such agreements.

(xxxvii) Chief Executive Office; Jurisdiction of Organization. On the Purchase Date, Seller's chief executive office, is, and has been, located at 601 Carlson Parkway, Suite 1400, Minnetonka, MN 55305. Seller shall, and shall cause Guarantor to, provide Buyer with thirty (30) days' advance notice of any change in Seller's or Guarantor's, as applicable, principal office or place of business or jurisdiction.

(xxxviii) Servicing Agreements. Any Servicing Agreement related to a Purchased Asset, including without limitation, the Primary Servicing Agreement, may be terminated at will by Seller with respect to the Purchased Assets without payment of any penalty or fee.

ARTICLE 10.
NEGATIVE COVENANTS OF SELLER

On and as of the date hereof and each Purchase Date and until this Agreement is no longer in force with respect to any Transaction, Seller shall not without the prior written consent of Buyer:

(a) take any action that would directly or indirectly impair or adversely affect Buyer's title to the Purchased Assets;

(b) transfer, assign, convey, grant, bargain, sell, set over, deliver or otherwise dispose of, or pledge or hypothecate, directly or indirectly, any interest in the Purchased Items (or any of them) to any Person other than Buyer, or engage in repurchase transactions or similar transactions with respect to the Purchased Items (or any of them) with any Person other than Buyer, unless and until such Purchased Asset relating to such Purchased Item is repurchased by Seller in accordance with this Agreement;

(c) modify in any material respect or terminate any Servicing Agreements to which it is a party, without the consent of Buyer in its sole and absolute discretion;

(d) create, incur or permit to exist any lien, encumbrance or security interest in or on any of its property, assets, revenue, the Purchased Assets, the other Purchased Items, whether now owned or hereafter acquired, other than the liens and security interest granted by Seller pursuant to Article 6 of this Agreement and the lien and security interest granted by Parent under the Pledge Agreement;

(e) enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation, winding up or dissolution), sell all or substantially all of its assets without the consent of Buyer in its sole and absolute discretion;

(f) consent or assent to any amendment or supplement to, or termination of, any note, loan agreement, mortgage or guarantee relating to the Purchased Assets or other agreement or instrument relating to the Purchased Assets other than in accordance with Article 27;

(g) permit the organizational documents or organizational structure of Seller to be amended without the prior written consent of Buyer, which consent shall not, prior to the occurrence and during the continuance of a Default or an Event of Default, be unreasonably withheld, conditioned or delayed, other than with respect to special purpose entity provisions, for which such consent shall be at Buyer's sole and absolute discretion;

(h) acquire or maintain any right or interest in any Purchased Asset or Underlying Mortgaged Property that is senior to or pari passu with the rights and interests of Buyer therein

under this Agreement and the other Transaction Documents unless such right or interest becomes a Purchased Asset hereunder;

(i) use any part of the proceeds of any Transaction hereunder for any purpose which violates, or would be inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System;

(j) enter into any Hedging Transaction with respect to any Purchased Asset with any entity that is not an Affiliated Hedge Counterparty or a Qualified Hedge Counterparty;

(k) take any action, cause, allow, or permit any of the Seller, Parent or Guarantor to be required to register as an "investment company," or a company "controlled by an investment company," within the meaning of the Investment Company Act, or to violate any provisions of the Investment Company Act, including Section 18 thereof or any rules or regulations promulgated thereunder; or

(l) permit, at any time, a breach of the requirements set forth inArticle 11(ff).

ARTICLE 11.
AFFIRMATIVE COVENANTS OF SELLER

The following covenants shall be given independent effect (so that if a particular action or condition is prohibited by any covenant, the fact that it would be permitted by an exception to or be otherwise within the limitations of another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. On and as of the date hereof and each Purchase Date and until this Agreement is no longer in force with respect to any Transaction:

(a) Seller shall promptly notify Buyer of any material adverse change in its business operations and/or financial condition;provided, however, that nothing in this Article 11 shall relieve Seller of its obligations under this Agreement.

(b) Seller shall provide Buyer with copies of such documents as Buyer may reasonably request evidencing the truthfulness of the representations set forth in Article 9.

(c) Seller shall (1) defend the right, title and interest of Buyer in and to the Purchased Items against, and take such other action as is reasonably necessary to remove, the Liens, security interests, claims and demands of all Persons (other than security interests by or through Buyer) and (2) at Buyer's reasonable request, take all action necessary to ensure that Buyer will have a first priority security interest in the Purchased Assets subject to any of the Transactions in the event such Transactions are recharacterized as secured financings.

(d) [Reserved].

(e) [Reserved].

(f) Seller shall promptly (and in any event not later than two (2) Business Days following receipt) deliver to Buyer (i) any notice of the occurrence of an event of default under

or report received by Seller pursuant to the Purchased Asset Documents; (ii) any notice of transfer of servicing under the Purchased Asset Documents and (iii) any other information with respect to the Purchased Assets that may be requested by Buyer from time to time and within Seller's possession or control or reasonably obtainable by Seller; provided that Seller shall make commercially reasonable efforts to obtain and deliver to Buyer any such information that is not in Seller's possession, and shall repurchase the related Purchased Asset(s) on the thirtieth (30th) calendar day following Buyer's request therefor if Seller has not so delivered such requested information by such date.

(g) Seller will permit Buyer, or its designated representatives upon reasonable prior written notice from Buyer, at reasonable times not to exceed twice per calendar year unless a Default or Event of Default has occurred and is continuing, to inspect Seller's records with respect to the Purchased Items and the conduct and operation of its business related thereto subject to the terms of any confidentiality agreement between Buyer and Seller and applicable law, and if no such confidentiality agreement then exists between Buyer and Seller, Buyer and Seller shall act in accordance with customary market standards regarding confidentiality and applicable law. Buyer shall act in a commercially reasonable manner in requesting and conducting any inspection relating to the conduct and operation of Seller's business. So long as no Default or Event of Default has occurred and is continuing, any such inspection shall be at Buyer's cost and expense.

(h) If Seller shall at any time become entitled to receive or shall receive any rights, whether in addition to, in substitution of, as a conversion of, or in exchange for a Purchased Asset, or otherwise in respect thereof, Seller shall accept the same as Buyer's agent, hold the same in trust for Buyer and deliver the same forthwith to Buyer (or the Custodian, as appropriate) in the exact form received, duly endorsed by Seller to Buyer, if required, together with all related necessary transfer documents, to be held by Buyer hereunder as additional collateral security for the Transactions. If any sums of money or property are paid or distributed in respect of the Purchased Assets and received by Seller, Seller shall, until such money or property is paid or delivered to Buyer, hold such money or property in trust for Buyer, segregated from other funds of Seller, as additional collateral security for the Transactions.

(i) At any time from time to time upon the reasonable request of Buyer, at the sole expense of Seller, Seller shall (i) promptly and duly execute and deliver such further instruments and documents and take such further actions as Buyer may request for the purposes of obtaining or preserving the full benefits of this Agreement including the perfected, first priority security interest required hereunder, (ii) ensure that such security interest remains fully perfected at all times and remains at all times first in priority as against all other creditors of such Seller (whether or not existing as of the Closing Date, any Purchase Date or in the future) and (iii) obtain or preserve the rights and powers herein granted (including, among other things, filing such UCC financing statements as Buyer may request). If any amount payable under or in connection with any of the Purchased Items shall be or become evidenced by any promissory note, other instrument or certificated security, such note, instrument or certificated security shall be promptly delivered to Buyer, duly endorsed in a manner satisfactory to Buyer, to be itself held as a Purchased Item pursuant to this Agreement, and the documents delivered in connection herewith.

(j) Seller shall provide, or to cause to be provided, to Buyer the following financial and reporting information:

(i) Within twenty (20) calendar days after each month-end, a monthly reporting package substantially in the form of Exhibit III-A attached hereto (the "Monthly Reporting Package");

(ii) Within forty-five (45) calendar days after the last day of each of the first three fiscal quarters in any fiscal year, a quarterly reporting package substantially in the form of Exhibit III-B attached hereto (the "Quarterly Reporting Package");

(iii) Within one hundred-twenty (120) calendar days after the last day of its fiscal year, an annual reporting package substantially in the form of Exhibit III-C attached hereto (the "Annual Reporting Package"); and

(iv) Upon Buyer's request:

(A) a listing of any changes in Hedging Transactions with Qualified Hedge Counterparties, the names of the Qualified Hedge Counterparties and the material terms of such Hedging Transactions, delivered within ten (10) days after Buyer's request;

(B) copies of Seller's Federal Income Tax returns, if any, delivered within thirty (30) days after the earlier of (A) filing or (B) the last-filing extension period; and

(C) such other information regarding the financial condition, operations or business of Seller, Guarantor or any Mortgagor in respect of a Purchased Asset as Buyer may reasonably request; provided, however, that the failure of Seller to timely deliver any such information regarding a Mortgagor as a result of the failure of such Mortgagor to timely deliver to Seller such information so requested of Mortgagor by Seller shall not be an Event of Default; provided, further, that Seller shall make commercially reasonable efforts to obtain and deliver to Buyer any such information that is not in Seller's possession, and shall repurchase the related Purchased Asset(s) on the thirtieth (30th) calendar day following Buyer's request therefor if Seller has not so delivered such requested information by such date.

Notwithstanding anything to the contrary in Article 12, if Seller fails to deliver the complete Monthly Reporting Package described in clause (j)(i) above as a result of the failure of the related borrower to deliver any information for the related time period as required by the Purchased Asset Documents, then Seller shall have a period of twenty (20) calendar days from the date of delivery of the incomplete Monthly Reporting Package to provide any missing information, and if such information is not delivered, Seller shall repurchase the related Purchased Asset pursuant to Article 3(f) on or prior to the twentieth (20th) calendar day following the date of delivery of such incomplete Monthly Reporting Package.

(k) Seller shall make a representative available to Buyer every month for attendance at a telephone conference, the date of which to be mutually agreed upon by Buyer and Seller, regarding the status of each Purchased Asset, Seller's compliance with the requirements of Articles 11 and 12, and any other matters relating to the Transaction Documents or Transactions that Buyer wishes to discuss with Seller.

(l) Seller shall at all times (i) continue to engage in business of the same general type as now conducted by it or otherwise as approved by Buyer prior to the date hereof, (ii) comply with all contractual obligations in all material respects, (iii) comply in all material respects with all Requirements of Law (including, without limitation, Environmental Laws) of any Governmental Authority having jurisdiction over Seller and Guarantor or any of its assets and (iv) do or cause to be done all things necessary to preserve and maintain in full force and effect its legal existence and all of its material rights, privileges, licenses and franchises necessary for the operation of its business (including, without limitation, preservation of all lending licenses held by Seller and of Seller's status as a "qualified transferee" (however denominated) under all documents that govern the Purchased Assets), in each case, except to the extent that, solely, with respect to the Guarantor, such failure to comply or maintain and preserve

would not reasonably to be expected to result in a Material Adverse Effect.

(m) Seller shall at all times keep proper books of records and accounts in which full, true and correct entries shall be made of its transactions fairly in accordance with GAAP.

(n) Seller shall observe, perform and satisfy all the terms, provisions, covenants and conditions required to be observed, performed or satisfied by it, and shall pay when due all costs, fees and expenses required to be paid by it, under the Transaction Documents, including but not limited to the Structuring Fee, Extension Fee (if applicable) and Exit Fees. Seller will continue to be a U.S. Person that is a partnership for U.S. federal income tax purposes, or a disregarded entity of a U.S. Person for U.S. federal income tax purposes. Seller shall pay and discharge all Taxes on its assets and on the Purchased Items except for any such Taxes that are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided in accordance with GAAP or Taxes that are not yet due and payable.

(o) Seller shall advise Buyer by written notice of the opening of any new chief executive office or the closing of any such office of Seller, Parent or Guarantor and of any change in Seller's, Parent's or Guarantor's name or jurisdiction of organization not less than thirty (30) days prior to taking any such action. Seller shall not (A) change its organizational number, tax identification number, fiscal year, method of accounting, identity, structure or jurisdiction of organization (or have more than one such jurisdiction), move the location of its principal place of business and chief executive office (as defined in the UCC) from its location as of the Purchase Date or the places where the books and records pertaining to the Purchased Assets are held not less than fifteen (15) Business Days prior to taking any such action, or (B) move, or consent to Custodian moving, the Purchased Asset Documents from the location thereof on the applicable Purchase Date for the related Purchased Asset, unless in each case Seller has given at least ten (10) days' prior notice to Buyer and has taken all actions required under the UCC to continue the first priority perfected security interest of Buyer in the Purchased Assets.

(p) Seller will maintain records with respect to the Purchased Items and the conduct and operation of its business with no less a degree of prudence than if the Purchased Items were held by Seller for its own account and will furnish Buyer, upon reasonable request by Buyer or its designated representative, with reasonable information obtainable by Seller with respect to the Purchased Items and the conduct and operation of its business.

(q) Seller shall provide Buyer and its Affiliates with reasonable access plus any such additional reports as Buyer may reasonably request. Upon reasonable written notice (unless a Default or an Event of Default shall have occurred and is continuing, in which case, no prior written notice shall be required), during normal business hours, Seller shall allow Buyer to (i) review any operating statements, occupancy status and other property level information with respect to the underlying real estate directly or indirectly securing or supporting the Purchased Assets that either is in Seller's possession or is available to Seller, (ii) examine, copy (at Buyer's expense) and make extracts from its books and records, to inspect any of its properties, and (iii) discuss Seller's business and affairs with its officers.

(r) Seller shall enter into Hedging Transactions with respect to each of the Hedge-Required Assets to the extent necessary to hedge interest rate risk associated with the Purchase Price on such Hedge-Required Assets, in a manner reasonably acceptable to Buyer. Seller shall take such actions as Buyer deems necessary to perfect the security interest granted in each Hedging Transaction, and shall assign to Buyer, which assignment shall be consented to in writing by each Affiliated Hedge Counterparty or Qualified Hedge Counterparty, all of Seller's rights (but none of the obligations) in, to and under each Hedging Transaction. The documents relating to each Hedging Transaction shall contain provisions acceptable to Buyer for additional credit support in the event the rating of any Rating Agency assigned to the Qualified Hedge Counterparty (other than an Affiliated Hedge Counterparty) is downgraded or withdrawn, in which event Seller shall ensure that such additional credit support is provided or promptly, subject to the approval of Buyer, enter into new Hedging Transactions with respect to the related Purchased Assets with a replacement Qualified Hedge Counterparty.

(s) Seller shall take all such steps as Buyer deems necessary to perfect the security interest granted pursuant toArticle 6 in the Hedging Transactions, shall take such action as shall be necessary or advisable to preserve and protect Seller's interest under all such Hedging Transactions (including, without limitation, requiring the posting of any required additional collateral thereunder, and hereby authorizes Buyer to take any such action that Seller fails to take after demand therefor by Buyer. Seller shall provide the Custodian with copies of all documentation relating to Hedging Transactions with Qualified Hedge Counterparties promptly after entering into same. All Hedging Transactions, if any, entered into by Seller with Buyer or any of its Affiliates in respect of any Purchased Asset shall be terminated contemporaneously with the repurchase of such Purchased Asset on the Repurchase Date therefor.

(t) [Reserved].

(u) Seller shall cause each servicer of a Purchased Asset to provide to Buyer and to the Custodian via electronic transmission, promptly upon request by Buyer a Servicing Tape for the month (or any portion thereof) prior to the date of Buyer's request; provided that, to the extent any servicer does not provide any such Servicing Tape, Seller shall prepare and provide to

Buyer and the Custodian via electronic transmission a remittance report containing the servicing information that would otherwise be set forth in the Servicing Tape; provided, further, that regardless of whether Seller at any time delivers any such remittance report, Seller shall at all times use commercially reasonable efforts to cause each servicer to provide each Servicing Tape in accordance with this Article 11(u).

(v) Seller's organizational documents shall at all times include the following provisions: (a) at all times there shall be, and Seller shall cause there to be, at least one (1) Independent Director; (b) Seller shall not, without the unanimous written consent of its board of directors including the Independent Director, take any Material Action or any action that might cause such entity to become insolvent; (c) no Independent Director may be removed or replaced without Cause and unless Seller provides Buyer with not less than five (5) Business Days' prior written notice of (i) any proposed removal of an Independent Director, together with a statement as to the reasons for such removal, and (ii) the identity of the proposed replacement Independent Director, together with a certification that such replacement satisfies the requirements set forth in the organizational documents for an Independent Director; and provided further, that any removal or replacement shall not be effective until the replacement Independent Director has accepted his or her appointment; (d) to the fullest extent permitted by applicable law, including Section 18-1101(c) of the Delaware Act and notwithstanding any duty otherwise existing at law or in equity, the Independent Director shall consider only the interests of Seller, including its creditors in acting or otherwise voting with respect to a Material Action; (e) except for duties to Seller as set forth in clause (d) above (including duties to its equity owners and its creditors solely to the extent of their respective economic interests in Seller but excluding (i) all other interests of the equity owners, (ii) the interests of other Affiliates of Seller, and (iii) the interests of any group of Affiliates of which Seller is a part), the Independent Director shall not have any fiduciary duties to any Person bound by its organizational documents; (f) the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing under applicable law; and (g) to the fullest extent permitted by applicable law, including Section 18-1101(e) of the Delaware Act, an Independent Director shall not be liable to Seller or any other Person for breach of contract or breach of duties (including fiduciary duties), unless the Independent Director acted in bad faith or engaged in willful misconduct. "Cause" means, with respect to an Independent Director, (i) acts or omissions by such Independent Director that constitute willful disregard of such Independent Director's duties as set forth in Seller's organizational documents, (ii) that such Independent Director has engaged in or has been charged with, or has been convicted of, fraud or other acts constituting a crime under any law applicable to such Independent Director, (iii) that such Independent Director is unable to perform his or her duties as Independent Director due to death, disability or incapacity, or (iv) that such Independent Director no longer meets the definition of Independent Director.

(w) Seller has not and will not, except in connection with the obligations contemplated under the Transaction Documents and all related securitization transactions:

(i) engage in any business or activity other than the entering into and performing its obligations under the Transaction Documents, and activities incidental thereto;

(ii) acquire or own any assets other than (A) the Purchased Assets, and (B) such incidental personal property related thereto;

(iii) merge into or consolidate with any Person, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its corporate form;

(iv) (A) fail to observe all organizational formalities, or fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the applicable laws of the jurisdiction of its organization or formation, or (B) amend, modify, terminate or fail to comply with the provisions of its organizational documents, in each case without the prior written consent of Buyer, such consent not to be unreasonably withheld, conditioned or delayed; provided that Seller shall not amend, modify, terminate or fail to comply with any of the Special Purpose Provisions in its organizational documents or any provision in Seller's organizational documents relating to the scope of Seller's business or Seller's obligations under this Agreement;

(v) own any subsidiary, or make any investment in, any Person;

(vi) commingle its assets with the assets of any other Person, or permit any Affiliate or constituent party independent access to its bank accounts;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the debt incurred pursuant to this Agreement and the other Transaction Documents and unsecured trade debt in an unpaid amount less than $250,000;

(viii) fail to maintain its records and books of account (in which complete entries will be made in accordance with GAAP consistently applied), bank accounts, financial statements, accounting records and other entity documents separate and apart from those of any other Person; except that Seller's financial position, assets, liabilities, net worth and operating results may be included in the consolidated financial statements of an Affiliate, provided that Seller's assets, liabilities and net worth shall also be listed on Seller's own separate balance sheet;

(ix) except for capital contributions or capital distributions permitted under the terms and conditions of Seller's organizational documents and properly reflected on its books and records, enter into any transaction, contract or agreement with any general partner, member, shareholder, principal, guarantor of the obligations of Seller, or any Affiliate of the foregoing, except upon terms and conditions that are intrinsically fair, commercially reasonable and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(x) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person and not maintain its properties, assets and accounts separate from those of any Affiliate or any other Person;

(xi) assume or guaranty the debts of any other Person, hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets to secure the obligations of any other Person or hold out its credit or assets as being available to satisfy the obligations of any other Person or enter into any transaction with an Affiliate of Seller except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's length transaction;

(xii) make any loans or advances to any Person, or own any stock or securities of, any Person;

(xiii) fail to (A) file its own tax returns separate from those of any other Person, except to the extent Seller is treated as a "disregarded entity" for tax purposes and is not required to file tax returns under applicable Requirements of Law, and (B) pay any taxes required to be paid under applicable law; provided, however, that Seller shall not have any obligation to reimburse its equityholders or their Affiliates for any taxes that such equityholders or their Affiliates may incur as a result of any profits or losses of Seller;

(xiv) fail to (A) hold itself out to the public as a legal entity separate and distinct from any other Person, (B) conduct its business solely in its own name or (C) correct any known misunderstanding regarding its separate identity;

(xv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, provided that the foregoing shall not require any member, partner or shareholder of Seller to make any additional capital contributions to Seller;

(xvi) if it is a partnership or limited liability company, without the unanimous written consent of all of its partners or members, as applicable, and the written consent of one hundred percent (100%) of all directors or managers of Seller, including, without limitation, the Independent Director, take any Material Action;

(xvii) fail to allocate shared expenses (including, without limitation, shared office space and services performed by an employee of an Affiliate) among the Persons sharing such expenses;

(xviii) fail to remain solvent or pay its own liabilities only from its own funds; provided that the foregoing shall not require any member, partner or shareholder of Seller to make any additional capital contributions to Seller;

(xix) acquire obligations or securities of its partners, members, shareholders or other Affiliates, as applicable;

(xx) have any employees;

(xxi) [Reserved];

(xxii) have any of its obligations guaranteed by an Affiliate;

(xxiii) identify itself as a department or division of any other Person;

(xxiv) acquire obligations or securities of its members or any Affiliates; or

(xxv) buy or hold evidence of indebtedness issued by any other Person (other than Purchased Assets, cash or Cash Equivalents).

(x) With respect to each Eligible Asset to be purchased hereunder, Seller shall notify Buyer in writing of the creation of any right or interest in such Eligible Asset or related Underlying Mortgaged Property that is senior to or *pari passu* with the rights and interests that are to be transferred to Buyer under this Agreement and the other Transaction Documents, and whether any such interest will be held or obtained by Seller or an Affiliate of Seller.

(y) Seller shall obtain estoppels and agreements reasonably acceptable to Buyer for each Purchased Asset that is subject to a ground lease.

(z) Seller shall be solely responsible for the fees and expenses of the Custodian, Depository and each servicer (including, without limitation, the Primary Servicer and the Interim Servicer) of any or all of the Purchased Assets.

(aa) Seller shall notify Buyer in writing of any event or occurrence that could be reasonably determined to cause Guarantor to breach any of the covenants contained in paragraph 9 of the Guarantee Agreement.

(bb) With respect to each Purchased Asset, Seller shall take all action necessary or required by the Transaction Documents, Purchased Asset Documents and each and every Requirement of Law, or requested by Buyer, to perfect, protect and more fully evidence the security interest granted in the related Purchase Agreement and Buyer's ownership of and first priority perfected security interest in such Purchased Asset and related Purchased Asset Documents, including executing or causing to be executed (a) such other instruments or notices as may be necessary or appropriate and filing and maintaining effective UCC financing statements, continuation statements and assignments and amendments thereto, and (b) all documents necessary to both collaterally and absolutely and unconditionally assign all rights (but none of the obligations) of Seller under the related Purchase Agreement, in each case as additional collateral security for the payment and performance of each of the Repurchase Obligations. Seller shall not assign, sell, transfer, pledge, hypothecate, grant, create, incur, assume or suffer or permit to exist any security interest in or Lien on any Purchased Asset to or in favor of any Person other than Buyer. Notwithstanding the foregoing, if Seller grants a Lien on any Purchased Asset in violation hereof or any other Transaction Document, Seller shall be deemed to have simultaneously granted an equal and ratable Lien on such Purchased Asset in favor of Buyer to the extent such Lien has not already been granted to Buyer; provided, that such equal and ratable Lien shall not cure any resulting Event of Default. Seller shall not materially amend, modify, waive or terminate any provision of any Purchase Agreement. Seller shall not take any action to cause any Purchased Asset that is not evidenced by an instrument or chattel paper (as defined in the UCC) to be so evidenced. If a Purchased Asset becomes evidenced by an instrument or chattel paper, the same shall be immediately delivered to Custodian on behalf of Buyer, together with endorsements required by Buyer.

(cc) Seller shall, and pursuant to Re-direction Letters shall cause the Mortgagors under the Purchased Assets and all other applicable Persons to, deposit all Income in respect of the Purchased Assets into the Depository Account on the day the related payments are due. Seller (a) shall, and shall cause Primary Servicer and Interim Servicer to, comply with and enforce each Re-direction Letter, (b) shall not amend, modify, waive, terminate or revoke any Re-direction Letter without Buyer's consent, and (c) shall take all reasonable steps to enforce each Re-direction Letter. In connection with each principal payment or prepayment under a Purchased Asset, Seller shall provide or cause to be provided to Buyer sufficient detail to enable Buyer to identify the Purchased Asset to which such payment applies. If Seller receives any rights, whether in addition to, in substitution of, as a conversion of, or in exchange for any Purchased Assets, or otherwise in respect thereof, Seller shall accept the same as Buyer's agent, hold the same in trust for Buyer and immediately deliver the same to Buyer or its designee in the exact form received, together with duly executed instruments of transfer, stock powers or assignment in blank and such other documentation as Buyer shall reasonably request.

(dd) Seller shall promptly notify Buyer of the occurrence of any of the following of which Seller has knowledge, together with a certificate of a Responsible Officer of Seller setting forth details of such occurrence and any action Seller has taken or proposes to take with respect thereto:

(i) a breach of any representation contained herein;

(ii) any of the following: (A) with respect to any Purchased Asset or related Underlying Mortgaged Property, a material change in value, material loss or damage, material licensing or permit issues, violation of any Requirement of Law, violation of any Environmental Law or any other actual or expected event or change in circumstances that could reasonably be expected to result in a default or material decline in value or cash flow, and (B) with respect to Seller, a violation of any Requirement of Law or other event or circumstance that could reasonably be expected to have a Material Adverse Effect;

(iii) the existence of any Default, Event of Default, or any event of default or material default under or related to a Purchased Asset;

(iv) the resignation or termination of any servicer under any Servicing Agreement with respect to any Purchased Asset;

(v) the establishment of a rating by any Rating Agency applicable to Guarantor and any downgrade in or withdrawal of such rating once established;

(vi) the commencement of, settlement of or judgment in any litigation, action, suit, arbitration, investigation or other legal or arbitration proceedings before any Governmental Authority that (i) materially adversely affects Seller, Parent Guarantor or a Mortgagor on an Underlying Mortgaged Property, (ii) questions or challenges the validity or enforceability of any Transaction, Purchased Asset or Purchased Asset Document, or (iii) individually or in the aggregate, if adversely determined, could reasonably be likely to have a Material Adverse Effect; and

(vii) the occurrence of any default or event of default (however defined) on the part of Guarantor under any credit facility, repurchase facility or substantially similar facility to which Guarantor is a party.

(ee) If the aggregate outstanding Purchase Price of all Purchased Assets as of any date of determination exceeds the Maximum Facility Amount, Seller shall immediately pay to Buyer an amount necessary to reduce such aggregate outstanding Purchase Price to an amount equal to or less than the Maximum Facility Amount.

(ff) Seller shall cause there to be, as of the last Business Day of each calendar quarter, at least (i) three (3) equally-sized Senior Mortgage Loans and/or Participation Interests in Senior Mortgage Loans that are then-currently Purchased Assets under this Agreement or (ii) five (5) to ten (10) Purchased Assets comprised of any combination of Eligible Asset types that are then-currently Purchased Assets under this Agreement (collectively, the "Minimum Purchased Asset Requirement"). Notwithstanding the foregoing, with respect to any calendar quarter in which Seller has failed to satisfy the Minimum Purchased Asset Requirement, Seller shall be deemed to be in compliance with such Minimum Purchased Asset Requirement for such calendar quarter if Seller makes a payment to Buyer of (a) a fee equal to the amount necessary to achieve Buyer's anticipated return on capital for such calendar quarter assuming the Minimum Purchased Asset Requirement was satisfied as of the last Business Day of such calendar quarter and/or (b) the amount required to reduce the Advance Rate(s) applicable to one or more of the Purchased Assets (with application to such Purchased Assets as determined by Buyer in its sole discretion) in order to cause Buyer's anticipated return on capital in respect of the Transactions to be not less than Buyer's return on capital for

the Transactions, assuming the Minimum Purchased Asset Requirement was satisfied as of the last Business Day of such calendar quarter. Any fee or amount required to be paid to Buyer pursuant to the immediately preceding sentence shall be paid by Seller no later than the last Business Day of the current calendar quarter. In connection with any payment of amounts pursuant to clause (b) of this Article 11(ff), the related Confirmations will be amended to reflect any reduced Advance Rate(s) resulting from such payment. Within five (5) Business Days of Seller's written request delivered to Buyer no later than fifteen (15) Business Days prior to the last Business Day of any calendar quarter, Buyer will provide written notice to Sellers as to (i) whether the Minimum Purchased Asset Requirement would be satisfied as of such date (if such date were the last Business Day of such calendar quarter) and (ii) if the Minimum Purchased Asset Requirement would not be so satisfied, any amounts the payment of which would cause Seller to be in compliance with the second sentence of this Article 11(ff) (if such date were the last Business Day of such calendar quarter).

(gg) With respect to each Participation Interest or Mezzanine Loan for which the related Underlying Mortgage Loan is not primarily serviced by Interim Servicer or Primary Servicer pursuant to the Interim Servicing Agreement or a Primary Servicing Agreement that has been approved by Buyer: (a) the related Underlying Mortgage Loan shall at all times be serviced pursuant to a servicing agreement in form and substance acceptable to Buyer, and (b) the servicer thereunder shall have signed and delivered a Servicer Notice in form and substance acceptable to Buyer. If any such servicing agreement with respect to any Underlying Mortgage Loan is terminated, then Seller shall, prior to or simultaneously with such termination, cause a new servicer acceptable to Buyer in its sole discretion to be approved and a new servicing agreement

to be entered into with respect to such Underlying Mortgage Loan in form and substance acceptable to Buyer in its sole discretion.

(hh) Seller shall cause each Purchased Asset to be serviced by Primary Servicer pursuant to the Primary Servicing Agreement and the related Servicer Notice.

ARTICLE 12.
EVENTS OF DEFAULT; REMEDIES

(a) Each of the following events shall constitute an "Event of Default" under this Agreement:

(i) Seller or Guarantor shall fail to repurchase (A) Purchased Assets upon the applicable Repurchase Date or (B) a Purchased Asset that is no longer an Eligible Asset in accordance with Article 12(c);

(ii) Buyer shall fail to receive within one (1) Business Day after any Remittance Date the accreted value of the Price Differential (less any amount of such Price Differential previously paid by Seller to Buyer) (including, without limitation, in the event the Income paid or distributed on or in respect of the Purchased Assets is insufficient to make such payment and Seller does not make such payment or cause such payment to be made) (except that such failure shall not be an Event of Default by Seller if sufficient Income is otherwise available for remittance to Seller pursuant to Article 5 of this Agreement, and on deposit in the Depository Account and the Depository fails to remit such funds to Buyer);

(iii) Seller or Guarantor shall fail to cure any Margin Deficit, to the extent such Margin Deficit equals or exceeds the Minimum Transfer Amount, in accordance with Article 4 of this Agreement;

(iv) Seller or Guarantor shall fail to make any payment not otherwise addressed under this Article 12(a) owing to Buyer that has become due, whether by acceleration or otherwise under the terms of this Agreement or the terms of the Pledge Agreement, or the Guarantee Agreement or any other Transaction Document, which failure is not remedied within five (5) Business Days of written notice by Buyer to Seller thereof;

(v) Seller shall default in the performance of its obligation in Article 7(e) hereof or the adherence to any agreement contained in Article 10 hereof and, such default shall not be cured within the earlier of five (5) Business Days after (A) written notice by Buyer to Seller thereof or (B) actual knowledge on the part of Seller of such breach or failure to perform;

(vi) an Act of Insolvency occurs with respect to Seller or Guarantor;

(vii) Seller or Guarantor shall admit to any Person its inability to, or its intention not to, perform any of its obligations hereunder;

(viii) the Custodial Agreement, the Depository Agreement, the Pledge Agreement, the Guarantee Agreement, the Fee Letter, any Re-direction Letter, any Servicer Notice or any other Transaction Document or a replacement therefor acceptable to Buyer shall for whatever reason be terminated or cease to be in full force and effect unless otherwise agreed by Buyer, or the enforceability thereof shall be contested by Seller;

(ix) (A) Seller or an ERISA Affiliate shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan that is not exempt from such Sections of ERISA and the Code, (B) any material "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the Pension Benefit Guaranty Corporation or a Plan shall arise on the assets of Seller or any ERISA Affiliate, (C) a Reportable Event (as referenced in Section 4043(b)(3) of ERISA) shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Plan, which Reportable Event (as so defined) or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of Buyer, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (D) any Plan shall terminate for purposes of Title IV of ERISA, (E) Seller or any ERISA Affiliate shall, or in the reasonable opinion of Buyer is likely to, incur any liability in connection with a withdrawal from, or the insolvency or reorganization of, a Multiemployer Plan or (F) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (A) through (F) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

(x) either (A) the Transaction Documents shall for any reason not cause, or shall cease to cause, Buyer to be the owner free of any adverse claim of any of the Purchased Assets, and such condition is not cured by Seller within three (3) Business Days after notice thereof from Buyer to Seller, or (B) if a Transaction is recharacterized as a secured financing, and the Transaction Documents with respect to any Transaction shall for any reason cease to create and maintain a valid first priority security interest in favor of Buyer in any of the Purchased Assets;

(xi) an "Event of Default," "Termination Event," or other default or breach, however defined therein, occurs under any Hedging Transaction on the part of Seller, or a Qualified Hedge Counterparty on any such Hedging Transaction ceases to be a Qualified Hedge Counterparty, that is otherwise not cured within any applicable cure period thereunder or, if no cure period exists thereunder, which is not cured by Seller within three (3) Business Days after notice thereof from an Affiliated Hedge Counterparty or Qualified Hedge Counterparty to Seller;

(xii) any governmental, regulatory, or self-regulatory authority having competent jurisdiction shall have taken any action to remove, materially limit, restrict, suspend or terminate the rights, privileges, or operations of Seller or Guarantor, which suspension has a Material Adverse Effect in the reasonable determination of Buyer;

(xiii) the material breach by Parent of any term or condition set forth in the Pledge Agreement or of any representation, warranty, certification or covenant made or deemed made in the Pledge Agreement by Parent;

(xiv) any representation (other than the representations and warranties of Seller set forth in Exhibit VI and Article 9(b)(x)(D)) made by Seller to Buyer herein shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated and such incorrect or untrue representation exists and continues unremedied for ten (10) calendar days after the earlier of receipt of written notice thereof from Buyer or Seller's actual knowledge of such incorrect or untrue representation;

(xv) a final non-appealable judgment by any competent court in the United States of America for the payment of money (a) rendered against Seller in an amount greater than $250,000 or (b) rendered against Guarantor in an amount greater than $10,000,000, and remained undischarged or unpaid for a period of thirty (30) days, during which period execution of such judgment is not effectively stayed by bonding over or other means reasonably acceptable to Buyer;

(xvi) if Seller shall breach or fail to perform any of the terms, covenants, obligations or conditions of this Agreement, other than as specifically otherwise referred to in this Article 12(a), and such breach or failure to perform is not remedied within the earlier of five (5) days after (A) delivery of notice thereof to Seller by Buyer, or (B) actual knowledge on the part of Seller of such breach or failure to perform; provided that, if Buyer determines in its sole discretion, that any such breach is capable of being cured and Seller is diligently and continuously pursuing such a cure in good faith but is not able to do so on a timely basis, Seller shall have an additional period of time, not to exceed thirty (30) additional days, within which to complete such cure;

(xvii) the Guarantee Agreement or a replacement therefor acceptable to Buyer shall for whatever reason be terminated or cease to be in full force and effect, or the enforceability thereof shall be contested by Guarantor or Seller;

(xviii) the breach by Guarantor of any term or condition set forth in the Guarantee Agreement or of any representation, warranty, certification or covenant made or deemed made in the Guarantee Agreement by Guarantor or in any certificate furnished by Guarantor to Buyer pursuant to the provisions hereof or thereof or if any information with respect to the Purchased Assets furnished in writing on behalf of Guarantor shall prove to have been false or misleading in any material respect as of the time made or furnished; provided, however, that any such default, failure to perform or breach shall not constitute an Event of Default if Guarantor cures such default or failure to perform, as the case may be, within the notice and/or cure period, if any, provided under the Guarantee Agreement;

(xix) the breach by Interim Servicer of any term or condition set forth in the Interim Servicing Agreement beyond any applicable grace and/or cure periods; provided that no Event of Default under this clause (xix) shall occur if (a) such breach is cured

within two (2) Business Days of the earlier to occur of (x) written notice to Seller and (y) the date on which Seller otherwise becomes aware of such event and (b) Interim Servicer is removed and replaced with a replacement Interim Servicer satisfactory to Buyer in its sole discretion within thirty (30) days of such date;

(xx) notwithstanding any other provision of this Article 12(a), if Seller engages in any conduct or action where Buyer's prior consent is expressly required by any Transaction Document and Seller fails to obtain such consent;

(xxi) Seller, Guarantor or any Subsidiary of Guarantor that is also a direct or indirect parent of Seller is required to register as an "investment company" (as defined in the Investment Company Act) or the arrangements contemplated by the Transaction Documents shall require registration of Seller, Guarantor or any Subsidiary of Guarantor that is also a direct or indirect parent of Seller as an "investment company";

(xxii) a breach by Seller of the requirements set forth in Article 11(ff);

(xxiii) Seller or any servicer fails to deposit all Income or any other amounts as required by the provisions of this Agreement when due, or an event of default has occurred under any Servicing Agreement; provided that no Event of Default under this clause (xxiii) shall occur if (a) such failure to deposit all Income or any other amounts as required by the provisions of this Agreement is cured within two (2) Business Days of written notice to Seller or Seller otherwise becoming aware thereof and (b) the related servicer is removed and replaced with a replacement servicer satisfactory to Buyer in its sole discretion within thirty (30) days of such date; and

(xxiv) Guarantor's audited annual financial statements or the notes thereto or other opinions or conclusions stated therein are qualified or limited by reference to the status of Guarantor as a "going concern" or a reference of similar import, other than a qualification or limitation expressly related to Buyer's rights in the Purchased Assets;

(b) After the occurrence and during the continuance of an Event of Default, Seller hereby appoints Buyer as attorney-in-fact of Seller for the purpose of carrying out the provisions of this Agreement and taking any action and executing or endorsing any instruments that Buyer may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. If an Event of Default shall occur and be continuing with respect to Seller, the following rights and remedies shall be available to Buyer:

(i) At the option of Buyer, exercised by written notice to Seller (which option shall be deemed to have been exercised, even if no written notice is given, immediately upon the occurrence of an Act of Insolvency with respect to Seller or Guarantor), the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (the date on which such option is exercised or deemed to have been exercised being referred to hereinafter as the "Accelerated Repurchase Date").

(ii) If Buyer exercises or is deemed to have exercised the option referred to in Article 12(b)(i) of this Agreement:

(A) Seller's obligations hereunder to repurchase all Purchased Assets shall become immediately due and payable on and as of the Accelerated Repurchase Date; and

(B) to the extent permitted by applicable law, the Repurchase Price with respect to each Transaction (determined as of the Accelerated Repurchase Date) shall be increased by the aggregate amount obtained by daily application of, on a 360 day per year basis for the actual number of days during the period from and including the Accelerated Repurchase Date to but excluding the date of payment of the Repurchase Price (as so increased), (x) the

Pricing Rate for such Transaction multiplied by (y) the Repurchase Price for such Transaction (decreased by (I) any amounts actually remitted to Buyer by the Depository or Seller from time to time pursuant to Article 5 of this Agreement and applied to such Repurchase Price, and (II) any amounts applied to the Repurchase Price pursuant to Article 12(b)(iii) of this Agreement); and

(C) the Custodian shall, upon the request of Buyer, deliver to Buyer all instruments, certificates and other documents then held by the Custodian relating to the Purchased Assets.

(iii) Buyer may (A) immediately sell on a servicing released basis, at a public or private sale in a commercially reasonable manner and at such price or prices as Buyer may deem satisfactory any or all of the Purchased Assets, and/or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Assets, to give Seller credit for such Purchased Assets in an amount equal to the Market Value of such Purchased Assets against the aggregate unpaid Repurchase Price for such Purchased Assets and any other amounts owing by Seller under the Transaction Documents. The proceeds of any disposition of Purchased Assets effected pursuant to this Article 12(b)(iii) shall be applied, (v) first, to the costs and expenses incurred by Buyer in connection with Seller's default; (w)*second*, to actual, out-of-pocket damages incurred by Buyer in connection with Seller's default (including, but not limited to, costs of cover and/or Hedging Transactions, if any), (x) *third*, to the Repurchase Price; (y)*fourth*, to any Breakage Costs; and (z)*fifth*, to return any excess to Seller.

(iv) The parties recognize that it may not be possible to purchase or sell all of the Purchased Assets on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market for such Purchased Assets may not be liquid. In view of the nature of the Purchased Assets, the parties agree that liquidation of a Transaction or the Purchased Assets does not require a public purchase or sale and that a good faith private purchase or sale shall be deemed to have been made in a commercially reasonable manner. Accordingly, Buyer may elect, in its sole discretion, the time and manner of liquidating any Purchased Assets, and nothing contained herein shall (A) obligate Buyer to liquidate any Purchased Assets on the occurrence and during the continuance of an Event of Default or to liquidate all of the Purchased Assets in the same manner or on the same Business Day or (B) constitute a waiver of any right or remedy of Buyer.

(v) Seller shall be liable to Buyer and its Affiliates and shall indemnify Buyer and its Affiliates for (A) the amount (including in connection with the enforcement of this Agreement) of all losses, costs and expenses, including reasonable external legal fees and expenses, actually incurred by Buyer in connection with or as a consequence of an Event of Default hereunder and (B) all costs incurred by Buyer in connection with Hedging Transactions in the event that Seller, from and after an Event of Default hereunder, takes any action to impede or otherwise affect Buyer's remedies under this Agreement.

(vi) Buyer shall have, in addition to its rights and remedies under the Transaction Documents, all of the rights and remedies provided by applicable federal, state, foreign (where relevant), and local laws (including, without limitation, if the Transactions are recharacterized as secured financings, the rights and remedies of a secured party under the UCC of the State of New York, to the extent that the UCC is applicable, and the right to offset any mutual debt and claim), in equity, and under any other agreement between Buyer and Seller. Without limiting the generality of the foregoing, Buyer shall be entitled to set off the proceeds of the liquidation of the Purchased Assets against all of Seller's obligations to Buyer under this Agreement, without prejudice to Buyer's right to recover any deficiency.

(vii) Subject to the applicable notice and cure periods set forth herein, Buyer may exercise any or all of the remedies available to Buyer hereunder immediately upon the occurrence of an Event of Default and at any time during the continuance thereof. All rights and remedies arising under the Transaction Documents, as amended from time to time, are cumulative and not exclusive of any other rights or remedies that Buyer may have.

(viii) Buyer may enforce its rights and remedies hereunder without prior judicial process or hearing, and Seller hereby expressly waives any defenses Seller might otherwise have to require Buyer to enforce its rights by judicial process. Seller also waives, to the extent permitted by law, any defense Seller might otherwise have arising from the use of nonjudicial process, disposition of any or all of the Purchased Assets, or from any other election of remedies. Seller recognizes that nonjudicial remedies are consistent with the usages of the trade, are responsive to commercial necessity and are the result of a bargain at arm's length.

(c) If at any time Buyer determines that any Purchased Asset is not an Eligible Asset, the related Transaction shall terminate and Seller shall repurchase such Purchased Asset. No later than three (3) Business Days after receiving written notice or Seller becoming otherwise aware that such Purchased Asset is not an Eligible Asset, Seller shall repurchase the affected Purchased Asset and Seller shall pay the applicable Repurchase Price for such Purchased Asset to Buyer by depositing such amount in immediately available funds at the direction of Buyer.

ARTICLE 13.
SINGLE AGREEMENT

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction (including any related Future Funding Transaction) hereunder in consideration of

and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

ARTICLE 14.
RECORDING OF COMMUNICATIONS

EACH OF BUYER AND SELLER SHALL HAVE THE RIGHT (BUT NOT THE OBLIGATION) FROM TIME TO TIME TO MAKE OR CAUSE TO BE MADE TAPE RECORDINGS OF COMMUNICATIONS BETWEEN ITS EMPLOYEES, IF ANY, AND THOSE OF THE OTHER PARTY WITH RESPECT TO TRANSACTIONS; PROVIDED, HOWEVER, THAT SUCH RIGHT TO RECORD COMMUNICATIONS SHALL BE LIMITED TO COMMUNICATIONS OF EMPLOYEES TAKING PLACE ON THE TRADING FLOOR OF THE APPLICABLE PARTY. EACH OF BUYER AND SELLER HEREBY CONSENTS TO THE ADMISSIBILITY OF SUCH TAPE RECORDINGS IN ANY COURT, ARBITRATION, OR OTHER PROCEEDINGS, AND AGREES THAT A DULY AUTHENTICATED TRANSCRIPT OF SUCH A TAPE RECORDING SHALL BE DEEMED TO BE A WRITING CONCLUSIVELY EVIDENCING THE PARTIES' AGREEMENT.

ARTICLE 15.
NOTICES AND OTHER COMMUNICATIONS

Unless otherwise provided in this Agreement, all notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) hand delivery, with proof of delivery, (b) certified or registered United States mail, postage prepaid, (c) expedited

prepaid delivery service, either commercial or United States Postal Service, with proof of delivery or (d) by telecopier (with answerback acknowledged) provided that such telecopied notice must also be delivered by one of the means set forth above, to the address specified in Annex I hereto or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Article 15. A notice shall be deemed to have been given: (w) in the case of hand delivery, at the time of delivery, (x) in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day, (y) in the case of expedited prepaid delivery upon the first attempted delivery on a Business Day, or (z) in the case of telecopier, upon receipt of answerback confirmation, provided that such telecopied notice was also delivered as required in this Article 15. A party receiving a

notice that does not comply with the technical requirements for notice under this Article 15 may elect to waive any deficiencies and treat the notice as having been properly given.

ARTICLE 16.
ENTIRE AGREEMENT; SEVERABILITY

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

ARTICLE 17.
NON-ASSIGNABILITY

(a) Subject to Article 17(b) below, Seller may not assign any of its rights or obligations under this Agreement without the prior written consent of Buyer and any attempt by Seller to assign any of its rights or obligations under this Agreement without the prior written consent of Buyer shall be null and void. Buyer may, without consent of Seller, sell participating interests in any Transaction, its interest in the Purchased Assets, or any other interest of Buyer under this Agreement to one or more banks, financial institutions or other entities ("Participants"). Buyer may, at any time and from time to time, assign to any Person (an "Assignee" and together with Participants, each a "Transferee" and collectively, the "Transferees") all or any part of its rights its interest in the Purchased Assets, or any other interest of Buyer under this Agreement. Seller shall not be charged for, incur or be required to reimburse Buyer or any other Person for any cost or expense relating to any such sale, assignment, transfer or participation. Seller agrees to, and to cause Guarantor to, cooperate with Buyer in connection with any such assignment, transfer or sale of participating interest and to enter into such restatements of, and amendments, supplements and other modifications to, this Agreement in order to give effect to such assignment, transfer or sale; provided that, any such amendments will not materially increase Seller's obligations hereunder or materially adversely affect Seller's rights hereunder. Seller agrees that each Participant shall be entitled to the benefits of Article 3(j), Article 3(k), and Articles 3(p) through (u) (subject to the requirements and limitations therein, including the requirements under Article 3(t) (it being understood that the documentation required under Article 3(t) shall be delivered to the participating Buyer)) to the same extent as if it were an Assignee and had acquired its interest by assignment pursuant to this Article 17(a); provided that such Participant (A) agrees to be subject to the provisions of Article 3(w) as if it were an Assignee under this Article 17(a), and (B) shall not be entitled to receive any greater payment under Article 3(k), Article 3(p), or Article 3(s), with respect to any participation, than its participating Buyer would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from the adoption of or any change in any Requirement of Law or in the interpretation or application thereof by a Governmental Authority, in any case which occurs after the Participant acquired the applicable participation. Each Buyer that sells a participation agrees, at Seller's request and expense, to use reasonable efforts to cooperate with Seller to effectuate the provisions of Article 3(w) with respect to the applicable Participant.

(b) Title to all Purchased Assets and Purchased Items shall pass to Buyer and Buyer shall have free and unrestricted use of all Purchased Assets. Nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Assets and Purchased Items or otherwise selling, pledging, repledging, transferring, hypothecating, or rehypothecating the Purchased Assets and Purchased Items, all on terms that Buyer may determine in its sole discretion; provided, however, that Buyer shall transfer the Purchased Assets to Seller on the applicable Repurchase Date free and clear of any pledge, lien, security interest, encumbrance, charge or other adverse claim on any of the Purchased Assets. Nothing contained in this Agreement shall obligate Buyer to segregate any Purchased Assets or Purchased Items transferred to Buyer by Seller.

(c) Buyer, acting for this purpose as an agent of Seller, shall maintain at one of its offices a register for the recordation of the names and addresses of Buyer, and the percentage of the rights and obligations under this Agreement owing to, Buyer and each Transferee pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Seller, Buyer, and each Transferee shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Buyer or Transferee, as applicable, hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Seller at any reasonable time and from time to time upon reasonable prior notice; provided that Buyer shall have no obligation to disclose all or any portion of the Register regarding Participants (including the identity of any Participant or any information relating to a Participant's beneficial interest in this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such beneficial interest in this Agreement or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Register shall be conclusive absent manifest error, and Buyer shall treat each Person whose name is recorded in the Register as the owner of its respective interest for all purposes of this Agreement notwithstanding any notice to the contrary. No sale, assignment, transfer or participation pursuant to this Article 17 shall be effective until reflected in the Register.

ARTICLE 18.
GOVERNING LAW

THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES TO THIS AGREEMENT, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES TO THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CHOICE OF LAW RULES THEREOF. THE PARTIES HERETO INTEND THAT THE PROVISIONS OF SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY TO THIS AGREEMENT.

ARTICLE 19.
NO WAIVERS, ETC.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation of any of the foregoing, the failure to give a notice pursuant to Articles 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

ARTICLE 20.
USE OF EMPLOYEE PLAN ASSETS

(a) If assets of an employee benefit plan subject to any provision of ERISA are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Article 20, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction or a related Future Funding Transaction pursuant to this Article 20, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition that Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is Seller in any outstanding Transaction involving a Plan Party.

ARTICLE 21.
INTENT

(a) The parties intend and recognize that each Transaction (including any Future Funding Transaction) is a "repurchase agreement" as that term is defined in Section 101(47) of the Bankruptcy Code (except insofar as the type of Assets subject to such Transaction and/or Future Funding Transaction or the term of such Transaction and/or Future Funding Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of the Bankruptcy Code (except insofar as the type of assets subject to such Transaction and/or Future Funding Transaction would render such definition inapplicable). The parties intend (a) for each Transaction (including any Future Funding Transaction) to qualify for the safe harbor treatment provided by the Bankruptcy Code and for Buyer to be entitled to all of the rights, benefits and protections afforded to Persons under the Bankruptcy Code with respect to a "repurchase agreement" as defined in Section 101(47) of the Bankruptcy Code and a

"securities contract" as defined in Section 741(7) of the Bankruptcy Code and that payments under this Agreement are deemed "margin payments" or "settlement payments," as defined in Section 741 of the Bankruptcy Code, (b) for the grant of a security interest set forth in Article 6 to also be a "securities contract" as defined in Section 741(7)(A)(xi) of the Bankruptcy Code and a "repurchase agreement" as that term is defined in Section 101(47)(A)(v) of the Bankruptcy Code, and (c) that each party (for so long as each is either a "financial institution," "financial participant," "repo participant," "master netting participant" or other entity listed in Section 546, 555, 559, 561, 362(b)(6) or 362(b)(7) of the Bankruptcy Code) shall be entitled to the "safe harbor" benefits and protections afforded under the Bankruptcy Code with respect to a "repurchase agreement" and a "securities contract," and a "master netting agreement," including (x) the rights, set forth in Article 12 and in Section 555, 559 and 561 of the Bankruptcy Code, to liquidate the Purchased Assets and terminate this Agreement, and (y) the right to offset or net out as set forth in Article 12 and in Sections 362(b)(6), 362 (b)(7), 362(b)(27), 362(o) and 546 of the Bankruptcy Code.

(b) It is understood that either party's right to accelerate or terminate this Agreement or to liquidate Assets delivered to it in connection with the Transactions and/or Future Funding Transactions hereunder or to exercise any other remedies pursuant to Article 12 hereof is a contractual right to accelerate, terminate or liquidate this Agreement or the Transactions (including any related Future Funding Transactions) as described in Sections 555 and 559 of the Bankruptcy Code. It is further understood and agreed that either party's right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement or the Transactions and Future Funding Transactions hereunder is a contractual right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement as described in Section 561 of the Bankruptcy Code.

(c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction and Future Funding Transaction hereunder is a "qualified financial contract," as that term is defined in the FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) Each party hereto hereby further agrees that it shall not challenge the characterization of (i) this Agreement or any Transaction or Future Funding Transaction as a "repurchase agreement," "securities contract" and/or "master netting agreement," or (ii) each party as a "repo participant" within the meaning of the Bankruptcy Code except insofar as the type of Asset subject to the Transactions and/or Future Funding Transactions or, in the case of a "repurchase agreement," the term of the Transactions and/or Future Funding Transactions, would render such definition inapplicable.

(e) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction and Future Funding Transaction hereunder shall constitute a "covered contractual payment

entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

(f) It is understood that this Agreement constitutes a "master netting agreement" as defined in Section 101(38A) of the Bankruptcy Code, and as used in Section 561 of the Bankruptcy Code.

(g) It is the intention of the parties that, for U.S. Federal, state and local income and franchise tax purposes and for accounting purposes, each Transaction and Future Funding Transaction constitute a financing, and that Seller be (except to the extent that Buyer shall have exercised its remedies following an Event of Default) the owner of the Purchased Assets for such purposes. Unless prohibited by applicable law, Seller and Buyer shall treat the Transactions and Future Funding Transactions as described in the preceding sentence (including on any and all filings with any U.S. Federal, state, or local taxing authority and agree not to take any action inconsistent with such treatment).

ARTICLE 22.
DISCLOSURE RELATING TO CERTAIN FEDERAL PROTECTIONS

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934, the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor

Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the Exchange Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder;

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable; and

(d) in the case of Transactions in which one of the parties is an "insured depository institution", as that term is defined in Section 1813(c)(2) of Title 12 of the United States Code, funds held by the financial institution pursuant to a Transaction are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund or the Bank Insurance Fund, as applicable.

ARTICLE 23.
CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

(a) Each party irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of any United States Federal or New York State court sitting in Manhattan, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under this Agreement or relating in any way to this Agreement or any Transaction under this Agreement and (ii) waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile.

(b) To the extent that either party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property, such party hereby irrevocably waives and agrees not to plead or claim such immunity in respect of any action brought to enforce its obligations under this Agreement or relating in any way to this Agreement or any Transaction under this Agreement.

(c) The parties hereby irrevocably waive, to the fullest extent each may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding and irrevocably consent to the service of any summons and complaint and any other process by the mailing of copies of such process to them at their respective address specified herein. The parties hereby agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Article 23 shall affect the right of Buyer to serve legal process in any other manner permitted by law or affect the right of Buyer to bring any action or proceeding against Seller or its property in the courts of other jurisdictions.

(d) EACH OF SELLER AND BUYER HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.

ARTICLE 24.
NO RELIANCE

Each of Buyer and Seller hereby acknowledges, represents and warrants to the other that, in connection with the negotiation of, the entering into, and the performance under, the Transaction Documents and each Transaction thereunder:

(a) It is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the other party to the Transaction Documents, other than the representations expressly set forth in the Transaction Documents;

(b) It has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent that it has deemed necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the suitability of any Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party;

(c) It is a sophisticated and informed Person that has a full understanding of all the terms, conditions and risks (economic and otherwise) of the Transaction Documents and each Transaction thereunder and is capable of assuming and willing to assume (financially and otherwise) those risks;

(d) It is entering into the Transaction Documents and each Transaction thereunder for the purposes of managing its borrowings or investments or hedging its assets or liabilities and not for purposes of speculation; and

(e) It is not acting as a fiduciary or financial, investment or commodity trading advisor for the other party and has not given the other party (directly or indirectly through any other Person) any assurance, guarantee or representation whatsoever as to the merits (either legal, regulatory, tax, business, investment, financial accounting or otherwise) of the Transaction Documents or any Transaction thereunder.

ARTICLE 25.
INDEMNITY

Seller hereby agrees to indemnify Buyer, each Assignee, Buyer's designee, each Assignee's Affiliates and each of Buyer's, such Assignee's and any such designee's or Affiliate's respective officers, directors, employees and agents ("Indemnified Parties") from and against any and all actual out-of-pocket liabilities, obligations, losses, damages, penalties, actions, judgments, suits, fees, costs, expenses (including attorneys' fees and disbursements) or reasonable disbursements (all of the foregoing, collectively "Indemnified Amounts") that may at any time (including, without limitation, such time as this Agreement shall no longer be in effect and the Transactions shall have been repaid in full) be imposed on or asserted against any Indemnified Party in any way whatsoever arising out of or in connection with, or relating to, this Agreement or any Transactions hereunder or any action taken or omitted to be taken by any Indemnified Party under or in connection with any of the foregoing; provided that Seller shall not be liable for Indemnified Amounts resulting from the gross negligence, fraud or willful misconduct of any such Indemnified Party, as determined by a court of competent jurisdiction pursuant to a final, non-appealable judgment. Without limiting the generality of the foregoing, Seller agrees to hold each Indemnified Party harmless from and indemnify each Indemnified Party against all Indemnified Amounts with respect to all Purchased Assets relating to or arising out of any violation or alleged violation of any environmental law, rule or regulation or any consumer credit laws, including without limitation ERISA, the Truth in Lending Act and/or the Real Estate Settlement Procedures Act that, in each case, results from anything other than Buyer's or such Indemnified Party's gross negligence, fraud or willful misconduct, as determined by a court of competent jurisdiction pursuant to a final, non-appealable judgment. In any suit, proceeding or action brought by any Indemnified Party in connection with any Purchased Asset for any sum owing thereunder, or to enforce any provisions of any Purchased

Asset, Seller will save, indemnify and hold such Indemnified Party harmless from and against all expense (including reasonable attorneys' fees of outside counsel), loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Seller of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Seller. Seller also agrees to reimburse Buyer as and when billed by Buyer for all Buyer's reasonable costs and out-of-pocket expenses incurred in connection with Buyer's due diligence reviews with respect to the Purchased Assets (including, without limitation, those incurred pursuant to Article 26 and Article 3 (including, without limitation, all Pre-Transaction Legal Expenses, even if the underlying prospective Transaction for which they were incurred does not take place for any reason) and the enforcement or the preservation of Buyer's rights under this Agreement, any Transaction Documents or Transaction contemplated hereby, including without limitation the reasonable fees and disbursements of its outside counsel. Seller hereby acknowledges that the obligations of Seller hereunder are a recourse obligation of Seller. This Article 25 shall not apply with respect to Taxes other than any Taxes that represent liabilities, obligations, Indemnified Amounts, penalties, actions, judgments, suits, fees, costs or expenses.

ARTICLE 26.
DUE DILIGENCE

Seller acknowledges that Buyer has the right to perform continuing due diligence reviews with respect to the Purchased Assets, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Seller agrees that upon reasonable prior notice to Seller, Buyer or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of, the Purchased Asset Files, Servicing Records and any and all documents, records, agreements, instruments or information relating to such Purchased Assets in the possession or under the control of Seller, Primary Servicer, Interim Servicer, any other servicer or sub-servicer and/or the Custodian. Seller agrees to reimburse Buyer for any and all reasonable out-of-pocket costs and expenses incurred by Buyer with respect to continuing due diligence on the Purchased Assets during the term of this Agreement, which shall be paid by Seller to Buyer within five (5) days after receipt of an invoice therefor. Seller also shall make available to Buyer a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Purchased Asset Files and the Purchased Assets. Without limiting the generality of the foregoing, Seller acknowledges that Buyer may enter into Transactions with Seller based solely upon the information provided by Seller to Buyer and the representations, warranties and covenants contained herein, and that Buyer, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Purchased Assets; provided, that prior to the occurrence and continuance of a Default or an Event of Default, notwithstanding anything in this Agreement to the contrary, Buyer shall not contact any Mortgagor of an Eligible Asset with respect to a proposed Transaction or a Purchased Asset, any related sponsor or other obligor, any related tenant or any other loan party, without Seller's prior consent; provided, further, that Seller shall collaborate with Buyer to provide Buyer any information relating to any Purchased Asset, Mortgagor or Underlying Mortgaged Property as Buyer may reasonably request and, if required pursuant to Articles 11(f) or (j), if such requested information is not so provided, Seller

shall repurchase the related Purchased Asset on the thirtieth (30th) calendar day following Buyer's request therefor. Buyer may underwrite such Purchased Assets itself or engage a third party underwriter to perform such underwriting. Seller agrees to cooperate with Buyer and any third party underwriter in connection with such underwriting, including, but not limited to, providing Buyer and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Purchased Assets in the possession, or under the control, of Seller. Seller further agrees that Seller shall reimburse Buyer for any and all attorneys' fees, costs and expenses incurred by Buyer in connection with continuing due diligence on Eligible Assets and Purchased Assets.

ARTICLE 27.
SERVICING

(a) Each servicer of any Purchased Asset (including, without limitation, the Interim Servicer and the Primary Servicer) shall service the Purchased Assets for the benefit of Buyer and Buyer's successors and assigns. Seller shall cause each such servicer (including, without limitation, the Interim Servicer and the Primary Servicer) to service the Purchased Assets at Seller's sole cost and for the benefit of Buyer in accordance with Accepted Servicing Practices; provided that, without prior written consent of Buyer in its sole discretion as required by Article 7(d), no servicer (including, without limitation, the Interim Servicer and the Primary Servicer) of any of the Purchased Assets shall take any action with respect to any Purchased Asset described in Article 7(d).

(b) Seller agrees that Buyer is the owner of all Servicing Rights, servicing records, including, but not limited to, any and all servicing agreements and pooling and servicing agreements (including, without limitation, the Primary Servicing Agreement, the Interim Servicing Agreement or any other servicing and/or subservicing agreement relating to the servicing of any or all of the Purchased Assets) (collectively, the "Servicing Agreements"), files, documents, records, data bases, computer tapes, copies of computer tapes, proof of insurance coverage, insurance policies, appraisals, other closing documentation, payment history records, and any other records relating to or evidencing the servicing and/or subservicing of Purchased Assets (the "Servicing Records"), so long as the Purchased Assets are subject to this Agreement. Seller covenants to safeguard such Servicing Records and to deliver them promptly to Buyer or its designee (including the Custodian) at Buyer's request.

(c) Upon the occurrence and during the continuance of an Event of Default, Buyer may, in its sole discretion, (i) sell its right to the Purchased Assets on a servicing released basis and/or (ii) terminate Primary Servicer, Interim Servicer or any other servicer or sub-servicer of the Purchased Assets (including, without limitation, Seller, in its capacity as servicer of the Purchased Assets), with or without cause, in each case without payment of any termination fee.

(d) Seller shall not employ sub-servicers or any other servicer other than Primary Servicer pursuant to the Primary Servicing Agreement or Interim Servicer pursuant to the Interim Servicing Agreement to service the Purchased Assets without the prior written approval of Buyer, in Buyer's sole discretion. If the Purchased Assets are serviced by a sub-servicer or any other servicer, Seller shall, irrevocably assign all rights, title and interest (if any) in the servicing agreements in the Purchased Assets to Buyer. Seller shall cause all servicers other than

the Interim Servicer (including, without limitation, the Primary Servicer) and sub-servicers engaged by Seller to execute the Servicer Notice with Buyer acknowledging Buyer's ownership of the Purchased Assets and Servicing Rights and Buyer's security interest and agreeing that each servicer and/or sub servicer shall immediately transfer all Income and other amounts with respect to the Purchased Assets to Buyer in accordance with the applicable Servicing Agreement and so long as any Purchased Asset is owned by Buyer hereunder, following notice from Buyer to Seller and each such servicer of an Event of Default under this Agreement, each such servicer (including the Interim Servicer and Primary Servicer) or sub-servicer shall take no action with regard to such Purchased Asset other than as specifically directed by Buyer. Seller shall cause each Servicing Agreement (including the Interim Servicing Agreement) to be consistent with the terms of this Agreement and each Servicer (including the Interim Servicer) to comply with such terms.

(e) The payment of servicing fees shall be subordinate to payment of amounts outstanding under any Transaction and this Agreement.

(f) For the avoidance of doubt, Seller retains no economic rights to the servicing of the Purchased Assets. As such, Seller expressly acknowledges that the Purchased Assets are sold to Buyer on a "servicing released" basis with such servicing retained by Buyer.

(g) Contemporaneously with the execution of this Agreement on the Closing Date, Buyer, Seller and Interim Servicer shall enter into the Interim Servicing Agreement. The Interim Servicing Agreement shall automatically terminate on the (thirtieth) 30th day following its execution and at the end of each thirty (30) day period thereafter, unless, in each case, Buyer shall agree, by prior written notice to the Interim Servicer to be delivered on or before the Remittance Date immediately preceding each such scheduled termination date, to extend the termination date an additional thirty (30) days. Neither Seller nor Interim Servicer may assign its rights or obligations under the Interim Servicing Agreement without the prior written consent of Buyer.

ARTICLE 28.
MISCELLANEOUS

(a) Seller hereby acknowledges and agrees that Buyer may either securitize or participate, syndicate or otherwise sell interests in the Transactions, any Transaction and/or any portion thereof (any such transaction, a "Secondary Market Transaction"). To the extent Buyer desires to implement any Secondary Market Transaction, Seller agrees to reasonably cooperate with Buyer, at Buyer's sole cost and expense (including, without limitation, Buyer's attorneys' fees and costs and Seller's reasonable attorneys' fees and costs), to plan, structure, negotiate, implement and execute such Secondary Market Transaction; provided that such Secondary Market Transaction has no material adverse tax consequence on Seller or its direct or indirect owners. Seller hereby further acknowledges and agrees that (i) Buyer reserves the right to convert any Transaction or Transactions (or any portion thereof) at any time (including in connection with a Secondary Market Transaction) to components, *pari passu* financing or subordinate financing, including one or more tranches of preferred equity, subordinate debt, multiple notes, or participation interests, each subordinate to such loan ("Subordinate Financing", and the senior portion of any such Subordinate Financing, the "Senior Tranche"),

and (ii) any such Subordinate Financing shall have individual coupon rates that, when blended with the Senior Tranche in the aggregate, shall equal at all times the Price Differential. Seller acknowledges and agrees that the terms of any such Subordinate Financing will provide that a default under the Senior Tranche shall be a default under the respective Subordinate Financing. Seller consents to disclosure by Buyer or any of its Affiliates of the Purchased Assets, collateral therefor and Seller's and its Affiliates' and/or principals' operating and financial statements in connection with the servicing of any Purchased Assets and any Secondary Market Transaction, which disclosure shall be subject to the terms of a confidentiality agreement between Buyer and the applicable counterparty.

(b) All rights, remedies and powers of Buyer hereunder and in connection herewith are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all other rights, remedies and powers of Buyer whether under law, equity or agreement. In addition to the rights and remedies granted to it in this Agreement, to the extent this Agreement is determined to create a security interest, Buyer shall have all rights and remedies of a secured party under the UCC.

(c) The Transaction Documents may be executed in counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

(d) The headings in the Transaction Documents are for convenience of reference only and shall not affect the interpretation or construction of the Transaction Documents.

(e) Without limiting the rights and remedies of Buyer under the Transaction Documents, Seller shall pay Buyer's reasonable actual out-of-pocket costs and expenses, including reasonable fees and expenses of accountants, attorneys and advisors, incurred in connection with the preparation, negotiation, execution and consummation of, and any amendment, supplement or modification to, the Transaction Documents and the Transactions thereunder, whether or not such Transaction Document (or amendment thereto) or Transaction is ultimately consummated. Seller agrees to pay Buyer on demand all costs and expenses (including reasonable expenses for legal services of every kind) of any subsequent enforcement of any of the provisions hereof, or of the performance by Buyer of any obligations of Seller in respect of the Purchased Assets, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Purchased Items and for the custody, care or preservation of the Purchased Items (including insurance costs) and defending or asserting rights and claims of Buyer in respect thereof, by litigation or otherwise. In addition, Seller agrees to pay Buyer on demand all reasonable costs and expenses (including reasonable expenses for legal services) incurred in connection with the maintenance of the Depository Account and registering the Purchased Items in the name of Buyer or its nominee. All such expenses shall be recourse obligations of Seller to Buyer under this Agreement. This Article 28(e) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(f) In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of such rights, Seller hereby grants to Buyer and its Affiliates a right of offset, to secure repayment of all amounts owing to Buyer or its Affiliates by

Seller under the Transaction Documents, upon any and all monies, securities, collateral or other property of Seller and the proceeds therefrom, now or hereafter held or received by Buyer or its Affiliates or any entity under the Control of Buyer or its Affiliates and its respective successors and assigns (including, without limitation, branches and agencies of Buyer, wherever located), for the account of Seller, whether for safekeeping, custody, pledge, transmission, collection, or otherwise, and also upon any and all deposits (general or specified) and credits of Seller at any time existing. Buyer and its Affiliates are hereby authorized at any time and from time to time upon the occurrence and during the continuance of an Event of Default, without notice to Seller, to offset, appropriate, apply and enforce such right of offset against any and all items hereinabove referred to against any amounts owing to Buyer or its Affiliates by Seller thereof under the Transaction Documents or any other agreement, irrespective of whether Buyer or its Affiliates shall have made any demand hereunder and although such amounts, or any of them, shall be contingent or unmatured and regardless of any other collateral securing such amounts. Seller shall be deemed directly indebted to Buyer and its Affiliates in the full amount of all amounts owing to Buyer and its Affiliates by Seller under the Transaction Documents or any other agreement, and Buyer and its Affiliates shall be entitled to exercise the rights of offset provided for above. ANY AND ALL RIGHTS TO REQUIRE BUYER OR ITS AFFILIATES TO EXERCISE THEIR RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL OR PURCHASED ITEMS THAT SECURE THE AMOUNTS OWING TO BUYER OR ITS AFFILIATES BY SELLER UNDER THE TRANSACTION DOCUMENTS, PRIOR TO EXERCISING THEIR RIGHT OF OFFSET WITH RESPECT TO SUCH MONIES, SECURITIES, COLLATERAL, DEPOSITS, CREDITS OR OTHER PROPERTY OF SELLER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED BY SELLER.

(g) All information regarding the terms set forth in any of the Transaction Documents or the Transactions shall be kept confidential and shall not be disclosed by either party hereto to any Person except (a) to the Affiliates of such party or its or their respective directors, officers, employees, agents, advisors, attorneys, accountants and other representatives who are informed of the confidential nature of such information and instructed to keep it confidential, (b) to the extent requested by any regulatory authority, stock exchange, government department or agency, or required by Requirements of Law, (c) to the extent required to be included in the financial statements of either party or an Affiliate thereof, (d) to the extent required to exercise any rights or remedies under the Transaction Documents, Purchased Assets or Underlying Mortgaged Properties, (e) to the extent required to consummate and administer a Transaction, (f) in the event any party is legally compelled to make pursuant to deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process by court order of a court of competent jurisdiction, and (g) to any actual or prospective Participant, Assignee or Qualified Hedge Counterparty that agrees to comply with this Article 28(g); provided, that, except with respect to the disclosures by Buyer under this Article 28(g), no such disclosure made with respect to any Transaction Document shall include a copy of such Transaction Document to the extent that a summary would suffice, but if it is necessary for a copy of any Transaction Document to be disclosed, all pricing and other economic terms set forth therein shall be redacted before disclosure.

(h) Each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this

Agreement shall be

prohibited by or be invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(i) This Agreement contains a final and complete integration of all prior expressions by the parties with respect to the subject matter hereof and thereof and shall constitute the entire agreement among the parties with respect to such subject matter, superseding all prior oral or written understandings.

(j) The parties understand that this Agreement is a legally binding agreement that may affect such party's rights. Each party represents to the other that it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement and that it is satisfied with its legal counsel and the advice received from it.

(k) Should any provision of this Agreement require judicial interpretation, it is agreed that a court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all parties have participated in the preparation of this Agreement.

(l) Except as otherwise specifically set forth herein, wherever pursuant to this Agreement, Buyer exercises any right given to it to consent or not consent, or to approve or disapprove, or any arrangement or term is to be satisfactory to, Buyer in its sole discretion, Buyer shall decide to consent or not consent, or to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory, in its sole and absolute discretion and such decision by Buyer shall be final and conclusive.

(m) Each Affiliated Hedge Counterparty is an intended third party beneficiary of this Agreement and the parties hereto agree that this Agreement shall not be amended or otherwise modified without the written consent of each Affiliated Hedge Counterparty, such consent not to be unreasonably withheld.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first written above.

BUYER:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association

By: /s/ Thomas N. Cassino
Name: Thomas N. Cassino
Title: Executive Director

SELLER:

TH COMMERCIAL JPM LLC, a Delaware limited liability company

By: /s/ Brad Farrell
Name: Brad Farrell
Title: Chief Financial Officer

ANNEXES, EXHIBITS AND SCHEDULES

ANNEX I	Names and Addresses for Communications between Parties
EXHIBIT I	Form of Confirmation
EXHIBIT II	Authorized Representatives of Seller
EXHIBIT III-A	Monthly Reporting Package
EXHIBIT III-B	Quarterly Reporting Package
EXHIBIT III-C	Annual Reporting Package
EXHIBIT IV	Form of Custodial Delivery Certificate
EXHIBIT V	Form of Power of Attorney
EXHIBIT VI	Representations and Warranties Regarding Individual Purchased Assets

EXHIBIT VII	Asset Information
EXHIBIT VIII	Purchase Procedures
EXHIBIT IX	Form of Bailee Letter
EXHIBIT X	Form of Margin Deficit Notice
EXHIBIT XI	Form of U.S Tax Compliance Certificates
EXHIBIT XII	UCC Filing Jurisdictions
EXHIBIT XIII	Form of Future Funding Confirmation
EXHIBIT XIV	Form of Servicer Notice
EXHIBIT XV	Form of Release Letter
EXHIBIT XVI	Form of Covenant Compliance Certificate
EXHIBIT XVII	Form of Re-direction Letter
EXHIBIT XVIII	Future Funding Advance Procedures

ANNEX I

NAMES AND ADDRESSES FOR COMMUNICATIONS BETWEEN PARTIES

Buyer:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
383 Madison Avenue
New York, New York 10179
Attention: Ms. Nancy S. Alto
Telephone: (212) 834-3038
Telecopy: (917) 546-2564

With copies to:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
383 Madison Avenue
New York, New York 10179
Attention: Thomas Nicholas Cassino
Telephone: (212) 834-5158
Telecopy: (212) 834-6029

and

Cadwalader Wickersham & Taft LLP
227 West Trade Street
Charlotte, North Carolina 28202
Attention: Stuart N. Goldstein, Esq.
Telephone: (704) 348-5258
Telecopy: (704) 348-5200

Seller:

TH Commercial JPM LLC
601 Carlson Parkway, Suite 1400
Minnetonka, MN 55305
Attention: General Counsel
Phone Number: 612-238-3385
Fax Number: 612-629-2501
E-mail: Legal.two@twoharborsinvestment.com

With a copy to:

Two Harbors Investment Corp.
590 Madison Avenue, 36th Floor
New York, NY 10022
Attn: General Counsel
Phone Number: 612-629-2500

Fax Number: 612-629-2501
E-mail: legal.two@twoharborsinvestment.com

EXHIBIT I

CONFIRMATION STATEMENT
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

Ladies and Gentlemen:

Seller is pleased to deliver our written **CONFIRMATION** of our agreement to enter into the Transaction pursuant to which JPMorgan Chase Bank, National Association shall purchase from us the Purchased Assets identified on the attached Schedule 1 pursuant to the Master Repurchase Agreement, dated as of December 3, 2015 (the "Agreement"), between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION ("Buyer") and TH COMMERCIAL JPM LLC ("Seller") on the following terms. Capitalized terms used herein without definition have the meanings given in the Agreement.

Purchase Date:	[ ] [ ], 201[ ]
Purchased Assets:	[Name]: As identified on attached Schedule 1
Aggregate Principal Amount of Purchased Assets:	$[ ]
Repurchase Date:	$[ ]
Purchase Price:	$[ ]
Market Value(1):	$[ ]
Change in Purchase Price	$[ ]
Pricing Rate:	one month LIBOR plus %
Advance Rate:	
Existing Mezzanine Debt:	[Yes/No]
Total Future Funding Obligations of Seller:	$[ ]
Requested Future Funding Amount:	$[ ]
Anticipated Timing of Future Funding Obligations:	[ ]
Governing Agreements:	As identified on attached Schedule 1
Requested Wire Amount:	
Requested Fund Date:	
Type of Funding:	[Table/Non-table]

(1) As of the Purchase Date only.

Wiring Instructions:

Primary Servicer:

Name and address for communications:

Buyer:
JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10179
Attention: Ms. Nancy S. Alto
Telephone: (212) 834-3038
Telecopy: (917) 546-2564

With a copy to:
JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10179
Attention: Mr. Thomas Nicholas Cassino
Telephone: (212) 834-5158
Telecopy: (212) 834-6029

Seller:
TH Commercial JPM LLC
601 Carlson Parkway, Suite 1400
Minnetonka, MN 55305
Attention: General Counsel
Telephone: (612) 238-3385
Telecopy: (612) 629-2501
E-mail: Legal.two@twoharborsinvestment.com

With copies to: Two Harbors Investment Corp.
590 Madison Avenue, 36th Floor
New York, NY 10022
Attn: General Counsel
Telephone: (612) 629-2500
Telecopy: (612) 629-2501
E-mail: legal.two@twoharborsinvestment.com

TH COMMERCIAL JPM LLC

By: _____
Name:
Title:

AGREED AND ACKNOWLEDGED:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

Schedule 1 to Confirmation Statement

Purchased Assets:

Aggregate Principal Amount:

EXHIBIT II

AUTHORIZED REPRESENTATIVES OF SELLER

Name	**Specimen Signature**

EXHIBIT III-A

MONTHLY REPORTING PACKAGE

The Monthly Reporting Package shall include, *inter alia*, the following:

- To the extent required to be delivered monthly by the related borrower in accordance with the related Purchased Asset Documents, any and all financial statements, rent rolls or other material information received from the borrowers related to each Purchased Asset. To the extent that Seller fails, after diligent efforts, to obtain on a monthly basis such financial statements, rent rolls and other material information from the borrowers, Seller shall provide such information to Buyer on a quarterly basis.

- A remittance report containing customary servicing information, including without limitation, the amount of each periodic payment due, the amount of each periodic payment received, the date of receipt, the date due, and whether there has been any material adverse change to the real property, on a loan by loan basis and in the aggregate, with respect to the Purchased Assets serviced by any servicer (such remittance report, a "Servicing Tape"), or to the extent any servicer does not provide any such Servicing Tape, a remittance report containing the servicing information that would otherwise be set forth in the Servicing Tape.

- A listing of all Purchased Assets reflecting the payment status of each Purchased Asset and any material changes in the financial or other condition of each Purchased Asset.

- With respect to a Purchased Asset that is a Junior Mortgage Loan or a Participation Interest, the related securitization report to the extent that, in the case of a Junior Mortgage Loan, Seller receives securitization reporting.

- A listing of any existing Defaults.

- Trustee remittance reports.

- All other information as Buyer, from time to time, may reasonably request with respect to Seller or any Purchased Asset, obligor or Underlying Mortgaged Property.

· A certificate substantially in the form attached hereto as Exhibit XVI to this Agreement (the "Covenant Compliance Certificate"), from a Responsible Officer of Seller.

EXHIBIT III-B

QUARTERLY REPORTING PACKAGE

The Quarterly Reporting Package shall include, *inter alia*, the following:

· Consolidated unaudited financial statements of Guarantor presented fairly in accordance with GAAP or, if such financial statements being delivered have been filed with the SEC pursuant to the requirements of the Exchange Act, or similar state securities laws, presented in accordance with applicable statutory and/or regulatory requirements and delivered to Buyer within the same time frame as are required to be filed in accordance with such applicable statutory or regulatory requirements, in either case accompanied by a Covenant Compliance Certificate, including a statement of operations and a statement of changes in cash flows for such quarter and statement of net assets as of the end of such quarter, and certified as being true and correct by a Covenant Compliance Certificate.

EXHIBIT III-C

ANNUAL REPORTING PACKAGE

The Annual Reporting Package shall include, *inter alia*, the following:

· Guarantor's consolidated audited financial statements, prepared by a nationally recognized independent certified public accounting firm and presented fairly in accordance with GAAP or, if such financial statements being delivered have been filed with the SEC pursuant to the requirements of the Exchange Act, or similar state securities laws, presented in accordance with applicable statutory and/or regulatory requirements and delivered to Buyer within the same time frame as are required to be filed in accordance with such applicable statutory and/or regulatory requirements, in either case accompanied by a Covenant Compliance Certificate, including a statement of operations and a statement of changes in cash flows for the prior fiscal year and statement of net assets as of the end of the prior fiscal year accompanied by an unqualified report of the nationally recognized independent certified public accounting firm that prepared them.

EXHIBIT IV

FORM OF CUSTODIAL DELIVERY CERTIFICATE

On this [ ] of [ ], 201[ ], TH COMMERCIAL JPM LLC, a Delaware limited liability company ("Seller") under that certain Master Repurchase Agreement, dated as of December 3, 2015 (the "Repurchase Agreement") between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION ("Buyer") and Seller, does hereby deliver to Wells Fargo Bank, National Association ("Custodian"), as custodian under that certain Custodial Agreement, dated as of December 3, 2015 (the "Custodial Agreement"), among Buyer, Custodian and Seller, the Purchased Asset Files with respect to the Purchased Assets to be purchased by Buyer pursuant to the Repurchase Agreement, which Purchased Assets are listed on the Purchased Asset Schedule attached hereto and which Purchased Assets shall be subject to the terms of the Custodial Agreement on the date hereof.

With respect to the Purchased Asset Files delivered hereby, for the purposes of issuing the Trust Receipt, the Custodian shall review the Purchased Asset Files to ascertain delivery of the documents listed in Section 3 to the Custodial Agreement.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Custodial Agreement.

IN WITNESS WHEREOF, Seller has caused its name to be signed hereto by its officer thereunto duly authorized as of the day and year first above written.

TH COMMERCIAL JPM LLC

By: _____
Name:
Title:

Purchased Asset Schedule to Custodial Delivery

Purchased Assets

EXHIBIT V

FORM OF POWER OF ATTORNEY

Know All Men by These Presents, that TH COMMERCIAL JPM LLC, a Delaware limited liability company ("Seller"), does hereby appoint JPMORGAN CHASE BANK, NATIONAL ASSOCIATION ("Buyer"), its attorney-in-fact to act in Seller's name, place and stead in any way that Seller could do with respect to (i) the completion

of the endorsements of the Purchased Assets, including without limitation the Mortgage Notes, Assignments of Mortgages, Mezzanine Notes, Participation Certificates and assignments of Participation Interests and any transfer documents related thereto, (ii) the recordation of the Assignments of Mortgages, (iii) the preparation and filing, in form and substance satisfactory to Buyer, of such financing statements, continuation statements, and other uniform commercial code forms, as Buyer may from time to time, reasonably consider necessary to create, perfect, and preserve Buyer's security interest in the Purchased Assets and (iv) the enforcement of Seller's rights under the Purchased Assets purchased by Buyer pursuant to the Master Repurchase Agreement, dated as of December 3, 2015 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Repurchase Agreement"), between Buyer and Seller, and to take such other steps as may be necessary or desirable to enforce Buyer's rights against such Purchased Assets, the related Purchased Asset Files and the Servicing Records to the extent that Seller is permitted by law to act through an agent.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OR SUCH REVOCATION OR TERMINATION SHALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY, AND SELLER ON ITS OWN BEHALF AND ON BEHALF OF SELLER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT.

THIS POWER OF ATTORNEY IS COUPLED WITH AN INTEREST AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

IN WITNESS WHEREOF, Seller has caused this Power of Attorney to be executed as a deed this third (3rd) day of December, 2015.

[SIGNATURES ON THE FOLLOWING PAGE]

TH COMMERCIAL JPM LLC

By: _____
Name:
Title:

EXHIBIT VI

REPRESENTATIONS AND WARRANTIES
REGARDING EACH INDIVIDUAL PURCHASED ASSET THAT IS A
SENIOR MORTGAGE LOAN

1. As applicable, each Purchased Asset is either a whole loan and not a participation interest in a whole loan or an A-note interest in a whole loan. The sale of the Purchased Assets to Buyer or its designee does not require Seller to obtain any governmental or regulatory approval or consent that has not been obtained. It being understood that B-notes secured by the same Mortgage as a Senior Mortgage Loan are not subordinate mortgages or junior liens, there are no subordinate mortgages or junior liens encumbering the related Underlying Mortgaged Property. Seller has no knowledge of any mezzanine debt related to the Underlying Mortgaged Property and secured directly by the ownership interests in the Mortgagor.

2. No Purchased Asset is 30 days or more delinquent in payment of principal and interest (without giving effect to any applicable grace period) and no Purchased Asset has been 30 days or more (without giving effect to any applicable grace period in the related Mortgage Note) past due.

3. Except with respect to the ARD Loans, which provide that the rate at which interest accrues thereon increases after the Anticipated Repayment Date, the Purchased Assets (exclusive of any default interest, late charges or prepayment premiums) are fixed rate mortgage loans or floating rate mortgage loans with terms to maturity, at origination or as of the most recent modification, as set forth in the Purchased Asset Schedule.

4. The information pertaining to each Purchased Asset set forth on the Purchased Asset Schedule is true and correct in all material respects as of the Purchase Date. Seller has delivered to Buyer a true, correct and complete copy of all related Purchased Asset Documents, which have not been amended, modified, supplemented or restated since the related date of origination except as such amendment, modification, supplement or restatement has been delivered to Buyer prior to the Purchase Date and, in the case of any Material Modification occurring on or after the related Purchase Date, with respect to which Buyer has provided prior written consent.

5. At the time of the assignment of the Purchased Assets to Buyer, Seller had good and marketable title to and was the sole owner and holder of, each Purchased Asset, free and clear of any pledge, lien, encumbrance or security interest and such assignment validly and effectively transfers and conveys all legal and beneficial ownership of the Purchased Assets to Buyer free and clear of any pledge, lien, charge, encumbrance, participation or security interest, any other ownership interests and other interests on, in or to such Senior Mortgage Loan. Seller has full right and authority to sell, assign and transfer each Senior Mortgage Loan, and the assignment to Buyer constitutes a legal, valid and binding assignment of such Senior Mortgage Loan free and clear of any and all liens, pledges,

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charges or security interests of any nature encumbering such Senior Mortgage Loan subject to the rights and obligations of Seller pursuant to the Agreement.

6. To the extent required under applicable law, Seller is authorized to transact and do business in the jurisdiction in which each Underlying Mortgaged Property is located, or the failure to be so authorized does not materially and adversely affect the enforceability of such Senior Mortgage Loan.

7. In respect of each Purchased Asset, (A) the related Mortgagor is an entity organized under the laws of a state of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico and (B) the Mortgagor is not a debtor in any bankruptcy, receivership, conservatorship, reorganization, insolvency, moratorium or similar proceeding.

8. Each Purchased Asset is secured by (or in the case of a Participation Interest, the Underlying Mortgage Loan is secured by) a Mortgage that establishes and creates a valid and subsisting first priority lien on the Underlying Mortgaged Property, free and clear of any liens, claims, encumbrances, participation interests, pledges, charges or security interests subject only to Permitted Encumbrances. Such Mortgage, together with any separate security agreement, UCC financing statement or similar agreement, if any, establishes and creates a first priority security interest in favor of Seller in all personal property owned by the Mortgagor that is used in, and is reasonably necessary to, the operation of the Underlying Mortgaged Property and, to the extent a security interest may be created therein and perfected by the filing of a UCC financing statement under the Uniform Commercial Code as in effect in the relevant jurisdiction, the proceeds arising from the Underlying Mortgaged Property

and other collateral securing such Purchased Asset, subject only to Permitted Encumbrances. Each UCC financing statement, if any, filed with respect to personal property constituting a part of the Underlying Mortgaged Property and each UCC financing statement assignment, if any, filed with respect to such financing statement was in suitable form for filing in the filing office in which such financing statement was filed. There exists with respect to such Underlying Mortgaged Property an assignment of leases and rents provision, either as part of the related Mortgage or as a separate document or instrument, which establishes and creates a first priority security interest in and to leases and rents arising in respect of the Underlying Mortgaged Property subject only to Permitted Encumbrances. No person other than the related Mortgagor and the mortgagee owns any interest in any payments due under the related leases. The related Mortgage or such assignment of leases and rents provision provides for the appointment of a receiver for rents or allows the holder of the related Mortgage to enter into possession of the Underlying Mortgaged Property to collect rent or provides for rents to be paid directly to the holder of the related Mortgage in the event of a default beyond applicable notice and grace periods, if any, under the related Purchased Asset Documents. As of the origination date, there are no mechanics' or other similar liens or claims that have been filed for work, labor or materials affecting the Underlying

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Mortgaged Property that are or may be prior or equal to the lien of the Mortgage, except those that are insured against pursuant to the applicable Title Policy (as defined below). As of the Purchase Date, there are no mechanics' or other similar liens or claims that have been filed for work, labor or materials affecting the Underlying Mortgaged Property that are or may be prior or equal in priority to the lien of the Mortgage, except those that are insured against pursuant to the applicable Title Policy (as defined below). No (a) Underlying Mortgaged Property secures any mortgage loan not represented on the Purchased Asset Schedule, (b) Purchased Asset is cross-defaulted with any other mortgage loan, other than a mortgage loan listed on the Purchased Asset Schedule, or (c) Purchased Asset is secured by property that is not an Underlying Mortgaged Property.

9. The Purchased Asset Documents for each Senior Mortgage Loan that is secured by a hospitality property operated pursuant to a franchise agreement includes an executed comfort letter or similar agreement signed by the Mortgagor and franchisor of such property enforceable by the Seller against such franchisor, either directly or as an assignee of the originator. The Mortgage or related security agreement for each Mortgage Loan secured by a hospitality property creates a security interest in the revenues of such property for which a UCC financing statement has been filed in the appropriate filing office.

10. The related Mortgagor under each Purchased Asset has good and indefeasible fee simple or, with respect to those Purchased Assets described in clause (31) hereof, leasehold title to the Underlying Mortgaged Property comprising real estate subject to any Permitted Encumbrances.

11. Seller has received an American Land Title Association (ALTA) lender's title insurance policy or a comparable form of lender's title insurance policy (or escrow instructions binding on the Title Insurer (as defined below) and irrevocably obligating the Title Insurer to issue such title insurance policy, a title policy commitment or pro-forma "marked up" at the closing of the related Purchased Asset and countersigned by the Title Insurer or its authorized agent) as adopted in the applicable jurisdiction (the "Title Policy"), which was issued by a nationally recognized title insurance company (the "Title Insurer") qualified to do business in the jurisdiction where the Underlying Mortgaged Property is located, covering the portion of each Underlying Mortgaged Property comprised of real estate and insuring that the related Mortgage is a valid first lien in the original principal amount of the related Purchased Asset on the Mortgagor's fee simple interest (or, if applicable, leasehold interest) in such Underlying Mortgaged Property comprised of real estate subject only to Permitted Encumbrances. Such Title Policy was issued in connection with the origination of the related Purchased Asset. No claims have been made under such Title Policy. Such Title Policy is in full force and effect and all premiums thereon have been paid and will provide that the insured includes the owner of the Purchased Asset and its successors and/or assigns. No holder of the related Mortgage has done, by act or omission, anything that would, and Seller has no actual knowledge of any other circumstance that would, impair the coverage under such Title Policy. Each Title Policy contains no exclusion for, or affirmatively insures (except for any Underlying Mortgaged Property located in a jurisdiction where such affirmative insurance is not available in which case such exclusion may exist), (i) that the Underlying Mortgaged Property shown on the Survey is the same as the property legally described in the Mortgage, and (i) to the extent that the Underlying Mortgaged Property consists of two or more adjoining parcels, such parcels are contiguous.

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12. The related Assignment of Mortgage and the related assignment of the assignment of leases and rents executed in connection with each Mortgage, if any, have been recorded in the applicable jurisdiction (or, if not recorded, have been submitted for recording or are in recordable form) and constitute the legal, valid and binding assignment of such Mortgage and the related assignment of leases and rents from Seller to Buyer. The endorsement of the related Mortgage Note by Seller constitutes the legal, valid, binding and enforceable (except as such enforcement may be limited by anti-deficiency laws or bankruptcy, receivership, conservatorship, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law)) assignment of such Mortgage Note, and together with such Assignment of Mortgage and the related assignment of assignment of leases and rents, legally and validly conveys all right, title and interest in such Purchased Asset and (except in the case of an A-note or a Participation Interest) the Purchased Asset Documents to Buyer.

13. The Purchased Asset Documents for each Purchased Asset (or in the case of a Participation Interest, the Underlying Mortgage Loan) (a) provide that such Purchased Asset (or Underlying Mortgage Loan) is non-recourse except that the related Mortgagor and guarantor that has assets other than equity in the Underlying Mortgaged Property that are not *de minimis* and at least one individual or entity shall be fully liable for actual losses, liabilities, costs and damages arising from at least the following acts of the related Mortgagor and/or its principals: (i) if any petition for bankruptcy, insolvency, dissolution or liquidation pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by, consented to, or acquiesced in by, the Mortgagor; (ii) Mortgagor or guarantor shall have colluded with other creditors to cause an involuntary bankruptcy filing with respect to the Mortgagor or (iii) transfers of either the Underlying Mortgaged Property or equity interests in Mortgagor made in violation of the Mortgage Loan documents; and (b) contains provisions providing for recourse against the Mortgagor and guarantor (which is a natural person or persons, or an entity distinct from the Mortgagor (but may be affiliated with the Mortgagor) that has assets other than equity in the Underlying Mortgaged Property that are not *de minimis*), for losses and damages sustained in the case of (i) (A) misapplication, misappropriation or conversion of rents, insurance proceeds or condemnation awards, or (B) any security deposits not delivered to lender upon foreclosure or action in lieu thereof (except to the extent applied in accordance with leases prior to a Mortgage Loan event of default); (ii) the Mortgagor's fraud or intentional misrepresentation; (iii) willful misconduct by the Mortgagor or guarantor; (iv) breaches of the environmental covenants in the Mortgage Loan documents; or (v) commission of material physical waste at the Underlying Mortgaged Property, which may, with respect to this clause (v), in certain instances, be limited to acts or omissions of the related Mortgagor, guarantor, property manager or their affiliates, employees or agents.

14. The Purchased Asset Documents for each Purchased Asset contain enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the practical realization against the Underlying Mortgaged Property of the principal benefits of the security intended to be provided thereby, including realization by judicial or, if

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applicable, non judicial foreclosure, and there is no exemption available to the related Mortgagor that would interfere with such right of foreclosure except (i) any statutory right of redemption or (ii) any limitation arising under anti deficiency laws or by bankruptcy, receivership, conservatorship, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

15. Each of the related Mortgage Notes and Mortgages are the legal, valid and binding obligations of the related Mortgagor named on the Purchased Asset Schedule and

each of the other related Purchased Asset Documents is the legal, valid and binding obligation of the parties thereto (subject to any non-recourse provisions therein), enforceable in accordance with its terms, except as such enforcement may be limited by anti deficiency laws or bankruptcy, receivership, conservatorship, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law), and except that certain provisions of such Purchased Asset Documents are or may be unenforceable in whole or in part under applicable state or federal laws, but the inclusion of such provisions does not render any of the Purchased Asset Documents invalid as a whole, and such Purchased Asset Documents taken as a whole are enforceable to the extent necessary and customary for the practical realization of the principal rights and benefits afforded thereby.

16. The terms of the Purchased Assets or the related Purchased Asset Documents, (including, in the case of a Participation Interest, the documents evidencing the Underlying Mortgage Loan) have not been altered, impaired, modified or waived in any material respect, except prior to the Purchase Date by written instrument duly submitted for recordation, to the extent required, and as specifically set forth by a document in the related Purchased Asset File.

17. With respect to each Mortgage that is a deed of trust, a trustee, duly qualified under applicable law to serve as such, currently so serves and is named in the deed of trust or has been substituted in accordance with the Mortgage and applicable law or may be substituted in accordance with the Mortgage and applicable law by the related mortgagee, and no fees or expenses are or will become payable to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor other than *de minimis* fees paid in connection with the full or partial release of the Underlying Mortgaged Property or related security for such Purchased Asset following payment of such Purchased Asset in full. The material terms of such Mortgage and related Purchased Asset Documents have not been waived, impaired, modified, altered, satisfied, canceled, subordinated or rescinded in any respect.

18. No Purchased Asset has been satisfied, canceled, subordinated, released or rescinded, in whole or in part, and the related Mortgagor has not been released, in whole or in part, from its obligations under any related Purchased Asset Document.

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19. Except with respect to the enforceability of any provisions requiring the payment of default interest, late fees, additional interest, prepayment premiums or yield maintenance charges, neither the Purchased Asset nor any of the related Purchased Asset Documents is subject to any right of rescission, set-off, abatement, diminution, valid counterclaim or defense, including the defense of usury, including, without limitation, any valid offset, defense, counterclaim or right based on intentional fraud by Seller in connection with the origination of the Senior Mortgage Loan, nor will the operation of any of the terms of any such Purchased Asset Documents, or the exercise (in compliance with procedures permitted under applicable law) of any right thereunder, render any Purchased Asset Documents subject to any right of rescission, set-off, abatement, diminution, valid counterclaim or defense, including the defense of usury (subject to anti-deficiency or one form of action laws and to bankruptcy, receivership, conservatorship, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law)), and no such right of rescission, set-off, abatement, diminution, valid counterclaim or defense has been asserted with respect thereto. None of the Purchased Asset Documents provides for a release of a portion of the Underlying Mortgaged Property from the lien of the Mortgage except upon payment or defeasance in full of all obligations under the Mortgage, provided that, notwithstanding the foregoing, certain of the Purchased Assets may allow partial release (a) upon payment or defeasance of an allocated loan amount which may be formula based, but in no event less than 125% of the allocated loan amount, or (b) in the event the portion of the Underlying Mortgaged Property being released was not given any material value in connection with the underwriting or appraisal of the related Purchased Asset.

20. There is no payment default, giving effect to any applicable notice and/or grace period, and there is no other material default under any of the related Purchased Asset Documents, giving effect to any applicable notice and/or grace period; no such material default or breach has been waived by Seller or on its behalf or, by Seller's predecessors in interest with respect to the Purchased Assets; and no event has occurred that, with the passing of time or giving of notice would constitute a material default or breach under the related Purchased Asset Documents. No Purchased Asset has been accelerated and no foreclosure or power of sale proceeding has been initiated in respect of the related Mortgage. Seller has not waived any material claims against the related Mortgagor under any non-recourse exceptions contained in the Mortgage Note.

21. The principal amount of the Purchased Asset stated on the Purchased Asset Schedule has been fully disbursed as of the Purchase Date (except for certain amounts that were fully disbursed by the mortgagee, but escrowed pursuant to the terms of the related Purchased Asset Documents) and there are no future advances required to be made by the mortgagee under any of the related Purchased Asset Documents. Any requirements under the related Purchased Asset Documents regarding the completion of any on-site or off-site improvements and to disbursements of any escrow funds therefor have been or are being complied with or such escrow funds are still being held. The value of the Underlying Mortgaged Property relative to the value reflected in the most recent Appraisal thereof is not materially impaired by any improvements that have not been completed. Seller has

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not, nor, have any of its agents or predecessors in interest with respect to the Purchased Assets, in respect of such Purchased Asset, directly or indirectly, advanced funds or induced, solicited or knowingly received any advance of funds by a party other than the Mortgagor other than (a) interest accruing on such Purchased Asset from the date of such disbursement of such Purchased Asset to the date which preceded by thirty (30) days the first payment date under the related Mortgage Note and (b) application and commitment fees, escrow funds, points and reimbursements for fees and expenses, incurred in connection with the origination and funding of the Purchased Asset.

22. No Purchased Asset has capitalized interest included in its principal balance, or provides for any shared appreciation rights or other equity participation therein and no contingent or additional interest contingent on cash flow or, except for ARD Loans, negative amortization accrues or is due thereon.

23. Each Purchased Asset identified in the Purchased Asset Schedule as an ARD Loan substantially fully amortizes over its stated term, which term is at least 60 months after the related Anticipated Repayment Date. Each ARD Loan has an Anticipated Repayment Date not less than seven years following the origination of such Purchased Asset. If the related Mortgagor elects not to prepay its ARD Loan in full on or prior to the Anticipated Repayment Date pursuant to the existing terms of the Purchased Asset or a unilateral option (as defined in Treasury Regulations under Article 1001 of the Code) in the Purchased Asset exercisable during the term of the mortgage loan, (i) the Purchased Asset's interest rate will step up to an interest rate per annum as specified in the related Purchased Asset Documents; provided, however, that payment of such Excess Interest shall be deferred until the principal of such ARD Loan has been paid in full; (ii) all or a substantial portion of the Excess Cash Flow collected after the Anticipated Repayment Date shall be applied towards the prepayment of such ARD Loan and once the principal balance of an ARD Loan has been reduced to zero all Excess Cash Flow will be applied to the payment of accrued Excess Interest; and (iii) if the property manager for the Underlying Mortgaged Property can be removed by or at the direction of the mortgagee on the basis of a debt service coverage test, the subject debt service coverage ratio shall be calculated without taking account of any increase in the related Mortgage Interest Rate on such Purchased Asset's Anticipated Repayment Date. No ARD Loan provides that the property manager for the Underlying Mortgaged Property can be removed by or at the direction of the mortgagee solely because of the passage of the related Anticipated Repayment Date.

24. Each Purchased Asset identified in the Purchased Asset Schedule as an ARD Loan with a hard lockbox requires that tenants at the Underlying Mortgaged Property shall (and each Purchased Asset identified in the Purchased Asset Schedule as an ARD Loan with a springing lockbox requires that tenants at the Underlying Mortgaged Property shall, upon the occurrence of a specified trigger event, including, but not limited to, the occurrence of the related Anticipated Repayment Date) make rent payments into a lockbox controlled by the holder of the Purchased Asset and to which the holder of the Purchased Asset has a first perfected security interest; provided however, with respect to each ARD Loan that is secured by a multi-family property with a hard lockbox, or with respect to each ARD Loan that is secured by a multi-family property with a springing lockbox, upon the

occurrence of a specified trigger event, including, but not limited to, the occurrence of the related Anticipated Repayment Date, tenants either pay rents to a lockbox controlled by the holder of the mortgage loan or deposit rents with the property manager who will then deposit the rents into a lockbox controlled by the holder of the Purchased Asset.

25. The servicing and collection practices used by Seller and each originator in respect of each Senior Mortgage Loan and the terms of the Purchased Asset Documents evidencing such Purchased Asset comply in all material respects with all applicable local, state and federal laws, and regulations and Seller and each originator has complied with all material requirements pertaining to the origination, funding and servicing of the Purchased Assets, including but not limited to, usury and any and all other material requirements of any federal, state or local law to the extent non-compliance would have a Material Adverse Effect on the Purchased Asset and was in all material respects legal, proper and prudent, in accordance with Seller's and each originator's customary commercial mortgage servicing practices.

26. The Underlying Mortgaged Property is, in all material respects, in compliance with, and is used and occupied in accordance with, all restrictive covenants of record applicable to such Underlying Mortgaged Property and applicable zoning laws and all inspections, licenses, permits and certificates of occupancy required by law, ordinance or regulation to be made or issued with regard to the Underlying Mortgaged Property governing the occupancy, use, and operation of such Underlying Mortgaged Property have been obtained and are in full force and effect, except to the extent (a) any material non-compliance with applicable zoning laws is insured by an ALTA lender's title insurance policy (or binding commitment therefor), or the equivalent as adopted in the applicable jurisdiction, or a law and ordinance insurance policy that provides coverage for additional costs to rebuild and/or repair the property to current zoning regulations, the inability to restore the Underlying Mortgaged Property to the full extent of the use or structure immediately prior to the casualty would not materially and adversely affect the use or operation of such Underlying Mortgaged Property, or title insurance coverage has been obtained for such nonconformity, the failure to obtain or maintain such inspections, licenses, permits or certificates of occupancy does not materially impair or materially and adversely affect the use and/or operation of the Underlying Mortgaged Property as it was used and operated as of the date of origination of the Purchased Asset or the rights of a holder of the related Purchased Asset, or (b) no improvements encroach upon any easements except for encroachments the removal of which would not materially and adversely affect the value or current use of such Underlying Mortgaged Property or are insured by applicable provisions of the Title Policy.

27. All (a) taxes, water charges, sewer rents, assessments or other similar outstanding governmental charges and governmental assessments that became due and owing prior to the Purchase Date in respect of the Underlying Mortgaged Property (excluding any related personal property), and that if left unpaid, would be, or might become, a lien on such Underlying Mortgaged Property having priority over the related Mortgage and (b) insurance premiums or ground rents that became due and owing prior to the Purchase Date in respect of the Underlying Mortgaged Property (excluding any related personal property), have been paid, or if any such items are disputed, an escrow of funds in an

amount sufficient (together with escrow payments required to be made prior to delinquency) to cover such taxes and assessments and any late charges due in connection therewith has been established. As of the date of origination, the Underlying Mortgaged Property consisted of one or more separate and complete tax parcels. For purposes of this representation and warranty, the items identified herein shall not be considered due and owing until the date on which interest or penalties would be first payable thereon.

28. None of the improvements that were included for the purpose of determining the appraised value of the Underlying Mortgaged Property at the time of the origination of such Purchased Asset lies outside the boundaries and building restriction lines of such Underlying Mortgaged Property, except to the extent that they are legally nonconforming as contemplated by the representation in clause (51) below, and no improvements on adjoining properties encroach upon such Underlying Mortgaged Property, with the exception in each case of (a) immaterial encroachments that do not materially adversely affect the security intended to be provided by the related Mortgage or the use, enjoyment, value or marketability of such Underlying Mortgaged Property or (b) encroachments affirmatively covered by the related Title Policy. With respect to each Purchased Asset, the property legally described in the Survey, if any, obtained for the Underlying Mortgaged Property for purposes of the origination thereof is the same as the property legally described in the Mortgage. Seller has no knowledge of any material issues with the physical condition of the Underlying Mortgaged Property that Seller believes would have a material adverse effect on the use, operation or value of the Underlying Mortgaged Property other than those disclosed in the engineering report and those addressed in sub-clauses (a) and (b) of the preceding sentence.

29. As of the date of the applicable engineering report (which was performed within 12 months prior to the Purchase Date) related to the Underlying Mortgaged Property and, as of the Purchase Date, the Underlying Mortgaged Property is either (i) in good repair, free and clear of any damage that would materially adversely affect the value of such Underlying Mortgaged Property as security for such Purchased Asset or the use and operation of the Underlying Mortgaged Property as it was being used or operated as of the origination date or (ii) escrows in an amount consistent with the standard utilized by Seller with respect to similar loans it holds for its own account have been established, which escrows will in all events be not less than 100% of the estimated cost of the required repairs. The Underlying Mortgaged Property has not been damaged by fire, wind or other casualty or physical condition (including, without limitation, any soil erosion or subsidence or geological condition), which damage has not either been fully repaired or fully insured, or for which escrows in an amount consistent with the standard utilized by Seller with respect to loans it holds for its own account have not been established.

30. There are no proceedings pending or threatened, for the partial or total condemnation of the Underlying Mortgaged Property.

31. The Purchased Assets that are identified as being secured in whole or in part by a leasehold estate (a "Ground Lease") (except with respect to any Purchased Asset also

secured by the related fee interest in the Underlying Mortgaged Property), satisfy the following conditions:

(i) such Ground Lease or a memorandum thereof has been or will be duly recorded or submitted for recordation in a form that is acceptable for recording in the applicable jurisdiction; such Ground Lease, or other agreement received by the originator of the Purchased Asset from the ground lessor, provides that the interest of the lessee thereunder may be encumbered by the related Mortgage and does not restrict the use of the Underlying Mortgaged Property by such lessee, its successors or assigns, in a manner that would adversely affect the security provided by the Mortgage; as of the date of origination of the Purchased Asset (or in the case of a Participation Interest, the Underlying Mortgage Loan), there was no material change of record in the terms of such Ground Lease with the exception of written instruments that are part of the related Purchased Asset File and there has been no material change in the terms of such Ground Lease since the recordation of the related Purchased Asset, with the exception of written instruments that are part of the related Purchased Asset File;

(ii) such Ground Lease is not subject to any liens or encumbrances superior to, or of equal priority with, the related Mortgage, other than the related fee interest and Permitted Encumbrances and such Ground Lease is, and shall remain, prior to any mortgage or other lien upon the related fee interest unless a nondisturbance agreement is obtained from the holder of any mortgage on the fee interest that is assignable to or for the benefit of the related lessee and the related mortgagee;

(iii) such Ground Lease provides that upon foreclosure of the related Mortgage or assignment of the Mortgagor's interest in such Ground Lease in lieu thereof,

the mortgagee under such Mortgage is entitled to become the owner of such interest upon notice to, but without the consent of, the lessor thereunder and, in the event that such mortgagee becomes the owner of such interest, such interest is further assignable by such mortgagee and its successors and assigns upon notice to such lessor, but without a need to obtain the consent of such lessor;

(iv) such Ground Lease is in full force and effect and no default of tenant or ground lessor was in existence at origination, or is currently in existence under such Ground Lease, nor at origination was, or is there any condition that, but for the passage of time or the giving of notice, would result in a default under the terms of such Ground Lease; either such Ground Lease or a separate agreement contains the ground lessor's covenant that it shall not amend, modify, cancel or terminate such Ground Lease without the prior written consent of the mortgagee under such Mortgage and any amendment, modification, cancellation or termination of the Ground Lease without the prior written consent of the related mortgagee, or its successors or assigns is not binding on such mortgagee, or its successor or assigns;

(v) such Ground Lease or other agreement requires that the lessor thereunder will supply an estoppel and give written notice of any material default by the lessee to

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the mortgagee under the related Mortgage, provided that such mortgagee has provided the lessor with notice of its lien in accordance with the provisions of such Ground Lease; and such Ground Lease or other agreement provides that no such notice of default and no termination of the Ground Lease in connection with such notice of default shall be effective against such mortgagee unless such notice of default has been given to such mortgagee and any related Ground Lease contains the ground lessor's covenant that it will give to the related mortgagee, or its successors or assigns, any notices it sends to the Mortgagor;

(vi) either (i) the related ground lessor has subordinated its interest in the Underlying Mortgaged Property to the interest of the holder of the Purchased Asset (or in the case of a Participation Interest, the Underlying Mortgage Loan) or (ii) such Ground Lease or other agreement provides that (A) the mortgagee under the related Mortgage is permitted a reasonable opportunity to cure any default under such Ground Lease that is curable, including reasonable time to gain possession of the interest of the lessee under the Ground Lease, after the receipt of notice of any such default before the lessor thereunder may terminate such Ground Lease; (B) in the case of any such default that is not curable by such mortgagee, or in the event of the bankruptcy or insolvency of the lessee under such Ground Lease, such mortgagee has the right, following termination of the existing Ground Lease or rejection thereof by a bankruptcy trustee or similar party, to enter into a new ground lease with the lessor on substantially the same terms as the existing Ground Lease; and (C) all rights of the Mortgagor under such Ground Lease may be exercised by or on behalf of such mortgagee under the related Mortgage upon foreclosure or assignment in lieu of foreclosure;

(vii) such Ground Lease has an original term (or an original term plus one or more optional renewal terms that under all circumstances may be exercised, and will be enforceable, by the mortgagee or its assignee) that extends not less than 20 years beyond the stated maturity date of the related Purchased Asset (or in the case of a Participation Interest, of the Underlying Mortgage Loan);

(viii) under the terms of such Ground Lease and the related Mortgage, taken together, any related insurance proceeds or the portion of the condemnation award allocable to the ground lessee's interest (other than in respect of a total or substantially total loss or taking or the portion of the condemnation award allocable to the ground lessee's interest (other than in respect of a total or substantially total loss or taking as addressed in subpart (IX))) will be applied either to the repair or restoration of all or part of the Underlying Mortgaged Property, with the mortgagee under such Mortgage or a financially responsible institution acting as trustee appointed by it, or consented to by it, or by the lessor having the right to hold and disburse such proceeds as the repair or restoration progresses (except in such cases where a provision entitling another party to hold and disburse such proceeds would not be viewed as commercially unreasonable by a prudent institutional lender), or to the payment in whole or in part of the outstanding principal balance of such Purchased Asset together with any accrued and unpaid interest thereon;

(ix) in the case of a total or substantial taking or loss, under the terms of the Ground Lease, an estoppel or other agreement and the related Mortgage (taken together), any related insurance proceeds, or portion of the condemnation award allocable to ground lessee's interest in respect of a total or substantially total loss or taking of the Underlying Mortgaged Property to the extent not applied to restoration, will be applied first to the payment of the outstanding principal balance of the Senior Mortgage Loan, together with any accrued interest;

(x) Seller has not received any written notice of default under or notice of termination of such ground lease. To Seller's knowledge, there is no default under such ground lease and no condition that, but for the passage of time or giving of notice, would result in a default under the terms of such ground lease and such ground lease is in full force and effect; and

(xi) such Ground Lease does not impose any restrictions on subletting that would be viewed as commercially unreasonable by Seller; such Ground Lease contains a covenant (or applicable laws provide) that the lessor thereunder is not permitted, in the absence of an uncured default, to disturb the possession, interest or quiet enjoyment of any lessee in the relevant portion of such Underlying Mortgaged Property subject to such Ground Lease for any reason, or in any manner, which would materially adversely affect the security provided by the related Mortgage.

32. An Environmental Site Assessment meeting ASTM requirements conducted by a reputable environmental consultant relating to each Underlying Mortgaged Property and prepared no earlier than 12 months prior to the Purchase Date (each, an "ESA") was obtained and reviewed by Seller in connection with the origination of such Purchased Asset and a copy is included in the Purchased Asset File.

33. There are no adverse circumstances or conditions with respect to or affecting the Underlying Mortgaged Property that would constitute or result in a material violation of any applicable federal, state or local environmental laws, rules and regulations (collectively, "Environmental Laws") and such ESA (i) did not reveal any known circumstance or condition that rendered the Underlying Mortgaged Property at the date of the ESA in material noncompliance with applicable Environmental Laws or the existence of recognized environmental conditions (as such term is defined in ASTM E1527-05 or its successor, hereinafter "Environmental Condition") or the need for further investigation, or (ii) if any material noncompliance with Environmental Laws or the existence of an Environmental Condition or need for further investigation was indicated in any such ESA, other than with respect to an Underlying Mortgaged Property (A) for which environmental insurance is maintained, or (B) that would require (x) any expenditure less than or equal to 5% of the outstanding principal balance of the mortgage loan to achieve or maintain compliance in all material respects with any Environmental Laws or (y) any expenditure greater than 5% of the outstanding principal balance of such Purchased Asset to achieve or maintain compliance in all material respects with any Environmental Laws for which, in connection with this clause (y), adequate sums, but in no event less than 125% of the estimated cost as set forth in the Environmental Site Assessment, were reserved in connection with the origination of the Purchased Asset and

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for which the related Mortgagor has covenanted to perform, or (iii) as to which the related Mortgagor or one of its affiliates is currently taking or required to take such actions, if any, with respect to such conditions or circumstances as have been recommended by the Environmental Site Assessment or required by the applicable Governmental Authority, or (iv) as to which another responsible party not related to the Mortgagor with assets reasonably estimated by Seller at the time of origination to be sufficient to effect all necessary or required remediation identified in a notice or other action from the applicable Governmental Authority is currently taking or required to take such actions, if any, with respect to such regulatory authority's order or directive, or (v) as to which the conditions or circumstances identified in the

Environmental Site Assessment were investigated further and based upon such additional investigation, an environmental consultant recommended no further investigation or remediation, or (vi) as to which a party with financial resources reasonably estimated to be adequate to cure the condition or circumstance that would give rise to such material violation provided a guarantee or indemnity to the related Mortgagor or to the mortgagee to cover the costs of any required investigation, testing, monitoring or remediation, or (vii) as to which the related Mortgagor or other responsible party obtained a "No Further Action" letter or other evidence reasonably acceptable to a prudent commercial mortgage lender that applicable federal, state, or local Governmental Authorities had no current intention of taking any action, and are not requiring any action, in respect of such condition or circumstance, or (viii) that would not require substantial cleanup, remedial action or other extraordinary response under any Environmental Laws reasonably estimated to cost in excess of 5% of the outstanding principal balance of such Purchased Asset.

34. Such Senior Mortgage Loan is the subject of an environmental insurance policy, issued by the related issuer (the "Policy Issuer") and effective as of the date thereof (the "Environmental Insurance Policy"), (ii) as of the Cut-off Date the Environmental Insurance Policy is in full force and effect, there is no deductible and the trustee is a named insured under such policy, (iii)(a) a property condition or engineering report was prepared, if the Underlying Mortgaged Property was constructed prior to 1985, with respect to asbestos-containing materials ("ACM") and, if the Underlying Mortgaged Property is a multifamily property, with respect to radon gas ("RG") and lead-based paint ("LBP"), and (b) if such report disclosed the existence of a material and adverse LBP, ACM or RG environmental condition or circumstance affecting the Underlying Mortgaged Property, the related Mortgagor (A) was required to remediate the identified condition prior to closing the Mortgage Loan or provide additional security or establish with the mortgagee a reserve in an amount deemed to be sufficient by the Seller, for the remediation of the problem, and/or (B) agreed in the Mortgage Loan documents to establish an operations and maintenance plan after the closing of the Mortgage Loan that should reasonably be expected to mitigate the environmental risk related to the identified LBP, ACM or RG condition, (iv) on the effective date of the Environmental Insurance Policy, the Seller as originator had no knowledge of any material and adverse environmental condition or circumstance affecting the Underlying Mortgaged Property (other than the existence of LBP, ACM or RG) that was not disclosed to the Policy Issuer in one or more of the following: (a) the application for insurance, (b) a Mortgagor questionnaire that was provided to the Policy Issuer, or (c) an engineering or other report provided to the Policy Issuer, and (v) the premium of any Environmental Insurance

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Policy has been paid through the maturity of the policy's term and the term of such policy extends at least five years beyond the maturity of the Mortgage Loan.

35. Except for any hazardous materials being handled in accordance with applicable Environmental Laws, (A) there exists either (i) environmental insurance with respect to such Underlying Mortgaged Property or (ii) an amount in an escrow account pledged as security for such Purchased Asset under the relevant Purchased Asset Documents equal to no less than 125% of the amount estimated in such Environmental Site Assessment as sufficient to pay the cost of such remediation or other action in accordance with such Environmental Site Assessment or (B) one of the statements set forth in clause (A)(ii) above is true, (i) such Underlying Mortgaged Property is not being used for the treatment or disposal of hazardous materials; (ii) no hazardous materials are being used or stored or generated for off-site disposal or otherwise present at such Underlying Mortgaged Property other than hazardous materials of such types and in such quantities as are customarily used or stored or generated for off-site disposal or otherwise present in or at properties of the relevant property type; and (iii) such Underlying Mortgaged Property is not subject to any environmental hazard (including, without limitation, any situation involving hazardous materials) that under the Environmental Laws would have to be eliminated before the sale of, or that could otherwise reasonably be expected to adversely affect in more than a *de minimis* manner the value or marketability of, such Underlying Mortgaged Property.

36. The related Mortgage or other Purchased Asset Documents contain covenants on the part of the related Mortgagor requiring its compliance with any present or future federal, state and local Environmental Laws and regulations in connection with the Underlying Mortgaged Property. The related Mortgagor (or an affiliate thereof) has agreed to indemnify, defend and hold Seller, and its successors and assigns (or in the case of a Participation Interest, the lender of record), harmless from and against any and all losses, liabilities, damages, penalties, fines, expenses and claims of whatever kind or nature (including attorneys' fees and costs) imposed upon or incurred by or asserted against any such party resulting from a breach of the environmental representations, warranties or covenants given by the related Mortgagor in connection with such Purchased Asset.

37. For each of the Purchased Assets that is covered by environmental insurance, each environmental insurance policy is in an amount equal to 125% of the outstanding principal balance of the related Purchased Asset and has a term ending no sooner than the date that is five years after the maturity date (or, in the case of an ARD Loan, the final maturity date) of the related Purchased Asset. All environmental assessments or updates that were in the possession of Seller and that relate to an Underlying Mortgaged Property as being insured by an environmental insurance policy have been delivered to or disclosed to the environmental insurance carrier issuing such policy prior to the issuance of such policy.

38. As of the date of origination of the related Purchased Asset, and, as of the Purchase Date, the Underlying Mortgaged Property is covered by insurance policies providing the coverage described below and the Purchased Asset Documents permit the mortgagee to require the coverage described below. All premiums with respect to the insurance

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policies insuring each Underlying Mortgaged Property have been paid in a timely manner or escrowed to the extent required by the Purchased Asset Documents, and Seller has not received any notice of cancellation or termination. The relevant Purchased Asset File contains the insurance policy required for such Purchased Asset or a certificate of insurance for such insurance policy. Each Mortgage requires that the Underlying Mortgaged Property and all improvements thereon be covered by insurance policies providing (a) coverage in the amount of the lesser of full replacement cost of such Underlying Mortgaged Property and the outstanding principal balance of the related Purchased Asset (subject to customary deductibles) for fire and extended perils included within the classification "All Risk of Physical Loss" in an amount sufficient to prevent the Mortgagor from being deemed a co-insurer and to provide coverage on a full replacement cost basis of such Underlying Mortgaged Property (in some cases exclusive of foundations and footings) with an agreed amount endorsement to avoid application of any coinsurance provision; such policies contain a standard mortgagee clause naming mortgagee and its successor in interest as additional insureds or loss payee, as applicable; (b) business interruption or rental loss insurance in an amount at least equal to (i) 12 months of operations, with an extended indemnity for twelve (12) additional months after the Underlying Mortgaged Property is repaired or rebuilt as a result of casualty or condemnation or (ii) in some cases all rents and other amounts customarily insured under this type of insurance of the Underlying Mortgaged Property; (c) flood insurance (if any portion of the improvements on the Underlying Mortgaged Property is located in an area identified by the Federal Emergency Management Agency ("FEMA"), with respect to certain Purchased Assets and the Secretary of Housing and Urban Development with respect to other mortgage loans, as having special flood hazards) in an amount not less than amounts prescribed by FEMA; (d) workers' compensation, if required by law; (e) comprehensive general liability insurance in an amount equal to not less than $1,000,000; all such insurance policies contain clauses providing they are not terminable and may not be terminated without thirty (30) days prior written notice to the mortgagee (except where applicable law requires a shorter period or except for nonpayment of premiums, in which case not less than ten (10) days prior written notice to the mortgagee is required). In addition, each Mortgage permits the related mortgagee to make premium payments to prevent the cancellation thereof and shall entitle such mortgagee to reimbursement therefor. Any insurance proceeds in respect of a casualty, loss or taking will be applied either to the repair or restoration of all or part of the Underlying Mortgaged Property or the payment of the outstanding principal balance of the related Purchased Asset together with any accrued interest thereon. The Underlying Mortgaged Property is insured by an insurance policy, issued by an insurer meeting the requirements of such Purchased Asset (or in the case of a Participation Interest, of the Underlying Mortgage Loan) and having a claims-paying or financial strength rating of at least A:X from A.M. Best Company or "A" (or the equivalent) from S&P, Fitch or Moody's. An architectural or engineering consultant has performed an analysis of each of the Mortgaged Properties located in seismic zones 3 or 4 in order to evaluate the structural and seismic condition of such property, for the sole purpose of assessing the probable maximum loss ("PML") for the Underlying Mortgaged Property in the event of an earthquake. In such instance, the PML was based on a return period of not less than 100 years, an exposure period of 50 years and a 10% probability of exceedence. If the resulting report concluded that the PML

would exceed 20% of the amount of the replacement costs of the improvements, earthquake insurance on such Underlying Mortgaged Property was obtained by an insurer rated at least A:X by A.M. Best Company or "A" (or the equivalent) from S&P, Fitch or Moody's. The insurer issuing each of the foregoing insurance policies is qualified to write insurance in the jurisdiction where the Underlying Mortgaged Property is located.

39. All amounts required to be deposited by each Mortgagor at origination under the related Purchased Asset Documents have been deposited at origination and there are no deficiencies with regard thereto.

40. Whether or not a Purchased Asset was originated by Seller, with respect to each Purchased Asset originated by Seller and each Purchased Asset originated by any Person other than Seller, as of the date of origination of the related Purchased Asset, and, with respect to each Purchased Asset originated by Seller and any subsequent holder of the Purchased Asset, as of the Purchase Date, there are no actions, suits, arbitrations or governmental investigations or proceedings by or before any court or other Governmental Authority or agency now pending against or affecting the Mortgagor or guarantor under any Purchased Asset or any of the Mortgaged Properties that, if determined against such Mortgagor or such Underlying Mortgaged Property, would materially and adversely affect the value of such Underlying Mortgaged Property, the security intended to be provided with respect to the related Purchased Asset, the ability of such Mortgagor and/or the current use or operation of such Underlying Mortgaged Property to generate net cash flow to pay principal, interest and other amounts due under the related Purchased Asset, title to the Underlying Mortgaged Property, the validity or enforceability of the Mortgage, such guarantor's ability to perform under the related guaranty; and there are no such actions, suits or proceedings threatened against such Mortgagor.

41. Each Purchased Asset complied at origination, in all material respects, with all of the terms, conditions and requirements of Seller's and each originator's underwriting standards and all laws and regulations applicable to such Purchased Asset and since origination, the Purchased Asset has been serviced in all material respects in a legal manner in conformance with Seller's and each such originator's servicing standards.

42. The originator of the Purchased Asset or Seller has inspected or caused to be inspected each Underlying Mortgaged Property within the 12 months prior to the Purchase Date.

43. The Purchased Asset Documents require the Mortgagor to provide the holder of the Purchased Asset with quarterly and annual operating statements, financial statements and quarterly (other than for single-tenant properties) rent rolls for Underlying Mortgaged Properties that have leases contributing more than 5% of the in-place base rent and annual financial statements, which annual financial statements (i) with respect to each Senior Mortgage Loan with more than one Mortgagor are in the form of an annual combined balance sheet of the Mortgagor entities (and no other entities), together with the related combined statements of operations, members' capital and cash flows, including a combining balance sheet and statement of income for the Underlying Mortgaged Properties on a combined basis and (ii) for each Senior Mortgage Loan with

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an original principal balance greater than $50 million shall be audited by an independent certified public accountant upon the request of the owner or holder of the Mortgage.

44. All escrow deposits and payments required by the terms of each Purchased Asset are in the possession, or under the control of Seller (or in the case of a Participation Interest, the servicer of the Underlying Mortgage Loan), and all amounts required to be deposited by the applicable Mortgagor under the related Purchased Asset Documents have been deposited, and there are no deficiencies with regard thereto (subject to any applicable notice and cure period). All of Seller's interest in such escrows and deposits will be conveyed by Seller to Buyer hereunder.

45. Each Mortgagor with respect to a Purchased Asset is an entity whose organizational documents or related Purchased Asset Documents provide that it is, and at least so long as the Purchased Asset is outstanding will continue to be, a Single Purpose Entity. Both the Purchased Asset Documents and the organizational documents of the Mortgagor with respect to each Senior Mortgage Loan with a principal balance as of the Purchase Date in excess of $5,000,000 provide that the Mortgagor is a Single Purpose Entity, and each Senior Mortgage Loan with a principal balance as of the Purchase Date of $20,000,000 or more has a counsel's opinion regarding non-consolidation of the Mortgagor. For this purpose, "Single Purpose Entity" shall mean a Person, other than an individual, whose organizational documents provide that it shall engage solely in the business of owning and operating the Underlying Mortgaged Property and that does not engage in any business unrelated to such property and the financing thereof, does not have any assets other than those related to its interest in the Underlying Mortgaged Property or the financing thereof or any indebtedness other than as permitted by the related Mortgage or other Purchased Asset Documents, and the organizational documents of which require that it have its own separate books and records and its own accounts, in each case that are separate and apart from the books and records and accounts of any other Person, except as permitted by the related Mortgage or other Purchased Asset Documents, and that it holds itself out as a legal entity, separate and apart from any other person or entity.

46. [Reserved].

47. Each of the Purchased Assets contain a "due on sale" clause, which provides for the acceleration of the payment of the unpaid principal balance of the Purchased Asset (or in the case of a Participation Interest, of the related mortgage loan) if, without the prior written consent of the holder of the Purchased Asset (or in the case of an A-note or a Participation Interest, of the holder of title to the Underlying Mortgage Loan), the property subject to the Mortgage, or any controlling interest therein, is directly or indirectly transferred or sold (except that it may provide for transfers by devise, descent or operation of law upon the death of a member, manager, general partner or shareholder of a Mortgagor and that it may provide for assignments subject to the Purchased Asset holder's approval of transferee, transfers to affiliates, transfers to family members for estate planning purposes, transfers among existing members, partners or shareholders in Mortgagors or transfers of passive interests so long as the key principals or general partner retains control). The Purchased Asset Documents contain a "due on encumbrance" clause, which provides for the acceleration of the payment of the unpaid

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principal balance of the Purchased Asset if the property subject to the Mortgage or any controlling interest in the Mortgagor is further pledged or encumbered, unless the prior written consent of the holder of the Purchased Asset is obtained (except that it may provide for assignments subject to the Purchased Asset holder's approval of transferee, transfers to affiliates or transfers of passive interests so long as the key principals or general partner retains control). The Mortgage requires the Mortgagor to pay, to the extent any Rating Agency fees are incurred in connection with the review of and consent to any transfer or encumbrance, such fees, along with all other reasonable fees and expenses incurred by the Mortgagee relative to such transfer or encumbrance all reasonable fees and expenses associated with securing the consent or approval of the holder of the Mortgage for a waiver of a "due on sale" or "due on encumbrance" clause or a defeasance provision. As of the Purchase Date, Seller holds no preferred equity interest in any Mortgagor and Seller holds no mezzanine debt related to such Underlying Mortgaged Property.

48. Each Purchased Asset containing provisions for defeasance of mortgage collateral requires either (a) the prior written consent of, and compliance with the conditions set by, the holder of the Purchased Asset to any defeasance, or (b)(i) the replacement collateral consist of U.S. "government securities," within the meaning of Treasury Regulations Article 1.860 G-2(a)(8)(i), in an amount sufficient to make all scheduled payments under the Mortgage Note when due (up to the maturity date for the related Purchased Asset, the Anticipated Repayment Date for ARD Loans or the date on which the Mortgagor may prepay the related Purchased Asset without payment of any prepayment penalty); (ii) the loan may be assumed by a Single Purpose Entity approved by the holder of the Purchased Asset; (iii) counsel provide an opinion that the trustee has a perfected security interest in such collateral prior to any other claim or interest; and (iv) such other documents and certifications as the

mortgagee may reasonably require, which may include, without limitation, (A) a certification that the purpose of the defeasance is to facilitate the disposition of the mortgaged real property or any other customary commercial transaction and not to be part of an arrangement to collateralize a REMIC offering with obligations that are not real estate mortgages and (B) a certification from an independent certified public accountant that the collateral is sufficient to make all scheduled payments under the Mortgage Note when due. Each Purchased Asset containing provisions for defeasance provides that, in addition to any cost associated with defeasance, the related Mortgagor shall pay, as of the date the mortgage collateral is defeased, all scheduled and accrued interest and principal due as well as an amount sufficient to defease in full the Purchased Asset. In addition, if the related Purchased Asset permits defeasance, then the mortgage loan documents provide that the related Mortgagor shall (x) pay all reasonable fees associated with the defeasance of the Purchased Asset and all other reasonable expenses associated with the defeasance, or (y) provide all opinions required under the related Purchased Asset Documents, including a REMIC opinion, and any applicable rating agency letters confirming that no downgrade or qualification shall occur as a result of the defeasance. If the Senior Mortgage Loan permits partial releases of the Underlying Mortgaged Property in connection with partial defeasance, the revenues from the collateral will be sufficient to pay all such scheduled payments calculated on a principal amount equal to a specified percentage at least equal to 115% of the allocated loan amount for the Underlying Mortgaged Property to be released and the defeasance

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collateral is not permitted to be subject to prepayment, call, or early redemption. If the Mortgagor would continue to own assets in addition to the defeasance collateral, the portion of the Senior Mortgage Loan secured by defeasance collateral is required to be assumed by a Single-Purpose Entity and the Mortgagor is required to deliver an opinion of counsel that Buyer has a perfected security interest in such collateral prior to any other claim or interest.

49. In the event that a Purchased Asset is secured by more than one Underlying Mortgaged Property, then, in connection with a release of less than all of such Mortgaged Properties, an Underlying Mortgaged Property may not be released as collateral for the related Purchased Asset unless, in connection with such release, an amount equal to not less than 125% of the Allocated Loan Amount for such Underlying Mortgaged Property is prepaid or, in the case of a defeasance, an amount equal to 125% of the Allocated Loan Amount is defeased through the deposit of replacement collateral (as contemplated in clause (34) hereof) sufficient to make all scheduled payments with respect to such defeased amount, or such release is otherwise in accordance with the terms of the Purchased Asset Documents. With respect to any partial release, either: (x) such release of collateral (i) would not constitute a "significant modification" of the Senior Mortgage Loan within the meaning of Treasury Regulations Section 1.860G-2(b)(2) and (ii) would not cause the subject Mortgage Loan or AB Whole Loan to fail to be a "qualified mortgage" within the meaning of Section 860G(a)(3)(A) of the Code; or (y) the mortgagee or servicer can, in accordance with the related Purchased Asset Documents, condition such release of collateral on the related Mortgagor's delivery of an opinion of tax counsel to the effect specified in the immediately preceding clause (x). For purposes of the preceding clause (x), for any Senior Mortgage Loan originated after December 6, 2010, if the fair market value of the real property constituting such Underlying Mortgaged Property after the release is not equal to at least 80% of the principal balance of the Senior Mortgage Loan outstanding after the release, the Mortgagor is required to make a payment of principal in an amount not less than the amount required by the REMIC Provisions.

In the case of any Senior Mortgage Loan originated after December 6, 2010, in the event of a taking of any portion of an Underlying Mortgaged Property by a State or any political subdivision or authority thereof, whether by legal proceeding or by agreement, the Mortgagor can be required to pay down the principal balance of the Senior Mortgage Loan in an amount not less than the amount required by the REMIC Provisions and, to such extent, the award for any such taking may not be required to be applied to the restoration of the Underlying Mortgaged Property or released to the Mortgagor, if, immediately after the release of such portion of the Underlying Mortgaged Property from the lien of the Mortgage (but taking into account the planned restoration) the fair market value of the real property constituting the remaining Underlying Mortgaged Property is not equal to at least 80% of the remaining principal balance of the Senior Mortgage Loan.

In the case of any Senior Mortgage Loan originated after December 6, 2010, no such Senior Mortgage Loan that is secured by more than one Underlying Mortgaged Property or that is cross-collateralized with another Senior Mortgage Loan permits the release of cross-collateralization of the Underlying Mortgaged Properties or a portion thereof,

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including due to a partial condemnation, other than in compliance with the loan-to-value ratio and other requirements of the REMIC provisions of the Code.

50. Each Underlying Mortgaged Property is owned in fee by the related Mortgagor, with the exception of (i) Mortgaged Properties that are secured in whole or in a part by a Ground Lease and (ii) out-parcels, and is used and occupied for commercial or multifamily residential purposes in accordance with applicable law.

51. Any material non-conformity with applicable zoning laws constitutes a legal non-conforming use or structure that, in the event of casualty or destruction, may be restored or repaired to the full extent of the use or structure at the time of such casualty, and for which law and ordinance insurance coverage has been obtained in amounts consistent with the standards utilized by Seller.

52. Neither Seller nor any affiliate thereof has any obligation to make any capital contributions to the related Mortgagor under the Purchased Asset. The Purchased Asset was not originated for the sole purpose of financing the construction of incomplete improvements on the Underlying Mortgaged Property.

53. If the related Mortgage or other Purchased Asset Documents provide for a grace period for delinquent monthly payments, such grace period is no longer than ten (10) days from the applicable payment date.

54. The following statements are true with respect to the Underlying Mortgaged Property: (a) the Underlying Mortgaged Property is located on or adjacent to a dedicated road or has access to an irrevocable easement permitting ingress and egress and (b) the Underlying Mortgaged Property is served by public or private utilities, water and sewer (or septic facilities) and otherwise appropriate for the use in which the Underlying Mortgaged Property is currently being utilized.

55. None of the Purchased Asset Documents contain any provision that expressly excuses the related borrower from obtaining and maintaining insurance coverage for acts of terrorism and, in circumstances where terrorism insurance is not expressly required, the mortgagee is not prohibited from requesting that the related borrower maintain such insurance, in each case, to the extent such insurance coverage is generally available for like properties in such jurisdictions at commercially reasonable rates. Each Underlying Mortgaged Property is insured by an "all-risk" casualty insurance policy that does not contain an express exclusion for (or, alternatively, is covered by a separate policy that insures against property damage resulting from) acts of terrorism.

56. An Appraisal of the Underlying Mortgaged Property was conducted in connection with the origination of such Purchased Asset (or in the case of a Participation Interest, the date of origination of the Underlying Mortgage Loan), and such Appraisal satisfied the guidelines in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as in effect on the date such Purchased Asset (or in the case of a Participation Interest, the Underlying Mortgage Loan) was originated. The appraisal date is within six (6) months prior to the Senior Mortgage Loan origination date, and within

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twelve (12) months prior to the Purchase Date. The Appraisal is signed by an appraiser who is a Member of the Appraisal Institute ("MAI") and, to Seller's knowledge, had no interest, direct or indirect, in the Underlying Mortgaged Property or the Mortgagor or in any loan made on the security thereof, and whose compensation is not affected by the approval or disapproval of the Senior Mortgage Loan. Each appraiser has represented in such Appraisal or in a supplemental letter that the Appraisal satisfies the requirements of the "Uniform Standards of Professional Appraisal Practice" as adopted by the Appraisal Standards Board of the

Appraisal Foundation.

57. Each recordable Purchased Asset Document or related assignment thereof delivered by Seller to Buyer in connection with such Purchased Asset is in form and substance acceptable for recording in the applicable jurisdiction.

58. If any letter of credit was issued and is outstanding in connection with such Purchased Asset, Seller has delivered to Buyer the original of such letter of credit, together with any modifications, amendments or endorsements necessary to permit Buyer to draw upon such letter of credit.

59. The Senior Mortgage Loan is a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code (but determined without regard to the rule in Treasury Regulations Section 1.860G-2(f)(2) that treats certain defective mortgage loans as qualified mortgages), and, accordingly, (A) the issue price of the Senior Mortgage Loan to the related Mortgagor at origination did not exceed the non-contingent principal amount of the Senior Mortgage Loan and (B) either: (a) such Senior Mortgage Loan is secured by an interest in real property (including buildings and structural components thereof, but excluding personal property) having a fair market value (i) at the date the Senior Mortgage Loan was originated at least equal to 80% of the adjusted issue price of the Senior Mortgage Loan on such date or (ii) at the Purchase Date at least equal to 80% of the adjusted issue price of the Senior Mortgage Loan on such date, provided that for purposes hereof, the fair market value of the real property interest must first be reduced by (A) the amount of any lien on the real property interest that is senior to the Senior Mortgage Loan and (B) a proportionate amount of any lien that is in parity with the Senior Mortgage Loan; or (b) substantially all of the proceeds of such Senior Mortgage Loan were used to acquire, improve or protect the real property which served as the only security for such Senior Mortgage Loan (other than a recourse feature or other third-party credit enhancement within the meaning of Treasury Regulations Section 1.860G-2(a)(1)(ii)). If the Senior Mortgage Loan was "significantly modified" prior to the Purchase Date so as to result in a taxable exchange under Section 1001 of the Code, it either (x) was modified as a result of the default or reasonably foreseeable default of such Senior Mortgage Loan or (y) satisfies the provisions of either sub-clause (B)(a)(i) above (substituting the date of the last such modification for the date the Senior Mortgage Loan was originated) or sub-clause (B)(a)(ii), including the proviso thereto. Any prepayment premium and yield maintenance charges applicable to the Senior Mortgage Loan constitute "customary prepayment penalties" within the meaning of Treasury Regulations Section 1.860G-(b)(2). All terms used in this paragraph shall have the same meanings as set forth in the related Treasury Regulations.

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60. Seller has obtained a rent roll other than with respect to hospitality properties certified by the related Mortgagor or the related guarantor(s) as accurate and complete in all material respects as of a date within one hundred eighty (180) days of the date of origination of the related Senior Mortgage Loan. Seller has obtained operating histories with respect to each Underlying Mortgaged Property certified by the related Mortgagor or the related guarantor(s) as accurate and complete in all material respects as of a date within one hundred eighty (180) days of the date of origination of the related Senior Mortgage Loan. The operating histories collectively report on operations for a period equal to (a) at least a continuous three-year period or (b) in the event the Underlying Mortgaged Property was owned, operated or constructed by the Mortgagor or an affiliate for less than three years then for such shorter period of time, it being understood that for Mortgaged Properties acquired with the proceeds of a Senior Mortgage Loan, operating histories may not have been available.

61. Seller has obtained an organizational chart or other description of each Mortgagor which identifies all beneficial controlling owners of the Mortgagor (*i.e.*, managing members, general partners or similar controlling person for such Mortgagor) (the "Controlling Owner") and all owners that hold a 20% or greater direct ownership share (*i.e.*, the "Major Sponsors"). Seller (1) required questionnaires to be completed by each Controlling Owner and guarantor or performed other processes designed to elicit information from each Controlling Owner and guarantor regarding such Controlling Owner's or guarantor's prior history for at least ten (10) years regarding any bankruptcies or other insolvencies, any felony convictions, and (2) performed or caused to be performed searches of the public records or services such as Lexis/Nexis, or a similar service designed to elicit information about each Controlling Owner, Major Sponsor and guarantor regarding such Controlling Owner's, Major Sponsor's or guarantor's prior history for at least ten (10) years regarding any bankruptcies or other insolvencies, any felony convictions, and provided, however, that records searches were limited to the last ten (10) years (clauses (1) and (2) above, collectively, the "Sponsor Diligence"). Based solely on the Sponsor Diligence, to the knowledge of Seller, no Major Sponsor or guarantor (i) was in a state of federal bankruptcy or insolvency proceeding, (ii) had a prior record of having been in a state of federal bankruptcy or insolvency, or (iii) had been convicted of a felony.

62. With respect to each Senior Mortgage Loan predominantly secured by a retail, office or industrial property leased to a single tenant, the Seller reviewed such estoppel obtained from such tenant no earlier than 90 days prior to the origination date of the related Mortgage Loan, and to the Seller's knowledge based solely on the related estoppel certificate, the related lease is in full force and effect or if not in full force and effect the related space was underwritten as vacant, subject to customary reservations of tenant's rights, such as, without limitation, with respect to CAM and pass-through audits and verification of landlord's compliance with co-tenancy provisions. With respect to each Mortgage Loan predominantly secured by a retail, office or industrial property, the Seller has received lease estoppels executed within 90 days of the origination date of the related Mortgage Loan that collectively account for at least 65% of the in-place base rent for the Underlying Mortgaged Property or set of cross-collateralized properties that secure a Mortgage Loan that is represented on the Certified Rent Roll. To the Seller's knowledge,

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each lease represented on the Certified Rent Roll is in full force and effect, subject to customary reservations of tenant's rights, such as with respect to CAM and pass-through audits and verification of landlord's compliance with co-tenancy provisions.

63. Such Senior Mortgage Loan is not cross-collateralized or cross-defaulted with any other Asset that is not subject to a Transaction.

64. No advance of funds has been made by Seller to the related Mortgagor, and no funds have been received from any person other than the related Mortgagor or an affiliate, directly, or, to the knowledge of Seller, indirectly for, or on account of, payments due on the Senior Mortgage Loan. Neither Seller nor any Affiliate thereof has any obligation to make any capital contribution to any Mortgagor under the Senior Mortgage Loan, other than contributions made on or prior to the Purchase Date.

65. Seller and each originator has complied with its internal procedures with respect to all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 in connection with the origination and/or acquisition of the Senior Mortgage Loan.

Defined Terms

As used in this Exhibit:

The term "Allocated Loan Amount" shall mean, for each Underlying Mortgaged Property, the portion of principal of the related Purchased Asset allocated to such Mortgaged Property for certain purposes (including determining the release prices of properties, if permitted) under such Purchased Asset as set forth in the related loan documents. There can be no assurance, and it is unlikely, that the Allocated Loan Amounts represent the current values of individual Mortgaged Properties, the price at which an individual Underlying Mortgaged Property could be sold in the future to a willing buyer or the replacement cost of the Mortgaged Properties.

The term "Anticipated Repayment Date" shall mean, with respect to any Purchased Asset that is indicated on the Purchased Asset Schedule as having a Revised Rate, the date upon which such Purchased Asset commences accruing interest at such Revised Rate.

The term "Assignment of Mortgage" shall mean, with respect to any Mortgage, an assignment of the mortgage, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related property is located to reflect the assignment and pledge of the Mortgage, subject to the terms, covenants and provisions of this Agreement.

The term "ARD Loan" shall mean any Purchased Asset that provides that if the unamortized principal balance thereof is not repaid on its Anticipated Repayment Date, such Purchased Asset will accrue Excess Interest at the rate specified in the related Mortgage Note and the Mortgagor is required to apply excess monthly cash flow generated by the Underlying Mortgaged Property to the repayment of the outstanding principal balance on such Purchased Asset.

The term "Environmental Site Assessment" shall mean a Phase I environmental report meeting the requirements of the American Society for Testing and Materials, and, if in accordance with customary industry standards a reasonable lender would require it, a Phase II environmental report, each prepared by a licensed third party professional experienced in environmental matters.

The term "Excess Cash Flow" shall mean the cash flow from the Underlying Mortgaged Property securing an ARD Loan after payments of interest (at the Mortgage Interest Rate) and principal (based on the amortization schedule), and (a) required payments for the tax and insurance fund and ground lease escrows fund, (b) required payments for the monthly debt service escrows, if any, (c) payments to any other required escrow funds and (d) payment of operating expenses pursuant to the terms of an annual budget approved by the servicer and discretionary (lender approved) capital expenditures.

The term "Excess Interest" shall mean any accrued and deferred interest on an ARD Loan in accordance with the following terms. Commencing on the respective Anticipated Repayment Date each ARD Loan (pursuant to its existing terms or a unilateral option, as defined in Treasury Regulations under Article 1001 of the Code, in the Purchased Assets exercisable during the term of the Purchased Asset) generally will bear interest at a fixed rate (the "Revised Rate") per annum equal to the Mortgage Interest Rate plus a percentage specified in the related Purchased Asset Documents. Until the principal balance of each such Purchased Asset has been reduced to zero (pursuant to its existing terms or a unilateral option, as defined in Treasury Regulations under Article 1001 of the Code, in the Purchased Assets exercisable during the term of the mortgage loan), such Purchased Asset will only be required to pay interest at the Mortgage Interest Rate and the interest accrued at the excess of the related Revised Rate over the related Mortgage Interest Rate will be deferred (such accrued and deferred interest and interest thereon, if any, is "Excess Interest").

The term "Mortgage Interest Rate" shall mean the fixed rate, or the formula applicable to determine the floating rate, of interest per annum that each Purchased Asset bears as of the Purchase Date.

The term "Permitted Encumbrances" shall mean:

I. the lien of current real property taxes, water charges, sewer rents and assessments not yet delinquent or accruing interest or penalties;

II. covenants, conditions and restrictions, rights of way, easements and other matters of public record acceptable to mortgage lending institutions generally and referred to in the related mortgagee's title insurance policy;

III. other matters to which like properties are commonly subject and which are acceptable to mortgage lending institutions generally, and

IV. the rights of tenants, as tenants only, whether under ground leases or space leases at the Underlying Mortgaged Property

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that together do not materially and adversely affect the related Mortgagor's ability to timely make payments on the related Purchased Asset, which do not materially interfere with the benefits of the security intended to be provided by the related Mortgage or the use, for the use currently being made, the operation as currently being operated, enjoyment, value or marketability of such Underlying Mortgaged Property, provided, however, that, for the avoidance of doubt, Permitted Encumbrances shall exclude all *pari passu*, second, junior and subordinated mortgages but shall not exclude mortgages that secure Purchased Assets that are cross-collateralized with other Purchased Assets.

The term "Revised Rate" shall mean, with respect to those Purchased Assets on the Purchased Asset Schedule indicated as having a revised rate, the increased interest rate after the Anticipated Repayment Date (in the absence of a default) for each applicable Purchased Asset, as calculated and as set forth in the related Purchased Asset.

REPRESENTATIONS AND WARRANTIES
REGARDING EACH INDIVIDUAL PURCHASED ASSET THAT IS A
JUNIOR MORTGAGE LOAN

1. The representations and warranties set forth in this Exhibit VI regarding the Senior Mortgage Loan to which the Purchased Asset is related shall be deemed incorporated herein with respect to each such Purchased Asset.

2. The information set forth in the Purchased Asset Schedule is complete, true and correct in all material respects. Seller has delivered to Buyer a true, correct and complete copy of all related Purchased Asset Documents, which have not been amended, modified, supplemented or restated since the related date of origination except as such amendment, modification, supplement or restatement has been delivered to Buyer prior to the Purchase Date and, in the case of any Material Modification occurring on or after the related Purchase Date, with respect to which Buyer has provided prior written consent.

3. There exists no material default, breach, violation or event of acceleration (and no event that, with the passage of time or the giving of notice, or both, would constitute any of the foregoing) under the documents evidencing or securing the Purchased Asset, in any such case to the extent the same materially and adversely affects the value of the Purchased Asset and the related underlying real property.

4. Except with respect to the enforceability of any provisions requiring the payment of default interest, late fees, additional interest, prepayment premiums or yield maintenance charges, neither the Purchased Asset nor any of the related Purchased Asset Documents is subject to any right of rescission, set-off, abatement, diminution, valid counterclaim or defense, including the defense of usury, nor will the operation of any of the terms of any such Purchased Asset Documents, or the exercise (in compliance with procedures permitted under applicable law) of any right thereunder, render any Purchased Asset Documents subject to any right of rescission, set-off, abatement, diminution, valid counterclaim or defense, including the defense of usury (subject to anti-deficiency or one form of action laws and to bankruptcy, receivership, conservatorship, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law)), and no such right of rescission, set-off, abatement, diminution, valid counterclaim or defense has been asserted with respect thereto.

5. The Purchased Asset Documents have been duly and properly executed by the originator of the Purchased Asset, and each is the legal, valid and binding obligation of the parties thereto, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law). The Purchased Asset is not usurious.

6. The terms of the related Purchased Asset Documents have not been impaired, waived, altered or modified in any material respect (other than by a written instrument that is included in the related Purchased Asset File).

7. The assignment of the Purchased Asset constitutes the legal, valid and binding assignment of such Purchased Asset from Seller to or for the benefit of Buyer enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

8. All representations and warranties in the Purchased Asset Documents and in the underlying documents for the commercial mortgage loan secured by a first lien on a multifamily or commercial property to which such Purchased Asset relates are true and correct in all material respects.

9. The servicing and collection practices used by Seller for the Purchased Asset have complied with applicable law in all material respects and are consistent with those employed by prudent servicers of comparable Purchased Assets.

10. Seller is not a debtor in any state or federal bankruptcy or insolvency proceeding.

11. As of the Purchase Date, there is no payment default, giving effect to any applicable notice and/or grace period, and there is no other material default under any of the related Purchased Asset Documents, giving effect to any applicable notice and/or grace period; no such material default or breach has been waived by Seller or on its behalf or, by Seller's predecessors in interest with respect to the Purchased Assets; and no event has occurred that, with the passing of time or giving of notice would constitute a material default or breach; provided, however, that the representations and warranties set forth in this sentence do not cover any default, breach, violation or event of acceleration that specifically pertains to or arises out of any subject matter otherwise covered by any other representation or warranty made by Seller in this Exhibit VI. No Purchased Asset has been accelerated and no foreclosure or power of sale proceeding has been initiated in respect of the related Mortgage. Seller has not waived any material claims against the related Mortgagor under any non-recourse exceptions contained in the Mortgage Note.

12. No Purchased Asset has been satisfied, canceled, subordinated (except to the senior mortgage loan from which the Purchased Asset is derived), released or rescinded, in whole or in part, and the related Mortgagor has not been released, in whole or in part, from its obligations under any related Purchased Asset Document.

13. Each recordable Purchased Asset Document or related assignment thereof delivered by Seller to Buyer in connection with such Purchased Asset is in form and substance acceptable for recording in the applicable jurisdiction.

REPRESENTATIONS AND WARRANTIES
REGARDING EACH INDIVIDUAL PURCHASED ASSET THAT IS A
PARTICIPATION INTEREST

1. The representations and warranties set forth in this Exhibit VI regarding Senior Mortgage Loans and Junior Mortgage Loans, as applicable shall be deemed incorporated herein with respect to each Underlying Mortgage Loan related to the Purchased Asset.

2. The information set forth in the Purchased Asset Schedule is complete, true and correct in all material respects. Seller has delivered to Buyer a true, correct and complete copy of all related Purchased Asset Documents, which have not been amended, modified, supplemented or restated since the related date of origination except as such amendment, modification, supplement or restatement has been delivered to Buyer prior to the Purchase Date and, in the case of any Material Modification occurring on or after the related Purchase Date, with respect to which Buyer has provided prior written consent.

3. There exists no material default, breach, violation or event of acceleration (and no event that, with the passage of time or the giving of notice, or both, would constitute any of the foregoing) under the documents evidencing or securing the Purchased Asset, in any such case to the extent the same materially and adversely affects the value of the Purchased Asset and the related underlying real property.

4. Except with respect to the enforceability of any provisions requiring the payment of default interest, late fees, additional interest, prepayment premiums or yield maintenance charges, neither the Purchased Asset nor any of the related Purchased Asset Documents is subject to any right of rescission, set-off, abatement, diminution, valid counterclaim or defense, including the defense of usury, nor will the operation of any of the terms of any such Purchased Asset Documents, or the exercise (in compliance with procedures permitted under applicable law) of any right thereunder, render any Purchased Asset Documents subject to any right of rescission, set-off, abatement, diminution, valid counterclaim or defense, including the defense of usury (subject to anti-deficiency or one form of action laws and to bankruptcy, receivership, conservatorship, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law)), and no such right of rescission, set-off, abatement, diminution, valid counterclaim or defense has been asserted with respect thereto.

5. The Purchased Asset Documents have been duly and properly executed by the originator of the Purchased Asset, and each is the legal, valid and binding obligation of the parties thereto, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law). The Purchased Asset is not usurious.

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6. The terms of the related Purchased Asset Documents have not been impaired, waived, altered or modified in any material respect (other than by a written instrument that is included in the related Purchased Asset File).

7. The assignment of the Purchased Asset constitutes the legal, valid and binding assignment of such Purchased Asset from Seller to or for the benefit of Buyer enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

8. All representations and warranties in the Purchased Asset Documents and in the underlying documents for the commercial mortgage loan secured by a first lien on a multifamily or commercial property to which such Purchased Asset relates are true and correct in all material respects.

9. The servicing and collection practices used by Seller for the Purchased Asset have complied with applicable law in all material respects and are consistent with those employed by prudent servicers of comparable Purchased Assets.

10. Seller is not a debtor in any state or federal bankruptcy or insolvency proceeding.

11. As of the Purchase Date, there is no payment default, giving effect to any applicable notice and/or grace period, and there is no other material default under any of the related Purchased Asset Documents, giving effect to any applicable notice and/or grace period; no such material default or breach has been waived by Seller or on its behalf or by Seller's predecessors in interest with respect to the Purchased Assets; and no event has occurred that, with the passing of time or giving of notice would constitute a material default or breach; provided, however, that the representations and warranties set forth in this sentence do not cover any default, breach, violation or event of acceleration that specifically pertains to or arises out of any subject matter otherwise covered by any other representation or warranty made by Seller in this Exhibit VI. No Purchased Asset has been accelerated and no foreclosure or power of sale proceeding has been initiated in respect of the related Mortgage. Seller has not waived any material claims against the related Mortgagor under any non-recourse exceptions contained in the Mortgage Note.

12. No Purchased Asset has been satisfied, canceled, subordinated (except to the senior mortgage loan from which the Purchased Asset is derived), released or rescinded, in whole or in part, and the related Mortgagor has not been released, in whole or in part, from its obligations under any related Purchased Asset Document.

13. Each recordable Purchased Asset Document or related assignment thereof delivered by Seller to Buyer in connection with such Purchased Asset is in form and substance acceptable for recording in the applicable jurisdiction.

REPRESENTATIONS AND WARRANTIES
REGARDING EACH INDIVIDUAL PURCHASED ASSET THAT IS A
MEZZANINE LOAN

1. The representations and warranties set forth in this Exhibit VI regarding Senior Mortgage Loans shall be deemed incorporated herein in respect of each Underlying Mortgage Loan related to the Purchased Asset.

2. The Mezzanine Loan is a performing mezzanine loan secured by a pledge of all of the Capital Stock of a Mortgagor on a performing Underlying Mortgage Loan that owns income producing commercial real estate.

3. As of the Purchase Date, such Mezzanine Loan and the Underlying Mortgage Loan related thereto complies in all material respects with, or is exempt from, all requirements of federal, state or local law relating to such Mezzanine Loan and Underlying Mortgage Loan.

4. Immediately prior to the sale, transfer and assignment to Buyer thereof, Seller had good and marketable title to, and was the sole owner and holder of, such Mezzanine Loan, and Seller is transferring such Mezzanine Loan free and clear of any and all liens, pledges, encumbrances, charges, security interests or any other ownership interests of any nature encumbering such Mezzanine Loan. Upon consummation of the purchase contemplated to occur in respect of such Mezzanine Loan on the Purchase Date therefor, Seller will have validly and effectively conveyed to Buyer all legal and beneficial interest in and to such Mezzanine Loan free and clear of any pledge, lien, encumbrance or security interest.

5. No fraudulent acts were committed by Seller in connection with its acquisition or origination of such Mezzanine Loan nor were any fraudulent acts committed by any Person in connection with the origination of such Mezzanine Loan.

6. All information contained in the related Due Diligence Package (or as otherwise provided to Buyer) and set forth on the Purchased Asset Schedule in respect of such Mezzanine Loan and the Underlying Mortgage Loan related thereto is accurate and complete in all material respects. Seller has delivered to Buyer a true, correct and complete copy of all related Purchased Asset Documents, which have not been amended, modified, supplemented or restated since the related date of origination except as such amendment, modification, supplement or restatement has been delivered to Buyer prior to the Purchase Date and, in the case of any Material Modification occurring on or after the related Purchase Date, with respect to which Buyer has provided prior written consent.

7. Except as included in the Due Diligence Package, Seller is not a party to any document, instrument or agreement, and there is no document, that by its terms modifies or affects the rights and obligations of any holder of such Mezzanine Loan or the related Underlying Mortgage Loan and Seller has not consented to any material change or waiver to any term or provision of any such document, instrument or agreement and no such change or waiver exists.

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8. Such Mezzanine Loan and the related Underlying Mortgage Loan are presently outstanding, the proceeds thereof have been fully and properly disbursed and, except for amounts held in escrow by Seller, there is no requirement for any future advances thereunder.

9. Seller has full right, power and authority to sell and assign such Mezzanine Loan and such Mezzanine Loan or any related Mezzanine Note has not been cancelled, satisfied or rescinded in whole or part nor has any instrument been executed that would effect a cancellation, satisfaction or rescission thereof.

10. Other than consents and approvals obtained as of the related Purchase Date or those already granted in the Mezzanine Loan Documents, no consent or approval by any Person is required in connection with Seller's sale and/or Buyer's acquisition of such Mezzanine Loan, for Buyer's exercise of any rights or remedies in respect of such Mezzanine Loan or for Buyer's sale, pledge or other disposition of such Mezzanine Loan. No third party holds any "right of first refusal", "right of first negotiation", "right of first offer", purchase option, or other similar rights of any kind, and no other impediment exists to any such transfer or exercise of rights or remedies.

11. The Mezzanine Collateral is secured by a pledge of equity ownership interests in the related borrower under the Underlying Mortgage Loan or a direct or indirect owner of the related borrower and the security interest created thereby has been fully perfected in favor of Seller as lender under the Mezzanine Loan.

12. The owner of the Underlying Mortgaged Property (the "Underlying Property Owner") has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with requisite power and authority to own its assets and to transact the business in which it is now engaged, the sole purpose of the Underlying Property Owner under its organizational documents is to own, finance, sell or otherwise manage the related Underlying Mortgaged Property and to engage in any and all activities related or incidental thereto, and the Underlying Mortgaged Property constitutes the sole assets of the Underlying Property Owner.

13. The Underlying Property Owner has good and marketable title to the Underlying Mortgaged Property, no claims under the title policies insuring the Underlying Property Owner's title to the Underlying Mortgaged Property have been made, and the Underlying Property Owner has not received any written notice regarding any material violation of any easement, restrictive covenant or similar instrument affecting the Underlying Mortgaged Property.

14. The representations and warranties made by the borrower (the "Mezzanine Borrower") in the Mezzanine Loan Documents were true and correct in all material respects as of the date such representations and warranties were stated to be true therein, and there has been no adverse change with respect to the Mezzanine Loan, the Mezzanine Borrower, the related Underlying Mortgage Loan and the related Mortgagor in respect thereof, the Underlying Mortgaged Property or the Underlying Property Owner that would render any

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such representation or warranty not true or correct in any material respect as of the Purchase Date.

15. The Mezzanine Loan Documents provide for the acceleration of the payment of the unpaid principal balance of the Mezzanine Loan if (i) the related borrower voluntarily transfers or encumbers all or any portion of any related Mezzanine Collateral, or (ii) any direct or indirect interest in the related borrower is voluntarily transferred or assigned, other than, in each case, as permitted under the terms and conditions of the related loan documents.

16. Pursuant to the terms of the Mezzanine Loan Documents: (a) no material terms of any related Underlying Mortgage Loan may be waived, canceled, subordinated or modified in any material respect and no material portion of such Mortgage or the Underlying Mortgaged Property may be released without the consent of the holder of the Mezzanine Loan; (b) no material action may be taken by the Underlying Property Owner with respect to the Underlying Mortgaged Property without the consent of the holder of the Mezzanine Loan; (c) the holder of the Mezzanine Loan is entitled to approve the budget of the Underlying Property Owner as it relates to the Underlying Mortgaged Property; and (d) the holder of the Mezzanine Loan's consent is required prior to the Underlying Property Owner incurring any additional indebtedness.

17. There is no (i) monetary default, breach or violation with respect to such Mezzanine Loan, the Underlying Mortgage Loan or any other obligation of the Underlying Property Owner, (ii) material non-monetary default, breach or violation with respect to such Mezzanine Loan, the Underlying Mortgage Loan or any other obligation of the Underlying Property Owner or (iii) event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration.

18. No default or event of default has occurred under any agreement pertaining to any lien or other interest that ranks *pari passu* with or senior to the interests of the holder of such Mezzanine Loan or with respect to any Underlying Mortgage Loan or other indebtedness in respect of the related Underlying Mortgaged Property and there is no provision in any agreement related to any such lien, interest or loan which would provide for any increase in the principal amount of any such lien, other interest or loan.

19. Seller's security interest in the Mezzanine Loan is covered by a UCC-9 insurance policy (the "UCC-9 Policy") in the maximum principal amount of the Mezzanine Loan insuring that the related pledge is a valid first priority lien on the collateral pledged in respect of such Mezzanine Loan (the "Mezzanine Collateral"), subject only to the exceptions stated therein (or a pro forma title policy or marked up title insurance commitment on which the required premium has been paid exists which evidences that such UCC-9 Policy will be issued), such UCC-9 Policy (or, if it has yet to be issued, the coverage to be provided thereby) is in full force and effect, no material claims have been made thereunder and no claims have been paid thereunder, Seller has not done, by act or omission, anything that would materially impair the coverage under the UCC-9 Policy and as of the Purchase

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Date, the UCC-9 Policy (or, if it has yet to be issued, the coverage to be provided thereby) will inure to the benefit of Buyer without the consent of or notice to the insurer.

20. The Mezzanine Loan, and each party involved in the origination of the Mezzanine Loan, complied as of the date of origination with, or was exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury.

21. Seller has delivered to Buyer or its designee the original promissory note made in respect of such Mezzanine Loan, together with an original assignment thereof executed by Seller in blank.

22. Seller has not received any written notice that the Mezzanine Loan may be subject to reduction or disallowance for any reason, including without limitation, any setoff, right of recoupment, defense, counterclaim or impairment of any kind.

23. Seller has no obligation to make loans to, make guarantees on behalf of, or otherwise extend credit to, or make any of the foregoing for the benefit of, the Mezzanine Borrower or any other person under or in connection with the Mezzanine Loan.

24. The servicing and collection practices used by the servicer of the Mezzanine Loan, and the origination practices of the related originator, have been in all respects legal, proper and prudent and have met customary industry standards by prudent institutional commercial mezzanine lenders and mezzanine loan servicers except to the extent that, in connection with its origination, such standards were modified as reflected in the documentation delivered to Buyer.

25. If applicable, the ground lessor consented to and acknowledged that (i) the Mezzanine Loan is permitted / approved, (ii) any foreclosure of the Mezzanine Loan and related change in ownership of the ground lessee will not require the consent of the ground lessor or constitute a default under the ground lease, (iii) copies of default notices would be sent to Mezzanine Lender and (iv) it would accept cure from Mezzanine Lender on behalf of the ground lessee.

26. To the extent Buyer was granted a security interest with respect to the Mezzanine Loan, such interest (i) was given for due consideration, (ii) has attached, (iii) is perfected, (iv) is a first priority Lien, and (v) has been appropriately assigned to Buyer by the Underlying Property Owner.

27. No consent, approval, authorization or order of, or registration or filing with, or notice to, any court or governmental agency or body having jurisdiction or regulatory authority is required for any transfer or assignment by the holder of such Mezzanine Loan.

28. Seller has not received written notice of any outstanding liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind for which the holder of such Mezzanine Loan is or may become obligated.

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29. Seller has not advanced funds, or knowingly received any advance of funds from a party other than the borrower relating to such Mezzanine Loan, directly or indirectly, for the payment of any amount required by such Mezzanine Loan.

30. All real estate taxes and governmental assessments, or installments thereof, which would be a lien on any related Underlying Mortgaged Property and that prior to the Purchase Date for the related Purchased Asset have become delinquent in respect of such Underlying Mortgaged Property have been paid, or an escrow of funds in an amount sufficient to cover such payments has been established. For purposes of this representation and warranty, real estate taxes and governmental assessments and installments thereof shall not be considered delinquent until the earlier of (a) the date on which interest and/or penalties would first be payable thereon and (b) the date on which enforcement action is entitled to be taken by the related taxing authority.

31. As of the Purchase Date for the related Purchased Asset, each related Underlying Mortgaged Property was free and clear of any material damage (other than deferred maintenance for which escrows were established at origination) that would affect materially and adversely the value of such Underlying Mortgaged Property as security for the related Underlying Mortgage Loan and there was no proceeding pending or, based solely upon the delivery of written notice thereof from the appropriate condemning authority, threatened for the total or partial condemnation of such Underlying Mortgaged Property.

32. The fire and casualty insurance policy covering the Underlying Mortgaged Property (i) affords (and will afford) sufficient insurance against fire and other risks as are

usually insured against in the broad form of extended coverage insurance from time-to-time available, as well as insurance against flood hazards if the Underlying Mortgaged Property is located in an area identified by FEMA as having special flood hazards, (ii) is a standard policy of insurance for the locale where the Underlying Mortgaged Property is located, is in full force and effect, and the amount of the insurance is in the amount of the full insurable value of the Underlying Mortgaged Property on a replacement cost basis or the unpaid balance of the related Mortgage Loan, whichever is less, (iii) names (and will name) the present owner of the Underlying Mortgaged Property as the insured, and (iv) contains a standard mortgagee loss payable clause in favor of Seller.

33. As of the Purchase Date of the Mezzanine Loan, all insurance coverage required under the Mezzanine Loan Documents and/or the Underlying Mortgage Loan related to the Underlying Mortgaged Property, which insurance covered such risks as were customarily acceptable to prudent commercial and multifamily mortgage lending institutions lending on the security of property comparable to the related Underlying Mortgaged Property in the jurisdiction in which such Underlying Mortgaged Property is located, and with respect to a fire and extended perils insurance policy, is in an amount (subject to a customary deductible) at least equal to the lesser of (i) the replacement cost of improvements located on such Underlying Mortgaged Property, or (ii) the outstanding principal balance of the Underlying Mortgage Loan, and in any event, the amount necessary to prevent operation of any co-insurance provisions; and, except if such Underlying Mortgaged Property is operated as a mobile home park, is also covered by

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business interruption or rental loss insurance, in an amount at least equal to 12 months of operations of the related Underlying Mortgaged Property, all of which was in full force and effect with respect to each related Underlying Mortgaged Property; and, as of the Purchase Date for the related Purchased Asset, all insurance coverage required under the Mezzanine Loan Documents and/or any Underlying Mortgage Loan related to the Underlying Mortgaged Property, which insurance covers such risks and is in such amounts as are customarily acceptable to prudent commercial and multifamily mortgage lending institutions lending on the security of property comparable to the related Underlying Mortgaged Property in the jurisdiction in which such Underlying Mortgaged Property is located, is in full force and effect with respect to each related Underlying Mortgaged Property; all premiums due and payable through the Purchase Date for the related Purchased Asset have been paid; and no notice of termination or cancellation with respect to any such insurance policy has been received by Seller; and except for certain amounts not greater than amounts which would be considered prudent by an institutional commercial and/or multifamily mortgage lender with respect to a similar mortgage loan and which are set forth in the Mezzanine Loan Documents and/or any Underlying Mortgage Loan related to the Underlying Mortgaged Property, any insurance proceeds in respect of a casualty loss, will be applied either (i) to the repair or restoration of all or part of the related Underlying Mortgaged Property or (ii) the reduction of the outstanding principal balance of the Underlying Mortgage Loan, subject in either case to requirements with respect to leases at the related Underlying Mortgaged Property and to other exceptions customarily provided for by prudent institutional lenders for similar loans. The Underlying Mortgaged Property is also covered by comprehensive general liability insurance against claims for personal and bodily injury, death or property damage occurring on, in or about the related Underlying Mortgaged Property, in an amount customarily required by prudent institutional lenders. An architectural or engineering consultant has performed an analysis of the Underlying Mortgaged Properties located in seismic zone 3 or 4 in order to evaluate the structural and seismic condition of such property, for the sole purpose of assessing the probable maximum loss ("PML") for the Underlying Mortgaged Property in the event of an earthquake. In such instance, the PML was based on a 475 year lookback with a 10% probability of exceedance in a 50 year period. If the resulting report concluded that the PML would exceed 20% of the amount of the replacement costs of the improvements, earthquake insurance on such Underlying Mortgaged Property was obtained by an insurer rated at least A-:V by A.M. Best Company or "BBB-" (or the equivalent) from S&P and Fitch or "Baa3" (or the equivalent) from Moody's. If the Underlying Mortgaged Property is located in Florida or within 25 miles of the coast of Texas, Louisiana, Mississippi, Alabama, Georgia, North Carolina or South Carolina such Underlying Mortgaged Property is insured by windstorm insurance in an amount at least equal to the lesser of (i) the outstanding principal balance of such Underlying Mortgage Loan and (ii) 100% of the full insurable value, or 100% of the replacement cost, of the improvements located on the related Underlying Mortgaged Property.

34. The insurance policies contain a standard Mortgagee clause naming the Mortgagee, its successors and assigns as loss payee, in the case of a property insurance policy, and additional insured in the case of a liability insurance policy and provide that they are not terminable without 30 days prior written notice to the Mortgagee (or, with respect to non-

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payment, 10 days prior written notice to the Mortgagee) or such lesser period as prescribed by applicable law. Each Mortgage requires that the Mortgagor under the related Underlying Mortgage Loan maintain insurance as described above or permits the Mortgagee to require insurance as described above, and permits the Mortgagee to purchase such insurance at the Mortgagor's expense if Mortgagor fails to do so.

35. There is no material and adverse environmental condition or circumstance affecting the Underlying Mortgaged Property; there is no material violation of any applicable Environmental Law with respect to the Underlying Mortgaged Property; neither Seller nor the Underlying Property Owner has taken any actions which would cause the Underlying Mortgaged Property not to be in compliance with all applicable Environmental Laws; the loan documents relating to the Underlying Mortgage Loan require the borrower to comply with all Environmental Laws; and each Mortgagor has agreed to indemnify the Mortgagee for any losses resulting from any material, adverse environmental condition or failure of the Mortgagor to abide by such Environmental Laws or has provided environmental insurance.

36. No borrower under the Mezzanine Loan nor any Mortgagor under any Underlying Mortgage Loan is a debtor in any state or federal bankruptcy or insolvency proceeding.

37. Each related Underlying Mortgaged Property was inspected by or on behalf of the related originator or an affiliate during the 12 month period prior to the related origination date.

38. There are no material violations of any applicable zoning ordinances, building codes and land laws applicable to the Underlying Mortgaged Property or the use and occupancy thereof which (i) are not insured by an ALTA lender's title insurance policy (or a binding commitment therefor), or its equivalent as adopted in the applicable jurisdiction, or a law and ordinance insurance policy or (ii) would have a material adverse effect on the value, operation or net operating income of the Underlying Mortgaged Property. The Purchased Asset Documents and the loan documents relating to the Underlying Mortgage Loan require the Underlying Mortgaged Property to comply with all applicable laws and ordinances.

39. None of the material improvements which were included for the purposes of determining the appraised value of any related Underlying Mortgaged Property at the time of the origination of the Mezzanine Loan or any related Underlying Mortgage Loan lies outside of the boundaries and building restriction lines of such property (except Underlying Mortgaged Properties which are legal non-conforming uses), to an extent which would have a material adverse affect on the value of the Underlying Mortgaged Property or the related Mortgagor's use and operation of such Underlying Mortgaged Property (unless affirmatively covered by title insurance) and no improvements on adjoining properties encroached upon such Underlying Mortgaged Property to any material and adverse extent (unless affirmatively covered by title insurance).

40. As of the Purchase Date for the related Purchased Asset, there was no pending action, suit or proceeding, or governmental investigation of which Seller, the Mezzanine Borrower or the Underlying Property Owner has received notice, against the Mortgagor

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under the related Underlying Mortgage Loan or the related Underlying Mortgaged Property the adverse outcome of which could reasonably be expected to materially

and adversely affect the Mezzanine Loan or the Underlying Mortgage Loan.

41. The improvements located on the Underlying Mortgaged Property are either not located in a federally designated special flood hazard area or, if so located, the Mortgagor is required to maintain or the Mortgagee maintains, flood insurance with respect to such improvements and such policy is in full force and effect in an amount no less than the lesser of (i) the original principal balance of the Underlying Mortgage Loan, (ii) the value of such improvements on the related Underlying Mortgaged Property located in such flood hazard area or (iii) the maximum allowed under the related federal flood insurance program.

42. Except for Mortgagors under Underlying Mortgage Loans the Underlying Mortgaged Property with respect to which includes a Ground Lease, the related Mortgagor (or its affiliate) has title in the fee simple interest in each related Underlying Mortgaged Property.

43. The related Underlying Mortgaged Property is not encumbered, and none of the Purchased Asset Documents or any loan documents relating to the Underlying Mortgage Loan permits the related Underlying Mortgaged Property to be encumbered subsequent to the Purchase Date of the related Purchased Asset without the prior written consent of the holder thereof, by any lien securing the payment of money junior to or of equal priority with, or superior to, the lien of the related Mortgage (other than title exceptions, taxes, assessments and contested mechanics and materialmen's liens that become payable after such Purchase Date).

44. Each related Underlying Mortgaged Property constitutes one or more complete separate tax lots (or the related Mortgagor has covenanted to obtain separate tax lots and a Person has indemnified the Mortgagee for any loss suffered in connection therewith or an escrow of funds in an amount sufficient to pay taxes resulting from a breach thereof has been established) or is subject to an endorsement under the related title insurance policy.

45. An Appraisal of the related Underlying Mortgaged Property was conducted in connection with the origination of the Underlying Mortgage Loan; and such Appraisal satisfied the guidelines in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act or 1989, as in effect on the date such Underlying Mortgage Loan was originated.

46. The related Underlying Mortgaged Property is served by public utilities, water and sewer (or septic facilities) and otherwise appropriate for the use in which the Underlying Mortgaged Property is currently being utilized.

47. With respect to each related Underlying Mortgaged Property consisting of a Ground Lease, Seller represents and warrants the following with respect to the related Ground Lease:

(i) Such Ground Lease or a memorandum thereof has been or will be duly recorded no later than 30 days after the Purchase Date of the related Purchased Asset and

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such Ground Lease permits the interest of the lessee thereunder to be encumbered by the related Mortgage or, if consent of the lessor thereunder is required, it has been obtained prior to the Purchase Date.

(ii) Upon the foreclosure of the Underlying Mortgage Loan (or acceptance of a deed in lieu thereof), the Mortgagor's interest in such Ground Lease is assignable to the Mortgagee under the leasehold estate and its assigns without the consent of the lessor thereunder (or, if any such consent is required, it has been obtained prior to the Purchase Date).

(iii) Such Ground Lease may not be amended, modified, canceled or terminated without the prior written consent of the Mortgagee and any such action without such consent is not binding on the Mortgagee, its successors or assigns, except termination or cancellation if (i) an event of default occurs under the Ground Lease, (ii) notice thereof is provided to the Mortgagee and (iii) such default is curable by the Mortgagee as provided in the Ground Lease but remains uncured beyond the applicable cure period.

(iv) Such Ground Lease is in full force and effect, there is no material default under such Ground Lease, and there is no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a material default under such Ground Lease.

(v) The Ground Lease or ancillary agreement between the lessor and the lessee requires the lessor to give notice of any default by the lessee to the Mortgagee. The Ground Lease or ancillary agreement further provides that no notice given is effective against the Mortgagee unless a copy has been given to the Mortgagee in a manner described in the Ground Lease or ancillary agreement.

(vi) The Ground Lease (i) is not subject to any liens or encumbrances superior to, or of equal priority with, the Mortgage, subject, however, to only the Title Exceptions or (ii) is subject to a subordination, non-disturbance and attornment agreement to which the Mortgagee on the lessor's fee interest in the Underlying Mortgaged Property is subject.

(vii) A Mortgagee is permitted a reasonable opportunity (including, where necessary, sufficient time to gain possession of the interest of the lessee under the Ground Lease) to cure any curable default under such Ground Lease before the lessor thereunder may terminate such Ground Lease.

(viii) Such Ground Lease has an original term (together with any extension options, whether or not currently exercised, set forth therein all of which can be exercised by the Mortgagee if the Mortgagee acquires the lessee's rights under the Ground Lease) that extends not less than 20 years beyond the stated maturity date.

(ix) Under the terms of such Ground Lease, any estoppel or consent letter received by the Mortgagee from the lessor, and the related Mortgage, taken together, any related insurance proceeds or condemnation award (other than in respect of a total

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or substantially total loss or taking) will be applied either to the repair or restoration of all or part of the related Underlying Mortgaged Property, with the Mortgagee or a trustee appointed by it having the right to hold and disburse such proceeds as repair or restoration progresses, or to the payment or defeasance of the outstanding principal balance of the Underlying Mortgage Loan, together with any accrued interest (except in cases where a different allocation would not be viewed as commercially unreasonable by any commercial mortgage lender, taking into account the relative duration of the Ground Lease and the related Mortgage and the ratio of the market value of the related Underlying Mortgaged Property to the outstanding principal balance of such Underlying Mortgage Loan).

(x) The Ground Lease does not impose any restrictions on subletting that would be viewed as commercially unreasonable by a prudent commercial lender.

(xi) The ground lessor under such Ground Lease is required to enter into a new lease upon termination of the Ground Lease for any reason, including the rejection of the Ground Lease in bankruptcy.

48. If the Underlying Mortgage Loan is secured by a credit tenant lease, such credit tenant lease has the following properties:

(i) The base rental payments due under the related credit tenant lease, together with any escrow payments held by Seller or its designee, are equal to or greater than the payments due with respect to the related Underlying Mortgage Loan and are payable without notice or demand.

(ii) Unless otherwise explicitly disclosed in the Due Diligence Package, the Mortgagor does not have any monetary obligations under the related credit tenant lease (other than indemnifying the related tenant for the related landlord's gross negligence or intentional misconduct and maintaining in good condition and repairing the roof, structural and exterior portions of the related leased property, for which a reserve to cover any reasonably anticipated expenses has been established), and every other material monetary obligation associated with managing, owning, developing and operating the leased property, including, but not limited to, costs associated with utilities, taxes, insurance, maintenance and repairs is an obligation of the related tenant.

(iii) Unless otherwise explicitly disclosed in the Due Diligence Package, the Mortgagor does not have any nonmonetary obligations, the performance of which would involve a material expenditure of funds or the non-performance of which would entitle the tenant to terminate the related credit tenant lease under the related credit tenant lease, except for the delivery of possession of the leased property and the landlord's obligation not to lease or otherwise permit the operation of properties in competition with the leased property by any other parties or entities under the control of the landlord and except for certain rights arising as a result of environmental contamination which existed as of the rent

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commencement date and any environmental contamination caused by third parties unrelated to tenant after the rent commencement date.

(iv) Unless otherwise explicitly disclosed in the Due Diligence Package, the related tenant cannot terminate such credit tenant lease for any reason prior to the payment in full of: (a) the principal balance of the related Underlying Mortgage Loan; (b) all accrued and unpaid interest on such Underlying Mortgage Loan; and (c) any other sums due and payable under such Underlying Mortgage Loan, as of the termination date, which date is a rent payment date, except for a material default by the related Mortgagor under the credit tenant lease or due to a casualty or condemnation event.

(v) In the event the related tenant assigns or sublets the related leased property, such tenant (and if applicable, the related guarantor) remains primarily obligated under the related credit tenant lease.

(vi) In connection with credit lease loans with respect to which a guaranty exists, the related guarantor guarantees the payment due (and not merely collection) under the related credit tenant lease and such guaranty, on its face, contains no conditions to such payment.

(vii) No tenant under a credit lease loan and related documentation may exercise any termination right or offset or set-off right (other than abatement related to the existence of hazardous materials that materially interfere with the tenant's use and occupancy) which shall be binding upon the related Mortgagee without providing prior written notice of same to such Mortgagee.

(viii) Each tenant under each credit lease loan and related documentation is required to make all rental payments due under the applicable credit lease to the holder of the Underlying Mortgage Loan (or an account controlled by such holder).

(ix) The loan documents relating to the Underlying Mortgage Loan provide that the credit tenant lease cannot be modified without the consent of the holder of the Underlying Mortgage Loan and none of the terms of the credit tenant lease has been impaired, waived, altered or modified in any respect since the origination of the Underlying Mortgage Loan.

(x) The leased property related to each credit lease loan is not subject to any other lease other than the related credit lease or any ground lease pursuant to which the related Mortgagor has acquired its interest in the respective leased property.

(xi) In reliance on a tenant estoppel certificate and representations made by the tenant under the credit lease or representations made by the related Mortgagor under the loan documents relating to the Underlying Mortgage Loan, as of the date of origination of each credit lease loan (1) each credit lease was in full force and effect, and no default by the related Mortgagor or any tenant had occurred under the credit lease, nor was there any existing condition which, but for the passage of time or the giving of notice, or both, would result in a default under the terms of

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the credit lease, and (2) each credit lease has a term ending on or after the maturity date (or anticipated repayment date) of the related credit tenant lease.

49. The assignment of the Purchased Asset constitutes the legal, valid and binding assignment of such Purchased Asset from Seller to or for the benefit of Buyer enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

50. Each recordable Purchased Asset Document or related assignment thereof delivered by Seller to Buyer in connection with such Purchased Asset is in form and substance acceptable for recording in the applicable jurisdiction.

51. [Reserved.]

52. If the Purchased Asset is a Related Mezzanine Loan, the Underlying Mortgage Loan to which the Purchased Asset relates is also a Purchased Asset.

EXHIBIT VII

ASSET INFORMATION

Loan ID #:
Borrower Name:
Borrower Address:
Borrower City:
Borrower State:
Borrower Zip Code:
Recourse?
Guaranteed?
Related Borrower Name(s):

Original Principal Balance:
Note Date:
Loan Date:
Loan Type (e.g. fixed/arm):
Current Principal Balance:
Current Interest Rate (per annum):
Paid to date:
Annual P&I:
Next Payment due date:
Index (complete whether fixed or arm):
Gross Spread/Margin (complete whether fixed or arm):
Life Cap:
Life Floor:
Periodic Cap:
Periodic Floor:
Rounding Factor:
Lookback (in days):
Interest Calculation Method (e.g., Actual/360):
Interest rate adjustment frequency:
P&I payment frequency:
First P&I payment due:
First interest rate adjustment date:
First payment adjustment date:
Next interest rate adjustment date:
Next payment adjustment date:
Conversion Date:
Converted Interest Rate Index:
Converted Interest Rate Spread:
Maturity date:
Loan term:

Amortization term:
Hyper-Amortization Flag:
Hyper-Amortization Term:
Hyper-Amortization Rate Increase:
Balloon Amount:
Balloon LTV:
Prepayment Penalty Flag:
Prepayment Penalty Text:
Lockout Period:
Lien Position:
Fee/Leasehold:
Ground Lease Expiration Date:
CTL (Yes/No):
CTL Rating (Moody's):
CTL Rating (Duff):
CTL Rating (S&P):
CTL Rating (Fitch):
Lease Guarantor:
CTL Lease Type (NNN, NN, Bondable):
Property Name:
Property Address:
Property City:
Property Zip Code:
Property Type (General):
Property Type (Specific):
Cross-collateralized (Yes/No)†:
Property Size:
Year built:
Year renovated:
Actual Average Occupancy:
Occupancy Rent Roll Date:
Underwritten Average Occupancy:
Largest Tenant:
Largest Tenant SF:
Largest Tenant Lease Expiration:
2nd Largest Tenant:
2nd Largest Tenant SF:
2nd Largest Tenant Lease Expiration:
3rd Largest Tenant:
3rd Largest Tenant SF:
3rd Largest Tenant Lease Expiration:
Underwritten Average Rental Rate/ADR:

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† If yes, give property information on each property covered and in aggregate as appropriate. Loan ID's should be denoted with a suffix letter to signify loans/collateral.

Underwritten Vacancy/Credit Loss:
Underwritten Other Income:
Underwritten Total Revenues:
Underwritten Replacement Reserves:
Underwritten Management Fees:
Underwritten Franchise Fees:
Underwritten Total Expenses:
Underwritten Leasing Commissions:
Underwritten Tenant Improvement Costs:
Underwritten NOI:
Underwritten NCF:
Underwritten Debt Service Constant:
Underwritten DSCR at NOI:
Underwritten DSCR at NCF:
Underwritten NOI Period End Date:
Hotel Franchise:
Hotel Franchise Expiration Date:
Appraiser Name:
Appraised Value:
Appraisal Date:
Appraisal Cap Rate:
Appraisal Discount Rate:
Underwritten LTV:
Environmental Report Preparer:
Environmental Report Date:
Environmental Report Issues:
Architectural and Engineering Report Preparer:
Architectural and Engineering Report Date:
Deferred Maintenance Amount:
Ongoing Replacement Reserve Requirement per A&E Report:
Immediate Repairs Escrow % (e.g. [ ]%):
Replacement Reserve Annual Deposit:
Replacement Reserve Balance:
Tenant Improvement/Leasing Commission Annual Deposits:
Tenant Improvement/Leasing Commission Balance:
Taxes paid through date:
Monthly Tax Escrow:
Tax Escrow Balance:
Insurance paid through date:
Monthly Insurance Escrow:
Insurance Escrow Balance:
Reserve/Escrow Balance as of Date:
Probable Maximum Loss %:
Covered by Earthquake Insurance (Yes/No):
Number of times 30 days late in last 12 months:
Number of times 60 days late in last 12 months:

Number of times 90 days late in last 12 months:
Servicing Fee:
Notes:

EXHIBIT VIII

PURCHASE PROCEDURES

(a) Submission of Due Diligence Package. No less than ten (10) Business Days prior to the proposed Purchase Date, Seller shall deliver to Buyer a due diligence package for Buyer's review and approval, which shall contain the following items (the "Due Diligence Package"):

1. Delivery of Purchased Asset Documents. With respect to a New Asset that is a Pre-Existing Asset, each of the Purchased Asset Documents.

2. Transaction-Specific Due Diligence Materials. With respect to any New Asset, a summary memorandum outlining the proposed transaction, including potential transaction benefits and all material underwriting risks, all Underwriting Issues and all other characteristics of the proposed transaction that a reasonable buyer would consider material, together with the following due diligence information relating to the New Asset:

With respect to each Eligible Asset that is an Eligible Loan,

(i) the Asset Information and, if available, maps and photos;

(ii) a current rent roll and roll over schedule, if applicable;

(iii) a cash flow pro-forma, plus historical information, if available;

(iv) copies of appraisal, environmental, engineering and any other third-party reports; *provided*, that, if same are not available to Seller at the time of Seller's submission of the Due Diligence Package to Buyer, Seller shall deliver such items to Buyer promptly upon Seller's receipt of such items;

(v) a description of the underlying real estate directly or indirectly securing or supporting such Purchased Asset and the ownership structure of the borrower and the sponsor (including, without limitation, the board of directors, if applicable) and, to the extent that real property does not secure such Eligible Loan, the related collateral securing such Eligible Loan, if any;

(vi) indicative debt service coverage ratios;

(vii) indicative loan-to-value ratios;

(viii) a term sheet outlining the transaction generally;

(ix) a description of the Mortgagor, including experience with other projects (real estate owned), its ownership structure and financial statements;

(x) a description of Seller's relationship with the Mortgagor, if any;

(xi) copies of documents evidencing such New Asset, or current drafts thereof, including, without limitation, underlying debt and security documents, guaranties, the underlying borrower's and guarantor's organizational documents, warrant agreements, and loan and collateral pledge agreements, as applicable, provided that, if same are not available to Seller at the time of Seller's submission of the Due Diligence Package to Buyer, Seller shall deliver such items to Buyer promptly upon Seller's receipt of such items;

(xii) in the case of Subordinate Eligible Assets, all information described in this section 2 that would otherwise be provided for the Underlying Mortgage Loan if it were an Eligible Asset, and in addition, all documentation evidencing such Subordinate Eligible Asset; and

(xiii) any exceptions to the representations and warranties set forth in Exhibit VI to this Agreement.

3. Environmental and Engineering. A "Phase 1" (and, if requested by Buyer, "Phase 2") environmental report, an asbestos survey, if applicable, and an engineering report, each in form reasonably satisfactory to Buyer, by an engineer or environmental consultant reasonably approved by Buyer.

4. Credit Memorandum. A credit memorandum, asset summary or other similar document that details cash flow underwriting, historical operating numbers, underwriting footnotes, rent roll and lease rollover schedule.

5. Appraisal. Either an Appraisal approved by Buyer or a Draft Appraisal, each by an MAI appraiser, if applicable. If Buyer receives only a Draft Appraisal prior to entering into a Transaction, Seller shall deliver an Appraisal approved by Buyer by an MAI appraiser on or before ten (10) calendar days after the Purchase Date. The related Appraisal shall (i) be dated less than twelve (12) months prior to the proposed financing date and (ii) not be ordered by the related borrower or an Affiliate of the related borrower.

6. Opinions of Counsel. An opinion to Seller and its successors and assigns from counsel to the underlying obligor on the underlying loan transaction, as applicable, as to enforceability of the loan documents governing such transaction and such other matters as Buyer shall require (including, without limitation, opinions as to due formation, authority, choice of law and perfection of security interests).

7. Additional Real Estate Matters. To the extent obtained by Seller from the Mortgagor or the underlying obligor relating to any Eligible Asset at the origination of the Eligible Asset, such other real estate related certificates and documentation as may have been requested by Buyer, such as abstracts of all leases in effect at the real property relating to such Eligible Asset.

8. Other Documents. Any other documents as Buyer or its counsel shall reasonably deem necessary.

(b) Submission of Legal Documents. With respect to a New Asset that is an Originated Asset, no less than seven (7) calendar days prior to the proposed Purchase Date, Seller shall deliver, or cause to be delivered, to counsel for Buyer the following items, where applicable:

1. Copies of all draft Purchased Asset Documents in substantially final form, blacklined against the approved form Purchased Asset Documents.

2. Certificates or other evidence of insurance demonstrating insurance coverage in respect of the underlying real estate directly or indirectly securing or supporting such Purchased Asset of types, in amounts, with insurers and otherwise in compliance with the terms, provisions and conditions set forth in the Purchased Asset Documents. Such certificates or other evidence shall indicate that Seller (or, as to Subordinate Eligible Assets, the lead lender on the whole loan or mezzanine loan in which Seller is a participant or holder of a note or has an equity interest in the Mortgagor, as applicable), will be named as an additional insured as its interest may appear and shall contain a loss payee endorsement in favor of such additional insured with respect to the policies required to be maintained under the Purchased Asset Documents.

3. All Surveys of the underlying real estate directly or indirectly securing or supporting such Purchased Asset that are in Seller's possession.

4. As reasonably requested by Buyer, satisfactory reports of UCC, tax lien, judgment and litigation searches and title updates conducted by search firms and/or title companies reasonably acceptable to Buyer with respect to the Eligible Asset, underlying real estate directly or indirectly securing or supporting such Eligible Asset, Seller and Mortgagor, such searches to be conducted in each location Buyer shall reasonably designate.

5. An unconditional commitment to issue a Title Policy in favor of Buyer and Buyer's successors and/or assigns with respect to Buyer's interest in the related real property and insuring the assignment of the Eligible Asset to Buyer, with an amount of insurance that shall be not less than the maximum principal amount of the Eligible Asset (taking into account the proposed purchase), or an endorsement or confirmatory letter from the title insurance company that issued the existing title insurance policy, in favor of Buyer and Buyer's successors and/or assigns, that amends the existing title insurance policy by stating that the amount of the insurance is not less than the maximum principal amount of the Eligible Asset (taking into account the proposed purchase).

6. Certificates of occupancy and letters certifying that the property is in compliance with all applicable zoning laws, each issued by the appropriate Governmental Authority.

(c) Approval of Eligible Asset. Conditioned upon the timely and satisfactory completion of Seller's requirements in clauses (a) and (b) above, Buyer shall, no less than five

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(5) calendar days prior to the proposed Purchase Date in the case of the proposed purchase of an Eligible Asset, in its sole and absolute discretion (A) notify Seller in writing (which may take the form of electronic mail format) that Buyer has not approved the proposed Eligible Asset as a Purchased Asset or (B) notify Seller in writing (which may

take the form of electronic mail format) that Buyer has approved the proposed Eligible Asset as a Purchased Asset. Buyer's failure to respond to Seller on or prior to five (5) calendar days prior to the proposed Purchase Date, shall be deemed to be a denial of Seller's request that Buyer approve the proposed Eligible Asset, unless Buyer and Seller has agreed otherwise in writing.

(d) Assignment Documents. No less than two (2) business days prior to the proposed Purchase Date, Seller shall have executed and delivered to Buyer, in form and substance reasonably satisfactory to Buyer and its counsel, all applicable assignment documents assigning to Buyer the proposed Eligible Asset (and in any Hedging Transactions held by Seller with respect thereto) that shall be subject to no liens except as expressly permitted by Buyer. Each of the assignment documents shall contain such representations and warranties in writing concerning the proposed Eligible Asset and such other terms as shall be satisfactory to Buyer in its sole discretion, and shall include blacklined copies of each document, showing all changes made to the forms of assignment documents that have been approved in advance by Buyer.

EXHIBIT IX

FORM OF BAILEE LETTER

[ ] [ ], 201[ ]

Re: Bailee Agreement (the "Bailee Agreement") in connection with the pledge by TH Commercial JPM LLC ('Seller") to JPMorgan Chase Bank, National Association ("Buyer")

Ladies and Gentlemen:

In consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Buyer and [ ] (the "Bailee") hereby agree as follows:

(a) Seller shall deliver to the Bailee in connection with any Purchased Assets delivered to the Bailee hereunder an Identification Certificate in the form of Attachment 1 attached hereto to which shall be attached a Purchased Asset Schedule identifying which Purchased Assets are being delivered to the Bailee hereunder. Such Purchased Asset Schedule shall contain the following fields of information: (a) the loan identifying number; (b) the Purchased Asset obligor's name; (c) the street address, city, state and zip code for the applicable real property; (d) the original balance; and (e) the current principal balance if different from the original balance.

(b) On or prior to the date indicated on the Custodial Identification Certificate delivered by Seller (the 'Funding Date"), Seller shall have delivered to the Bailee, as bailee for hire, the original documents set forth on Schedule A attached hereto (collectively, the "Purchased Asset File") for each of the Purchased Assets (each a "Purchased Asset" and collectively, the "Purchased Assets") listed in Exhibit A to Attachment 1 attached hereto (the 'Purchased Asset Schedule").

(c) The Bailee shall issue and deliver to Buyer and Wells Fargo Bank, National Association (the 'Custodian") on or prior to the Funding Date by facsimile (a) in the name of Buyer, an initial trust receipt and certification in the form of Attachment 2 attached hereto (the 'Bailee's Trust Receipt and Certification") which Bailee's Trust Receipt and Certification shall state that the Bailee has received the documents comprising the Purchased Asset File as set forth in the Custodial Identification Certificate (as defined in that certain Custodial Agreement, dated as of December 3, 2015, among Seller, Buyer and Custodian, in addition to such other documents required to be delivered to Buyer

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and/or Custodian pursuant to the Master Repurchase Agreement, dated as of December 3, 2015, between Seller and Buyer (the 'Repurchase Agreement").

(d) On the applicable Funding Date, in the event that Buyer fails to purchase from Seller the Purchased Assets identified in the related Custodial Identification Certificate, Buyer shall deliver by facsimile to the Bailee at [ ] to the attention of [ ], an authorization (the "Facsimile Authorization") to release the Purchased Asset Files with respect to the Purchased Assets identified therein to Seller. Upon receipt of such Facsimile Authorization, the Bailee shall release the Purchased Asset Files to Seller in accordance with Seller's instructions.

(e) Following the Funding Date, the Bailee shall forward the Purchased Asset Files to the Custodian at [ ], by insured overnight courier for receipt by the Custodian no later than 1:00 p.m. on the third Business Day following the applicable Funding Date (the "Delivery Date").

(f) From and after the applicable Funding Date until the time of receipt of the Facsimile Authorization or the applicable Delivery Date, as applicable, the Bailee (a) shall maintain continuous custody and control of the related Purchased Asset Files as bailee for Buyer and (b) is holding the related Purchased Assets as sole and exclusive bailee for Buyer unless and until otherwise instructed in writing by Buyer.

(g) Seller agrees to indemnify and hold the Bailee and its partners, directors, officers, agents and employees harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorneys' fees, that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of this Bailee Agreement or any action taken or not taken by it or them hereunder unless such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (other than special, indirect, punitive or consequential damages, which shall in no event be paid by the Bailee) were imposed on, incurred by or asserted against the Bailee because of the breach by the Bailee of its obligations hereunder, which breach was caused by negligence, lack of good faith or willful misconduct on the part of the Bailee or any of its partners, directors, officers, agents or employees. The foregoing indemnification shall survive any resignation or removal of the Bailee or the termination or assignment of this Bailee Agreement.

(h) In the event that the Bailee fails to produce a Mortgage Note, assignment of collateral or any other document related to a Purchased Asset that was in its possession within ten (10) business days after required or requested by Seller or Buyer (a "Delivery Failure"), the Bailee shall indemnify Seller or Buyer in accordance with paragraph (g) above.

(i) Seller agrees to indemnify and hold Buyer and its respective affiliates and designees harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorneys' fees, that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of a Custodial Delivery Failure or the Bailee's

negligence, lack of good faith or willful misconduct. The foregoing indemnification shall survive any termination or assignment of this Bailee Agreement.

(j) Seller hereby represents, warrants and covenants that the Bailee is not an affiliate of or otherwise controlled by Seller. Notwithstanding the foregoing, the parties hereby acknowledge that the Bailee hereunder may act as Counsel to Seller in connection with a proposed transaction and [ ], if acting as Bailee, has represented Seller in connection with negotiation, execution and delivery of the Repurchase Agreement.

(k) In connection with a pledge of the Purchased Assets as collateral for an obligation of Buyer, Buyer may pledge its interest in the corresponding Purchased Asset Files held by the Bailee for the benefit of Buyer from time to time by delivering written notice to the Bailee that Buyer has pledged its interest in the identified Purchased Assets and Purchased Asset Files, together with the identity of the party to whom the Purchased Assets have been pledged (such party, the "Pledgee"). Upon receipt of such notice from Buyer, the Bailee shall mark its records to reflect the pledge of the Purchased Assets by Buyer to the Pledgee. The Bailee's records shall reflect the pledge of the Purchased Assets by Buyer to the Pledgee until such time as the Bailee receives written instructions from Buyer that the Purchased Assets are no longer pledged by Buyer to the Pledgee, at which time the Bailee shall change its records to reflect the release of the pledge of the Purchased Assets and that the Bailee is holding the Purchased Assets as custodian for, and for the benefit of, Buyer.

(l) The agreement set forth in this Bailee Agreement may not be modified, amended or altered, except by written instrument, executed by all of the parties hereto.

(m) This Bailee Agreement may not be assigned by Seller or the Bailee without the prior written consent of Buyer.

(n) For the purpose of facilitating the execution of this Bailee Agreement as herein provided and for other purposes, this Bailee Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute and be one and the same instrument.

(o) This Bailee Agreement shall be construed in accordance with the laws of the State of New York, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

(p) Capitalized terms used herein and defined herein shall have the meanings ascribed to them in the Repurchase Agreement.

Very truly yours,

TH COMMERCIAL JPM LLC, as Seller

By: _____
Name:
Title:

ACCEPTED AND AGREED:

[BAILEE]

By: _____
Name:

ACCEPTED AND AGREED:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
Buyer

By: _____
Name:
Title:

Schedule A

[List of Purchased Asset Documents]

Attachment 1

IDENTIFICATION CERTIFICATE

On this [ ] day of [ ], 201[ ], TH COMMERCIAL JPM LLC ("Seller"), under that certain Bailee Agreement of even date herewith (the "Bailee Agreement"), among Seller, [ ] (the "Bailee"), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Buyer, does hereby instruct the Bailee to hold, in its capacity as Bailee, the Purchased Asset Files with respect to the Purchased Assets listed on Exhibit A hereto, which Purchased Assets shall be subject to the terms of the Bailee Agreement as of the date hereof.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bailee Agreement.

IN WITNESS WHEREOF, Seller has caused this Identification Certificate to be executed and delivered by its duly authorized officer as of the day and year first above written.

TH COMMERCIAL JPM LLC

By: _____
Name:
Title:

Exhibit A to Attachment 1

PURCHASED ASSET SCHEDULE

Attachment 2

FORM OF BAILEE'S TRUST RECEIPT AND CERTIFICATION

[ ] [ ], 201[ ]

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
383 Madison Avenue
New York, New York 10179
Attention: Ms. Nancy S. Alto
Telephone: (212) 834-3038
Telecopy: (917) 546-2564

Re: Bailee Agreement, dated as of [ ] [ ], 201[ ] (the "Bailee Agreement") among TH Commercial JPM LLC ("Seller"), JPMorgan Chase Bank, National Association ("Buyer") and [ ] ("Bailee")

Ladies and Gentlemen:

In accordance with the provisions of Paragraph (c) of the above-referenced Bailee Agreement, the undersigned, as the Bailee, hereby certifies that as to each Purchased Asset described in the Purchased Asset Schedule (Exhibit A to Attachment 1), a copy of which is attached hereto, it has reviewed the Purchased Asset File and has determined that (i) all documents listed in Schedule A attached to the Bailee Agreement are in its possession and (ii) such documents have been reviewed by it and appear regular on their face and relate to such Purchased Asset and (iii) based on its examination, the foregoing documents on their face satisfy the requirements set forth in Paragraph (b) of the Bailee Agreement.

The Bailee hereby confirms that it is holding each such Purchased Asset File as agent and bailee for the exclusive use and benefit of Buyer pursuant to the terms of the Bailee Agreement.

All initially capitalized terms used herein shall have the meanings ascribed to them in the above-referenced Bailee Agreement.

[ ], BAILEE

By: _____
Name:
Title:

EXHIBIT X

FORM OF MARGIN DEFICIT NOTICE

[DATE]

VIA ELECTRONIC TRANSMISSION
TH Commercial JPM LLC
601 Carlson Parkway, Suite 1400
Minnetonka, MN 55305
Attention: General Counsel

Re: Master Repurchase Agreement, dated as of December 3, 2015 (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "Master Repurchase Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Master Repurchase Agreement) by and between JPMorgan Chase Bank, National Association ("Buyer") and TH Commercial JPM LLC ("Seller").

Pursuant to Article 4(a) of the Master Repurchase Agreement, Buyer hereby notifies Seller of the existence of a Margin Deficit as of the date hereof as follows:

Repurchase Price for certain Purchased Assets:	$
Buyer's Margin Amount for certain Purchased Assets:	$

MARGIN DEFICIT:	$
Accrued Interest from [ ] to [ ]:	$
TOTAL WIRE DUE:	$

SELLER IS REQUIRED TO CURE THE MARGIN DEFICIT SPECIFIED ABOVE IN ACCORDANCE WITH THE MASTER REPURCHASE AGREEMENT AND WITHIN THE TIME PERIOD SPECIFIED ARTICLE 4(a) THEREOF.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

EXHIBIT XI-1

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Assignees That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 3(t) of the Master Repurchase Agreement, dated as of December 3, 2015 (the "Master Repurchase Agreement"), by and between JPMorgan Chase Bank, National Association, a national banking association organized under the laws of the United States, as Buyer, and TH Commercial JPM LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Master Repurchase Agreement.

The undersigned hereby certifies that (i) it is the sole record and beneficial owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Seller(s) with a correct, complete, and accurate executed IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the applicable Seller(s), and (2) the undersigned shall have at all times furnished the applicable Seller(s) with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Date: , 201[ ]

EXHIBIT XI-2

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 3(t) of the Master Repurchase Agreement, dated as of December 3, 2015 (the "Master Repurchase Agreement"), by and between JPMorgan Chase Bank, National Association, a national banking association organized under the laws of the United States, as Buyer, and TH Commercial JPM LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Master Repurchase Agreement.

The undersigned hereby certifies that (i) it is the sole record and beneficial owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Buyer or Assignee with a correct, complete, and accurate executed IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Buyer or Assignee in writing, and (2) the undersigned shall have at all times furnished such Buyer or Assignee with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 201[ ]

EXHIBIT XI-3

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 3(t) of the Master Repurchase Agreement, dated as of December 3, 2015 (the "Master Repurchase Agreement"), by and between JPMorgan Chase Bank, National Association, a national banking association organized under the laws of the United States, as Buyer, and TH Commercial JPM LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Master Repurchase Agreement.

The undersigned hereby certifies that (i) it is the sole record owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such interest, (iii) with respect such interest, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Buyer or Assignee with a correct, complete, and accurate executed IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Buyer or Assignee and (2) the undersigned shall have at all times furnished such Buyer or Assignee with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 201[ ]

EXHIBIT XI-4

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Assignees That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to Article 3(t) of the Master Repurchase Agreement, dated as of December 3, 2015 (the "Master Repurchase Agreement"), by and between JPMorgan Chase Bank, National Association, a national banking association organized under the laws of the United States, as Buyer, and TH Commercial JPM LLC, a Delaware limited liability company, as Seller. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Master Repurchase Agreement.

The undersigned hereby certifies that (i) it is the sole record owner of the ownership interest in the Transaction(s) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such interest, (iii) with respect to such interest, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the applicable Seller(s) within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the applicable Seller(s) as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the applicable Seller(s) with a correct, complete, and accurate executed IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the applicable Seller(s), and (2) the undersigned shall have at all times furnished the applicable Seller(s) with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Date: , 201[ ]

UCC FILING JURISDICTIONS

Delaware

XII-4

EXHIBIT XIII

FUTURE FUNDING CONFIRMATION
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

Ladies and Gentlemen:

SELLER is pleased to deliver our written **FUTURE FUNDING CONFIRMATION** of our agreement to enter into the Future Funding Transaction pursuant to which JPMORGAN CHASE BANK, NATIONAL ASSOCIATION ("Buyer") shall advance funds to Seller (as defined below), or at the request of Seller to the borrower identified below pursuant to the Master Repurchase Agreement, dated as of December 3, 2015 (the "Agreement"), between Buyer and Seller on the following terms. Capitalized terms used herein without definition have the meanings given in the Agreement.

Future Funding Date:	, 20
Related Purchased Asset:	[ ]
Aggregate Principal Amount of Purchased Asset:	$[ ]
Repurchase Date of Purchased Asset:	
Purchase Price of Purchased Asset:	$[ ]
Pricing Rate of Purchased Asset:	one month LIBOR plus %
Pricing Rate at Max. Advance Rate of Purchased Asset:	
Future Funding Amount:	$[ ]
Future Funding Amounts Remaining:	$[ ]
Transmission Date/Time:	
Borrower:	
Wiring Instructions:	
Name and address for communications:	Buyer: JPMorgan Chase Bank, National Association 383 Madison Avenue New York, New York 10179 Attention: Ms. Nancy S. Alto Telephone: (212) 834-3038 Telecopy: (917) 546-2564

With a copy to: JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10179
Attention: Mr. Thomas Nicholas Cassino
Telephone: (212) 834-5158
Telecopy: (212) 834-6029

Seller: TH Commercial JPM LLC
601 Carlson Parkway, Suite 1400
Minnetonka, MN 55305
Attention: General Counsel
Telephone: (612) 238-3385
Telecopy: (612) 629-2501
E-mail: Legal.two@twoharborsinvestment.com

With copies to: Two Harbors Investment Corp.
590 Madison Avenue, 36th Floor
New York, NY 10022
Attn: General Counsel
Telephone: (612) 629-2500
Telecopy: (612) 629-2501
E-mail: legal.two@twoharborsinvestment.com

TH COMMERCIAL JPM LLC

By: _____
Name:
Title:

AGREED AND ACKNOWLEDGED:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

EXHIBIT XIV

FORM OF SERVICER NOTICE

[DATE]

[SERVICER]
[ADDRESS]
Attention:

Re: Master Repurchase Agreement, dated as of December 3, 2015 by and between JPMorgan Chase Bank, National Association ("Buyer"), TH Commercial JPM LLC ("Seller") (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "Master Repurchase Agreement"); (capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Master Repurchase Agreement).

Ladies and Gentlemen:

[ ] (the "Servicer") is servicing certain mortgage assets sold by Seller to Buyer pursuant to the Master Repurchase Agreement (the "Purchased Assets") pursuant to a servicing agreement dated as of [ ] between Servicer and Seller (the "Servicing Agreement"). Servicer is hereby notified that, pursuant to the Master Repurchase Agreement, Seller has sold the Purchased Assets to Buyer on a servicing-released basis, and has granted a security interest to Buyer in the Purchased Assets.

In accordance with Seller's requirements under the Master Repurchase Agreement, Seller hereby notifies and instructs Servicer, and Servicer hereby agrees that Servicer shall (a) segregate all amounts collected on account of the Purchased Assets, (b) hold the Purchased Assets in trust for Buyer, and (c) immediately following the receipt thereof by Servicer, remit all such income to the Depository Account at [ ], ABA # [ ], Account # [ ]. Upon receipt of a notice of Event of Default under the Master Repurchase Agreement from Buyer, Servicer shall only follow the instructions of Buyer with respect to the Purchased Assets, and shall deliver to Buyer any information with respect to the Purchased Assets reasonably requested by Buyer.

Servicer hereby agrees that, notwithstanding any provision to the contrary in the Servicing Agreement or in any other agreement that exists between Servicer and Seller in respect of any Purchased Asset, (i) Servicer is servicing the Purchased Assets for the joint benefit of Seller and Buyer, (ii) Buyer is expressly intended to be a third-party beneficiary under the Servicing Agreement, and (iii) Buyer may, at any time after the occurrence and during the continuance of an Event of Default under the Master Repurchase Agreement, terminate the

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Servicing Agreement and any other such agreement immediately upon the delivery of written notice thereof to Servicer and/or in any event transfer servicing to Buyer's designee, at no cost or expense to Buyer, it being agreed that Seller will pay any and all fees required to terminate the Servicing Agreement and any other such agreement and to effectuate the transfer of servicing to the designee of Buyer in accordance with this Servicer Notice.

Notwithstanding any contrary information or direction that may be delivered to Servicer by Seller, Servicer may conclusively rely on any information, direction or notice of an Event of Default under the Master Repurchase Agreement delivered by Buyer, and, so long as an Event of Default under the Master Repurchase Agreement exists at such time, Seller shall indemnify and hold Servicer harmless for any and all claims asserted against Servicer for any actions taken in good faith by Servicer in connection with the delivery of such information, direction or notice of any such Event of Default.

No provision of this letter or any Servicing Agreement may be amended, countermanded or otherwise modified without the prior written consent of Buyer. Buyer is an intended third party beneficiary of this letter.

Please acknowledge receipt and your agreement to the terms of this instruction letter by signing in the signature block below and forwarding an executed copy to Buyer promptly upon receipt. Any notices to Buyer should be delivered to the following address: [ ].

Very truly yours,

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

ACKNOWLEDGED AND AGREED TO:

TH COMMERCIAL JPM LLC

By: _____
Name:
Title:

EXHIBIT XV

FORM OF RELEASE LETTER

[Date]

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
383 Madison Avenue
New York, New York 10179
Attention: Ms. Nancy S. Alto

Re: Master Repurchase Agreement, dated as of December 3, 2015 by and between JPMorgan Chase Bank, National Association ("Buyer") and TH Commercial JPM LLC ("Seller") (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "Master Repurchase Agreement"); (capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Master Repurchase Agreement).

Ladies and Gentlemen:

With respect to the Purchased Assets described in the attached Schedule A (the "Purchased Assets") (a) we hereby certify to you that the Purchased Assets are not subject to a lien of any third party, and (b) we hereby release all right, interest or claim of any kind other than any rights under the Master Repurchase Agreement with respect to such Purchased Assets, such release to be effective automatically without further action by any party upon payment by Buyer of the amount of the Purchase Price contemplated under the Master Repurchase Agreement (calculated in accordance with the terms thereof) in accordance with the wiring instructions set forth in the Master Repurchase Agreement.

Very truly yours,

TH COMMERCIAL JPM LLC

By: _____
Name:
Title:

Schedule A

[List of Purchased Asset Documents]

EXHIBIT XVI

FORM OF COVENANT COMPLIANCE CERTIFICATE

[ ] [ ], 201[ ]

JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10179
Attention: Thomas Nicholas Cassino

This Covenant Compliance Certificate is furnished pursuant to that certain Master Repurchase Agreement, dated as of December 3, 2015 by and between JPMorgan Chase Bank, National Association ("Buyer"), TH Commercial JPM LLC (collectively, "Seller") (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "Master Repurchase Agreement"). Unless otherwise defined herein, capitalized terms used in this Covenant Compliance Certificate have the respective meanings ascribed thereto in the Master Repurchase Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am a duly elected Responsible Officer of Seller.

2. All of the financial statements, calculations and other information set forth in this Covenant Compliance Certificate, including, without limitation, in any exhibit or other attachment hereto, are true, complete and correct as of the date hereof.

3. I have reviewed the terms of the Master Repurchase Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and financial condition of Seller during the accounting period covered by the financial statements attached (or most recently delivered to Buyer if none are attached).

4. I am not aware of any facts, or pending developments that have caused, or may in the future cause the Market Value of any Purchased Asset to decline at any time within the reasonably foreseeable future.

5. As of the date hereof, and since the date of the certificate most recently delivered pursuant to Article 11(j) of the Master Repurchase Agreement, Seller has observed or performed all of its covenants and other agreements in all material respects, and satisfied in all material respects, every condition, contained in the Master Repurchase Agreement and the related documents to be observed, performed or satisfied by it.

6. The examinations described in Paragraph 3 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the accounting period covered by the attached

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financial statements or as of the date of this Covenant Compliance Certificate (including after giving effect to any pending Transactions requested to be entered into), except as set forth below.

7. As of the date hereof, each of the representations and warranties made by Seller in the Master Repurchase Agreement are true, correct and complete in all material respects with the same force and effect as if made on and as of the date hereof, except as to the extent of any Approved Exceptions.

8. No condition or event that constitutes a "Termination Event", "Event of Default" or any similar event by Seller, however denominated, has occurred or is continuing under any Hedging Transaction.

9. Attached as Exhibit 1 hereto is a description of all interests of Affiliates of Seller in any Underlying Mortgaged Property (including without limitation, any lien, encumbrance or other debt or equity position or other interest in the Underlying Mortgaged Property that is senior or junior to, or *pari passu* with, a Mortgage Asset in right of payment or priority).

10. Attached as Exhibit 2 hereto are the financial statements required to be delivered pursuant to Article 11 of the Master Repurchase Agreement (or, if none are required to be delivered as of the date of this Covenant Compliance Certificate, the financial statements most recently delivered pursuant to Article 11 of the Master Repurchase Agreement), which financial statements, to the best of my knowledge after due inquiry, fairly and accurately present in all material respects, the financial condition and operations of Seller as of the date or with respect to the period therein specified, determined in accordance with the requirements set forth in Article 11.

11. Attached as Exhibit 3 hereto are the calculations demonstrating compliance with the financial covenants set forth in Article 9 of the Guarantee Agreement.

To the extent that Financial Statements are being delivered in connection with this Covenant Compliance Certificate, Seller hereby makes the following representations and warranties: (i) it is in compliance with all of the terms and conditions of the Master Repurchase Agreement and (ii) it has no claim or offset against Buyer under the Transaction Documents.

To the best of my knowledge, Seller has, during the period since the delivery of the immediately preceding Covenant Compliance Certificate, observed or performed all of its covenants and other agreements in all material respects, and satisfied in all material respects every condition, contained in the Master Repurchase Agreement and the related documents to be observed, performed or satisfied by it, and I have no knowledge of the occurrence during such period, or present existence, of any condition or event which constitutes an Event of Default or Default (including after giving effect to any pending Transactions requested to be entered into), except as set forth below.

Described below are the exceptions, if any, to paragraph 10, listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the

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Guarantor or Seller has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the financial statements, updates, reports, materials, calculations and other information set forth in any exhibit or other attachment hereto, or otherwise covered by this Covenant Compliance Certificate, are made and delivered this [ ] day of [ ], 201[ ].

TH COMMERCIAL JPM LLC, a
Delaware limited liability company

By: _____
Name:
Title:

TWO HARBORS INVESTMENT CORP.,
a Maryland corporation

By: _____
Name:
Title:

EXHIBIT XVII

FORM OF RE-DIRECTION LETTER

[SELLER LETTERHEAD]

RE-DIRECTION LETTER

AS OF [ ] [ ], 201[ ]

Ladies and Gentlemen:

Please refer to: (a) that certain [Loan Agreement], dated [ ] [ ], 201[ ], by and between [ ] (the "Borrower"), as borrower, and TH Commercial JPM LLC (the "Lender"), as lender; and (b) all documents securing or relating to that certain $[ ] loan made by the Lender to the Borrower on [ ] [ ], 201[ ] (the "Loan").

You are advised as follows, effective as of the date of this letter.

Assignment of the Loan. The Lender has entered into a Master Repurchase Agreement, dated as of December 3, 2015 (as the same may be amended and/or restated from time to time, the "Repurchase Agreement"), with JPMorgan Chase Bank, National Association ("JPMorgan"), 383 Madison Avenue, New York, New York 10179, and has assigned its rights and interests in the Loan (and all of its rights and remedies in respect of the Loan) to JPMorgan, subject to the terms of the Repurchase Agreement. This assignment shall remain in effect unless and until JPMorgan has notified Borrower otherwise in writing.

Direction of Funds. In connection with Borrower's obligations under the Loan, Lender hereby directs Borrower to disburse, by wire transfer, any and all payments to be made under or in respect of the Loan to the following account, for the benefit of JPMorgan:

ABA # [ ]
Account # [ ]
Attn: [Insert information regarding Depository Account]
Acct Name: "[SERVICER] for the benefit of JPMorgan Chase Bank, National Association, as Repurchase Agreement Buyer"

This direction shall remain in effect unless and until JPMorgan has notified Borrower otherwise in writing.

Modifications, Waivers, Etc. No modification, waiver, deferral, or release (in whole or in part) of any party's obligations in respect of the Loan, or of any collateral for any obligations in respect of the Loan, shall be effective without the prior written consent of JPMorgan. Notwithstanding the foregoing, neither Seller nor Servicer shall take any material action or effect any modification or amendment to any Purchased Asset without first having given prior notice thereof to Buyer in each such instance and receiving the prior written consent of Buyer.

Please acknowledge your acceptance of the terms and directions contained in this correspondence by executing a counterpart of this correspondence and returning it to the undersigned.

Very truly yours,

TH COMMERCIAL JPM LLC, a
Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: [ ] [ ], 201[ ]

Agreed and accepted this [ ]
day of [ ], 201[ ]

[ ]

By: _____
Name: _____
Title: _____

EXHIBIT XVIII

FUTURE FUNDING ADVANCE PROCEDURES

(a) Submission of Future Funding Due Diligence Package. No less than ten (10) Business Days prior to the proposed Future Funding Date, Seller shall deliver to Buyer a due diligence package (the "Future Funding Due Diligence Package") for Buyer's review and approval, which shall contain the following items:

1. The executed request for advance (which shall include Seller's approval of such Future Funding);

2. The executed borrower's affidavit;

3. The fund control agreement (or escrow agreement, if funding through escrow);

4. Certified copies of all relevant trade contracts;

5. The title policy endorsement for the advance;

6. Certified copies of any tenant leases;

7. Certified copies of any service contracts;

8. Updated financial statements, operating statements and rent rolls, if applicable;

9. Evidence of required insurance; and

10. Updates to the engineering report, if required.

(b) Approval of Future Funding Transaction. Conditioned upon the timely and satisfactory completion of Seller's requirements in clause (a) above, Buyer shall, no less than three (3) Business Days prior to the proposed Future Funding Date (1) notify Seller in writing (which may take the form of electronic mail format) that Buyer has not approved the proposed Future Funding Amount or (2) notify Seller in writing (which may take the form of electronic mail format) that Buyer has approved the proposed Future Funding Amount. Buyer's failure to respond to Seller on or prior to three (3) Business Days prior to the proposed Future Funding Date shall be deemed to be a denial of Seller's request that Buyer approve the proposed Future Funding Date, unless Buyer and Seller has agreed otherwise in writing.

Exhibit 10.8

EXECUTION VERSION

MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT

among

MORGAN STANLEY BANK, N.A.

as Buyer

and

TH COMMERCIAL MS II, LLC

as Seller

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MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT

This Master Repurchase and Securities Contract Agreement (this "Agreement") is dated as of February 18, 2016, and is made by and among MORGAN STANLEY BANK, N.A., as buyer (together with its successors and assigns, "Buyer") and TH COMMERCIAL MS II, LLC, a Delaware limited liability company, as seller ('Seller").

1. APPLICABILITY

From time to time the parties hereto may enter into transactions in which Seller agrees to transfer to Buyer one or more Eligible Assets, on a servicing-released basis, against the transfer of funds by Buyer with a simultaneous agreement by Buyer to transfer to Seller such Eligible Assets at a date certain (or such earlier date in accordance with the terms hereof) against the transfer of funds by Seller to Buyer. Each such transaction involving the transfer of an Eligible Asset from Seller to Buyer shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement.

2. DEFINITIONS

Capitalized terms in this Agreement shall have the respective meanings set forth below:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"AB Mortgage Loan" shall mean a Mortgage Loan evidenced by two or more senior and subordinate Mortgage Notes.

"Accelerated Repurchase Date" shall have the meaning specified in Section 14(b)(i) of this Agreement.

"Act of Insolvency" shall mean, with respect to any Person: (a) the filing of a decree or order for relief by a court having jurisdiction over such Person or any substantial part of its assets or property in an involuntary case under any applicable Insolvency Law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its assets or property, or ordering the winding—up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of thirty (30) days, (b) the commencement by such Person of a voluntary case under any applicable Insolvency Law now or hereafter in effect, (c) the consent by such Person to the entry of an order for relief in an involuntary case under any Insolvency Law, (d) the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its assets or property, (e) the making by such Person of any general assignment for the benefit of creditors, (f) the admission of the inability of such Person to pay its debts or discharge its obligations generally as they become due or mature, (g) the failure by such Person generally to pay its debts as they become due, (h) the taking of any action by any Governmental Authority or agency or any Person, agency or entity acting or purporting to act under Governmental Authority to condemn, seize or appropriate, or to assume custody or control of, all or any substantial part of the property of such Person, or shall have taken any action to displace the management of such Person or to curtail its authority in the conduct of the business of such Person, or (i) the taking of action by such Person in furtherance of any of the foregoing.

"Affiliate" shall mean, (i) when used with respect to any specified Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with, such Person and (ii) with respect to Seller, any "affiliate" of Seller as such term is defined in the Bankruptcy Code; provided,

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however, that in no event shall any of the following entities be considered an "Affiliate" of Seller or Guarantor: (i) Pine River Capital Management L.P., Pine River Domestic Management L.P., Pine River Capital Management LLC or Manager (collectively, the "Pine River Entities"); or (ii) any Subsidiary or other Affiliate of, or any fund or other entity managed or advised from time to time by, any of the Pine River Entities solely to the extent that such Person would be considered an Affiliate solely as a result of a Pine River Entity's direct or indirect ownership interest therein.

"Affiliated Hedge Counterparty" shall mean Morgan Stanley Bank, N.A., or any Affiliate thereof, in its capacity as a party to any Hedging Transaction with Seller.

"Aggregate Repurchase Price" shall mean, as of any date of determination, the aggregate Repurchase Price (excluding any accrued and unpaid Price Differential) of all Purchased Assets outstanding as of such date.

"Agreement" shall have the meaning specified in the introductory paragraph of this Agreement.

"Alternative Rate" shall have the meaning specified in Section 3(l) of this Agreement.

"Alternative Rate Transaction" shall mean, with respect to any Pricing Period or (other applicable period), any Transaction with respect to which the Pricing Rate for such Pricing Period (or other applicable period) is determined with reference to the Alternative Rate.

"Applicable Spread" shall have the meaning specified in the Fee Letter.

"Appraisal" shall mean an appraisal of any Eligible Property prepared by a licensed Independent Appraiser approved by Buyer in its reasonable discretion, in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, in compliance with the requirements of Title 11 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and utilizing customary valuation methods, such as the income, sales/market or cost approaches, as any of the same may be updated by recertification from time to time by the appraiser performing such Appraisal.

"Asset Base Component" shall mean, as of any date of determination, with respect to each Purchased Asset, the product of (a) its Market Value,*multiplied by* (b) the Maximum Purchase Percentage applicable to such Purchased Asset as of such date.

"Assignment of Leases" shall mean, with respect to any Purchased Asset that is a Mortgage Loan, any assignment of leases, rents and profits or equivalent instrument, whether contained in the related Mortgage or executed separately, assigning to the holder or holders of such Mortgage all of the related Mortgagor's interest in the leases, rents and profits derived from the ownership, operation, leasing or disposition of all or a portion of the related Mortgaged Property as security for repayment of such Purchased Asset.

"Assignment of Mortgage" shall mean, with respect to any Purchased Asset that is a Mortgage Loan, an assignment of the mortgage, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related property is located to reflect the assignment and pledge of the Mortgage, subject to the terms of this Agreement.

"Bailee" shall mean such third party as Buyer and Seller shall mutually approve in their sole discretion.

"Bailee Agreement" shall mean a Bailee Agreement among Seller, Buyer and Bailee in the form ofExhibit IV hereto.

"Bailee Delivery Failure" shall have the meaning specified in the Bailee Agreement.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended, modified or replaced from time to time.

"Blocked Account" shall have the meaning specified in Section 5(a) of this Agreement.

"Blocked Account Agreement" shall mean that certain Blocked Account Agreement executed by Buyer Seller and the Depository Bank (and any successor thereto or replacement thereof executed by Buyer, Seller and the Depository Bank).

"Business Day" shall mean (a) any day other than (i) a Saturday or Sunday and (ii) a day on which the New York Stock Exchange, the Federal Reserve Bank of New York, Custodian or Buyer is authorized or obligated by law or executive order to be closed, and (b) with respect to any Pricing Rate Reset Date, a day on which banks are open for dealing in foreign currency and exchange in London.

"Buyer" shall have the meaning set forth in the introductory paragraph hereto.

"Capital Lease Obligations" shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Capital Stock" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent equity ownership interests in a Person which is not a corporation, including, without limitation, any and all membership or other equivalent interests in any limited liability company, and any and all partnership or other equivalent interests in any partnership or limited partnership, and any and all warrants or options to purchase any of the foregoing.

"Cause" shall mean, with respect to an Independent Director, (i) acts or omissions by such Independent Director that constitute willful disregard of, or bad faith or gross negligence with respect to, the Independent Director's duties with respect to Seller's obligations under this Agreement, (ii) such Independent Director has engaged in or has been charged with, or has been convicted of, fraud or other acts constituting a crime under any law applicable to such Independent Director, (iii) such Independent Director is unable to perform his or her duties as Independent Director due to death, disability or incapacity, or (iv) such Independent Director no longer meets the definition of Independent Director, as that term is defined in this Section 2.

"Change of Control" shall mean, (a) with respect to any Person, if any "person" or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of a percentage of the total voting power of all Capital Stock of such Person entitled to vote generally in the election of directors, members or partners of 35% or more, (b) with respect to Parent, if Guarantor shall cease to own and Control, of record and beneficially, directly or indirectly, 100% of each class of outstanding Capital Stock of Parent, (c) with respect to Seller and Pledgor, if Parent (or a

replacement for Parent or Pledgor that is acceptable to Buyer, which, in the case of Pledgor, enters into a pledge agreement and delivers to Buyer the membership interest certificates in Seller, in each case, in form and substance acceptable to Buyer) shall cease to own and Control, of record and beneficially, directly 100% of each class of outstanding Capital Stock of Seller or (d) with respect to Manager, the sale, merger, consolidation or reorganization of Manager with or into any entity that is not an Affiliate of the Manager or Guarantor as of the date hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Collection Period" shall mean, (i) with respect to the first Remittance Date, the period beginning on and including the Closing Date and continuing to, and including the calendar day immediately preceding such Remittance Date and (ii) with respect to each subsequent Remittance Date, the period beginning on and including the Remittance

Date in the month preceding the month in which such Remittance Date occurs and continuing to and including the calendar day immediately preceding the following Remittance Date.

"Concentration Limit" shall mean, with respect to any New Asset, as of any date of determination(a) the Purchase Price of such New Asset does not exceed 40% of the Facility Amount, and (b) no more than 40% of the Maximum Facility Amount shall consist of Purchased Assets for which the Mortgaged Property consists of hospitality properties.

"Confirmation" means, a written confirmation from Buyer to Seller, executed by Buyer and acknowledged by Seller, of Buyer's Final Approval to purchase a Purchased Asset, substantially in the form attached hereto as Exhibit I.

"Control" shall mean, with respect to any Person, the possession of the direct or indirect power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling", "Controlled" and "under common Control" have correlative meanings.

"Custodial Agreement" shall mean that certain Custodial Agreement, dated on or after the date hereof, entered into by and among Custodian, Seller and Buyer.

"Custodian" shall mean Wells Fargo Bank, N.A., a national banking association, or any successor custodian appointed by Buyer and reasonably acceptable to Seller, or appointed by Buyer in its sole discretion during the continuance of an Event of Default.

"Debt Yield Ratio" shall mean, with respect to any Eligible Property or Properties directly or indirectly securing a New Asset, the quotient (expressed as a percentage) of (i) net operating income for the trailing 12-month period for the most recently ended fiscal quarter, *divided by* (ii) the total amount of indebtedness secured directly or indirectly by such Eligible Property or Properties that are senior to or *pari passu* with such New Asset.

"Default" shall mean any event that, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

"Defaulted Asset" shall mean any Purchased Asset as to which (i) there is a breach beyond any applicable notice and cure period of a representation or warranty by Seller under Exhibit III attached hereto (without regard to any knowledge qualifier therein), except to the extent disclosed in Exception Report approved in writing by Buyer, (ii) a monetary default has occurred and is continuing beyond ten (10) Business Days or more (or, in the case of maturity, one (1) day) of any applicable notice and cure

period under the related Purchased Asset Documents in the payment when due of any scheduled payment of interest or principal or any other amounts due under the Purchased Asset Documents, (iii) a non-monetary default has occurred and is continuing beyond thirty (30) days or more of any applicable notice and cure period under the related Purchased Asset Documents, (iv) to the extent that the related Transaction is deemed to be a loan under federal, state or local law, Buyer ceases to have a first priority perfected security interest in the related Purchased Asset, (v) a Significant Modification has been made without the consent of Buyer pursuant to this Agreement, (vi) the related Purchased Asset File or any portion thereof is subject to a continuing Bailee Delivery Failure or has been released from the possession of Custodian under the Custodial Agreement to anyone other than Buyer or any Affiliate of Buyer except in accordance with the terms of the Custodial Agreement or (vii) upon the occurrence of any Act of Insolvency with respect to any co-participant that acts as administrative agent or paying agent in respect to an interest in such Purchased Asset or any related Mortgaged Property that is senior to, or *pari passu* with, in right of payment or priority with the rights of Buyer in such Purchased Asset.

"Depository Bank" shall mean Wells Fargo Bank, N.A., a national banking association, or any successor depository bank appointed by Buyer and reasonably acceptable to Seller, or appointed by Buyer in its sole discretion during the continuance of an Event of Default.

"Diligence Fees" shall mean fees, costs and expenses payable by Seller to Buyer in respect of Buyer's fees, costs and expenses (other than legal expenses) incurred in connection with its review of the Diligence Materials hereunder and Buyer's continuing due diligence reviews of Purchased Assets pursuant to Section 21 or otherwise hereunder.

"Diligence Materials" shall mean, with respect to any New Asset, the related Preliminary Due Diligence Package together with the related Supplemental Due Diligence Package.

"Draft Appraisal" shall mean a short form appraisal, "letter opinion of value", or any other form of draft appraisal acceptable to Buyer.

"Early Repurchase Date" shall have the meaning specified in Section 3(i) of this Agreement.

"Eligible Assets" shall mean (i) performing Mortgage Loans and Participation Interests (A) acceptable to Buyer in the exercise of its sole discretion, provided that following a determination by Buyer that an asset or loan is an Eligible Asset pursuant to this clause (A). Buyer may not revise such determination as a result of an examination of the same due diligence materials received by it in connection with such initial determination unless any such information was untrue or incorrect as of the time provided, (B) secured directly by an Eligible Property, (C) which have a term equal to or less than ten (10) years (assuming exercise of all extension options), (D) as to which the applicable representations and warranties set forth in Exhibit III are true and correct as of the applicable Purchase Date unless otherwise disclosed in the Exception Report delivered to Buyer on or prior to such Purchase Date, (E) that do not require any Hedging Transaction or have a Hedging Transaction acceptable to Buyer in its sole discretion, (F) that have a maximum LTV not in excess of 80%, provided, that if the Mortgaged Property consists of multifamily property, the maximum LTV shall not exceed 85%, (G) that have an original principal balance of not less than $5,000,000, (H) that is not a Defaulted Asset and (I) that are not subject to restrictions on transfer of lender's interest therein and (ii) such other commercial real estate debt instruments acceptable to Buyer in its sole discretion; in each case, acceptable to Buyer in its sole discretion on a case-by-case basis.

"Eligible Property" shall mean a property that is a multifamily, office, retail, industrial, hospitality, self-storage or mixed-use property or such other property type acceptable to Buyer in the exercise of its sole discretion.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and, as of the relevant date, any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean any corporation or trade or business (whether or not incorporated) that is a member of any group of organizations described in (i) Section 414(b) or (c) of the Code or Section 4001(b) of ERISA of which Seller is a member at any relevant time or (ii) solely for purposes of the lien created under Section 302(f) of ERISA and Section 412(n) of the Code, described in Section 414(m) or (o) of the Code of which Seller is a member.

"Event of Default" shall have the meaning specified in Section 14(a).

"Exception Report" shall have the meaning specified in Section 3(c)(viii).

"Excluded Taxes" shall mean any of the following Taxes imposed on or with respect to Buyer or required to be withheld or deducted from a payment to Buyer, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of Buyer being organized under the laws of, or having its principal office or the office from which it books the Transaction located in, the jurisdiction imposing such Tax (or any political subdivision thereof), or (ii) that are Other Connection Taxes, (b) withholding Taxes imposed on amounts payable to or for the account of Buyer or an assignee pursuant to a law in effect as of the date on which such Person (i) becomes a party to this Agreement, (ii) changes the office from which it books the Transactions or (iii) where Buyer is treated as a partnership for tax purposes and the tax status of a partner in such partnership is determinative of the obligation to pay Taxes, the later of the date on which Buyer acquired its applicable interest hereunder or the date on which the affected partner becomes a partner of Buyer, except to the extent that, pursuant to Section 3(q), the sum payable to such Person's assignor immediately before such Person became a party to this Agreement or to such Person immediately before it changed the office from which it books the Transaction was increased in respect of such Taxes, (c) Taxes attributable to Buyer's failure to comply with Section 3(r) of this Agreement and (d) any withholding Taxes imposed under FATCA.

"Executive Order 13224" shall mean Executive Order 13224 "On Terrorist Financing: Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", effective September 24, 2001.

"Exit Fee" shall have the meaning specified in the Fee Letter.

"Extension Fee" shall have the meaning specified in the Fee Letter.

"Facility Amount" shall mean Two Hundred Fifty Million Dollars ($250,000,000).

"Facility Termination Date" shall mean February 18, 2019, as the same may be extended in accordance withSection 9(a) of this Agreement.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), together in each case with any current or future regulations, guidance or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any law or agreement implementing an intergovernmental approach thereto.

"FATF" shall mean the Financial Action Task Force on Money Laundering.

"FDIA" shall mean the Federal Deposit Insurance Act, as amended.

"FDICIA" shall mean Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991.

"Federal Funds Rate" shall mean, for any day, an interest rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve Bank of New York arranged by federal funds brokers on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations at approximately 10:00 a.m. (New York time) on such day on such transactions received by Buyer from three federal funds brokers of recognized standing selected by Buyer in its sole discretion.

"Fee Letter" shall mean that certain letter agreement, dated the date hereof, between Buyer and Seller, as the same may be amended, supplemented or otherwise modified from time to time.

"Filings" shall have the meaning specified in Section 6(b) of this Agreement.

"Final Approval" shall have the meaning specified in Section 3(c) of this Agreement.

"Financial Covenant Compliance Certificate" shall mean, with respect to any Person, a completed and executed Financial Covenant Compliance Certificate in form and substance of the certificate attached hereto as Exhibit VI, to be delivered, subject to Section 3(f)(iii) of this Agreement, within forty five (45) days after the end of the first three (3) fiscal quarters and within ninety (90) days after the end of each fiscal year.

"First Mortgage A-Note" shall mean (i) a senior Mortgage Note in an AB Mortgage Loan or (ii) a senior controlling*pari passu* Mortgage Note in a Split Mortgage Loan.

"Future Advance Asset" shall mean any Purchased Asset with respect to which there exists a continuing obligation on the part of the holder of such Purchased Asset, pursuant to the terms and conditions of the Purchased Asset Documents, to provide additional funding to the Mortgagor.

"Future Advance Purchase" shall have the meaning specified in Section 3(h) of this Agreement.

"GAAP" shall mean United States generally accepted accounting principles consistently applied as in effect from time to time.

"GLB Act" shall have the meaning specified in Section 27(b) hereof.

"GLB Indemnified Party" shall have the meaning specified in Section 27(b) hereof.

"Governmental Authority" shall mean any national or federal government, any state, regional, local or other political subdivision thereof with jurisdiction and any Person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee" shall mean, as to any Person, any obligation of such Person directly or indirectly guaranteeing any Indebtedness of any other Person or in any manner providing for the payment of any Indebtedness of any other Person or otherwise protecting the holder of such Indebtedness against loss

(whether by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, or to take-or-pay or otherwise)provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee of a Person shall be deemed to be an amount equal to the maximum reasonably anticipated liability in respect thereof as determined by such Person in accordance with GAAP. The terms "Guarantee" and "Guaranteed" used as verbs shall have correlative meanings.

"Guarantor" shall mean Two Harbors Investment Corp., a Maryland corporation, together with its permitted successors and assigns.

"Guaranty" shall mean that certain Guaranty, dated as of the date hereof, made by Guarantor in favor of Buyer as the same may be amended, supplemented or otherwise modified from time to time.

"Hedging Transactions" shall mean, with respect to any or all of the Purchased Assets, any short sale of U.S. Treasury Securities or mortgage-related securities, futures contract (including currency futures) or options contract or any interest rate swap, cap or collar agreement or similar arrangements providing for protection against fluctuations in interest rates or the exchange of nominal interest obligations, either generally or under specific contingencies, entered into by Seller, or by the underlying obligor with respect to any Purchased Asset and pledged to Seller as collateral for such Purchased Asset, with one or more counterparties that is an Affiliated Hedge Counterparty or a Qualified Hedge Counterparty or, with respect to any Hedging Transaction pledged to Seller as additional collateral for a Purchased Asset, complies with such other rating requirement applicable to such Hedging Transaction set forth in the related Purchased Asset Documents or which is otherwise acceptable to Buyer; provided that Seller shall not grant or permit any liens, security interests, charges, or encumbrances with respect to any such Hedging Transactions for the benefit of any Person other than Buyer.

"Income" shall mean, with respect to any Purchased Asset at any time, any payment or other cash distribution thereon of principal, interest, dividends, fees, reimbursements or proceeds thereof (including sales proceeds) or other cash distributions thereon (including casualty or condemnation proceeds).

"Indebtedness" shall mean, for any Person: (i) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person); (ii) obligations of such Person to pay the deferred purchase or acquisition price of property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within sixty (60) days of the date the respective goods are delivered or the respective services are rendered; (iii) Indebtedness of others secured by a lien on the property of such Person, whether or not the respective Indebtedness so secured has been assumed by such Person; (iv) obligations (contingent or otherwise) of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for account of such Person; (v) Capital Lease Obligations of such Person; (vi) obligations of such Person under repurchase agreements, sale/buy-back agreements or like arrangements; (vii) Indebtedness of others Guaranteed by such Person; (viii) all obligations of such Person incurred in connection with the acquisition or carrying of fixed assets by such Person; (ix) Indebtedness of general partnerships of which such Person is a general partner or of which such Person is secondarily on contingently liable (other than by endorsement of instruments in the course of collection), whether by reason of any agreement to acquire such indebtedness, to supply or advance sums or otherwise; and (x) all net liabilities or obligations under any interest rate swap, interest rate cap, interest rate floor, interest rate collar or other hedging instrument or agreement.

"Indemnified Amounts" shall have the meaning specified in Section 20(a) of this Agreement.

"Indemnified Parties" shall have the meaning specified in Section 20(a) of this Agreement.

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Seller under any Transaction Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Independent Appraiser" shall mean an independent professional real estate appraiser who is a member in good standing of the American Appraisal Institute, and, if the state in which the subject Eligible Property is located certifies or licenses appraisers, is certified or licensed in such state, and in each such case, who has a minimum of five (5) years' experience in the subject property type.

"Independent Director" shall mean, with respect to any corporation or limited liability company, an individual who: (a) is provided by CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation, Puglisi & Associates or, if none of those companies is then providing professional independent directors, another nationally-recognized company reasonably approved by Buyer, in each case that is not an Affiliate of such corporation or limited liability company and that provides professional independent directors and other corporate services in the ordinary course of its business; (b) is duly appointed as a member of the board of directors of such corporation or as an independent manager, member of the board of managers, or special member of such limited liability company; and (c) is not, and has never been, and will not while serving as Independent Director be (i) a member (other than an independent, non-economic "springing" member), partner, equityholder, manager, director, officer or employee of such corporation or limited liability company or any of its equityholders or affiliates (other than an affiliate that is not in the direct chain of ownership of such corporation or limited liability company and that is a Single-Purpose Entity; provided that the fees such individual earns from serving as an Independent Director of such affiliates in any given year constitute in the aggregate less than 5% of such individual's annual income for that year); (ii) a creditor, supplier or service provider (including provider of professional services) to such corporation or limited liability company or any of its equityholders or affiliates (other than a nationally recognized company that routinely provides professional independent managers or directors and that also provides lien search and other similar services to such corporation or limited liability company or any of its equityholders or affiliates in the ordinary course of business); (iii) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or (iv) a Person that controls (whether directly, indirectly or otherwise) any of clauses (i) or (ii) above.

"Insolvency Law" shall mean the Bankruptcy Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments and similar debtor relief laws from time to time in effect affecting the rights of creditors generally.

"Insured Closing Letter and Escrow Instructions" shall mean a letter addressed to Seller and Buyer from the title insurance underwriter (or any agent thereof) acting as an agent for each Table Funded Purchased Asset and related escrow instructions, which letter and instructions shall be in form and substance reasonably acceptable to Buyer and Seller.

"Last Endorsee" shall have the meaning specified in Section 7(b)(i) of this Agreement.

"LIBOR" shall mean, for any Pricing Period with respect to a Purchased Asset, the per annum rate for deposits in U.S. dollars that appears on Reuters Screen LIBOR01 Page (or the successor thereto) as one-month LIBOR as of 11:00 a.m. (London time) on the related Pricing Rate Reset Date; provided,

that if such rate is less than zero (0), such rate shall be deemed to be zero (0) for purposes of this Agreement

"LIBOR Rate" shall mean, as of any date of determination, a rate per annum determined in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{LIBOR}}{1.00 - \text{LIBOR Rate Reserve Percentage}}$$

"LIBOR Rate Reserve Percentage" shall mean, with respect to any date of determination, the reserve percentage (expressed as a decimal fraction) applicable two

(2) Business Days before such date under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor thereto) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve Bank of New York, with respect to liabilities or assets consisting of or including any category of liabilities that includes deposits by reference to which the interest rate on Transactions is determined having a term comparable to the applicable Collection Period.

"LIBOR Transaction" shall mean any Transaction with respect to which the Pricing Rate is determined with reference to the LIBOR Rate.

"Long Term Debt" shall have the meaning specified in the definition of Qualified Transferee.

"LTV" shall mean, with respect to any Eligible Asset, the ratio of the aggregate outstanding debt (which shall include such Eligible Asset and all debt senior to or *pari passu* with such Eligible Asset) secured, directly or indirectly, by the related Eligible Property or Properties, to the aggregate "as-is" market value of such Eligible Property or Properties as determined by Buyer in its sole discretion.

"Manager" shall mean PRCM Advisers LLC, a Delaware limited liability company.

"Mandatory Repurchase Event" shall mean (i) the occurrence of any Change of Control; (ii) (A) Seller shall have defaulted or failed to perform under any Indebtedness or other contract, agreement or transaction to which it is a party, which default involves the failure to pay an obligation in excess of $250,000 or (B) Guarantor shall have defaulted or failed to perform under any Indebtedness or other contract, agreement or transaction to which it is a party, which default involves the failure to pay an obligation in excess of $10,000,000; provided, however, that any such default, failure to perform or breach shall not constitute a default if (I) Seller or Guarantor, as the case may be, cures such default, failure to perform or breach, as the case may be, within the grace period, if any, provided under the applicable agreement or (II)(a) such default, failure to perform or breach is a failure to pay or deliver caused by an error or omission of an administrative or operational nature, (b) funds or the assets to be delivered were available to Seller or Guarantor, as applicable, to enable it to make the relevant payment or delivery when due and (c) such payment or deliver is made within one (1) Business Day following the earlier of Seller's or Guarantor's actual knowledge of such failure to pay or Seller's or Guarantor's receipt of written notice thereof; or (iii) an "event of default" or "facility termination event" (as defined in the agreements relating to a facility described below), by Seller, Guarantor or a Subsidiary of Guarantor beyond any applicable notice and cure period, shall have occurred under (A) any repurchase facility, loan facility or hedging transaction entered into by Guarantor or any Subsidiary of Guarantor and Buyer or any Affiliate of Buyer, (B) any repurchase facility, loan facility or hedging transaction with Buyer or any Affiliate of Buyer in which Guarantor or any Subsidiary of Guarantor is a guarantor or (C) any Hedging Transaction entered into by Seller, Guarantor or any Subsidiary of Guarantor or in which Seller, Guarantor or any Subsidiary of Guarantor is a guarantor; provided that, in respect of this clause (iii), (I)(a)

none of Seller, Guarantor or any Subsidiary of Guarantor shall be deemed to be in default of any Indebtedness where Buyer or any of its present or future Affiliates is counterparty in its capacity as a prime broker or custodian under a prime brokerage arrangement where Buyer or any such present or future Affiliate either (i) fails to give notice of the existence of a default or an event of default where notice is required under the applicable program documents, or (ii) fails to transfer available cash to cure an event of default where sufficient amounts are credited to the account established under the applicable program documents to cure such a default, and (b) the related Mandatory Repurchase Event shall not be deemed to have occurred prior to the date that is one (1) Business Day after (x) Buyer sends written notice to Seller and Guarantor that an event specified in clause (iii) has occurred, or (y) Buyer or Buyer's present or future Affiliate sends a notice of default under the applicable program documents in respect of such Indebtedness and any applicable grace or cure periods under such program documents have elapsed or (II)(a) such "event of default" or "facility termination event" is a failure to pay or deliver caused by an error or omission of an administrative or operational in nature, (b) funds or the assets to be delivered were available to Seller, Guarantor or such Subsidiary of Guarantor, as applicable, to enable it to make the relevant payment or delivery when due and (c) such payment or delivery is made within one (1) Business Day following the earlier of Seller's, Guarantor's or such Subsidiary of Guarantor's actual knowledge of such failure to pay or Seller's, Guarantor's or such Subsidiary of Guarantor's receipt of written notice thereof.

"Margin Credit Event" shall mean, with respect to any Purchased Asset, the date upon which material changes relative to Buyer's initial underwriting or the most recent determination of Market Value relative to the performance or condition of (i) the relevant Mortgaged Property, (ii) the Mortgagor (or its sponsor(s)) in relation to such Purchased Asset or (iii) the commercial real estate market in the relevant jurisdiction relating to the relevant Mortgaged Property, taken in the aggregate, exist with respect to such Purchased Asset as determined by Buyer in its sole discretion. Notwithstanding the foregoing, a Margin Credit Event shall not be deemed to exist solely as a result of any disruption in the commercial mortgage backed securities market, capital markets or credit markets, or any other event that results in the increase or decrease of interest rate spreads or other similar benchmarks (including, without limitation, U.S. treasury rates, interest rate swaps, LIBOR Rate, or the Federal Funds Rate).

"Margin Deficit" shall have the meaning specified in Section 4(a) of this Agreement.

"Margin Excess" shall have the meaning specified in Section 4(b) of this Agreement.

"Market Value" shall mean, with respect to any Purchased Asset as of any relevant date, the market value of such Purchased Asset on such date, as determined by Buyer in its sole discretion.

"Material Adverse Effect" shall mean a material adverse effect on (i) the property, business, operations, financial condition prospects or credit quality of Guarantor and/or Seller, taken as a whole, (ii) the ability of the Guarantor or Seller to perform its obligations under any of the Transaction Documents to which it is party, (iii) the validity or enforceability of any the Transaction Documents, (iv) the rights and remedies of Buyer under any of the Transaction Documents or (v) the Market Value of all the Purchased Assets in the aggregate.

"Maximum Asset Exposure Threshold" shall mean, with respect to any Eligible Asset, the Maximum Purchase Percentage,*multiplied by* the LTV of such Eligible Asset shall not exceed 60%, or if the related Mortgaged Property consists of multifamily property, 63.75%, unless, in either such case, otherwise permitted by Buyer in its sole discretion.

"Maximum Purchase Percentage" shall mean, with respect to any Purchased Asset, the "Maximum Purchase Price Percentage" specified inSchedule 1 (or as otherwise specified in the

applicable Confirmation), as adjusted in accordance withSchedule 1 (or as otherwise specified in the applicable Confirmation).

"Monthly Statement" shall mean, for each calendar month during which this Agreement shall be in effect, Seller's or Servicer's, as applicable, reconciliation in arrears of beginning balances, interest and principal paid to date and ending balances for each Purchased Asset, together with a certified written report describing (i) any developments or events with respect to such Purchased Asset since the prior Monthly Statement that are reasonably likely to have a Material Adverse Effect, (ii) any Defaults or potential Defaults, (iii) any and all written modifications to any Purchased Asset Documents since the prior Monthly Statement, (iv) loan status, collection performance and any delinquency and loss experience with respect to each Purchased Asset, (v) an update as to the expected disposition or sale of the Purchased Assets and (vi) such other information as Buyer may reasonably request with respect to Seller, any Purchased Asset, Mortgagor or Mortgaged Property, which report shall be delivered to Buyer for each calendar month during the term of this Agreement within fifteen (15) days following the end of such calendar month.

"Moody's" shall mean Moody's Investors Service, Inc.

"More Favorable Agreement" shall have the meaning specified in Section 12(t) of this Agreement.

"Mortgage" shall mean the mortgage, deed of trust, deed to secure debt or other instruments, creating a valid and enforceable first lien on or a first priority ownership interest in a Mortgaged Property.

"Mortgage Loan" shall mean (i) a whole commercial mortgage loan or (ii) a First Mortgage A-Note, in each case secured by a Mortgage and evidenced by a Mortgage Note and all other Purchased Asset Documents, all right, title and interest of Seller in and to any Mortgaged Property covered by the related Mortgage and all related Servicing Rights.

"Mortgage Note" shall mean (a) with respect to a Mortgage, a note or other evidence of indebtedness of a Mortgagor secured by such Mortgage and (b) with respect to a Participation Interest, a Participation Certificate evidencing such Participation Interest.

"Mortgaged Property" shall mean the real property or properties securing repayment of the debt evidenced by a Mortgage Note (or Mortgage Notes, in the case of an AB Mortgage Loan or Split Mortgage Loan).

"Mortgagor" shall mean the obligor on a Mortgage Note, the grantor of the related Mortgage and the owner of the related Mortgaged Property.

"New Asset" shall mean an Eligible Asset that Seller proposes tosell to Buyer pursuant to a Transaction.

"OFAC" shall mean the Office of Foreign Assets Control of the United States Department of the Treasury.

"Officer's Certificate" shall mean, as to any Person, a certificate of the chief executive officer, the chief financial officer, the president, any vice president or the secretary of such Person.

"Other Connection Taxes" shall mean Taxes imposed as a result of a present or former connection between such Buyer or an assignee and the jurisdiction imposing such Tax (other than

connections arising from such Buyer or an assignee having executed, delivered become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other Transaction pursuant to or enforced by any Transaction Document, or sold or assigned an interest in any Transaction or any Transaction Document).

"Origination Fee" shall have the meaning specified in the Fee Letter.

"Other Taxes" shall mean any and all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that may arise from any payment made under any Transaction Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Transaction Document, except for any such Taxes with respect to an assignment, transfer or sale of participation or other interest in or with respect to the Transaction Documents.

"Parent" shall mean TH Commercial Mortgage LLC, a Delaware limited liability company.

"Participation Certificate" shall mean a participation certificate which evidences the outstanding balance of a Participation Interest.

"Participation Interest" shall mean a senior controlling *pari passu* participation interest in a performing Mortgage Loan.

"Permitted Encumbrances" shall mean (a) liens for real property Taxes, ground rents, water charges, sewer rates and assessments not yet due and payable; (b) liens arising by operation of law (such as materialmen's, mechanics', carriers', workmen's, repairmen's and similar liens) arising in the ordinary course of business which are (i) discharged by payment, bonding or otherwise or (ii) being contested in good faith by the related Mortgagor in accordance with the related Purchased Asset Documents; (c) covenants, conditions and restrictions, rights of way, easements and other matters of public record, which do not individually or in the aggregate, in the reasonable judgment of Seller, materially interfere with (i) the current use of the related Mortgaged Property, (ii) the security intended to be provided by the related Mortgage, (iii) the underlying obligor's ability to pay its obligations when they become due or (iv) the value of the related Mortgaged Property; (d) liens and encumbrances set forth in the related Title Policy; and (e) rights of existing or future tenants as tenants only pursuant to leases.

"Person" shall mean an individual, corporation, limited liability company, business trust, partnership, joint tenant or tenant-in-common, trust, joint stock company, joint venture, unincorporated organization, or other entity, or a federal, state or local government or any agency or political subdivision thereof.

"Plan" shall mean an employee benefit or other plan established or maintained during the five-year period ended prior to the date of this Agreement or to which Seller or any ERISA Affiliate makes, is obligated to make or has, within the five-year period ended prior to the date of this Agreement, been required to make contributions and that is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

"Plan Assets" shall mean assets of any (i) employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) plan (as defined in Section 4975(e)(l) of the Code) subject to Section 4975 of the Code, or (iii) governmental plan (as defined in Section 3(32) of ERISA) subject to any other federal, state or local laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

"Pledge and Security Agreement" shall mean that certain Pledge and Security Agreement, dated as of the date hereof, by Pledgor in favor of Buyer, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time, pledging all of Pledgor's interest in the Capital Stock of Seller to Buyer.

"Pledgor" shall mean TH Commercial MS I, LLC, a Delaware limited liability company.

"Portfolio Exposure Threshold" shall mean that the product of (i) the actual weighted-average aggregate Purchase Percentage of all Purchased Assets (weighted by Purchase Price), *multiplied by* (ii) the weighted average LTV for all Purchased Assets (weighted by Purchase Price) does not exceed 57.5%, unless otherwise permitted by Buyer in its sole discretion.

"Power of Attorney to Buyer" shall mean (i) that certain Power of Attorney to Buyer dated as of the date hereof executed by Seller in favor of Buyer and (ii) such other power of attorney executed pursuant to this Agreement in substantially the form attached as Exhibit II-1.

"Power of Attorney to Seller" shall mean (i) that certain Power of Attorney to Seller dated as of the date hereof executed by Buyer in favor of Seller and (ii) such other power of attorney executed pursuant to this Agreement substantially in the form of Exhibit II-2.

"Preliminary Approval" shall have the meaning specified in Section 3(b) of this Agreement.

"Preliminary Due Diligence Package" shall mean, with respect to any New Asset, the following due diligence information, to the extent applicable, relating to such New Asset to be provided by Seller to Buyer pursuant to this Agreement:

(a) Seller's internal credit committee or investment committee memorandum, among other things, outlining the proposed transaction, including potential transaction benefits and all material underwriting risks and Underwriting Issues, anticipated exit strategies, underwriting models and all other characteristics of the proposed transaction that a prudent buyer would consider material;

(b) current rent roll and rollover schedule, if applicable;

(c) cash flow pro forma, plus historical information, if available;

(d) flood certification (of the equivalent in the applicable jurisdiction);

(e) maps and photos, if available;

(f) interest coverage ratios;

(g) description of the Mortgaged Property, along with a description of the Mortgagor and sponsor (including their experience with other projects, ownership structure and financial statements);

(h) loan-to-value ratio and Debt Yield Ratio;

(i) Seller's or any Affiliate's relationship with the Mortgagor or any affiliate;

(j) material third party reports, to the extent available and applicable, including: (i) engineering and structural reports, each in form and prepared by consultants acceptable to Buyer; (ii) current Appraisal; (iii) Phase I environmental report (including asbestos and lead paint report) and, if applicable, Phase II or other follow-up environmental report if recommended in Phase I, each in form and

prepared by consultants acceptable to Buyer; (iv) seismic reports, each in form and prepared by consultants acceptable to Buyer; (v) operations and maintenance plan with respect to asbestos containing materials, each in form and prepared by consultants acceptable to Buyer; and (vi) the servicing data tape;

(k) copies of documents evidencing such New Asset, or current drafts thereof, including, without limitation, underlying debt and security documents, guaranties, Mortgagor's organizational documents, loan and collateral pledge agreements, and intercreditor agreements, as applicable;

(l) insurance certificates or other evidence of insurance coverage evidencing the insurance required to be maintained with respect to any Eligible Property or Properties pursuant to Section 3(c)(iv) hereof (including evidence of terrorism insurance coverage and such other customary insurance coverage satisfactory to Buyer);

(m) analyses and reports with respect to such other matters concerning the New Asset as Buyer may in its reasonable discretion require; and

(n) with respect to any Transaction involving a New Asset that is a Future Advance Asset, Seller shall indicate in the related Preliminary Due Diligence Package that such New Asset is a Future Advance Asset and shall provide Buyer with the information required to complete the Confirmation regarding such Future Advance Asset, as well as the then remaining unfunded principal amount of all Purchased Assets that constitute Future Advance Assets.

"Prescribed Laws" shall mean, collectively, (a) the USA PATRIOT Act, (b) Executive Order 13224, (c) the International Emergency Economic Power Act, 50 U.S.C. §1701 et. seq., (d) the Bank Secrecy Act (31 U.S.C. Sections 5311 et seq.) as amended and (e) all other Requirements of Law relating to money laundering or terrorism, including without limitation, the USA PATRIOT Act and all regulations and executive orders promulgated with respect to money laundering or terrorism, including, without limitation, those promulgated by the Office of Foreign Assets Control of the United States Department of the Treasury.

"Price Differential" shall mean, with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Repurchase Price thereof (excluding any amount attributable to Price Differential in the definition thereof), calculated on the basis of a three hundred sixty (360) day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (such aggregate amount to be reduced by any amount of such Price Differential paid by Seller to Buyer, prior to such date, with respect to such Transaction).

"Pricing Period" shall mean, with respect to each Purchased Asset, (a)in the case of the first (1st) Remittance Date, the period from and including the original Purchase Date for such Purchased Asset to but excluding the next following Remittance Date, and (b) in the case of each subsequent Remittance Date, the one-month period from and including the preceding Remittance Date to but excluding such Remittance Date; provided that no Pricing Period for a Purchased Asset shall end after the Repurchase Date for such Purchased Asset.

"Pricing Rate" shall mean, for any Pricing Period with respect to a Purchased Asset, an annual rate equal to the LIBOR Rate for such Pricing Period *plus* the Applicable Spread for the related Purchased Asset (subject to adjustment and/or conversion as provided in Sections 3(l), 3(m), 3(o) and 3(p) of this Agreement).

"Pricing Rate Reset Date" shall mean, with respect to a Purchased Asset, (a)in the case of the first (1st) Pricing Period for such Purchased Asset, the original Purchase Date for such Purchased Asset, and (b) in the case of each subsequent Pricing Period, two (2) Business Days preceding the Remittance Date on which such Pricing Period begins.

"Principal Payment" shall mean, with respect to any Purchased Asset, any payment or prepayment of principal received in respect thereof (including casualty or condemnation proceeds to the extent that such proceeds are not required under the underlying loan documents to be reserved, escrowed, readvanced or applied for the benefit of the Mortgagor or the related Mortgaged Property). For purposes of clarification, prepayment premiums, fees or penalties shall not be deemed to be principal.

"Prohibited Person" shall mean any Person: (i) listed in the Annex to, or otherwise subject to the provisions of, Executive Order 13224; (ii) that is owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, Executive Order 13224;(iii) with whom Buyer is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including Executive Order 13224;(iv) who commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order 13224;(v) that is the subject of Sanctions;(vi) that is a foreign shell bank; (vii) that is a resident of, or whose subscription funds are transferred from or through an account in, a jurisdiction that has been designated as a non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the FATF, of which the U.S. is a member and with which designation the U.S. representative to the group or organization continues to concur (see http://www.fatf-gati.org for the FATF's "Non-Cooperative Countries and Territories Initiative"); or (viii) who is an Affiliate of a Person described above.

"Purchase Date" shall mean, with respect to any Purchased Asset, the date on which such Purchased Asset is transferred by Seller to Buyer.

"Purchase Percentage" shall mean, with respect to any Purchased Asset, the applicable Maximum Purchase Percentage specified in Schedule 1 (or as otherwise specified in the applicable Confirmation), as adjusted in accordance with Schedule 1 (or as otherwise specified in the applicable Confirmation).

"Purchase Price" shall mean, with respect to any Purchased Asset, the price at which such Purchased Asset is transferred by Seller to Buyer on the applicable Purchase Date. The Purchase Price as of any Purchase Date for any Purchased Asset shall be an amount (expressed in dollars) equal to the product of (a) the Market Value of such Purchased Asset, *multiplied by* (b) the applicable Purchase Percentage. The Purchase Price shall increase by any Future Advance Purchase pursuant to Section 3(h) and any payment made to Seller in connection with a Margin Excess pursuant to Section 4(b), and shall decrease by any payment applied in connection with a Margin Deficit pursuant to Section 4(a) and any Principal Payment applied pursuant to Section 5 to reduce such Purchase Price and any other amounts paid to Buyer by Seller to reduce such Purchase Price.

"Purchase Term" shall mean, with respect to any Purchased Asset and any date of determination, the applicable period from the Purchase Date for such Purchased Asset to such date of determination.

"Purchased Asset" shall mean (i) with respect to any Transaction, the Eligible Assets sold by Seller to Buyer in such Transaction and (ii) with respect to the Transactions in general, all Eligible Assets sold by Seller to Buyer.

"Purchased Asset Documents" shall mean, with respect to a Purchased Asset, the documents specified in Schedule 2.

"Purchased Asset File" shall mean the Purchased Asset Documents, together with any additional documents and information required to be delivered to Buyer or its designee (including Custodian) pursuant to this Agreement.

"Purchased Asset File Checklist" shall have the meaning specified in the Custodial Agreement.

"Purchased Asset Schedule" shall have the meaning specified in the Custodial Agreement.

"Qualified Hedge Counterparty" shall mean, with respect to any Hedging Transaction, any entity other than an Affiliated Hedge Counterparty, that (a) qualifies as an "eligible contract participant" as such term is defined in the Commodity Exchange Act (as amended by the Commodity Futures Modernization Act of 2000), (b) the long-term debt of which is rated no less than "A-" by Standard & Poor's and "A3" by Moody's and (c) is reasonably acceptable to Buyer; provided that, with respect to clause (c), if Buyer has approved an entity as a counterparty, it may not thereafter deem such counterparty unacceptable with respect to any previously outstanding Transaction unless clause (a) or (b) no longer applies with respect to such counterparty.

"Qualified Transferee" shall mean any Person (a)(i) whose long-term, senior, unsecured and unsubordinated debt securities ("Long Term Debt") rated by Moody's is at least Baa3 or BBB- by S&P and (ii) whose Long Term Debt rating by either Moody's or S&P is not suspended or withdrawn, or whose Long Term Debt rating has not ceased to have been assigned a rating by Moody's or S&P or (b) that is an Affiliate of Buyer.

"Quarterly Report" shall mean, for each fiscal quarter during which this Agreement shall be in effect, (i) Seller's or Servicer's, as applicable, certified written report summarizing (with a separate cover sheet for each Purchased Asset or, in the case of a Purchased Asset secured (directly or indirectly) by a portfolio of Mortgaged Properties, a cover sheet for such portfolio on a consolidated basis), with respect to the Mortgaged Properties securing each Purchased Asset (or, in the case of a Purchased Asset secured (directly or indirectly) by a portfolio of Mortgaged Properties, such information on a consolidated basis), the net operating income, debt service coverage, occupancy, the revenues per room (for hospitality properties) and sales per square footage (for retail properties), in each case, to the extent received by Seller, and such other information as mutually agreed by Seller and Buyer and (ii) the updated underwriting report, which reports shall be delivered to Buyer for each fiscal quarter during the term of this Agreement within forty-five (45) days following the end of each such fiscal quarter.

"Regulations T, U and X" shall mean Regulations T, U and X of the Board of Governors of the Federal Reserve System(or any successor thereto), as the same may be modified and supplemented and in effect from time to time.

"Remittance Date" shall mean the fifteenth (15th) calendar day of each month, or the next succeeding Business Day, if such calendar day shall not be a Business Day.

"Representatives" shall have the meaning specified in Section 27(a) hereof.

"Repurchase Assets" shall have the meaning specified in Section 6(a) hereof.

"Repurchase Date" shall mean, with respect to any Purchased Asset, the date that is the earliest to occur of the following: (a) the Facility Termination Date, (b) one (1) Business Day after the occurrence of any Mandatory Repurchase Event or (c) if applicable, the related Early Repurchase Date or Accelerated Repurchase Date.

"Repurchase Obligations" shall mean the Aggregate Repurchase Price and all other amounts due under the Transaction Documents (including interest which would be payable as post-petition interest in connection with any bankruptcy or similar proceeding) irrespective of whether such obligations are direct or indirect, absolute or contingent, matured or unmatured.

"Repurchase Price" shall mean, with respect to any Purchased Asset, as of any date, the price at which such Purchased Asset is to be transferred from Buyer to Seller upon termination of the related Transaction; in each case, such price shall equal the sum of the Purchase Price of such Purchased Asset and the accrued and unpaid Price Differential with respect to such Purchased Asset as of the date of such determination, *minus* all Income and other cash actually received by Buyer in respect of such Purchased Asset and applied towards the Repurchase Price and/or Price Differential pursuant to this Agreement.

"Requirement of Law" shall mean any law (including, without limitation, Prescribed Law), treaty, rule, regulation, code, directive, policy, order or requirement or determination of an arbitrator or a court or any other Governmental Authority whether now or hereafter enacted or in effect.

"Reserve Requirements" shall mean, with respect to any date of determination, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such date (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board of Governors of the Federal Reserve System) maintained by Buyer.

"Responsible Officer" shall mean any executive officer of Seller.

"Sanctions" shall have the meaning specified in Section 10(xxv)(A) of this Agreement.

"SEC" shall mean the Securities and Exchange Commission.

"Seller" shall have the meaning specified in the introductory paragraph of this Agreement.

"Servicer" shall mean Trimont Real Estate Advisors, LLC or any successor servicer appointed by Buyer and reasonably acceptable to Seller; provided that the provisions of Section 22 are satisfied.

"Servicer Acknowledgment" shall mean (i) that certain servicer acknowledgment, dated as of the date hereof, executed by Seller and acknowledged by Servicer and Buyer and (ii) such other servicer acknowledgment entered into by Seller on Buyer's behalf in accordance with Section 22 of this Agreement.

"Servicing Agreement" shall mean (i) that certain Servicing and Asset Management Agreement, dated as July 6, 2015, by and between Servicer and TH Commercial Holdings LLC (as joined by Seller pursuant to that certain Joinder Agreement dated as of February 18, 2016) and (ii) such other servicing or subservicing agreement entered into by Seller on Buyer's behalf in accordance with Section 22 of this Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Servicing Records" shall have the meaning specified in Section 22(b) of this Agreement.

"Servicing Rights" shall mean contractual, possessory or other rights of any Person to administer, service or subservice any Purchased Assets (or to possess any Servicing Records relating thereto), including: (i) the rights to service the Purchased Assets; (ii) the right to receive compensation (whether

direct or indirect) for such servicing, including the right to receive and retain the related servicing fee and all other fees with respect to such Purchased Assets; and (iii) all rights, powers and privileges incidental to the foregoing, together with all Servicing Records relating thereto.

"Significant Modification" shall mean (i) any extension, amendment, waiver, termination, rescission, cancellation, release, subordination or other modification to the terms of, or any collateral, guaranty or indemnity for, any Purchased Asset or Purchased Asset Document (including, without limitation, any provision related to the amount or timing of any scheduled payment of interest or principal, the validity, perfection or priority of any security interest, or the release of any collateral or obligor), (ii) any sale, transfer, disposition or any similar action with respect to any collateral for any Purchased Asset (except to the extent required under the Purchased Asset Documents) or (iii) the foreclosure or exercise of any material right or remedy by the holder of any Purchased Asset or Purchased Asset Document.

"Single-Purpose Entity" shall mean any corporation, limited partnership or limited liability company that, since the date of its formation and at all times on and after the date hereof, has complied with and shall at all times comply with the provisions of Section 13 of this Agreement.

"SIPA" shall have the meaning specified in Section 25(a) of this Agreement.

"Split Mortgage Loan" shall mean a Mortgage Loan evidenced by two or more senior *pari passu* Mortgage Notes.

"Standard & Poor's" shall mean Standard & Poor's Ratings Services, Inc., a division of the McGraw Hill Companies Inc. and any successor in interest.

"Subsidiary" shall mean, as to any Person, a corporation, partnership or other entity Controlled by such Person. Unless otherwise qualified, all references to a Subsidiary or to Subsidiaries in this Agreement shall refer to a Subsidiary or Subsidiaries of Seller and/or Guarantor.

"Supplemental Due Diligence Package" shall mean, with respect to any New Asset, information or deliveries concerning such New Asset that Buyer shall reasonably request in addition to the Preliminary Due Diligence Package, including, without limitation, a credit approval memorandum representing the final terms of the underlying transaction and a loan-to-value ratio computation and a final Debt Yield Ratio computation for such New Asset.

"Survey" shall mean a certified ALTA/ACSM (or applicable state standards for the state in which a Mortgaged Property is located) survey of a Mortgaged Property prepared by a registered independent surveyor and in form and content reasonably satisfactory to Buyer and the company issuing the Title Policy for such Mortgaged Property.

"Table Funded Purchased Asset" shall mean a Purchased Asset which is sold to Buyer simultaneously with the origination or acquisition thereof, which origination or acquisition is financed with the Purchase Price, pursuant to Seller's request, paid directly to a title company or other settlement agent, in each case, approved by Buyer, for disbursement in connection with such origination or acquisition. A Purchased Asset shall cease to be a Table Funded Purchased Asset after Custodian has delivered a Trust Receipt to Buyer certifying its receipt of the Purchased Asset File therefor.

"Taxes" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Title Policy" shall mean (a) an American Land Title Association lender's title insurance policy or a comparable form of lender's title insurance policy approved for use in the applicable jurisdiction, in form and substance reasonably acceptable to Buyer or, (b) if such policy has not yet been issued, (i) a pro forma policy, (ii) a preliminary title policy together with an Insured Closing Letter and Escrow Instructions or (iii) a "marked up" commitment, in each case that is binding on the title insurer.

"Transaction" shall have the meaning specified in Section 1 of this Agreement.

"Transaction Conditions Precedent" shall have the meaning specified in Section 3(f) of this Agreement.

"Transaction Costs" shall have the meaning specified in Section 20(b) of this Agreement.

"Transaction Documents" shall mean, collectively, this Agreement, the Blocked Account Agreement, the Custodial Agreement, the Fee Letter, the Guaranty, the Pledge and Security Agreement, the Servicing Agreement and Servicer Acknowledgment, the Power of Attorney to Buyer, the Power of Attorney to Seller, all Confirmations executed pursuant to this Agreement in connection with specific Transactions and all other documents executed in connection herewith and therewith.

"Transfer" shall mean, with respect to any Person, any sale or other whole or partial conveyance of all or any portion of such Person's assets, or any direct or indirect interest therein to a third party (other than in connection with the transfer of a Purchased Asset to Buyer in accordance herewith), including the granting of any purchase options, rights of first refusal, rights of first offer or similar rights in respect of any portion of such assets or the subjecting of any portion of such assets to restrictions on transfer.

"Transfer Documents" shall mean, with respect to any Purchased Asset, all applicable Purchased Asset Documents necessary to transfer all of Seller's right, title and interest in such Purchased Asset to Buyer in accordance with the terms of this Agreement.

"Trust Receipt" shall mean a trust receipt issued by Custodian, or, in the case of a Table Funded Purchased Asset, Bailee, to Buyer substantially in the form required under the Custodial Agreement or the Bailee Agreement.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if, by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of any security interest is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, with respect to perfection or the effect of perfection or non-perfection, "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such perfection or effect of perfection or non-perfection.

"Underwriting Issues" shall mean, with respect to any New Asset, all material information of which Seller has knowledge that, based on the making of reasonable inquiries and the exercise of reasonable care and diligence by a reasonable institutional mortgage loan buyer in determining whether to originate or acquire such New Asset under the circumstances, would, in the context of the totality of the Transaction in question, be considered a materially "negative" factor (either separately or in the aggregate with other information relating to such New Asset), including, but not limited to, whether such New Asset was repurchased from any warehouse loan facility or a repurchase transaction due to the breach of a representation and warranty or a material defect in loan documentation or closing deliveries (such as the absence of any material Purchased Asset Document(s)).

"USA PATRIOT Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56).

"U.S. Tax Compliance Certificate" shall have the meaning specified in Section 3(r)(ii)(C) hereof.

"Voting Stock" shall mean, with respect to any specified "person" (as that term is used in Section 13(d)(3) of the 1934 Act) as of any date, the Capital Stock of that person that is at the time entitled to vote generally in the election of the board of directors of that person.

3. INITIATION; CONFIRMATION; TERMINATION; FEES

(a) Seller may from time to time request that Buyer enter into a Transaction with respect to one or more New Assets by submitting a Preliminary Due Diligence Package for Buyer's review and approval, which approval shall be in Buyer's sole discretion. Notwithstanding anything to the contrary herein, Buyer shall have no obligation to consider for purchase any New Asset if, immediately after the purchase of such New Asset, the Aggregate Repurchase Price would exceed the Facility Amount. Buyer and its representatives shall have the right to review all New Assets proposed to be sold to Buyer in any Transaction and to conduct its own due diligence investigation of such New Assets as Buyer determines is necessary in Buyer's sole discretion. Notwithstanding any provision to the contrary herein or in any other Transaction Document, Buyer shall be entitled to determine, in its sole discretion, whether a New Asset qualifies as an Eligible Asset or whether to reject any New Asset proposed to be sold to Buyer by Seller.

(b) Upon Buyer's receipt of a Preliminary Due Diligence Package, Buyer shall have the right to request a Supplemental Due Diligence Package to evaluate the proposed Transaction. Upon Buyer's receipt or waiver of such Supplemental Due Diligence Package, Buyer shall, in its sole discretion, within five (5) Business Days, either (i) notify Seller of its intent to proceed with the Transaction together with its determination of the Purchase Price and the Market Value for the related New Asset (such notice, a "Preliminary Approval") or (ii) deny Seller's request. Buyer's failure to respond to Seller within five (5) Business Days shall be deemed to be a denial of Seller's request to enter into the proposed Transaction, unless Buyer and Seller have agreed otherwise in writing.

(c) Upon Seller's receipt of Preliminary Approval with respect to a Transaction, Seller shall, if Seller desires to enter into such Transaction with respect to the related New Asset upon the terms set forth by Buyer in the Preliminary Approval, deliver the documents set forth below in this Section 3(c) with respect to each New Asset and related Eligible Property or Properties (to the extent not already delivered in the Preliminary Due Diligence Package or in the Supplemental Due Diligence Package) as a condition precedent to a Final Approval and issuance of a Confirmation, all in a manner and/or form satisfactory to Buyer in its sole discretion and pursuant to documentation satisfactory to Buyer in its sole discretion:

(i) Delivery of Purchased Asset Documents. Copies of each of the final Purchased Asset Documents, or drafts of such Purchased Asset Documents in substantially final form if such New Asset is being originated concurrently with the transfer to Buyer, subject to delivery of final, executed copies of such Purchased Asset Documents on the Purchase Date of such New Asset.

(ii) Environmental and Engineering. A "Phase I" (and, if recommended by the Phase I, a "Phase II") environmental report, an asbestos survey, if applicable, and an engineering report, each in form reasonably satisfactory to Buyer, by an engineer and an environmental consultant, approved by Buyer in its reasonable discretion.

(iii) Appraisal. If obtained by Seller, an Appraisal or a Draft Appraisal of the related Eligible Property or Properties dated less than twelve (12) months prior to the proposed Purchase Date. If Buyer receives only a Draft Appraisal prior to entering into a Transaction, Seller shall use its best efforts to deliver an Appraisal on or before thirty (30) days after the Purchase Date.

(iv) Insurance. Certificates or other evidence of insurance detailing insurance coverage in respect of the related Eligible Property or Properties of types (including but not limited to casualty, general liability and terrorism insurance coverage), in amounts, with insurers and otherwise in compliance with the terms, provisions and conditions set forth in the Purchased Asset Documents and otherwise reasonably satisfactory to Buyer. Such certificates or other evidence shall indicate that Seller (or as to a New Asset that is a Participation Interest, the lead lender on the related whole loan in which Seller is a participant) will be named as an additional insured as its interest may appear and shall contain a loss payee endorsement in favor of such additional insured with respect to the policies required to be maintained

under the Purchased Asset Documents.

(v) Opinions of Counsel. Copies of all legal opinions with respect to the New Asset (which shall include a non-consolidation opinion, if applicable) that shall be in form and substance reasonably satisfactory to Buyer; provided that Seller may deliver drafts of such opinions if such New Asset is being originated concurrently with the transfer to Buyer and shall deliver final, executed copies of such legal opinions on the Purchase Date of such New Asset.

(vi) Title Policy. (A) An unconditional commitment from the title company to issue a Title Policy or Policies in favor of Seller and Seller's successors and/or assigns with respect to each Mortgage securing such New Asset with an amount of insurance that shall be not less than the principal balance of such New Asset, or (B) an endorsement or confirmatory letter from the title company that issued the existing Title Policy (in an amount not less than the principal balance of such New Asset) in favor of Seller and Seller's successors and assigns adding such parties as an additional insured.

(vii) Additional Real Estate Matters. To the extent obtained by Seller, such other real estate related certificates and documentation as may have been reasonably requested by Buyer, such as: (A) certificates of occupancy issued by the appropriate Governmental Authority and either letters certifying that the related Eligible Property or Properties are in compliance with all applicable zoning laws issued by the appropriate Governmental Authority, a zoning report in form and prepared by a zoning consultant satisfactory to Buyer or evidence that the related Title Policy includes a zoning endorsement; and (B) abstracts of all material leases in effect at the Mortgaged Property delivered in connection with the New Asset.

(viii) Exception Report. A written report of any exceptions to the representations and warranties in Exhibit III attached hereto (an "Exception Report").

(ix) Other Documents. Such other documents as Buyer shall reasonably deem to be necessary.

(d) Within five (5) Business Days of Seller's delivery of the documents and materials contemplated in Section 3(c) above, Buyer shall in its sole discretion notify Seller that either (A) Buyer has not approved the New Asset or (B) Buyer agrees to purchase the New Asset, subject to satisfaction (or waiver by Buyer) of the Transaction Conditions Precedent (such notice, a "Final Approval") set forth in Section 3(f) below. Buyer's failure to respond to Seller within five (5) Business Days shall be deemed

to be a denial of Seller's request that Buyer purchase the New Asset, unless Buyer and Seller have agreed otherwise in writing.

(e) Subject to satisfaction of the Transaction Conditions Precedent, Buyer shall deliver to Seller an executed Confirmation with respect to a proposed Transaction; provided that, unless otherwise agreed by Seller, Buyer shall deliver a separate Confirmation with respect to each New Asset that will be the subject of a Transaction. Each Confirmation shall be deemed to be incorporated herein by reference with the same effect as if set forth herein at length.

(f) Subject to Seller's rights under Section 3(g) hereof, Buyer shall transfer the Purchase Price to Seller with respect to each New Asset for which it has issued a Confirmation on the Purchase Date specified in such Confirmation (which Purchase Date shall be at least three (3) Business Days after the date the Final Approval is delivered), and the related New Asset shall be concurrently transferred by Seller to Buyer or Buyer's nominee; provided that the following conditions (collectively, the "Transaction Conditions Precedent") shall be satisfied (or waived by Buyer in its sole discretion) with respect to such proposed Transaction:

(i) no Default, Event of Default or Margin Deficit shall have occurred and be continuing as of the Purchase Date;

(ii) Seller shall have executed a Confirmation for such proposed Transaction;

(iii) Guarantor shall have delivered to Buyer a true and accurate Financial Covenant Compliance Certificate with respect to Guarantor's most recently ended fiscal quarter for which a Financial Covenant Compliance Certificate is required to be delivered hereunder;

(iv) Seller shall have delivered an Officer's Certificate of Seller covering such matters as Buyer may reasonably request with respect to matters relating to this Agreement or the other Transaction Documents;

(v) Buyer shall have (A) determined, in its sole discretion in accordance with Section 3(a) of this Agreement, that the New Asset proposed to be sold to Buyer by Seller in such Transaction is an Eligible Asset, (B) obtained internal credit approval for the inclusion of such New Asset as a Purchased Asset in a Transaction, (C) confirmed that, after giving effect to such Purchased Asset, the Concentration Limit shall be satisfied and (D) determined, in its sole discretion, that the Maximum Asset Exposure Threshold and Portfolio Exposure Threshold will be satisfied immediately after giving effect to such proposed Transaction;

(vi) (A) if the New Asset is not a Table Funded Purchased Asset, the applicable Purchased Asset File described in Section 7(b)(i) of this Agreement shall have been delivered to Custodian, and Buyer shall have received a Trust Receipt with respect to such Purchased Asset File, and (B) if the Purchased Asset is a Table Funded Purchased Asset, the documents required by Section 7(b)(i) shall have been delivered to Bailee and Bailee shall have executed and delivered a Bailee Agreement;

(vii) Seller shall have delivered to any related Mortgagor, obligor, related servicer or lead lender a direction letter in accordance with Section 5(a) of this Agreement unless such Mortgagor, obligor, related servicer or lead lender is already remitting payments to Servicer, in which case Seller shall direct Servicer to remit all such amounts into the Blocked Account in accordance with Section 5(a) of this Agreement and to service such payments in accordance with the provisions of this Agreement;

(viii) Seller shall have paid to Buyer (A) any fees then due and payable under the Fee Letter and (B) any unpaid Transaction Costs in respect of such Purchased Asset due and owing by Seller (which amounts, at Seller's option, may be held back from funds remitted to Seller by Buyer on the Purchase Date);

(ix) the New Asset shall not be a Defaulted Asset;

(x) Buyer shall have received true and complete copies of fully executed originals of all Transfer Documents;

(xi) Buyer shall have received a copy of any document relating to any Hedging Transaction, and Seller shall have validly pledged and assigned to Buyer all of Seller's rights under each Hedging Transaction included within a Purchased Asset, if any;

(xii) no circumstance shall exist or event have occurred resulting in a Material Adverse Effect;

(xiii) there shall not have occurred (A) a material adverse change in financial markets, an outbreak or escalation of hostilities or a material change in national or international political, financial or economic conditions, or (B) a general suspension of trading on major stock exchanges, or (C) a material disruption in or

moratorium on commercial banking activities or securities settlement services; and

(xiv) no circumstance shall exist or event have occurred resulting in (A) the effective absence of a "repo market" or comparable "lending market" for financing debt obligations secured by commercial mortgage loans or (B) Buyer not being able to finance Eligible Assets through the "repo market" or "lending market" with traditional counterparties at rates which would have been reasonable prior to the occurrence of such event or events.

(g) Each Confirmation, together with this Agreement, shall be conclusive evidence of the terms of the related Transaction covered thereby.

(h) Subject to Section 4 of this Agreement, at any time prior to the Repurchase Date, in the event a future advance is to be made (or has been made) by Seller pursuant to the Purchased Asset Documents with respect to a Future Advance Asset, Seller may submit to Buyer a request that Buyer transfer cash to Seller in an amount not to exceed the Maximum Purchase Percentage, *multiplied by* the amount of such future advance (a "Future Advance Purchase"), which Future Advance shall increase the outstanding Purchase Price for such Future Advance Asset. Buyer shall transfer cash to Seller as provided in this Section 3(h) (and in accordance with the wire instructions provided by Seller in such request) on the date requested by Seller, which date shall be no earlier than two (2) Business Days following the Business Day on which Buyer reasonably determines that the conditions precedent to Buyer's obligation to make any Future Advance Purchase as set forth in this Section 3(h) have been satisfied (or, in Buyer's sole discretion, waived). It shall be a condition to Buyer's obligation to make any Future Advance Purchase that:

(i) no Margin Deficit, Default or Event of Default has occurred and is continuing or will result from the funding of such Future Advance Purchase;

(ii) the funding of the Future Advance Purchase will not cause the aggregate outstanding Purchase Price for all Purchased Assets to exceed the Facility Amount;

(iii) the Future Advance Purchase will not cause the Purchase Price of the applicable Future Advance Asset to exceed the Concentration Limit;

(iv) Buyer shall have determined, in its sole discretion, that the Maximum Asset Exposure Threshold and Portfolio Exposure Threshold will be satisfied immediately after giving effect to the funding of the Future Advance Purchase;

(v) Seller shall have demonstrated to Buyer's reasonable satisfaction that all conditions to the future advance under the Purchased Asset Documents have been satisfied;

(vi) the Future Advance Purchase shall be in an amount equal to or greater than $250,000; and

(vii) previously or simultaneously with Buyer's funding of the Future Advance Purchase, Seller shall have funded or caused to be funded to the Mortgagor (or to an escrow agent or as otherwise directed by the Mortgagor) its pro rata portion of such Future Advance Purchase in respect of such Future Advance Asset.

(i) Seller shall be entitled to terminate a Transaction on demand, and repurchase the related Purchased Asset on any Business Day prior to the applicable Repurchase Date (an "Early Repurchase Date"); provided, however, that:

(i) no Default, Event of Default or Margin Deficit shall be continuing or would occur or result from such early repurchase;

(ii) Seller notifies Buyer in writing, no later than five (5) Business Days prior to the Early Repurchase Date, of its intent to terminate such Transaction and repurchase the related Purchased Asset; and

(iii) Seller shall pay to Buyer on the Early Repurchase Date an amount equal to the sum of the Repurchase Price for such Transaction, all Transaction Costs, the Exit Fee, and any other amounts payable by Seller and outstanding under this Agreement or the other Transaction Documents (including, without limitation, Section 3(o), Section 3(p) and Section 3(q) of this Agreement, if any) with respect to such Transaction against transfer to Seller or its agent of the related Purchased Asset.

(j) On the Repurchase Date for any Transaction, termination of the applicable Transaction will be effected by transfer to Seller or, if requested by Seller, its designee of the related Purchased Assets, and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Section 4 or Section 5 hereof) against the simultaneous transfer to Buyer of the applicable Repurchase Price, all Transaction Costs and any other amounts payable by Seller and outstanding under this Agreement with respect to such Transaction (including without limitation, Section 3(o), Section 3(p) and Section 3(q) of this Agreement, if any) to an account of Buyer.

(k) So long as no Event of Default has occurred and is then continuing, the Repurchase Price with respect to one or more Purchased Assets may be paid in part at any time upon two (2) Business Days prior written notice from Seller to Buyer; provided, however, that any such payment shall be accompanied by an amount representing accrued Price Differential with respect to such Purchased Asset(s) on the amount of such payment and all other amounts then due under the Transaction

Documents. Each partial payment of the Repurchase Price that is voluntary (as opposed to mandatory under the terms of this Agreement) shall be in an amount of not less than $1,000,000.

(l) If (i) Buyer shall have reasonably determined (which determination shall be conclusive and binding upon Seller absent manifest error) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate, or (ii) the LIBOR Rate determined or to be determined will not adequately and fairly reflect the cost to Buyer (as reasonably determined by Buyer) of making or maintaining Transactions, Buyer shall give facsimile or telephonic notice thereof to Seller as soon as practicable thereafter. If such notice is given, the Pricing Rate with respect to all outstanding Transactions until such notice has been withdrawn by Buyer, shall be a per annum rate equal to the sum of (i) the Federal Funds Rate, *plus* (ii) 0.25%, *plus* (iii) the Applicable Spread (the "Alternative Rate").

(m) Notwithstanding any other provision herein, if, after the date of this Agreement, the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for Buyer to effect LIBOR Transactions as contemplated by the Transaction Documents, (i) the commitment of Buyer hereunder to enter into new LIBOR Transactions and to continue LIBOR Transactions as such shall forthwith be canceled, and (ii) the LIBOR Transactions then outstanding shall be converted automatically to Alternative Rate Transactions; provided however, that to the extent any such determination by Buyer and the imposition of Alternative Rate Transactions apply to all sellers under similar repurchase facilities with Buyer, such determination and imposition of Alternative Rate Transactions will not be applied to Seller unless Buyer is imposing Alternative Rate Transactions on substantially all of its customers similarly situated to Seller under similar repurchase facilities.

(n) If Buyer shall have determined that the introduction of, or a change in, any Requirement of Law or in the interpretation or administration of any Requirement of Law (including, without limitation changes in any Reserve Requirements and any other increase in cost to Buyer) has made it unlawful, or any Governmental

Authority shall have asserted that it is unlawful, for Buyer to enter into any Transaction or any Governmental Authority has imposed material restrictions on the authority of Buyer to enter into any Transaction, then on notice thereof by Buyer to Seller, any obligations of Buyer to enter into Transactions shall be suspended until Buyer notifies Seller that the circumstances giving rise to such determination no longer exist.

(o) Upon demand by Buyer, Seller shall indemnify Buyer and hold Buyer harmless from any loss, cost or expense (not to include any lost profit or opportunity) (including, without limitation, attorneys' fees and disbursements) that Buyer actually sustains or incurs as a consequence of (i) a default by Seller in terminating any Transaction after Seller has given a notice in accordance with Section 3(i) of a termination of a Transaction, (ii) any payment of all or any portion of the Repurchase Price, as the case may be, on any day other than a Remittance Date, (iii) Seller's failure to sell Eligible Assets to Buyer after Seller has notified Buyer of a proposed Transaction and Buyer has given a Final Approval to purchase such Eligible Assets in accordance with the provisions of this Agreement, (iv) Buyer's enforcement of the terms of any of the Transaction Documents or (v) any actions taken to perfect or continue any lien created under any Transaction Document. A certificate as to such losses, costs and expenses, setting forth the calculations therefor shall be submitted promptly by Buyer to Seller in writing and shall be *prima facie* evidence of the information set forth therein, absent manifest error. This Section 3(o) shall survive the termination of this Agreement and the repurchase by Seller of any or all of the Purchased Assets.

(p) If Buyer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy, including the Reserve Requirements or any other reserve, special deposit or similar requirements relating to extensions of credit or other assets of Buyer or in the interpretation or

application thereof or compliance by Buyer or any corporation controlling Buyer with any request or directive regarding such requirements (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof has the effect of reducing the rate of return on Buyer's or such corporation's capital as a consequence of its obligations hereunder to a level below that which Buyer or such corporation could have achieved but for such adoption, change or compliance (taking into consideration Buyer's or such corporation's policies with respect to such requirements) by an amount deemed by Buyer to be material, then from time to time, within five (5) Business Days after submission by Buyer to Seller of a written request therefor, Seller shall pay to Buyer such additional amount or amounts as will compensate Buyer for such reduction, provided, however that to the extent any such determination by Buyer and imposition of such increased costs apply to all sellers under similar repurchase facilities with Buyer, such determination and imposition of such increased costs will not be applied to Seller unless Buyer is imposing such increased costs on substantially all of its customers similarly situated to Seller under similar repurchase facilities. A certificate as to the calculation of any additional amounts payable pursuant to this Section 3(p) shall be submitted by Buyer to Seller and shall be conclusive and binding upon Seller in the absence of manifest error. ThisSection 3(p) shall survive the termination of this Agreement and the repurchase by Seller of any or all of the Purchased Assets.

(q) Any and all payments by or on account of any obligation of Seller under this Agreement shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law requires the deduction or withholding of any Tax from any such payment, then Seller shall make (or cause to be made) such deduction or withholding and shall timely pay (or cause to be timely paid) the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable shall be increased by Seller as necessary so that after such deduction or withholding has been made, Buyer receives an amount equal to the sum it would have received had no such deduction or withholding been made. Seller shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Requirements of Law. As soon as practicable after any payment of Taxes by Seller to a Governmental Authority pursuant to this Section 3(q), Seller shall deliver to Buyer the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Buyer.

(r) If Buyer is entitled to an exemption from or reduction of withholding Tax with respect to payments made under the Transaction Documents, Buyer shall deliver to Seller, prior to becoming a party to this Agreement, and at the time or times reasonably requested by Seller, such properly completed and executed documentation reasonably requested by Seller as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Buyer shall deliver such other documentation prescribed by applicable law or reasonably requested by Seller as will enable Seller to determine whether or not Buyer is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3(r)(i), Section 3(r)(ii) and Section 3(r)(iv) below) shall not be required if in Buyer's reasonable judgment such completion, execution or submission would be illegal, would subject Buyer to any material unreimbursed cost or expense or would otherwise materially prejudice the legal or commercial position of Buyer. Without limiting the generality of the foregoing:

(i) if Buyer is a United States person, it shall deliver to Seller on or prior to the date on which Buyer becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of Seller), executed originals of IRS Form W-9 certifying that Buyer is exempt from U.S. federal backup withholding tax;

(ii) if Buyer is not a United States person, it shall, to the extent it is legally entitled to do so, deliver to Seller (in such number of copies as shall be requested by Seller) on or prior to the date on which Buyer becomes a party under this Agreement (and from time to time thereafter upon the reasonable request of Seller), whichever of the following is applicable:

(A) in the case of Buyer claiming the benefits of an income tax treaty to which the United States is a party, (1) with respect to payments characterized as interest for U.S. tax purposes under any Transaction Document, executed originals of IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (2) with respect to any other applicable payments under any Transaction Document, IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) executed originals of IRS Form W-8ECI;

(C) in the case of Buyer claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (1) a certificate to the effect that Buyer is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Seller within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (2) executed originals of IRS Form W-8BEN-E; or

(D) to the extent Buyer is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if Buyer is a partnership and one or more direct or indirect partners of Buyer are claiming the portfolio interest exemption, Buyer may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(iii) if Buyer is not a United States person, it shall, to the extent it is legally entitled to do so, deliver to Seller (in such number of copies as shall be requested by Seller) on or prior to the date on which Buyer becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of Seller), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Seller to determine the withholding or deduction required to be made; and

(iv) if a payment made to Buyer under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if Buyer were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Buyer shall deliver to Seller at the time or times prescribed by law and at such time or times reasonably requested by Seller such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Seller as may be necessary for Seller to comply with its obligations under FATCA and to determine whether Buyer has complied with Buyer's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 3(r)(iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement;

provided that Buyer agrees that if any form or certification it previously delivered pursuant to this Section 3(r) expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Seller in writing of its legal inability to do so.

(s) If any party determines, in its sole discretion exercised in good faith, that it has received a refund or credit of any Taxes as to which it has been indemnified pursuant to this Article 3 (including by the payment of additional amounts pursuant to this Article 3), it shall pay to the indemnifying party an amount equal to such refund or credit (but only to the extent of indemnity payments made under this Article 3 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit). Such indemnifying party, upon request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Article (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund or credit to such Governmental Authority. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(t) If any of the events described in Section 3(o), Section 3(p) or Section 3(q) result in Buyer's request for additional amounts, then Seller shall have the option to notify Buyer in writing of its intent to terminate all of the Transactions and this Agreement and repurchase all of the Purchased Assets no later than five (5) Business Days after such notice is given to Buyer, and such repurchase by Seller shall be conducted pursuant to and in accordance with Section 3(h). The election by Seller to terminate the Transactions in accordance with this Section 3(t) shall not relieve Seller for liability with respect to any additional amounts or increased costs actually incurred by Buyer prior to the actual repurchase of the Purchased Assets.

(u) From and after the Facility Termination Date, Buyer shall have no further obligation to purchase any New Assets. On the Facility Termination Date, Seller shall be obligated to repurchase all of the Purchased Assets and transfer payment of the Repurchase Price for each such Purchased Asset, together with the accrued and unpaid Price Differential and all Transaction Costs and other amounts due and payable to Buyer hereunder, against the transfer by Buyer to Seller of each such Purchased Asset. Following the Facility Termination Date, Buyer shall not be obligated to transfer any Purchased Assets to Seller until payment in full to Buyer of all amounts due hereunder.

(v) Notwithstanding any provision herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all rules, regulations, guidelines or directives promulgated in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, shall in each case be deemed to be an adoption of or change in a Requirement of Law made subsequent to the date of this Agreement.

4. MANDATORY PAYMENT OR DELIVERY OF ADDITIONAL ASSETS

(a) Buyer may determine and re-determine the Asset Base Components on any Business Day and on as many Business Days as it may elect. Upon the occurrence of a Margin Credit Event with respect to one or more Purchased Assets, if at any such time the aggregate Purchase Price of the Purchased Assets is greater than the aggregate Asset Base Components of the Purchased Assets as determined by Buyer in its sole discretion (a "Margin Deficit"), then Seller shall, not later than two (2) Business Days after receipt of notice of such Margin Deficit from Buyer, deliver to Buyer cash in an

amount sufficient to reduce the aggregate Purchase Price of such Purchased Assets to an amount equal to the aggregate Asset Base Components as re-determined by Buyer after giving effect to the delivery of cash or additional collateral by Seller to Buyer pursuant to this Section 4(a); provided that, so long as no Event of Default has occurred and is continuing, Seller shall not be required to cure a Margin Deficit unless and until the aggregate Margin Deficit of all Purchased Assets equals or exceeds $500,000 on any date of determination. Any cash delivered to Buyer pursuant to this Section 4(a) shall be applied by Buyer to reduce the Purchase Price of the applicable Purchased Assets.

(b) If at any such time the Purchase Price of one or more Purchased Assets is less than the aggregate Asset Base Components of such Purchased Assets as determined by Buyer in its sole discretion (a "Margin Excess"), then Buyer shall, no later than five (5) Business Days after receipt of a request from Seller, transfer cash to Seller in an amount (not to exceed such Margin Excess) such that the Purchase Price of the Purchased Asset, after the addition of any such cash so transferred, will thereupon not exceed the Asset Base Component as re-determined by Buyer after giving effect to the delivery of cash by Buyer to Seller pursuant to this Section 4(b); provided that (i) no Margin Deficit, Default or Event of Default has occurred and is continuing or would result from such funding, (ii) such funding shall not result in the Aggregate Repurchase Price of all Purchased Assets exceeding the Facility Amount and (iii) each such funding shall be in an amount of not less than $500,000. Any cash delivered by Buyer to Seller pursuant to this Section 4(b) shall be applied by Buyer to increase the Purchase Price of the applicable Purchased Asset. Buyer and Seller shall execute and deliver a restated Confirmation for the applicable Transaction to set forth the new Purchase Price for such Purchased Asset. Seller may not request funding under this Section 4(b) more than three (3) times in any calendar month.

(c) The failure of Buyer, on any one or more occasions, to exercise its rights hereunder, shall not change or alter the terms and conditions to which this Agreement is subject or limit the right of Buyer to do so at a later date. Seller and Buyer each agree that a failure or delay by Buyer to exercise its rights hereunder shall not limit or waive Buyer's rights under this Agreement or otherwise existing by law or in any way create additional rights for Seller.

5. INCOME PAYMENTS AND PRINCIPAL PAYMENTS

(a) On or before the date hereof, Seller and Buyer shall establish and maintain with the Depository Bank a deposit account in the name of Seller and under the sole control of Buyer with respect to which the Blocked Account Agreement shall have been executed (such account, together with any replacement or successor thereof, the "Blocked Account"). Seller shall cause all Income with respect to the Purchased Assets to be deposited in the Blocked Account. In furtherance of the foregoing, Seller shall cause Servicer to remit to the Blocked Account all Income received in respect of the Purchased Assets in accordance with the Servicer Re-Direction Letter. All Income in respect of the Purchased Assets, which may include payments in respect of associated Hedging Transactions, shall be deposited directly into, or, if applicable, remitted directly from the applicable underlying collection account to, the Blocked Account.

(b) Unless an Event of Default shall have occurred and be continuing, on each Remittance Date, all Income on deposit in the Blocked Account in respect of the Purchased Assets and the associated Hedging Transactions by the Depository Bank at the instruction of Buyer shall be applied as follows:

(i) *first*, to Buyer, an amount equal to the Price Differential which has accrued and is outstanding in respect of the Transactions as of such Remittance

Date;

(ii) *second*, to Buyer, any accrued and unpaid Unused Fee and all Transaction Costs and all other amounts payable by Seller and outstanding hereunder and under the other Transaction Documents (other than the Repurchase Price);

(iii) *third*, if a Principal Payment in respect of any Purchased Asset has been made during the related Collection Period, to Buyer an amount equal to the product of the amount of such Principal Payment, *multiplied by* the applicable Purchase Percentage;

(iv) *fourth*, if a Margin Deficit shall exist with respect to one or more Purchased Assets, to Buyer, an amount such that, after giving effect to such payment, the aggregate Purchase Price of the Purchased Assets is equal to the aggregate Asset Base Components of the Purchased Assets, as determined by Buyer after giving effect to such payment to the extent of remaining funds in the Blocked Account; and

(v) *fifth*, to Seller, the remainder, if any.

If, on any Remittance Date, the amounts deposited in the Blocked Account shall be insufficient to make the payments required under (i) through (iii) above of this Section 5(b), and Seller does not otherwise make such payments on such Remittance Date, the same shall constitute an Event of Default hereunder.

(c) If an Event of Default shall have occurred and be continuing, all Income on deposit in the Blocked Account in respect of the Purchased Assets and the associated Hedging Transactions shall be applied as determined in Buyer's sole discretion pursuant to Section 14(b)(ii).

(d) If at any time during the term of any Transaction any Income is distributed to Seller with respect to the related Purchased Asset or Seller has otherwise received such Income and has made a payment in respect of such Income to Buyer pursuant to this Section 5, and for any reason such amount is required to be returned by Buyer to an obligor under such Purchased Asset (either before or after the Repurchase Date), Buyer may provide Seller with notice of such required return, and Seller shall pay the amount of such required return to Buyer by 11:00 a.m. (New York time) on the Business Day following Seller's receipt of such notice.

(e) Subject to the other provisions hereof, Seller shall be responsible for all Transaction Costs in respect of any Purchased Assets to the extent it would be so obligated if the Purchased Assets had not been sold to Buyer. Buyer shall provide Seller with notice of any Transaction Costs, and Seller shall pay the amount of any Transaction Costs to Buyer by 11:00 a.m. (New York time) on the later of (i) five (5) Business Days after the date on which Buyer has informed Seller that such amount is due under the Purchased Asset Documents and (ii) three (3) Business Days following Seller's receipt of such notice.

6. SECURITY INTEREST

(a) Buyer and Seller intend that all Transactions hereunder be sales to Buyer of the Purchased Assets for all purposes (other than for U.S. federal, state and local income or franchise tax purposes) and not loans from Buyer to Seller secured by the Purchased Assets. However, in the event that any Transaction is deemed to be a loan, Seller hereby pledges to Buyer as security for the performance by Seller of the Repurchase Obligations and hereby grants to Buyer a first priority security interest in all of Seller's right, title and interest in and to the following (collectively, the "Repurchase Assets"):

(i) all of the Purchased Assets (including, for the avoidance of doubt, all security interests, mortgages and liens on personal or real property securing the Purchased Assets) and related Servicing Rights;

(ii) all Income from the Purchased Assets;

(iii) all insurance policies and insurance proceeds relating to any Purchased Asset or the related Eligible Property;

(iv) all "general intangibles", "accounts" and "chattel paper" as defined in the UCC relating to or constituting any and all of the foregoing;

(v) all replacements, substitutions or distributions on or proceeds, payments and profits of, and records and files relating to, any and all of the foregoing; and

(vi) any other property, rights, titles or interests as are specified in the Confirmation and/or the Trust Receipt, the Purchased Asset Schedule or exception report with respect to the foregoing in all instances, whether now owned or hereafter acquired, now existing or hereafter created.

(b) With respect to the security interest in the Repurchase Assets granted in Section 6(a) hereof, and with respect to the security interests granted in Sections 6(c) and 6(d), Buyer shall have all of the rights and may exercise all of the remedies of a secured creditor under the UCC and any other applicable law and shall have the right to apply the Repurchase Assets or proceeds therefrom to the obligations of Seller under the Transaction Documents. In furtherance of the foregoing, (i) Buyer, at Seller's sole cost and expense, shall cause to be filed as a protective filing with respect to the Repurchase Assets and as a UCC filing with respect to the security interests granted in Sections 6(c) and 6(d) one or more UCC financing statements in form satisfactory to Buyer (to be filed in the filing office indicated therein), in such locations as may be necessary to perfect and maintain perfection and priority of the outright transfer (including under Section 22 of this Agreement) and the security interest granted hereby and, in each case, continuation statements and any amendments thereto (including, without limitation, by causing to be filed any amendments necessary to add or delete Repurchase Assets covered by the financing statement to reflect the purchase and repurchase of Purchased Assets) (collectively, the "Filings"), and shall forward copies of such Filings to Seller upon completion thereof, and (ii) Seller shall, from time to time, at its own expense, deliver and cause to be duly filed all such further filings, instruments and documents and take all such further actions as may be necessary or desirable or as may be requested by Buyer with respect to the perfection and priority of the outright transfer of the Purchased Assets and the security interest granted hereunder in the Repurchase Assets and the rights and remedies of Buyer with respect to the Repurchase Assets (including under Section 22 of this Agreement) (including the payments of any fees and Taxes required in connection with the execution and delivery of this Agreement).

(c) Seller hereby pledges to Buyer as security for the performance by Seller of the Repurchase Obligations and hereby grants to Buyer a first priority security interest in all of Seller's right, title and interest in and to Seller's rights under all Hedging Transactions relating to Purchased Assets entered into by Seller and all proceeds thereof. Seller shall take all action as is necessary or desirable to obtain consent to assignment of any such Hedging Transaction to Buyer and shall cause the counterparty under each such Hedging Transaction to enter into such document or instrument satisfactory to Buyer, Seller and such counterparty, pursuant to which such counterparty will covenant and agree to accept notice from Buyer to redirect payments under such Hedging Transaction as Buyer may direct. So long as no Event of Default shall be continuing, Buyer agrees that it will not redirect payments under any Hedging Transaction pledged to Buyer pursuant to the terms of this Section 6(c).

(d) Seller hereby pledges to Buyer as security for the performance by Seller of the Repurchase Obligations and hereby grants to Buyer a first priority security interest in all of Seller's right, title and interest in and to the Blocked Account and all amounts and property from time to time on deposit

therein and all replacements, substitutions or distributions on or proceeds, payments and profits of, and records and files relating to, the Blocked Account.

(e) In connection with the repurchase by Seller of any Purchased Asset in accordance herewith, upon receipt of the Repurchase Price by Buyer, Buyer will deliver to Seller, at Seller's expense, such documents and instruments as may be reasonably necessary and requested by Seller to reconvey such Purchased Asset and any Income related thereto to Seller.

7. PAYMENT, TRANSFER AND CUSTODY

(a) Subject to the terms and conditions of this Agreement, on the Purchase Date for each Transaction, ownership of the Purchased Assets and all rights thereunder shall be transferred to Buyer or its designee (including Custodian) against the simultaneous transfer of the Purchase Price to an account of Seller specified in the Confirmation relating to such Transaction. Buyer will provide Seller with a Power of Attorney to Seller, allowing Seller to administer, operate and service such Purchased Assets. Provided that no Event of Default shall have occurred and be continuing, such Power of Attorney to Seller shall be binding upon Buyer and Buyer's successors and assigns.

(b) Seller shall:

(i) with respect to each Table Funded Purchased Asset, (A) not later than 1:00 p.m. (New York time) on the Purchase Date, deliver or cause Bailee to deliver to Buyer, by electronic transmission, a true and complete copy of the related Mortgage Note or Participation Certificate with assignment in blank (as applicable), loan agreement, Mortgage, Title Policy, Insured Closing Letter and Escrow Instructions, if any, and the executed Bailee Agreement; (B) not later than 1:00 p.m. (New York time) on the third (3rd) Business Day following the Purchase Date, deliver or cause Bailee to deliver and release to Custodian (with a copy to Buyer), together with a Purchased Asset File Checklist, the Purchased Asset Documents with respect to each Purchased Asset identified in the Purchased Asset File Checklist delivered therewith, and (C) not later than two (2) Business Days following receipt of such Purchased Asset Documents by Custodian, cause Custodian to deliver a Trust Receipt confirming such receipt; and

(ii) with respect to each Purchased Asset that is not a Table Funded Purchased Asset, (A) not later than 1:00 p.m. (New York time) two (2) Business Days prior to the related Purchase Date, deliver and release to Custodian (with a copy to Buyer), together with the Purchased Asset File Checklist, the Purchased Asset Documents with respect to each Table Funded Purchased Asset identified in the Purchased Asset File Checklist delivered therewith, and (B) on the Purchase Date, cause Custodian to deliver a Trust Receipt confirming receipt of such Purchased Asset Documents;

provided that if Seller cannot deliver, or cause to be delivered, any of the original Purchased Asset Documents required to be delivered as originals (excluding the Mortgage Note, the Mezzanine Note, the Assignment of Mortgage and, if applicable, the Participation Certificate, originals of which must be delivered at the time required under the provisions above), Seller shall deliver a photocopy thereof and an Officer's Certificate of Seller certifying that such copy represents a true and correct copy of the original and shall use its best efforts to obtain and deliver such original document within one hundred eighty (180) days after the related Purchase Date (or such longer period after the related Purchase Date to which Buyer may consent in its sole discretion, so long as Seller is, as certified in writing to Buyer not less frequently than monthly, using its best efforts to obtain the original). After the expiration of such best efforts period, Seller shall deliver to Buyer a certification that states, despite Seller's best efforts, Seller was unable to obtain such original document, and thereafter Seller shall have no further obligation to deliver the related

original document. Notwithstanding the foregoing, Buyer shall, at its option, have the right to cancel the purchase of an Eligible Asset if all required originals have not been delivered as required in this Agreement.

(c) From time to time, Seller shall forward to Custodian additional original documents or additional documents evidencing any assumption, modification, consolidation or extension of a Purchased Asset approved in accordance with the terms of this Agreement, and upon receipt of any such other documents, Custodian shall hold such other documents on behalf of Buyer and as Buyer shall request from time to time. With respect to any documents which have been delivered or are being delivered to recording offices for recording and have not been returned to Seller in time to permit their delivery hereunder at the time required, in lieu of delivering such original documents, Seller shall deliver to Buyer a true copy thereof with an Officer's Certificate certifying that such copy is a true, correct and complete copy of the original, which has been transmitted for recordation. Seller shall deliver such original documents to Custodian promptly when they are received. With respect to all of the Purchased Assets delivered by Seller to Buyer or its designee (including Custodian), Seller shall execute an omnibus Power of Attorney to Buyer irrevocably appointing Buyer its attorney-in-fact with full power to (i) complete and record any Assignment of Mortgage, (ii) complete the endorsement of any Mortgage Note, Mezzanine Note or Participation Certificate (as applicable) and (iii) after the occurrence and during the continuance of an Event of Default, take such other steps as may be necessary or desirable to enforce Buyer's rights against any Purchased Assets and the related Purchased Asset Files and the Servicing Records. Buyer shall deposit the Purchased Asset Files representing the Purchased Assets, or cause the Purchased Asset Files to be deposited directly, with Custodian to be held by Custodian on behalf of Buyer. The Purchased Asset Files shall be maintained in accordance with Custodial Agreement. Any Purchased Asset File not delivered to Buyer or its designee (including Custodian) is and shall be held in trust by Seller or its designee for the benefit of Buyer as the owner thereof. Seller or its designee shall maintain a copy of the Purchased Asset File and the originals of the Purchased Asset File not delivered to Buyer or its designee. The possession of the Purchased Asset File by Seller or its designee is at the will of Buyer for the sole purpose of servicing the related Purchased Asset, and such retention and possession by Seller or its designee is in a custodial capacity only. The books and records (including, without limitation, any computer records or tapes) of Seller or its designee shall be marked appropriately to reflect clearly the transfer, subject to the terms and conditions of this Agreement, of the related Purchased Asset to Buyer. Seller or its designee (including Custodian) shall release its custody of the Purchased Asset File only in accordance with written instructions from Buyer, unless such release is required as incidental to the servicing of the Purchased Assets or is in connection with a repurchase of any Purchased Asset by Seller or is pursuant to the order of a court of competent jurisdiction.

(d) On the date of this Agreement, Buyer shall have received all of the following items and documents, each of which shall be satisfactory to Buyer in form and substance:

(i) Transaction Documents. (A) This Agreement, duly executed and delivered by Seller and Buyer; (B) the Custodial Agreement, duly executed and delivered by Seller, Buyer and Custodian;(C) the Blocked Account Agreement, duly executed and delivered by Seller, Buyer and Depository Bank; (D) the Fee Letter, duly executed and delivered by Seller and Buyer; and (E) the Guaranty, duly executed and delivered by Guarantor; (F) the Pledge and Security Agreement, duly executed and delivered by Pledgor; (G) the Power of Attorney to Buyer; (H) the Power of Attorney to Seller; (I) the Servicing Agreement and Servicer Acknowledgement duly executed by the parties thereto; and (J) the Filings;

(ii) Fees and Costs. The Origination Fee and all other Transaction Costs payable to Buyer in connection with the negotiation of the Transaction Documents;

(iii) Organizational Documents. Certified copies of the organizational documents of Seller and Guarantor and resolutions or other documents evidencing the authority of Seller and Guarantor with respect to the execution, delivery and performance of the Transaction Documents to which it is a party and each other document to be delivered by Seller and/or Guarantor from time to time in connection with the Transaction Documents (and Buyer may conclusively rely on such certifications until it receives notice in writing from Seller or Guarantor, as the case may be, to the contrary);

(iv) Legal Opinion. Opinions of counsel to Seller and Guarantor in form and substance satisfactory to Buyer as to authority, enforceability of the Transaction Documents to which it is a party, perfection, bankruptcy safe harbors, the Investment Company Act and such other matters as may be requested by Buyer; and

(v) Other Documents. Such other documents as Buyer may reasonably request.

8. CERTAIN RIGHTS OF BUYER WITH RESPECT TO THE PURCHASED ASSETS

(a) Subject to the terms and conditions of this Agreement, title to all Purchased Assets shall pass to Buyer on the applicable Purchase Date, and Buyer shall have free and unrestricted use of its interest in the Purchased Assets in accordance with the terms and conditions of the Purchased Asset Documents. Subject to the provisions of Article 17 of this Agreement, nothing in this Agreement or any other Transaction Document shall preclude Buyer from engaging (at its expense) in repurchase transactions with the Purchased Assets with Persons in conformity with the terms and conditions of the Purchased Asset Documents or otherwise selling, transferring, pledging, repledging, hypothecating, or rehypothecating the Purchased Assets to Persons in conformity with the terms and conditions of the Purchased Asset Documents, but no such transaction shall relieve Buyer of its obligations to transfer the Purchased Assets to Seller pursuant to Section 3 of this Agreement or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Section 5 of this Agreement or of the obligations of Buyer pursuant to Article 17 of this Agreement or otherwise affect the rights, obligations and remedies of any party to this Agreement.

(b) Nothing contained in this Agreement or any other Transaction Document shall obligate Buyer to segregate any Purchased Assets delivered to Buyer by Seller. Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, no Purchased Asset shall remain in the custody of Seller or an Affiliate of Seller other than as permitted herein. Subject to the terms and conditions of this Agreement, any documents delivered to Custodian pursuant to Section 7 of this Agreement shall be released only in accordance with the terms and conditions of the Custodial Agreement.

9. EXTENSION OF FACILITY TERMINATION DATE

(a) Extension of Facility Termination Date. At the request of Seller delivered to Buyer no earlier than ninety (90) days and no later than thirty (30) days before the applicable Facility Termination Date, Seller may annually request an extension of the then current Facility Termination Date for a one (1) year period. Such requests may be approved or denied in Buyer's sole discretion, and in any case shall be approved only if (i) no Default, Event of Default or Margin Deficit shall exist on the date of Seller's request to extend or on the then current Facility Termination Date, (ii) all representations and warranties in this Agreement shall be true, correct, complete and accurate in all respects as of the then current Facility Termination Date (except such representations which by their terms speak as of a specified date and subject to any exceptions disclosed to Buyer in an Exception Report prior to such date and approved

by Buyer), and (iii) on or before the then current Facility Termination Date, Seller shall have paid the Extension Fee to Buyer.

10. REPRESENTATIONS

Seller represents and warrants to Buyer that as of the date of this Agreement and as of each Purchase Date and at all times while this Agreement and any Transaction thereunder is in effect or any Repurchase Obligations remain outstanding:

(i) Organization. Seller (A) is a limited liability company duly organized, validly existing and in good standing under the laws and regulations of the State of Delaware; (B) is duly licensed, qualified, and in good standing in every state where such licensing or qualification is necessary for the transaction of Seller's business, except where failure to so qualify could not be reasonably likely to have a Material Adverse Effect; (C) has all requisite limited liability company or other power, and has all governmental licenses, authorizations, consents and approvals necessary, to (1) own and hold its assets and to carry on its business as now being conducted and proposed to be conducted and (2) to execute the Transaction Documents and enter into the Transactions thereunder, and (D) has all requisite limited liability company or other power to execute, deliver, and perform its obligations under this Agreement and the other Transaction Documents.

(ii) Authorization; Due Execution; Enforceability. The execution, delivery and performance by Seller of each of this Agreement and each of the Transaction Documents have been duly authorized by all necessary limited liability company or other action on its part. The Transaction Documents have been duly executed and delivered by Seller for good and valuable consideration. The Transaction Documents constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms subject to bankruptcy, insolvency, and other limitations on creditors' rights generally and to equitable principles.

(iii) Non-Contravention; Consents. Neither the execution and delivery of the Transaction Documents, nor consummation by Seller of the transactions contemplated by the Transaction Documents (or any of them), nor compliance by Seller with the terms, conditions and provisions of the Transaction Documents (or any of them) will (A) conflict with or result in a breach of the organizational documents of Seller (B) conflict with any applicable law (including, without limitation, Prescribed Laws), rule or regulation or result in a breach or violation of any of the terms, conditions or provisions of any judgment or order, writ, injunction, decree or demand of any Governmental Authority applicable to Seller, (C) result in the creation or imposition of any lien or any other encumbrance upon any of the assets of Seller, other than pursuant to the Transaction Documents or (D) violate or conflict with contractual provisions of, or cause an event of default under, any indenture, loan agreement, mortgage, contract or other material agreement to which Seller is a party or by which Seller may be bound, in the case of clause (B) above, to the extent that such conflict or breach would have a Material Adverse Effect upon Seller's ability to perform its obligations hereunder.

(iv) Litigation; Requirements of Law. There is no action, suit, proceeding, investigation, or arbitration pending or, to the best knowledge of Seller, threatened against Seller or any of its assets which (A) may, individually or in the aggregate, result in any Material Adverse Effect; (B) may have an adverse effect on the validity of the Transaction Documents or any action taken or to be taken in connection with the obligations of Seller under any of the Transaction Documents; or (C) makes a non-frivolous (as determined by Buyer in its sole good faith discretion) claim or claims in an amount greater than $250,000. Seller is in compliance in

all material respects with all Requirements of Law. Seller is not in default in any material respect with respect to any judgment, order, writ, injunction, decree, rule or regulation of any arbitrator or Governmental Authority.

(v) No Broker. Seller has not dealt with any broker, investment banker, agent or other Person (other than Buyer or an Affiliate of Buyer) who may be entitled to any commission or compensation in connection with the sale of the Purchased Assets pursuant to any Transaction Documents.

(vi) Good Title to Purchased Assets. Immediately prior to the purchase of any Purchased Assets by Buyer from Seller, such Purchased Assets are free and clear of any lien, security interest, claim, option, charge, encumbrance or impediment to transfer to Buyer (including any "adverse claim" as defined in Section 8-102(a)(1) of the UCC), and are not subject to any rights of setoff, any prior sale, transfer, assignment, or participation by Seller or any agreement (other than the Transaction Documents) by Seller to assign, convey, transfer or participate in such Purchased Assets, in whole or in part, and Seller is the sole legal record and beneficial owner of, and owns and has the right to sell and transfer, such Purchased Assets to Buyer, and, upon transfer of such Purchased Assets to Buyer, Buyer shall be the owner of such Purchased Assets (other than for U.S. federal, state and local income and franchise tax purposes) free of any adverse claim, subject to Seller's rights pursuant to this Agreement. In the event that the related Transaction is recharacterized as a secured financing of the Purchased Assets and with respect to the security interests granted in Section 6(a), Section 6(c) and Section 6(d), the provisions of this Agreement and the filing of the Filings are effective to create in favor of Buyer a valid security interest in all right, title and interest of Seller in, to and under the Repurchase Assets specified in Section 6(a) and the other collateral specified in Section 6(c) and Section 6(d), and Buyer shall have a valid, perfected and enforceable first priority security interest in the Repurchase Assets and such other collateral, subject to no lien or rights of others other than as granted herein.

(vii) No Default; No Material Adverse Effect. No Default or Event of Default exists under or with respect to the Transaction Documents. To Seller's knowledge, there are no post-Transaction facts or circumstances that have a Material Adverse Effect on any Purchased Asset that Seller has not notified Buyer of in writing.

(viii) Representations and Warranties Regarding Purchased Assets; Delivery of Purchased Asset File Each Purchased Asset sold hereunder, as of the applicable Purchase Date for the Transaction in question, conforms to the applicable representations and warranties set forth in Exhibit III attached hereto, except as has been disclosed to Buyer in an Exception Report prior to Buyer's issuance of a Confirmation with respect to the related Purchased Asset. It is understood and agreed that the representations and warranties set forth in Exhibit III hereto (as modified by any Exception Report disclosed to Buyer in writing prior to Buyer's issuance of a Confirmation with respect to the related Purchased Asset), shall survive delivery of the respective Purchased Asset File to Buyer or its designee (including Custodian). With respect to each Purchased Asset, the Purchased Asset File and any other documents required to be delivered under this Agreement and the Custodial Agreement for such Purchased Asset have been delivered to Buyer or Bailee, as applicable, or to Custodian on behalf of Buyer. Seller or its designee is in possession of a complete, true and accurate Purchased Asset File with respect to each Purchased Asset, except for such documents the originals of which have been delivered to Custodian.

(ix) Adequate Capitalization; No Fraudulent Transfer. After giving effect to each Transaction (A) the amount of the "present fair saleable value" of the assets of Seller will, as of

such date, exceed the amount of all "liabilities of Seller, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (B) the present fair saleable value of the assets of Seller will, as of such date, be greater than the amount that will be required to pay the liabilities of Seller on debts as such debts become absolute and matured, (C) Seller will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (D) Seller will be able to pay its respective debts as they mature. Seller does not intend to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. Seller is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of Seller or any of its assets. Seller is not transferring any New Assets with any intent to hinder, delay or defraud any of its creditors. For purposes of this Section 10(ix), "debt" means "liability on a claim", "claim" means any (1) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, and (2) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

(x) Organizational Documents. Seller has delivered to Buyer true and correct certified copies of its organizational documents, together with all amendments thereto, if any.

(xi) No Encumbrances. Except to the extent expressly set forth in this Agreement, there are (A) no outstanding rights, options, warrants or agreements on the part of Seller for a purchase, sale or issuance, in connection with the Purchased Assets (B) no agreements on the part of Seller to issue, sell or distribute the Purchased Assets and (C) no obligations on the part of Seller (contingent or otherwise) to purchase, redeem or otherwise acquire any securities or interest therein, except, in each of the foregoing instances, as contemplated by the Transaction Documents.

(xii) No Investment Company or Holding Company. Neither Seller nor Guarantor is an "investment company", or a company "controlled by an investment company", within the meaning of the Investment Company Act of 1940, as amended.

(xiii) Taxes. Seller has filed or caused to be filed all tax returns that would be delinquent if they had not been filed on or before the date hereof and has paid all Taxes due and payable on or before the date hereof and all Taxes, fees or other charges imposed on it and any of its assets by any Governmental Authority; no tax liens have been filed against any of Seller's assets; and, to Seller's knowledge, no claims are being asserted with respect to any such Taxes, fees or other charges (except for liens with respect to Taxes not yet due and payable or liens or claims with respect to Taxes that are being contested in good faith and for which adequate reserves have been established in accordance with GAAP).

(xiv) ERISA. Neither Seller nor any ERISA Affiliate (A) sponsors or maintains any Plans or (B) makes any contributions to or has any liabilities or obligations (direct or contingent) with respect to any Plans. Seller does not hold Plan Assets, and the consummation of the transactions contemplated by this Agreement will not constitute or result in any non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or substantially similar Laws.

(xv) Judgments/Bankruptcy. Except as disclosed in writing to Buyer, there are no judgments against Seller that are unsatisfied of record or docketed in any court located in the United States of America and no Act of Insolvency has ever occurred with respect to Seller.

(xvi) Full and Accurate Disclosure. No information provided pursuant to or during the negotiation of the Transaction Documents, or any written statement furnished by or on behalf of Seller pursuant to the terms of the Transaction Documents (including any certification of Bailee), contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made when such statements and omissions are considered in the totality of the circumstances in question.

(xvii) Financial Information. All financial data concerning Seller and Guarantor and, to Seller's actual knowledge, all data concerning the Purchased Assets that has been delivered to Buyer by Seller, any Affiliate of Seller or Seller's advisors is true, complete and correct in all material respects and has been prepared in accordance with GAAP (to the extent applicable). Since the delivery of such data, except as otherwise disclosed in writing to Buyer, there has been no material adverse change in the business or financial condition of Seller or Guarantor or the Purchased Assets, or in the results of operations of Seller or Guarantor.

(xviii) Jurisdiction of Organization. Seller's jurisdiction of organization is the State of Delaware.

(xix) Location of Books and Records. The location where Seller keeps its books and records is at its chief executive office at 601 Carlson Parkway, Suite 1400, Minnetonka, Minnesota 55305.

(xx) Authorized Representatives. The duly authorized representatives of Seller are listed on, and true signatures of such authorized representatives are set forth on, Exhibit V attached to this Agreement.

(xxi) Use of Proceeds; Regulations T, U and X. All proceeds of each Transaction shall be used by Seller for purposes permitted under Seller's governing documents; provided that no part of the proceeds of any Transaction will be used by Seller to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Neither the entering into nor consummation of any Transaction hereunder, nor the use of the proceeds thereof, will violate any provision of Regulations T, U and X.

(xxii) Regulatory Status. Seller is not a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

(xxiii) Hedging Transactions. As of the Purchase Date for any Purchased Asset that is subject to a Hedging Transaction, each such Hedging Transaction is in full force and effect in accordance with its terms, each counterparty thereto is an Affiliated Hedge Counterparty or a Qualified Hedge Counterparty, and no "Termination Event", "Event of Default", "Potential Event of Default" or any similar event, however denominated, has occurred with respect thereto.

(xxiv) Anti-Money Laundering. The operations of Seller, Guarantor and their Subsidiaries are and have been conducted at all times in material compliance with all applicable

financial recordkeeping and reporting requirements, including those required by the Prescribed Laws, and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Seller or Guarantor or any of their Subsidiaries with respect to the Prescribed Laws is pending or, to the best knowledge of Seller, threatened.

(xxv) OFAC.

(A) None of Seller, any director, officer or employee of Seller, or to Seller's knowledge, any agent, Affiliate or representative of Seller, is a Person that is, or is owned or controlled by a Person that is: (1) the subject of any sanction administered or enforced by OFAC, the United Nations Security Council, the European Union, or Her Majesty's Treasury (collectively, "Sanctions"); or (2) located, organized or resides in a country or territory that is the subject of comprehensive Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, North Korea, Sudan and Syria.

(B) Seller is not now knowingly engaged in, and will not knowingly engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(xxvi) Anti-Corruption.

(A) None of Seller, its directors, officers, or employees, or, to Seller's knowledge, any agent, Affiliate or representative of Seller or any Affiliate of them, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any Person while knowing that all or some portion of the money or value will be offered, given or promised to anyone to improperly influence official action, to obtain or retain business or otherwise to secure any improper advantage, in each case in violation of applicable anti-corruption or anti-bribery laws.

(B) Seller and, to Seller's knowledge, Seller's Affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained, and will continue to maintain, policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representations and warranties contained in this Section 10(xxvi).

11. NEGATIVE COVENANTS OF SELLER

On and as of date of this Agreement and each Purchase Date and at all times while this Agreement and any Transaction hereunder is in effect or any Repurchase Obligations remain outstanding, Seller shall not without the prior written consent of Buyer:

(a) subject to Seller's right to repurchase the Purchased Assets, take any action which would directly or indirectly materially impair or adversely affect Buyer's title to the Purchased Assets;

(b) transfer, assign, convey, grant, bargain, sell, set over, deliver or otherwise dispose of, or pledge or hypothecate, directly or indirectly, any interest in the Purchased Assets (or any of them) to any Person other than Buyer, or engage in repurchase transactions or similar transactions with respect to the Purchased Assets (or any of them) with any Person other than Buyer, except where the Purchased Assets in question are simultaneously repurchased from Buyer;

(c) create, incur or permit to exist any lien, encumbrance or security interest in or on any of the Repurchase Assets or other collateral subject to the security interests granted by Seller pursuant to Section 6 of this Agreement;

(d) create, incur or permit any lien, security interest, charges, or encumbrances with respect to any Repurchase Assets or Hedging Transaction relating to the Purchased Assets for the benefit of any Person other than Buyer;

(e) consent or assent to a Significant Modification;

(f) take any action or permit such action to be taken which would result in a Change of Control;

(g) after the occurrence and during the continuation of any Default or Event of Default, make any distribution, payment on account of, or set apart assets for, a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of any equity or ownership interest of Seller, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of Seller;

(h) sponsor or maintain any Plans or make any contributions to, or have any liability or obligation (direct or contingent) with respect to, any Plan or permit any ERISA Affiliate to sponsor or maintain any Plans or make any contributions to, or have any liability or obligation (direct or contingent) with respect to, any Plan;

(i) engage in any transaction that would cause any obligation or action taken or to be taken hereunder (or the exercise by Buyer of any of its rights under this Agreement, the Purchased Assets or any Transaction Document) to be a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or substantially similar provisions under any other similar Laws;

(j) make any future advances under any Purchased Asset to any underlying obligor that are not permitted by the related Purchased Asset Documents;

(k) seek its dissolution, liquidation or winding up, in whole or in part;

(l) incur any Indebtedness except as provided in Section 13(i) hereof or otherwise cease to be a Single-Purpose Entity;

(m) permit the organizational documents or organizational structure of Seller to be amended without the prior written consent of Buyer, which consent shall not, prior to the occurrence and during the continuance of a Default or an Event of Default, be unreasonably withheld, conditioned or delayed, other than with respect to special purpose entity provisions, for which consent shall be at Buyer's sole discretion;

(n) acquire or maintain any right or interest in any Purchased Asset or Mortgaged Property that is senior to, junior to or *pari passu* with the rights and interests of Buyer therein under this Agreement and the other Transaction Documents unless such right or interest becomes a Purchased Asset hereunder or unless such right or interest exists as of the Purchase Date for such Purchased Asset and is approved by Buyer in writing;

(o) knowingly, directly or indirectly use the proceeds from any Transaction, or lend contribute or otherwise make available such proceeds to any other Person (i) to fund or facilitate any

activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions or (ii) in any other manner that would result in a violation of Sanctions by any Person (including Buyer);

(p) knowingly, directly or indirectly use the proceeds from any Transaction or lend, contribute or otherwise make available such proceeds to any Person for the purpose of financing or facilitating any activity that would violate applicable anti-corruption laws, rules, or regulations;

(q) permit, at any time, a breach of the Concentration Limit due to an early repurchase pursuant to Section 3(i) above (provided, however, in the event of such a breach, no later than two (2) Business Days after receipt of notice of such breach from Buyer or Seller acquiring knowledge thereof, Seller may cure such breach by: (i) delivering to Buyer cash, (ii) repurchasing such Purchased Assets giving rise to such breach of the Concentration Limit at their Repurchase Prices, or (iii) choosing any combination of the foregoing, such that, after giving effect to such transfers, the Concentration Limit is no longer breached); or

(r) cause any Purchased Asset to be serviced by any servicer other than a servicer expressly approved in writing by Buyer.

12. AFFIRMATIVE COVENANTS OF SELLER

On and as of the date of this Agreement and each Purchase Date and at all times while this Agreement and any Transaction thereunder is in effect or any Repurchase Obligations remain outstanding:

(a) Seller shall promptly notify Buyer of any event and/or condition that is likely to have a Material Adverse Effect.

(b) Seller shall give notice to Buyer of the following (accompanied by an Officer's Certificate setting forth details of the occurrence referred to therein and stating what actions Seller has taken or proposes to take with respect thereto):

(i) promptly upon receipt by Seller of notice or knowledge of the occurrence of any Default or Event of Default;

(ii) with respect to any Purchased Asset sold to Buyer hereunder, promptly following receipt of any unscheduled Principal Payment (in full or in part);

(iii) with respect to any Purchased Asset sold to Buyer hereunder, promptly following receipt by Seller of notice or knowledge that the related Mortgaged Property has been damaged by waste, fire, earthquake or earth movement, windstorm, flood, tornado or other casualty, or otherwise damaged so as to affect adversely the value of such Mortgaged Property;

(iv) promptly upon receipt of notice by Seller or knowledge of (A) any Purchased Asset that becomes a Defaulted Asset, (B) any lien or security interest (other than security interests created hereby) on, or claim asserted against, any Purchased Asset or, to Seller's knowledge, the underlying collateral therefor, (C) any event or change in circumstances that has or could reasonably be expected to have a material adverse effect on the Market Value of a Purchased Asset, or (D) any change with respect to Servicer or in the servicing of any Purchased Asset;

(v) promptly, and in any event within ten (10) days after service of process on any of the following, give to Buyer notice of all litigation, actions, suits, arbitrations, investigations (including, without limitation, any of the foregoing which are pending or threatened) or other legal or arbitrable proceedings affecting Seller or affecting any of the assets of Seller before any Governmental Authority that (A) questions or challenges the validity or enforceability of any of the Transaction Documents or any action to be taken in connection with the transactions contemplated hereby, (B) makes a claim or claims in an aggregate amount greater than $250,000, (C) which, individually or in the aggregate, if adversely determined could reasonably be likely to have a Material Adverse Effect, (D) requires filing with the SEC in accordance with the 1934 Act and any rules thereunder or (E) raises any lender licensee issues with respect to any Purchased Asset;

(vi) promptly upon any transfer of any underlying Mortgaged Property or any direct or indirect equity interest in any Mortgagor of which Seller has knowledge, whether or not consent to such transfer is required under the applicable Purchased Asset Documents; and

(vii) promptly, and in any event within ten (10) days after Seller or any of its ERISA Affiliates knows or has reason to know that any "reportable event" (within the meaning of Section 4043(c) of ERISA) has occurred or is reasonably expected to occur in respect of a Plan that, individually or in the aggregate, either has resulted, or could reasonably be expected to result, in a Material Adverse Effect; and

(viii) promptly upon receipt by Seller of notice or knowledge of the occurrence of any breach of the representations and warranties in Exhibit III of this Agreement.

(c) Seller shall provide Buyer with copies of such documents as Buyer may reasonably request evidencing the truthfulness of the representations set forth in

Section 10 hereof, to the extent such documents are in Seller's possession.

(d) Seller shall defend the right, title and interest of Buyer in and to the Purchased Assets and any Hedging Transactions against, and take such other action as is necessary to remove, any liens, security interests, claims, encumbrances, charges and demands of all Persons thereon (other than security interests granted to Buyer hereunder), and, upon Buyer's reasonable request, take any such other action as is necessary to obtain or preserve a first priority perfected security interest in the Purchased Assets and any Hedging Transactions.

(e) Seller will permit Buyer or its designated representative to inspect any of Seller's records with respect to all or any portion of the Purchased Assets and the conduct and operation of its business related thereto upon Buyer's reasonable notice at such reasonable times and with reasonable frequency requested by Buyer or its designated representative and to make copies of extracts of any and all thereof, subject to terms of any confidentiality agreement between Buyer and Seller. Buyer shall act in a commercially reasonable manner in requesting and conducting any inspection related to the conduct and operation of Seller's business.

(f) If any amount payable under or in connection with any of the Purchased Assets shall be or become evidenced by any promissory note, other instrument or chattel paper (as each of the foregoing is defined under the UCC), such note, instrument or chattel paper shall be immediately delivered to Buyer or its designee, duly endorsed in a manner satisfactory to Buyer or if any collateral or other security shall subsequently be delivered to Seller in connection with any Purchased Asset, Seller shall immediately deliver or forward such item of collateral or other security to Buyer or its designee, together with such instruments of assignment as Buyer may reasonably request.

(g) Seller shall provide (or cause to be provided) to Buyer the following financial and reporting information:

(i) the Monthly Statement;

(ii) the Quarterly Report, together with all operating statements and occupancy information that Seller or Servicer has received relating to the Purchased Assets for the related fiscal quarter;

(iii) a Financial Covenant Compliance Certificate;

(iv) Intentionally Omitted;

(v) within ten (10) Business Days after Buyer's request, such further information with respect to the operation of any Mortgaged Property, Purchased Asset, the financial affairs of Seller or Guarantor and any Plan and Multiemployer Plan as may be reasonably requested by Buyer, including all business plans prepared by or for Seller;

(vi) upon the request of Buyer, updated Appraisals of the Mortgaged Properties relating to the Purchased Assets, at Seller's sole cost and expense; provided, however, (x) so long as no Event of Default has occurred and is continuing, Seller shall only be responsible for up to $25,000 for such Appraisals in any one (1) calendar year and (y) after the occurrence and during the continuance of an Event of Default, Seller shall only be responsible for up to $100,000 for such Appraisals in any one (1) calendar year; and

(vii) such other reports as Buyer shall reasonably request.

(h) Seller shall at all times comply in all material respects with all laws (including, without limitation, Prescribed Laws), ordinances, rules and regulations of any federal, state, municipal or other public authority having jurisdiction over Seller or any of its assets, and Seller shall do or cause to be done all things reasonably necessary to preserve and maintain in full force and effect its legal existence and all licenses material to its business.

(i) Seller agrees that, from time to time upon the prior written request of Buyer, it shall (A) execute and deliver such further documents, provide such additional information and reports and perform such other acts as Buyer may reasonably request in order to insure compliance with all Prescribed Laws and to fully effectuate the purposes of this Agreement and (B) provide such opinions of counsel concerning matters relating to the Prescribed Laws as Buyer may reasonably request; provided, however, that nothing in this Section 3(i) shall be construed as requiring Buyer to conduct any inquiry or decreasing Seller's responsibility for its statements, representations, warranties or covenants under this Agreement. In order to enable Buyer and its respective Affiliates to comply with any anti-money laundering program and related responsibilities including, but not limited to, any obligations under the Prescribed Laws and regulations thereunder, Seller, on behalf of itself and its Affiliates, represents and covenants to Buyer and its Affiliates that: (A) neither Seller, nor, any of its Affiliates, is a Prohibited Person and (B) Seller is not acting on behalf of or on behalf of any Prohibited Person. Seller agrees to promptly notify Buyer or a person appointed by Buyer to administer its anti-money laundering program, if applicable, of any change in information affecting this Section 12(i).

(j) Seller shall at all times keep proper books of records and accounts in which full, true and correct entries shall be made of its transactions in accordance with GAAP.

(k) Seller shall advise Buyer in writing of the opening of any new chief executive office of Seller or the closing of any such office and of any change in Seller's name or the places where the books and records pertaining to the Purchased Assets are held not less than fifteen (15) Business Days prior to taking any such action.

(l) Seller shall pay when due all Transaction Costs. Seller shall pay and discharge all Taxes, levies, liens and other charges, if any, on its assets and on the Purchased Assets that, in each case, in any manner would create any lien or charge upon the Purchased Assets, except for any such Taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided in accordance with GAAP.

(m) Seller shall maintain its existence as a limited liability company organized solely and in good standing under the law of the State of Delaware and shall not dissolve, liquidate, merge with or into any other Person or otherwise change its organizational structure or documents or identity or incorporate or organize in any other jurisdiction.

(n) Seller shall maintain all records with respect to the Purchased Assets and the conduct and operation of its business with no less a degree of prudence than if the Purchased Assets were held by Seller for its own account and will furnish Buyer, upon request by Buyer or its designated representative, with information reasonably obtainable by Seller with respect to the Purchased Assets and the conduct and operation of its business.

(o) Seller shall provide Buyer with notice of each modification of any Purchased Asset Documents consented to by Seller (including such modifications which do not constitute a Significant Modification).

(p) Seller shall provide Buyer with reasonable access to operating statements, the occupancy status and other property level information, with respect to the

Mortgaged Properties, plus any such additional reports as Buyer may reasonably request.

(q) Seller may propose, and Buyer will consider, but shall be under no obligation to approve, strategies for the foreclosure or other realization upon the security for any Purchased Asset that has become a Defaulted Asset.

(r) Seller shall not cause any Purchased Asset to be serviced by any servicer other than a servicer expressly approved in writing by Buyer. Seller shall provide written notification to Buyer within one (1) Business Day of any rating agency reducing the credit or servicer rating applicable to any servicer.

(s) If Seller shall at any time become entitled to receive or shall receive any rights, whether in addition to, in substitution of, as a conversion of, or in exchange for a Purchased Asset, or otherwise in respect thereof, Seller shall accept the same as Buyer's agent, hold the same in trust for Buyer and deliver the same forthwith to Buyer (or Custodian, as appropriate) in the exact form received, duly endorsed by Seller to Buyer if required, together with all related and necessary duly executed Transfer Documents to be held by Buyer hereunder as additional collateral security for the Transactions. If any sums of money or property so paid or distributed in respect of the Purchased Assets shall be received by Seller, Seller shall, until such money or property is paid or delivered to Buyer, hold such money or property in trust for Buyer, segregated from other funds of Seller, as additional collateral security for the Transactions.

(t) If Guarantor or any Subsidiary of Guarantor has entered into or shall enter into or amend a repurchase agreement, warehouse facility, credit facility or other similar arrangement with any Person

which by its terms provides more favorable terms with respect to any financial covenants tested at the Guarantor level, including without limitation covenants covering the same or similar subject matter set forth in any Financial Covenant Compliance Certificate required to be delivered hereunder (a "More Favorable Agreement"), Seller shall (i) give notice to Buyer of such more favorable terms (A) in the case of an existing More Favorable Agreement, promptly, and (B) in the case of a More Favorable Agreement that has not been executed, not less than ten (10) Business Days' prior to execution of such More Favorable Agreement, and (ii) enter into such amendments to this Agreement and the other Transaction Documents as may be required by Buyer to give effect to such more favorable terms (A) in the case of an existing More Favorable Agreement, no later than ten (10) Business Days after notice is given pursuant to clause (i)(A) above, or (B) in the case of a More Favorable Agreement that has not been executed, the date on which such more favorable terms become effective.

13. SINGLE-PURPOSE ENTITY

Seller hereby represents and warrants to Buyer and covenants with Buyer that, on and as of the date of this Agreement and each Purchase Date and at all times while this Agreement and any Transaction hereunder is in effect or any Repurchase Obligations remain outstanding:

(a) it is and intends to remain solvent, and it has paid and will pay its debts and liabilities from its own assets as the same shall become due;

(b) it has complied and will comply with the provisions of its certificate of formation and its limited liability company agreement;

(c) it has done or caused to be done and will do all things necessary to observe limited liability company formalities and to preserve its existence;

(d) it has maintained and will maintain all of its books, records and bank accounts separate from those of its affiliates, its members and any other Person, and it will file its own tax returns (except to the extent consolidation is required or permitted under GAAP or as a matter of law);

(e) it has been, is and will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity, it shall correct any known misunderstanding regarding its status as a separate entity, it shall conduct business in its own name, it shall not identify itself or any of its Affiliates as a division or part of the other;

(f) it has not owned and will not own any property or any other assets other than the Purchased Assets, cash and its interest under any associated Hedging Transactions;

(g) it has not engaged and will not engage in any business other than the origination, acquisition, ownership, financing and disposition of the Purchased Assets and the associated Hedging Transactions in accordance with the applicable provisions of the Transaction Documents;

(h) it has not entered into, and will not enter into, any contract or agreement with any of its affiliates, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's length basis with Persons other than such affiliate;

(i) it has not incurred and will not incur any indebtedness or obligation, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than (A) obligations under the Transaction Documents, (B) obligations under the documents evidencing the Purchased Assets, and (C) unsecured trade payables, in an aggregate amount not to exceed $200,000 at

any one time outstanding, incurred in the ordinary course of acquiring, owning, financing and disposing of the Purchased Assets;provided, however, that any such trade payables incurred by Seller shall be paid within sixty (60) days of the date incurred;

(j) it has not made and will not make any loans or advances to any other Person, and shall not acquire obligations or securities of any member or affiliate of any member or any other Person (other than in connection with the origination or acquisition of Purchased Assets);

(k) it will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(l) it will not seek the dissolution, liquidation or winding up, in whole or in part of Seller;

(m) it will not commingle its funds and other assets with those of any of its Affiliates or any other Person;

(n) it has maintained and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any of its Affiliates or any other Person;

(o) it has not held and will not hold itself out to be responsible for the debts or obligations of any other Person;

(p) it will (i) have at all times at least one (1) Independent Director and (ii) provide Buyer with up-to-date contact information for all Independent Directors and

a copy of the agreement pursuant to which each Independent Director consents to and serves as an Independent Director for Seller;

(q) its organizational documents shall provide that (i) no Independent Director of Seller may be removed or replaced without Cause, (ii) Buyer be given at least two (2) Business Days prior notice of the removal and/or replacement of any Independent Director, together with the name and contact information of the replacement Independent Director and evidence of the replacement's satisfaction of the definition of Independent Director and (iii) any Independent Director of Seller shall not have any fiduciary duty to anyone including the holders of the equity interests in Seller and any Affiliates of Seller except Seller and the creditors of Seller with respect to taking of, or otherwise voting on, any Act of Insolvency; provided that the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing;

(r) it shall not, without the consent of its Independent Directors, institute any proceeding to be adjudicated as bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or consent to the filing of any such petition or to the appointment of a receiver, rehabilitator, conservator, liquidator, assignee, trustee or sequestrator (or other similar official) of it or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, or make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any action in furtherance of any of the foregoing; and

(s) it shall not have any employees.

14. EVENTS OF DEFAULT; REMEDIES

(a) Events of Default. The following shall constitute an event of default (each, an "Event of Default") by Seller hereunder:

(i) failure of Seller to repurchase one or more Purchased Assets on the applicable Repurchase Date;

(ii) failure of Seller to apply any Income received by Seller in accordance with the provisions hereof; provided, however, to the extent that any such failure occurs despite sufficient funds being on deposit in the Blocked Account, Seller shall have one (1) Business Day to cure such failure, except that such failure shall not be an Event of Default if sufficient Income, which would otherwise be remitted to Buyer pursuant to Section 5 hereof, is on deposit in the Blocked Account but the Depository fails to remit such funds to Buyer, so long as Seller causes such funds to be remitted to Buyer within one (1) Business Day of such failure;

(iii) if any of the Transaction Documents shall for any reason (A) not cause, or shall cease to cause, Buyer to be the owner of, or, if recharacterized as a secured financing, a secured party with respect to, the Repurchase Assets specified in Section 6(a) hereof and the other collateral specified in Sections 6(c) or 6(d) hereof free of any adverse claim, liens and other rights of others (other than as granted herein); (B) cease, if a Transaction is recharacterized as a secured financing, to create a valid first priority perfected security interest in favor of Buyer in the Repurchase Assets specified in Section 6(a) hereof and the other collateral specified in Sections 6(c) or 6(d) hereof; or (C) cease to be in full force and effect or if the enforceability of any of them is challenged or repudiated by Seller, Guarantor or Servicer or any counterparty thereto;

(iv) failure of Seller to make the payments required under Section 4(a) or Section 5(b) hereof on the date such payment is due;

(v) failure of Seller to make any other payment owing to Buyer which has become due, whether by acceleration or otherwise, under the terms of this Agreement which failure is not remedied within the period specified herein or, if no period is specified for such payments three (3) Business Days after notice thereof to Seller from Buyer;

(vi) breach by Seller in the due performance or observance of any term, covenant or agreement contained in Section 11 of this Agreement; provided, however, such breach shall not constitute an Event of Default if such default is susceptible of cure and is remedied within (A) the specified cure period or (B) if no cure period is specified, five (5) Business Days after the occurrence of such breach; provided, further, however, that if such breach under clause (B) is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period and Seller shall have commenced to cure such breach within such five (5) Business Day period and thereafter diligently and expeditiously proceeds to cure the same, such five (5) Business Day period shall be extended as is reasonably necessary for Seller, in the exercise of due diligence, to cure such breach, and in no event shall such cure period exceed ten (10) Business Days after the occurrence of such breach;

(vii) [intentionally omitted];

(viii) any representation made by Seller herein or in any Transaction Document shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated and, to the extent that such incorrect or untrue representation is capable of

being cured by Seller, such breach is not cured by Seller within five (5) Business Days of the earlier of receipt of written notice thereof from Buyer or Seller's actual knowledge of such incorrect or untrue representation; provided that the representations and warranties made by Seller in Sections 10(vi) or 10(viii) hereof shall not be considered an Event of Default if incorrect or untrue in any material respect (which determination shall be made with respect to the representations and warranties in Exhibit III without regard to any knowledge qualifier therein), if Buyer terminates the related Transaction and Seller repurchases the related Purchased Asset(s) on an Early Repurchase Date no later than five (5) Business Days after receiving written notice of such incorrect or untrue representation; provided, however, that if Seller shall have made any such representation with knowledge that it was materially incorrect or untrue at the time made, such misrepresentation shall constitute an Event of Default;

(ix) a final judgment by any competent court in the United States of America for the payment of money (A) rendered against Seller in an amount greater than $250,000 or (B) rendered against Guarantor in an amount greater than $10,000,000 and remains undischarged or unpaid for a period of sixty (60) days, during which period execution of such judgment is not effectively stayed by bonding over or other reasonable means acceptable to Buyer;

(x) [intentionally omitted];

(xi) if Seller shall breach or fail to perform any of the terms, covenants, obligations or conditions of this Agreement or any other Transaction Document, other than as specifically otherwise referred to in this Section 14(a), and such breach or failure to perform is susceptible of cure and is not remedied within (A) the specified cure period or (B) if no cure period is specified, five (5) Business Days after notice thereof to Seller by Buyer, or its successors or assigns; provided, however, that with respect to clause (B) only, if such default is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period; and provided further that Seller shall have commenced to cure such default within such five (5) Business Day period and thereafter diligently and expeditiously proceeds to cure the same, such five (5) Business Day period shall be extended for such time as is reasonably necessary for Seller, in the exercise of due diligence, to cure such default, and in no event shall such cure period exceed ten (10) Business Days from Seller's receipt of Buyer's notice of such default;

(xii) if Pledgor shall breach or fail to perform any of the terms, covenants, obligations or conditions of the Pledge and Security Agreement, and such breach or failure to perform is susceptible of cure and is not remedied within (A) the specified cure period or (B) if no cure period is specified, five (5) Business Days

after notice thereof to Seller or Pledgor by Buyer, or its successors or assigns; provided, however, that with respect to clause (B) only, if such default is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period; and provided further that Pledgor shall have commenced to cure such default within such five (5) Business Day period and thereafter diligently and expeditiously proceeds to cure the same, such five (5) Business Day period shall be extended for such time as is reasonably necessary for Seller or Pledgor, in the exercise of due diligence, to cure such default, and in no event shall such cure period exceed ten (10) Business Days from Seller or Pledgor's receipt of Buyer's notice of such default;

(xiii) an Act of Insolvency shall have occurred with respect to Seller, Pledgor or Guarantor;

(xiv) [intentionally omitted];

(xv) the breach by Guarantor of (A) any financial covenant set forth in Section 9 of the Guaranty or (B) any other representation, warranty, term, covenant, obligation or condition set forth in the Guaranty; provided, however, with respect to clause (B) only, such default or breach shall not constitute an Event of Default if Guarantor cures such default or breach, as the case may be, within five (5) Business Days after notice thereof from Buyer to Guarantor or Seller, provided, further, that if such default or breach under clause (B) is susceptible of cure but cannot reasonably be cured within such five (5) Business Day period and Guarantor shall have commenced to cure such default or breach within such five (5) Business Day period and thereafter diligently and expeditiously proceeds to cure the same, such five (5) Business Day period shall be extended for such time as is reasonably necessary for Guarantor, in the exercise of due diligence, to cure such default, and in no event shall such cure period exceed ten (10) Business Days from Guarantor's or Seller's receipt of Buyer's notice of such default;

(xvi) [intentionally omitted];

(xvii) any of the representations and warranties of Guarantor in any Financial Covenant Compliance Certificate shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated.

(b) Remedies. If an Event of Default shall occur and be continuing, the following rights and remedies shall be available to Buyer:

(i) At the option of Buyer, exercised by written notice to Seller (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an Act of Insolvency with respect to Seller), the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (the date on which such option is exercised or deemed to have been exercised, the "Accelerated Repurchase Date") (and any Transaction for which the related Purchase Date has not yet occurred shall be canceled).

(ii) If Buyer exercises or is deemed to have exercised the option referred to in Section 14(b)(i) hereof (A) Seller's obligations hereunder to repurchase all Purchased Assets shall become immediately due and payable on and as of the Accelerated Repurchase Date, and all Income deposited in the Blocked Account shall be retained by Buyer and applied to the Repurchase Obligations; (B) the Repurchase Price with respect to each Transaction (determined as of the Accelerated Repurchase Date) shall include the accrued and unpaid Price Differential with respect to each Purchased Asset accrued at the Pricing Rate applicable upon an Event of Default for such Transaction; and (C) Custodian shall, upon the request of Buyer (with simultaneous copy of such request to Seller), deliver to Buyer all instruments, certificates and other documents then held by Custodian relating to the Purchased Assets.

(iii) Buyer may, after ten (10) days' notice to Seller of Buyer's intent to take such action (provided that no such notice shall be required in the circumstances set forth in Section 9-611(d) of the UCC), (A) immediately sell, at a public or private sale in a commercially reasonable manner and at such price or prices as Buyer may deem to be satisfactory any or all of the Purchased Assets on a servicing released basis or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Assets, to give Seller credit for such Purchased Assets in an amount equal to the Market Value of such Purchased Assets against the aggregate Repurchase Obligations. The proceeds of any disposition of Purchased Assets effected pursuant to this Section 14(b)(iii) shall be applied: *first*, to the costs and expenses incurred by Buyer in connection with Seller's default; *second*, to the costs of cover and/or Hedging Transactions, if any; *third*, to the Repurchase Price; *fourth*, to all other outstanding Repurchase Obligations; and

fifth, the balance, if any, to Seller. In the event that Buyer shall not have received repayment in full of the Repurchase Obligations following its liquidation of the Purchased Assets, Buyer may, in its sole discretion, pursue Seller and Guarantor (to the extent provided in the Guaranty) for all or any part of any deficiency.

(iv) The parties recognize that it may not be possible to purchase or sell all of the Purchased Assets on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market for such Purchased Assets may not be liquid. In view of the nature of the Purchased Assets, the parties agree that, to the extent permitted by applicable law, liquidation of a Transaction or the Purchased Assets shall not require a public purchase or sale and that a private purchase or sale shall be deemed to have been made in a commercially reasonable manner. Accordingly, Buyer may elect, in its sole discretion, the time and manner of liquidating any Purchased Assets, and nothing contained herein shall (A) obligate Buyer to liquidate any Purchased Assets following the occurrence of an Event of Default or to liquidate all of the Purchased Assets in the same manner or on the same Business Day or (B) constitute a waiver of any right or remedy of Buyer.

(v) Seller shall be liable to Buyer for (A) the amount of all expenses, including reasonable legal fees and expenses of counsel, incurred by Buyer in connection with or as a consequence of an Event of Default, (B) all costs incurred in connection with covering transactions or Hedging Transactions (including short sales) or entering into replacement transactions, (C) all damages, losses, judgments, costs and other expenses of any kind that may be imposed on, incurred by or asserted against Buyer relating to or arising out of such hedging transactions or covering transactions, and (D) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default.

(vi) Buyer may exercise any or all of the remedies available to Buyer immediately upon the occurrence of an Event of Default and at any time during the continuance thereof. All rights and remedies arising under the Transaction Documents, as amended from time to time, are cumulative and not exclusive of any other rights or remedies that Buyer may have.

(vii) Buyer may enforce its rights and remedies hereunder without prior judicial process or hearing, and Seller hereby expressly waives any defenses Seller might otherwise have to require Buyer to enforce its rights by judicial process. Seller also waives any defense Seller might otherwise have arising from the use of nonjudicial process, disposition of any or all of the Purchased Assets, or from any other election of remedies. Seller recognizes that nonjudicial remedies are consistent with the usages of the trade, are responsive to commercial necessity and are the result of a bargain at arm's length.

(viii) Without limiting any other rights or remedies of Buyer, Buyer shall have the right of set-off set forth in Section 26 hereof.

(ix) Buyer shall have, in addition to its rights and remedies under the Transaction Documents, all of the rights and remedies provided by applicable federal, state, foreign, and local laws (including, without limitation, if the Transactions are recharacterized as secured financings, the rights and remedies of a secured party under the UCC of the State of New York, to the extent that the UCC is applicable, and the right to offset any mutual debt and claim), in equity, and under any other agreement between Buyer and Seller, exercisable upon ten (10) days notice from Buyer to Seller. Without limiting the generality of the foregoing, Buyer shall be entitled to set off the proceeds of the liquidation of the Purchased Assets against all of Seller's obligations to Buyer or its Affiliates, whether under this Agreement

or under any other agreement between Seller and

Buyer or between Seller and any Affiliate of Buyer, or otherwise, whether or not such obligations are then due, without prejudice to Buyer's right to recover any deficiency.

(x) Buyer shall at any time have the right, in each case until such time as Buyer determines otherwise, to retain, to suspend payment or performance of, or to decline to remit, any amount or property that Buyer would otherwise be obligated to pay, remit or deliver to Seller hereunder if a Default or an Event of Default has occurred.

(xi) For the avoidance of doubt, Buyer shall have no obligation to review or purchase any Eligible Asset during the continuance of an Event of Default.

(xii) Buyer shall have the right to terminate this Agreement and declare all obligations of Seller to be immediately due and payable, by a notice in accordance with Section 16 hereof, provided no such notice shall be required for an Event of Default pursuant toSection 14(a)(xiii).

15. SINGLE AGREEMENT

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder.

16. NOTICES AND OTHER COMMUNICATIONS

All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) hand delivery, with proof of attempted delivery, (b) certified or registered United States mail, postage prepaid, (c) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (d) by email (with confirmation of receipt by the receiving party); provided that such email notice must also be delivered by one of the means set forth in clauses (a), (b) or (c) above, to the addresses specified in Annex I hereto or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section 16. A notice shall be deemed to have been given: (i) in the case of hand delivery, at the time of delivery; (ii) in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; (iii) in the case of expedited prepaid delivery upon the first attempted delivery on a Business Day; or (iv) in the case of email, upon receipt of confirmation or receipt; provided that such emailed notice is also delivered as required in thisSection 16. A party receiving a notice that does not comply with the technical requirements for notice under this Section 16 may elect to waive any deficiencies and treat such notice as having been properly given. Notwithstanding the foregoing, notices pursuant to Section 4 hereof may be sent by electronic mail to the email addresses set forth onAnnex I attached hereto; provided that such notice delivered by email shall be deemed to be given only upon receipt of confirmation of receipt by the receiving party.

17. NON-ASSIGNABILITY

(a) The rights and obligations of Seller under the Transaction Documents, the Hedging Transactions and under any Transaction shall not be assigned by Seller without the prior written consent of Buyer. Any attempt by Seller to assign any of its rights or obligations under this Agreement without the prior written consent of Buyer shall be null and void, *ab initio.*

(b) Buyer may at any time, without the consent of Seller, sell participations in up to 100% (in the aggregate, in one or more Transactions, including any assignments under Section 17(c)) of Buyer's rights and/or obligations under the Transaction Documents; provided that, so long as no Event of Default has occurred, (i) Buyer's obligations and Seller's rights and obligations under the Transaction Documents shall remain unchanged, (ii) Buyer shall retain sole decision-making authority under the Transaction Documents, (iii) Seller shall continue to deal solely and directly with Buyer in connection with Buyer's rights and obligations under the Transaction Documents, (iv) without the prior written consent of Seller, Buyer shall only sell participations of its rights and obligations under the Transaction Documents to a Qualified Transferee, and (v) Seller shall not be charged for, incur or be required to reimburse Buyer or any other Person for any cost or expense relating to any such sale, participation or transfer.

(c) Buyer may at any time, without the consent of Seller, sell and assign up to 100% (in the aggregate, in one or more Transactions, and including any participation under Section 17(b)) of the rights and obligations of Buyer under the Transaction Documents. From and after the effective date of such assignment, such assignee shall be a party and, to the extent provided in such assignment agreement, have the rights and obligations of Buyer under the Transaction Documents with respect to the percentage and amount of the Repurchase Price allocated to it; provided that, so long as no Event of Default has occurred and is continuing, (i) Seller shall continue to deal solely and directly with Buyer in connection with Buyer's rights and obligations under the Transaction Documents, (ii) Buyer shall retain sole decision-making authority under the Transaction Documents, (iii) Buyer will give written notice of any assignment within five (5) calendar days after the effective date of such assignment to each party (but Buyer shall not have any liability for any failure to timely provide such notice), (iv) without the prior written consent of Seller, Buyer shall only assign any of its rights and obligations under the Transaction Documents to a Qualified Transferee, and (v) Seller shall not be charged for, incur or be required to reimburse Buyer or any other Person for any cost or expense relating to any such sale, assignment or transfer. Any sale or assignment by Buyer of its rights or obligations under the Transaction Documents that does not comply with this Section 17(c) shall be treated for purposes of the Transaction Documents as a sale by Buyer of a participation in such rights and obligations in accordance with Section 17(b).

(d) As long as an Event of Default shall have occurred and be continuing, Buyer may assign, participate or sell its rights and obligations under the Transaction Documents and/or any Transaction to any Person without prior notice to Seller and without regard to the limitations set forth in Section 17(b) and Section 17(c) above. From and after the date Buyer is no longer a party to this Agreement, Buyer shall have no obligation to act as agent or to make decisions under this Agreement.

(e) Buyer, acting solely for this purpose as an agent of Seller, shall maintain a copy of each assignment and a register for the recordation of the names and addresses of the assignees, and ownership rights in the Transactions, Purchased Assets or other interests under this Agreement. The entries in such register shall be conclusive absent manifest error, and each of Seller and Buyer and their respective assignees shall treat each Person whose name is recorded in such register pursuant to the terms hereof as the beneficial owner of the interests in the Transactions, Purchased Assets or other interests under this Agreement for all purposes. Such register shall be available for inspection by the Seller and Buyer, at any reasonable time and from time to time upon reasonable prior notice. If any assignee is a non-U.S. Person, such assignee shall timely provide Seller with such forms as may be required to establish the assignee's status for U.S. withholding tax purposes.

(f) If Buyer sells a participation, Buyer shall, acting solely for this purpose as an agent of Seller, maintain a register on which it enters the name and address of each participant and the ownership

rights of each participant in the Transactions, Purchased Assets or other interests under this Agreement. The entries in such register shall be conclusive absent manifest error, and Buyer shall treat each Person whose name is recorded in such register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. If any participant is a non-U.S. Person, such participant shall timely provide Seller with such forms as may be required to establish such participant's status for U.S. withholding tax purposes.

(g) Subject to the foregoing, the Transaction Documents and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in the Transaction Documents, express or implied, shall give to any Person, other than the parties to the Transaction Documents and their respective successors, any benefit or any legal or equitable right, power, remedy or claim under the Transaction Documents.

(h) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall prevent or prohibit Buyer from pledging its interest in the Purchased Assets hereunder to a Federal Reserve Bank in support of borrowings made by Buyer from such Federal Reserve Bank; provided, however, no such pledge shall release Buyer, as the case may be, from any of its obligations hereunder or substitute any such pledgee for Buyer, as the case may be, as a party hereto.

18. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; ETC.

(a) This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof, except for Section 5-1401 of the General Obligations Law of the State of New York.

(b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of any United States Federal or New York State court sitting in Manhattan, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under this Agreement or relating in any way to this Agreement or any Transaction under this Agreement.

(c) To the extent that either party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property, such party hereby irrevocably waives and agrees not to plead or claim such immunity in respect of any action brought to enforce its obligations under this Agreement or relating in any way to this Agreement or any Transaction under this Agreement.

(d) **EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND ANY RIGHT OF JURISDICTION ON ACCOUNT OF ITS PLACE OF RESIDENCE OR DOMICILE AND IRREVOCABLY CONSENTS TO THE SERVICE OF ANY SUMMONS AND COMPLAINT AND ANY OTHER PROCESS BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS RESPECTIVE ADDRESS SPECIFIED HEREIN. EACH PARTY HEREBY AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECTION 18 SHALL AFFECT THE RIGHT OF BUYER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF BUYER TO**

BRING ANY ACTION OR PROCEEDING AGAINST SELLER OR ITS PROPERTY IN THE COURTS OF OTHER JURISDICTIONS.

(e) **EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.**

19. NO RELIANCE; DISCLAIMERS

(a) Each party hereby acknowledges, represents and warrants to the other that, in connection with the negotiation of, the entering into, and the performance under, the Transaction Documents and each Transaction thereunder:

(i) It is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the other party to the Transaction Documents, other than the representations expressly set forth in the Transaction Documents.

(ii) It has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent that it has deemed to be necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the suitability of any Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed to be necessary and not upon any view expressed by the other party.

(iii) It is a sophisticated and informed Person that has a full understanding of all the terms, conditions and risks (economic and otherwise) of the Transaction Documents and each Transaction thereunder and is capable of assuming and willing to assume (financially and otherwise) those risks.

(iv) It is entering into the Transaction Documents and each Transaction thereunder for the purposes of managing its borrowings or investments or hedging its underlying assets or liabilities and not for purposes of speculation.

(v) It is not acting as a fiduciary or financial, investment or commodity trading advisor for the other party and has not given the other party (directly or indirectly through any other Person) any assurance, guaranty or representation whatsoever as to the merits (either legal, regulatory, tax, business, investment, financial accounting or otherwise) of the Transaction Documents or any Transaction thereunder.

(b) Each determination by Buyer of the Market Value with respect to each New Asset or Purchased Asset or the communication to Seller of any information pertaining to Market Value under this Agreement shall be made in Buyer's sole discretion, subject to the following disclaimers:

(i) Buyer has assumed and relied upon, with Seller's consent and without independent verification, the accuracy and completeness of the information provided by Seller and reviewed by Buyer. Buyer has not made any independent inquiry of any aspect of the New Assets or Purchased Assets or the underlying collateral. Buyer's view is based on economic, market and other conditions as in effect on, and the information made available to Buyer as of, the date of any such determination or communication of information, and such view may change at any time without prior notice to Seller.

(ii) Market Value determinations and other information provided to Seller constitute a statement of Buyer's view of the value of one or more loans or

other assets at a particular point in time and does not (A) constitute a bid for a particular trade, (B) indicate a willingness on the part of Buyer or any Affiliate thereof to make such a bid, or (C) reflect a valuation for substantially similar assets at the same or another point in time, or for the same assets at another point in time.

(iii) Market Value determinations and other information provided to Seller may vary significantly from valuation determinations and other information that may be obtained from other sources.

(iv) Market Value determinations and other information provided to Seller are communicated to Seller solely for its use and may not be relied upon by any other person and may not be disclosed or referred to publicly or to any third party without the prior written consent of Buyer, which consent Buyer may withhold or delay in its sole and absolute discretion.

(v) Buyer makes no representations or warranties with respect to any Market Value determinations or other information provided to Seller. Buyer shall not be liable for any incidental or consequential damages arising out of any inaccuracy in such valuation determinations and other information provided to Seller, including as a result of any act of gross negligence or breach of any warranty.

(vi) Market Value determinations and other information provided to Seller in connection withSection 3(b) hereof are only indicative of the initial Market Value of the New Asset submitted to Buyer for consideration thereunder, and may change without notice to Seller prior to, or subsequent to, the transfer by Seller of the New Asset pursuant to Section 3(f) hereof. No indication is provided as to Buyer's expectation of the future value of such Purchased Asset or the underlying collateral.

(vii) Initial Market Value determinations and other information provided to Seller in connection withSection 3(b) hereof are to be used by Seller for the sole purpose of determining whether to proceed in accordance with Section 3 hereof and for no other purpose.

20. INDEMNITY AND EXPENSES

(a) Seller hereby agrees to indemnify Buyer and its officers, directors and employees (the "Indemnified Parties") from and against any and all reasonable actual out-of-pocket liabilities, obligations, losses, damages, penalties, actions, judgments, suits, or disbursements (all of the foregoing, collectively, "Indemnified Amounts") that may at any time (including, without limitation, such time as this Agreement shall no longer be in effect and the Transactions shall have been repaid in full) be imposed on or asserted against any Indemnified Party in any way whatsoever arising out of or in connection with, or relating to, this Agreement or any Transactions thereunder or any action taken or omitted to be taken by any Indemnified Party under or in connection with any of the foregoing; provided that Seller shall not be liable for Indemnified Amounts resulting from the gross negligence, fraud or willful misconduct of any Indemnified Party. Without limiting the generality of the foregoing, Seller agrees to hold each Indemnified Party harmless from and indemnify each Indemnified Party against all Indemnified Amounts with respect to all Purchased Assets relating to or arising out of any violation or alleged violation of any environmental law, rule or regulation or any consumer credit laws, including without limitation ERISA, the Truth in Lending Act and/or Real Estate Settlement Procedures Act, that, in each case, results from anything other than the gross negligence, fraud or willful misconduct of an Indemnified Party. In any suit, proceeding or action brought by Buyer in connection with any Purchased

Asset for any sum owing thereunder, or to enforce any provisions of any Purchased Asset Documents, Seller will save, indemnify and hold Buyer harmless from and against all expenses, loss or damage suffered by Buyer by reason of any defense, set-off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Seller of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Seller. Seller also agrees to reimburse an Indemnified Party as and when billed by such Indemnified Party for all such Indemnified Party's costs and expenses incurred in connection with the enforcement or the preservation of such Indemnified Party's rights under this Agreement and any other Transaction Document or any transaction contemplated hereby or thereby, including without limitation the fees and disbursements of its counsel. Seller hereby acknowledges that its obligations hereunder are recourse obligations of Seller. This Section 20(a) shall not apply with respect to Taxes other than any Indemnified Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(b) Seller agrees to pay as and when billed by Buyer (i) all Indemnified Amounts provided inSection 20(a), (ii) all of the costs and expenses incurred by Buyer in connection with the development, preparation and execution of, and any amendment, supplement or modification to this Agreement and the other Transaction Documents or any other documents prepared in connection herewith or therewith including without limitation all the reasonable out of pocket fees, disbursements and expenses of counsel to Buyer, (iii) all of the costs and expenses incurred in connection with the consummation and administration of the Transactions contemplated hereby and thereby including without limitation all the fees, disbursements and expenses of counsel to Buyer, (iv) all costs and expenses contemplated by Section 14(b)(v) and (v) all the Diligence Fees (collectively, "Transaction Costs").

21. DUE DILIGENCE

Seller acknowledges that Buyer has the right to perform continuing due diligence reviews with respect to the Purchased Assets, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or determining or re-determining the Asset Base for purposes of Section 4 of this Agreement, or otherwise, and Seller agrees that Buyer, at its option, has the right at any time to conduct a partial or complete due diligence review on any or all of the Purchased Assets, including, without limitation, ordering new credit reports and Appraisals on the applicable collateral and otherwise regenerating the information used to originate such Purchased Assets. Upon reasonable prior notice to Seller, Buyer or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of, the Purchased Asset Files, Servicing Records and any and all documents, records, agreements, instruments or information relating to any Purchased Asset in the possession or under the control of Seller, any servicer or sub-servicer and/or Custodian. Seller also shall make available to Buyer a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Purchased Asset Files, the Servicing Records and the Purchased Assets. Seller agrees to cooperate with Buyer and any third party underwriter designated by Buyer in connection with such underwriting, including, but not limited to, providing Buyer and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Purchased Assets in the possession, or under the control, of such Seller. Subject to Section 12(g)(vi), Seller agrees to reimburse Buyer for any and all attorneys' fees, costs and expenses incurred by Buyer in connection with continuing due diligence on Eligible Assets and Purchased Assets, including, without limitation, the cost of annual updated Appraisals on the Mortgaged Properties and Diligence Fees.

22. SERVICING

(a) The parties hereto agree and acknowledge that the Purchased Assets will be sold by Seller to Buyer on a servicing released basis. In furtherance of the foregoing, Seller and Buyer hereby

agree and confirm that from and after the date hereof, only such Servicing Agreements that have been approved by Buyer shall govern the servicing of the Purchased Assets and any prior agreement between Seller and any other Person or otherwise with respect to such servicing is hereby superseded in all respects. Provided that Buyer shall have received a duly executed Servicer Acknowledgment from Servicer, prior to an Event of Default, Seller may retain Servicer, on behalf of Buyer, to service the Purchased Assets for the benefit of or on behalf of Buyer; provided, however, that the obligation of Servicer to service any Purchased Asset for the benefit of or on behalf of Buyer as

aforesaid shall cease upon the repurchase of such Purchased Asset by Seller in accordance with the provisions of this Agreement or as otherwise provided in the Servicer Acknowledgment.

(b) Seller agrees that, as between Seller and Buyer, Buyer is the owner of all servicing records, including but not limited to any and all servicing agreements, files, documents, records, data bases, computer tapes, copies of computer tapes, proof of insurance coverage, insurance policies, appraisals, other closing documentation, payment history records, and any other records relating to or evidencing the servicing of Purchased Assets (the "Servicing Records") so long as the Purchased Assets are subject to this Agreement. Seller covenants to safeguard any such Servicing Records in Seller's possession and to deliver them promptly to Buyer or its designee (including Custodian) at Buyer's request.

(c) Seller shall not, and shall not provide consent to Servicer to, employ any other sub-servicers to service the Purchased Assets without the prior written approval of Buyer which approval shall be in Buyer's sole discretion.

(d) Seller shall cause Servicer and any other sub-servicers engaged on behalf of Buyer to execute a Servicer Acknowledgment acknowledging Buyer's interest in the Purchased Assets and the Servicing Agreement and agreeing that Servicer and any sub-servicer (if applicable) shall deposit all Income with respect to the Purchased Assets in the Blocked Account, all in such manner as shall be reasonably acceptable to Buyer.

(e) To the extent applicable, Seller shall cause Servicer to permit Buyer to inspect Servicer's servicing facilities for the purpose of satisfying Buyer that Servicer has the ability to service such Purchased Asset as provided in this Agreement.

(f) Buyer may, in its sole discretion if an Event of Default shall have occurred and be continuing, sell the Purchased Assets on a servicing released basis without payment of any termination fee or any other amount to Servicer. Upon the occurrence of an Event of Default hereunder, Buyer shall have the right immediately to terminate Servicer's right to service the Purchased Assets without payment of any penalty or termination fee.

23. TREATMENT FOR TAX PURPOSES

It is the intention of the parties that, for U.S. federal, state and local income and franchise tax purposes, the Transactions constitute a financing, and that Seller is, and, so long as no Event of Default shall have occurred and be continuing, will continue to be, treated as the owner of the Purchased Assets for such purposes. Unless prohibited by applicable law, Seller and Buyer agree to treat the Transactions as described in the preceding sentence on any and all filings with any U.S. federal, state or local taxing authority.

24. INTENT

(a) The parties intend and acknowledge that this Agreement is a "master netting agreement" as that term is defined in Section 101(38A)(A) of the Bankruptcy Code.

(b) The parties intend and acknowledge that each Transaction is a "securities contract" as that term is defined in Section 741(7) of the Bankruptcy Code.

(c) The parties intend and acknowledge that the Guaranty is a "securities contract" as that term is defined in Section 741(7)(A)(xi) of the Bankruptcy Code.

(d) The parties intend and acknowledge that any provisions hereof or in any other document, agreement or instrument that is related in any way to the servicing of the Purchased Assets shall be deemed "related to" this Agreement within the meaning of Section 741 of the Bankruptcy Code.

(e) Each party hereto agrees that is shall not challenge the characterization of this Agreement as a "securities contract" or a "master netting agreement" within the meaning of the Bankruptcy Code.

(f) It is understood that either party's right to accelerate or terminate this Agreement or to liquidate Purchased Assets delivered to it in connection with the Transactions hereunder or to exercise any other remedies pursuant to Section 14 hereof is a contractual right to accelerate or terminate this Agreement or to liquidate Purchased Assets as described in Sections 555 and 559 of the Bankruptcy Code. It is further understood and agreed that either party's right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement or the Transactions hereunder is a contractual right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement as described in Section 561 of the Bankruptcy Code.

(g) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the FDIA, then each Transaction hereunder is a "qualified financial contract," as that term is defined in the FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(h) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to FDICIA and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation," respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA). It is further understood and agreed that either party's right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement or the Transactions hereunder is a contractual right to cause the termination, liquidation or acceleration of, or to offset net termination values, payment amounts or other transfer obligations arising under or in connection with this Agreement as described in Section 561 of the Bankruptcy Code.

(i) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to FDICIA and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation," respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

25. DISCLOSURE RELATING TO CERTAIN FEDERAL PROTECTIONS

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the SEC under Section 15 of the 1934 Act, the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder;

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable; and

(d) in the case of Transactions in which one of the parties is an "insured depository institution", as that term is defined in Section 1813(c)(2) of Title 12 of the United States Code, funds held by the financial institution pursuant to a Transaction are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund or the Bank Insurance Fund, as applicable.

26. SETOFF RIGHTS

Without limiting any other rights or remedies of Buyer, Buyer shall have the right, without prior notice to Seller, and any such notice being expressly waived by Seller to the extent permitted by applicable law, to set off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final) in any currency, and any other obligation (including to return excess margin), credits, indebtedness, claims, securities, collateral or other property, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by or due from Buyer or any Affiliate thereof to or for the credit of the account of Seller to any obligations of Seller hereunder to Buyer. If a sum or obligation is unascertained, Buyer may estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. This Section 26 shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other rights to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

27. MISCELLANEOUS

(a) The Transaction Documents and their respective terms, provisions, supplements and amendments, and transactions and notices thereunder, are proprietary to Buyer and shall be held by Seller in strict confidence and shall not be disclosed to any third party without the consent of Buyer except for (i) disclosure to Seller's Affiliates, directors, attorneys, agents or accountants (the "Representatives"); provided that Seller shall (A) inform each of its Representatives receiving any Transaction Documents of the confidential nature of the Transaction Documents, (B) direct its Representatives to treat the Transaction Documents confidentially, and (C) be responsible for any improper use of the Transaction Documents by Seller or its Representatives or (ii) upon prior written notice to Buyer (if permitted by law), disclosure required by law, rule, regulation or order of a court or other regulatory body or (iii) upon prior written notice to Buyer (if permitted by law), disclosure to any Approved Hedge Counterparty to the

extent necessary to obtain any Hedging Transaction hereunder or (iv) any disclosures or filing required under SEC or state securities' laws; provided that, in the case of disclosure by any party pursuant to the foregoing clauses (ii), (iii) and (iv), Seller shall provide Buyer with prior written notice to permit Buyer to seek a protective order to take other appropriate action; provided further that, in the case of clause (iv), Seller shall not file any of the Transaction Documents other than this Agreement with the SEC or state securities office unless Seller shall have provided at least thirty (30) days (or such lesser time as may be demanded by the SEC or state securities office) prior written notice of such filing to Buyer. Seller shall cooperate in Buyer's efforts to obtain a protective order or other reasonable assurance that confidential treatment will be accorded the Transaction Documents. If, in the absence of a protective order, Seller or any of its Representatives is compelled as a matter of law to disclose any such information, Seller may disclose to the party compelling disclosure only the part of the Transaction Documents as is required by law to be disclosed (in which case, prior to such disclosure, Seller shall advise and consult with Buyer and its counsel as to such disclosure and the nature and wording of such disclosure) and Seller shall use its best efforts to obtain confidential treatment therefor. Buyer acknowledges that this Agreement may be filed with the SEC; provided that Seller shall redact any pricing and other confidential provisions, including, without limitation, the amount of any Origination Fee, Unused Fee, Extension Fee, Exit Fee, Applicable Spread and Purchase Percentage from such filed copy of this Agreement.

(b) Seller shall, with respect to all Purchased Assets, comply with the applicable provisions of the Gramm-Leach-Bliley Act of 1999 (the "GLB Act") and any applicable state and local privacy laws pursuant to the GLB Act for financial institutions and applicable state and local privacy laws. Seller agrees to hold Buyer and its Affiliates and each of its officers, directors and employees (each, a "GLB Indemnified Party") harmless from and indemnify any GLB Indemnified Party against all liabilities, losses, damages, judgments, costs and expenses of any kind which may be imposed on, incurred by or asserted against such GLB Indemnified Party relating to or arising out of Seller's violation of the GLB Act or any applicable state or local privacy laws with respect to the Purchased Assets.

(c) No express or implied waiver of any Event of Default by Buyer shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by Buyer shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure here from shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto.

(d) Time is of the essence under the Transaction Documents and all Transactions thereunder, and all references to a time shall mean New York time in effect on the date of the action unless otherwise expressly stated in the Transaction Documents.

(e) All rights, remedies and powers of Buyer hereunder and in connection herewith are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all other rights, remedies and powers of Buyer whether under law, equity or agreement. In addition to the rights and remedies granted to it in this Agreement to the extent applicable, Buyer shall have all rights and remedies of a secured party under the UCC and any other applicable law.

(f) The Transaction Documents may be executed in counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

(g) The headings in the Transaction Documents are for convenience of reference only and shall not affect the interpretation or construction of the Transaction Documents.

(h) Each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or be invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(i) This Agreement, the Fee Letter and each Confirmation contains a final and complete integration of all prior expressions by the parties with respect to the subject matter hereof and thereof and shall constitute the entire agreement among the parties with respect to such subject matter, superseding all prior oral or written understandings.

(j) Each party understands that this Agreement is a legally binding agreement that may affect such party's rights. Each party represents to the other that such party has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement and that it is satisfied with its legal counsel and the advice received from it.

(k) Should any provision of this Agreement require judicial interpretation, it is agreed that a court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly

against the Person who itself or through its agent prepared the same, it being agreed that all parties have participated in the preparation of this Agreement.

(l) Seller agrees that it shall not assert any claims against Buyer for special, indirect, consequential or punitive damages for the actual use or purported use of proceeds hereunder.

[SIGNATURES COMMENCE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

BUYER:

MORGAN STANLEY BANK, N.A.,
a national banking association

By: /s/ Anthony Preisano
Name: Anthony Preisano
Title: Vice President

SELLER:

TH COMMERCIAL MS II, LLC,
a Delaware limited liability company

By: /s/ Brad Farrell
Name: Brad Farrell
Title: Chief Financial Officer

SCHEDULE 1

MAXIMUM PURCHASE PERCENTAGE

LTV	Maximum Purchase Percentage
Less than or equal to 60%	75%-80%
Greater than 60% but less than or equal to 65%	75%-80%
Greater than 65% but less than or equal to 70%	75%-80%
Greater than 70% but less than or equal to 75%	75%-80%
Greater than 75% but less than or equal to 80%	75%
Greater than 80% but less than or equal to 85% (multifamily only)	75%

SCHEDULE 2

PURCHASED ASSET DOCUMENTS

(a) the original Mortgage Note, the Mezzanine Note or Participation Certificate bearing all intervening endorsements, endorsed "Pay to the order of without recourse" and signed in the name of the last endorsee (the "Last Endorsee") by an authorized Person of the Last Endorsee (provided that, in the event that such Purchased Asset was acquired by the Last Endorsee in a merger, the signature must be in the following form: "[Last Endorsee], successor by merger to [name of predecessor]" and, in the event that such Purchased Asset was acquired or originated by the Last Endorsee while doing business under another name, the signature must be in the following form: "[Last Endorsee], [formerly known] or [doing business] as [previous name]") or a lost note affidavit in a form reasonably approved by Buyer, with a copy of the applicable Mortgage Note attached thereto;

(b) the original loan agreement and guaranty, if any, executed in connection with such Purchased Asset;

(c) the original Mortgage with evidence of recording thereon, or a true and correct copy of the original that has been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Mortgaged Property is located;

(d) the originals of all assumption, modification, consolidation or extension agreements with evidence of recording thereon, or true and correct copies of the originals that have each been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Mortgaged Property is located;

(e) the original Assignment of Mortgage in blank for each Purchased Asset, in form and substance acceptable for recording and signed in the name of the Last Endorsee; provided that, in the event that such Purchased Asset was acquired by the Last Endorsee in a merger, the signature must be in the following form: "[Last Endorsee], successor by merger to [name of predecessor]" and, in the event that such Purchased Asset was acquired or originated while doing business under another name, the signature must be in the following form: "[Last Endorsee], [formerly known] or [doing business] as [previous name]";

(f) the originals, or copies thereof, of all intervening Assignments of Mortgage (if any) with evidence of recording thereon;

(g) the original Title Policy;

(h) the original security agreement, chattel mortgage or equivalent document, if any, executed in connection with such Purchased Asset;

(i) the original Assignment of Leases, if any, with evidence of recording thereon, or a true and correct copy of the original that has been submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Mortgaged Property is located;

(j) originals, or copies thereof, of all intervening assignments of assignment of leases and rents, if any, or copies thereof, with evidence of recording thereon;

(k) a copy of the UCC financing statements, certified as true and correct by Seller, and all necessary UCC continuation statements with evidence of filing thereon or copies thereof together with

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evidence that such UCC financing or continuation statements have been sent for filing, and UCC assignments in blank, which UCC assignments shall be in form and substance acceptable for filing in the applicable jurisdictions;

(l) the original environmental indemnity agreement or similar guaranty or indemnity (if any), whether stand-alone or incorporated into the applicable loan documents;

(m) the original omnibus assignment in blank, or such other document(s) necessary and sufficient to transfer to Buyer all of Seller's right, title and interest in and to such Purchased Asset (if any);

(n) a Survey of the Mortgaged Property (if any), as accepted in connection with the issuance of the Title Policy;

(o) a copy of all servicing agreements and Servicing Records related to such Purchased Asset, which Seller shall deliver to Servicer (with a copy to Buyer);

(p) a copy of the Mortgagor's opinions of counsel, which shall be in form and substance reasonably satisfactory to Buyer;

(q) in the case of a Purchased Asset that is a Participation Interest, the original Participation Certificate evidencing such Participation Interest and including an assignment in blank;

(r) in the case of a Purchased Asset that is a Participation Interest, the participation agreement and any other documents evidencing such Participation Interest;

(s) an assignment of any management agreements, permits, contracts and any other material agreements;

(t) reports of UCC, tax lien, judgment and litigation searches, conducted by search firms reasonably acceptable to Buyer with respect to such Purchased Asset, Seller and the related underlying obligor, such searches to be conducted in each location Buyer shall reasonably designate and such reports reasonably satisfactory to Buyer;

(u) the original or a copy of the intercreditor or co-lender agreement executed in connection with such Purchased Asset, to the extent the subject borrower or an affiliate thereof, has encumbered its assets with senior, junior or other similar financing, whether mortgage financing or mezzanine loan financing;

(v) copies of all documents relating to the formation and organization of the related obligor under such Purchased Asset, together with all consents and resolutions delivered in connection with such obligor's obtaining such Purchased Asset; and

(w) all other material documents and instruments evidencing, guaranteeing, insuring, securing or modifying such Purchased Asset, executed and delivered in connection with, or otherwise relating to, such Purchased Asset, including, but not limited to, all documents establishing or implementing any lockbox pursuant to which Seller is entitled to receive any payments from cash flow of the underlying real property.

EXHIBIT I

CONFIRMATION
MORGAN STANLEY BANK, N.A.

Ladies and Gentlemen:

Morgan Stanley Bank, N.A. (together with its successors and assigns, "Buyer") is pleased to deliver our written **CONFIRMATION** of our agreement (subject to satisfaction of the Transaction Conditions Precedent) to enter into the Transaction pursuant to which Buyer shall purchase from TH Commercial MS LLC ("Seller"), the Purchased Asset identified in Schedule 1 attached hereto, pursuant to the Master Repurchase and Securities Contract Agreement among Buyer and Seller, dated as of [ ], 20[ ] (as amended from time to time, the "Repurchase Agreement"; capitalized terms used herein without definition have the meanings given in the Repurchase Agreement), as follows below and on Schedule 1:

Confirmation Statement Date:	[ ]
Seller:	TH COMMERCIAL MS II, LLC
Purchase Date:	[ ], [ ]
Purchased Asset:	As identified on attached Schedule 1
Aggregate Outstanding Principal Amount of Purchased Asset:	$[ ]
Remaining Future Advance Amount (if any):	$[ ]
Repurchase Date:	[ ],[ ]
Current Purchase Price:	$[ ]
Purchase Percentage:	[ ]%(1)

Maximum Purchase Percentage	[ ]%	
Maximum Asset Exposure Threshold:	[ ]%	
Pricing Rate:	LIBOR + [ ]%	
Type of Funding:	[Table Funded]/[Non-Table Funded]	
Requested Advance:	$[ ]	
Seller's Wiring Instructions:	As identified on attached Schedule 1	
Name and address for	Buyer:	Morgan Stanley Bank, N.A. 1585 Broadway, 25th Floor

(1) To reflect actual advance rate for Purchased Loan.

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communications:		New York, New York 10036 Attention: Anthony Preisano Telephone: (212) 761-5688 Fax: (718) 233-3307 Email: Anthony.Preisano@morganstanley.com
	with a copy to:	Morgan Stanley Bank, N.A. One Utah Center, 201 South Main Street Salt Lake City, Utah 84111
	and to:	Morgan Stanley Bank, N.A. 1 New York Plaza, 41st Floor New York, New York 10004 Attention: Robert Les Telephone: (917) 260-5229 Fax: (917) 720-9636 Email: wltapes@morganstanley.com
	and to:	Paul Hastings LLP 75 East 55th Street New York, New York 10022 Telephone: (212) 318-6773 Fax: (212) 230-7793 Email: lisachaney@paulhastings.com
	Seller:	TH COMMERCIAL MS LLC 601 Carlson Parkway, Suite 1400 Minnetonka, Minnesota 55305 Attention: General Counsel Telephone: (612) 238-3385 Fax: (612) 629-2501 Email: legal.two@twoharborsinvestment.com
	with a copy to:	Two Harbors Investment Corp. 590 Madison Avenue, 36th Floor New York, New York 10022 Attention: General Counsel Telephone: (612) 629-2500 Fax: (612) 629-2501 Email: legal.two@twoharborsinvestment.com

[SIGNATURES ON THE NEXT PAGE]

MORGAN STANLEY BANK, N.A.,
a national banking association

By: _____
Name:
Title:

AGREED AND ACKNOWLEDGED**:**

TH COMMERCIAL MS II, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

SCHEDULE 1 TO CONFIRMATION STATEMENT

Purchased Asset:	[That certain Mortgage Loan made pursuant to that certain [Mortgage Loan Agreement], dated as of [ ] (the "Governing Agreement"), between [ ], as borrower, and Seller, as lender, with a maximum principal amount of $[ ], together with the related Mezzanine Loan made pursuant to that certain Mezzanine Loan Agreement of same date between [ ], as mezzanine borrower, and Seller, as mezzanine lender, with a maximum principal amount of $[ ]]).
Seller's Wiring Instructions:	Agent: Wells Fargo NA, San Francisco SWIFT: WFBIUS6S ABA#: 121-000-248 Acct#: 4129235511 A/C Name: TH Commercial Mortgage LLC
Aggregate Principal Amount:	$[ ] [(plus up to $[ ] of future advances under Section [ ] of the Governing Agreement). Buyer's obligation to fund any future advances is contingent on (a) Seller's satisfaction of the conditions captained in Section 3(h) of the Repurchase Agreement and (b) a bringdown by Seller of all representations and warranties made on the date hereof with regard to the Purchased Asset pursuant to Section 10 of the Repurchase Agreement.]
Representations:	Seller acknowledges and agrees that upon funding by Buyer of the Purchase Price for the Purchased Asset [and, in connection with any subsequent funding of the Purchase Percentage of a future advance under the Purchased Asset, (i)] Seller shall be deemed to have confirmed that all of the representations and warranties set forth in Section 10 of the Repurchase Agreement are true and correct as of the Purchase Date with respect to all Purchased Assets [or the applicable funding date, as the case may be,], except such representations and warranties which by their terms speak as of a specified date and except as set forth in the attached Exception Report or in the Exception Report delivered with respect to any other Purchased Asset [and (ii) with respect to the funding of a Future Advance Purchase, Seller shall be deemed to have represented and warranted that all of the conditions to funding of such advance set forth in Section [ ] of the Governing Agreement have been satisfied (and no conditions have been waived, except as has

	been previously disclosed by Seller to Buyer in writing)].
Fixed/Floating:	[Fixed]/[Floating]
Coupon:	[ ]%
Term of Loan including Extension Options:	[ ],[ ]
Amortization (e.g., IO, full amortization, etc.):	[ ]-year amortization[, with [ ]-month IO.]

EXCEPTION REPORT

Representation numbers referred to below relate to the corresponding Representations and Warranties Regarding the Purchased Assets set forth in Exhibit III to the Repurchase Agreement.

EXHIBIT II-1

FORM OF POWER OF ATTORNEY TO BUYER

Know All Men by These Presents, that TH COMMERCIAL MS II, LLC ("Seller"), does hereby appoint MORGAN STANLEY BANK, N.A. (together with its permitted successors and assigns, "Buyer"), in connection with the Repurchase Agreement (defined below) its attorney-in-fact to act in Seller's name, place and stead in any way which Seller could do with respect to (i) the completion of the endorsements of the Mortgage Notes and Participation Certificates (as applicable) and the Assignments of Mortgages, (ii) the recordation of the Assignments of Mortgages and (iii) after the occurrence and during the continuance of an Event of Default, the enforcement of Seller's rights under the Purchased Assets purchased by Buyer pursuant to the Master Repurchase and Securities Contract Agreement dated as of February [ ], 2016, as amended from time to time, between Seller and Buyer (the "Repurchase Agreement") (including, for the avoidance of doubt, the enforcement and exercise of Seller's rights in respect of any interest reserve account or other deposit account or securities account established by any borrower or any other related obligor in connection with any Purchased Assets (including the enforcement and exercise of Seller's rights in respect of all funds or other assets deposited in, or credited to, such accounts)) and to take such other steps as may be necessary or desirable to enforce Buyer's rights against such Purchased Assets, the related Purchased Asset Files, the Servicing Records and the Hedging Transactions to the extent that Seller is permitted by law to act through an agent. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Repurchase Agreement.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OR SUCH REVOCATION OR TERMINATION SHALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY, AND SELLER ON ITS OWN BEHALF AND ON BEHALF OF SELLER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT.

IN WITNESS WHEREOF, Seller has caused this Power of Attorney to be executed this day of , 20 .

TH COMMERCIAL MS II, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

STATE OF)
)
COUNTY OF)

On this of , before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

_____
Notary Public

(Seal)]

EXHIBIT II-2

FORM OF POWER OF ATTORNEY TO SELLER

Know All Men by These Presents, that MORGAN STANLEY BANK, N.A. (together with its permitted successors and assigns, 'Buyer") does hereby appoint TH COMMERCIAL MS II, LLC ("Seller"), its attorney-in-fact to act in Buyer's name, place and stead in any way which Buyer could with respect to modifications described below, to mortgage loan documents with respect to Purchased Assets sold by Seller to Buyer under that certain Master Repurchase and Securities Contract Agreement dated as of [ ], 2016, as amended from time to time, between Seller and Buyer (the "Repurchase Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Repurchase Agreement.

Seller is permitted to administer and service the Purchased Assets without the consent of Buyer, any assignee or any other Person, pursuant to this power of attorney delivered by Buyer, which power of attorney shall not be revoked by Buyer unless an Event of Default under the Repurchase Agreement has occurred and is then continuing. Notwithstanding the foregoing, Seller shall not consent or assent to a Significant Modification without the prior written consent of Buyer. All waivers or material actions entered into or taken in respect of the Purchased Assets pursuant to this power of attorney shall be in writing. Seller shall notify Buyer and Custodian, in writing, of any waiver or other action entered into or taken thereby in respect of any such Purchased Asset pursuant to this power of attorney, and shall deliver to Custodian (with a copy to Buyer) for deposit in the related Purchased Asset File, an original counterpart of the agreement, if any, relating to such waiver or other action, within three (3) Business Days following the execution thereof. Actions taken under the foregoing power of attorney shall be binding upon each holder of the Purchased Assets.

THIS POWER OF ATTORNEY MAY BE REVOKED BY BUYER BY DELIVERY OF WRITTEN NOTICE TO SELLER DURING THE CONTINUANCE OF ANY EVENT OF DEFAULT UNDER THE REPURCHASE AGREEMENT. IF THIS POWER OF ATTORNEY HAS NOT BEEN REVOKED AND IF REQUESTED BY SELLER, BUYER WILL PROMPTLY CONFIRM IN WRITING TO SELLER, AND ANY OTHER PERSON OR ENTITY REASONABLY DESIGNATED BY SELLER, THAT THIS POWER OF ATTORNEY HAS NOT BEEN REVOKED AND IS IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, Buyer has caused this Power of Attorney to be executed this day of , 20 .

MORGAN STANLEY BANK, N.A.,
a national banking association

By: _____
Name:
Title:

STATE OF)
)
COUNTY OF)

On this of , before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

_____

Notary Public

(Seal)

EXHIBIT III

REPRESENTATIONS AND WARRANTIES
REGARDING THE PURCHASED ASSETS

With respect to each Purchased Asset and the related Mortgaged Property or Mortgaged Properties, on the related Purchase Date and at all times while this Agreement and any Transaction contemplated hereunder is in effect, Seller shall be deemed to make the following representations and warranties to Buyer as of such date; provided, however, that, with respect to any Purchased Asset, such representations and warranties shall be deemed to be modified by any Exception Report delivered by Seller to Buyer prior to the issuance of a Confirmation with respect thereto.

(1) Whole Loan; Ownership of Purchased Assets. Each Purchased Asset is an Eligible Asset. At the time of the sale, transfer and assignment to Buyer, no Mortgage Note, Mortgage or Participation Certificate was subject to any assignment (other than assignments to Seller), participation (other than with respect to the Participation Interests) or pledge, and Seller had good title to, and was the sole owner of, each Purchased Asset free and clear of any and all liens, charges, pledges, encumbrances, participations (other than with respect to the Participation Interests), any other ownership interests on, in or to such Purchased Asset. Seller has full right and authority to sell, assign and transfer each Purchased Asset, and the assignment to Buyer constitutes a legal, valid and binding assignment of such Purchased Asset free and clear of any and all liens, pledges, charges or security interests of any nature encumbering such Purchased Asset.

(2) Loan Document Status. Each related Mortgage Note, Mortgage, Assignment of Leases (if a separate instrument), guaranty and other agreement executed by or on behalf of the related Mortgagor, guarantor or other obligor in connection with such Purchased Asset is the legal, valid and binding obligation of the related Mortgagor, guarantor or other obligor (subject to any non-recourse provisions contained in any of the foregoing agreements and any applicable state anti-deficiency, one-action or market value limit deficiency legislation), as applicable, and is enforceable in accordance with its terms, except (a) as such enforcement may be limited by (i) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law) and (b) that certain provisions in such Purchased Asset Documents (including, without limitation, provisions requiring the payment of default interest, late fees or prepayment/yield maintenance or prepayment fees, charges and/or premiums) are, or may be, further limited or rendered unenforceable by or under applicable law, but (subject to the limitations set forth in clause (a) above) such limitations or unenforceability will not render such Purchased Asset Documents invalid as a whole or materially interfere with the mortgagee's realization of the principal benefits and/or security provided thereby (clauses (a) and (b) collectively, the "Standard Qualifications"). Except as set forth in the immediately preceding sentences, to Seller's knowledge, there is no valid offset, defense, counterclaim or right of rescission available to the related borrower with respect to any of the related Mortgage Notes, Mortgages or other Purchased Asset Documents, including, without limitation, any such valid offset, defense, counterclaim or right based on intentional fraud by Seller in connection with the origination of the Purchased Asset, that would deny the mortgagee the principal benefits intended to be provided by the Mortgage Note, Mortgage or other Purchased Asset Documents.

(3) Mortgage Provisions. The Purchased Asset Documents for each Purchased Asset contain provisions that render the rights and remedies of the holder thereof adequate for the practical realization against the Mortgaged Property of the principal benefits of the security intended to be

provided thereby, including realization by judicial or, if applicable, non-judicial foreclosure subject to the limitations set forth in the Standard Qualifications.

(4) Hospitality Provisions. The Purchased Asset Documents for each Purchased Asset that is secured by a hospitality property operated pursuant to a franchise agreement includes an executed comfort letter or similar agreement signed by the Mortgagor and franchisor of such property enforceable against such franchisor, either directly or as an assignee of the originator. The Mortgage or related security agreement for each Purchased Asset secured by a hospitality property creates a security interest in the revenues of such property for which a UCC financing statement has been filed in the appropriate filing office.

(5) Mortgage Status; Waivers and Modifications. Since origination and except by written instruments set forth in the related Purchased Asset File or as otherwise provided in the related Purchased Asset Documents (a) the material terms of such Mortgage, Mortgage Note, guaranty, participation agreement, if applicable, and related Purchased Asset Documents have not been waived, impaired, modified, altered, satisfied, canceled, subordinated or rescinded in any respect that could have a material adverse effect on Purchased Asset; (b) no related Mortgaged Property or any portion thereof has been released from the lien of the related Mortgage in any manner which materially interferes with the security intended to be provided by such Mortgage or the use or operation of the remaining portion of such Mortgaged Property; and (c) neither the related borrower nor the related guarantor nor the related participating Person has been released from its material obligations under the Purchased Asset Documents. With respect to each Purchased Asset, except as contained in a written document included in the Purchased Asset File, there have been no modifications, amendments or waivers, that could be reasonably expected to have a material adverse effect on such Purchased Asset consented to by Seller.

(6) Lien; Valid Assignment. Subject to the Standard Qualifications, each assignment of Mortgage and assignment of Assignment of Leases to Buyer constitutes a legal, valid and binding assignment to Buyer. Each related Mortgage and Assignment of Leases is freely assignable without the consent of the related Mortgagor. Each related Mortgage is a legal, valid and enforceable first lien on the related Mortgagor's fee or leasehold interest in the Mortgaged Property in the principal amount of such Purchased Asset or allocated loan amount (subject only to Permitted Encumbrances, except as the enforcement thereof may be limited by the Standard Qualifications. Such Mortgaged Property (subject to and excepting Permitted Encumbrances) is, based on the Title Policy, free and clear of any recorded mechanics' liens, recorded materialmen's liens and other recorded encumbrances, and no rights exist which under law could give rise to any such lien or encumbrance that would be prior to or equal with the lien of the related Mortgage, except those which are bonded over, escrowed for or insured against by a lender's title insurance policy (as described below). Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Purchased Asset establishes and creates a valid and enforceable lien on property described therein, except as such enforcement may be limited by Standard Qualifications subject to the limitations described in Paragraph (9) below. Notwithstanding anything herein to the contrary, no representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the filing of UCC financing statements is required in order to effect such perfection.

(7) Permitted Liens; Title Insurance. Each Mortgaged Property securing a Purchased Asset is covered by a Title Policy in the original principal amount of such Purchased Asset (or with respect to a Purchased Asset secured by multiple properties, an amount equal to at least the allocated loan amount with respect to the Title Policy for each such property) after all advances of

principal (including any advances held in escrow or reserves), that insures for the benefit of the owner of the indebtedness secured by the Mortgage, the first priority lien of the Mortgage, which lien is subject only to Permitted Encumbrances. None of the Permitted Encumbrances are mortgage liens that are senior to or coordinate and co-equal with the lien of the related Mortgage. Such Title Policy (or, if it has yet to be issued, the coverage to be provided thereby) is in full force and effect, all premiums thereon have been paid and no claims have been made by Seller thereunder and no claims have been paid thereunder. Neither Seller, nor to Seller's knowledge, any other holder of the Purchased Asset, has done, by act or omission, anything that would materially impair the coverage under such Title Policy. Each Title Policy contains no exclusion for, or affirmatively insures (except for any Mortgaged Property located in a jurisdiction where such affirmative insurance is not available in which case such exclusion may exist), (a) that the area shown on the survey is the same as the property legally described in the Mortgage and (b) to the extent that the Mortgaged Property consists of two or more adjoining parcels, such parcels are contiguous.

(8) Junior Liens. There are no subordinate mortgages or junior liens securing the payment of money encumbering the related Mortgaged Property (other than Permitted Encumbrances). Seller has no knowledge of any mezzanine debt secured directly by interests in the related Mortgagor.

(9) Assignment of Leases. There exists as part of the related Purchased Asset File an Assignment of Leases (either as a separate instrument or incorporated into the related Mortgage). Subject to the Permitted Encumbrances, each related Assignment of Leases creates a valid first-priority collateral assignment of, or a valid first-priority lien or security interest in, rents and certain rights under the related lease or leases, subject only to a license granted to the related Mortgagor to exercise certain rights and to perform certain obligations of the lessor under such lease or leases, including the right to operate the related leased property, except as the enforcement thereof may be limited by the Standard Qualifications. No Person other than the related Mortgagor owns any interest in any payments due under such lease or leases that is superior to or of equal priority with the lender's interest therein. The related Mortgage or related Assignment of Leases, subject to applicable law, provides that, upon an event of default under the Purchased Asset, a receiver is permitted to be appointed for the collection of rents or for the related mortgagee to enter into possession to collect the rents or for rents to be paid directly to the mortgagee.

(10) UCC Filings. Seller has filed and/or recorded or caused to be filed and/or recorded (or, if not filed and/or recorded, have been submitted in proper form for filing and/or recording), UCC-1 financing statements in the appropriate public filing and/or recording offices necessary at the time of the origination of the Purchased Asset to perfect a valid security interest in all items of physical personal property reasonably necessary to operate such Mortgaged Property owned by such Mortgagor and located on the related Mortgaged Property (other than any non-material personal property, any personal property subject to a purchase money security interest, a sale and leaseback financing arrangement as permitted under the terms of the related Purchased Asset Documents or any other personal property leases applicable to such personal property), to the extent perfection may be effected pursuant to applicable law by recording or filing, as the case may be. Subject to the Standard Qualifications, each related Mortgage (or equivalent document) creates a valid and enforceable lien and security interest on the items of personalty described above. No representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the filing of UCC-1 financing statements are required in order to effect such perfection. Each UCC-1 financing statement, if any, filed with respect to personal property constituting a part of the related Mortgaged Property and each UCC-2 or UCC-3 assignment, if any, of such financing

statement to Seller was in suitable form for filing in the filing office in which such financing statement was filed.

(11) Condition of Property. Seller or the originator of the Purchased Asset inspected or caused to be inspected each related Mortgaged Property within six months of origination of the Purchased Asset and within twelve months of the Purchased Date. An engineering report or property condition assessment was prepared in connection with the origination of each Purchased Asset no more than twelve months prior to the Purchase Date. To Seller's knowledge, based solely upon due diligence customarily performed in connection with the origination of comparable mortgage loans, each related Mortgaged Property was (a) free and clear of any material damage, (b) in good repair and condition and (c) is free of structural defects, except in each case (i) for any damage or deficiencies that would not materially and adversely affect the use, operation or value of such Mortgaged Property as security for the Purchased Asset, (ii) if such repairs have been completed or (iii) if escrows in an aggregate amount consistent with the standards utilized by Seller with respect to similar loans its holds for its own account have been established, which escrows will in all events be in an aggregate amount not less than the estimated cost of such repairs. Seller has no knowledge of any material issues with the physical condition of the Mortgaged Property that Seller believes would have a material adverse effect on the use, operation or value of the Mortgaged Property other than those disclosed in the engineering report and those addressed in clauses (i), (ii) and (iii) above.

(13) Condemnation. As of the date of origination and to Seller's knowledge as of the Purchase Date, there is no proceeding pending, and, to Seller's knowledge as of the date of origination and as of the Purchased Date, there is no proceeding threatened, for the total or partial condemnation of such Mortgaged Property that would have a material adverse effect on the value, use or operation of the Mortgaged Property.

(14) Actions Concerning Purchased Asset. As of the date of origination and to Seller's knowledge as of the Purchase Date, there was no pending, filed or threatened action, suit or proceeding, arbitration or governmental investigation involving any Mortgagor, guarantor, or the Mortgaged Property, an adverse outcome of which would reasonably be expected to materially and adversely affect (a) such Mortgagor's title to the Mortgaged Property, (b) the validity or enforceability of the Mortgage, (c) such Mortgagor's ability to perform under the related Purchased Asset Documents, (d) such guarantor's ability to perform under the related guaranty, (e) the use, operation or value of the Mortgaged Property, (f) the principal benefit of the security intended to be provided by the Purchased Asset Documents, (g) the current ability of the Mortgaged Property to generate net cash flow sufficient to service such Purchased Asset or (h) the current principal use of the Mortgaged Property.

(15) Escrow Deposits. All escrow deposits and payments required to be escrowed with lender pursuant to the Purchased Asset Documents are in the possession, or under the control, of Seller or its servicer, and, unless Seller is diligently collecting any such amounts from the related Mortgagor in accordance with the terms of the Purchased Asset Documents, there are no deficiencies (subject to any applicable grace or cure periods) in connection therewith, and all such escrows and deposits (or the right thereto) that are required to be escrowed with lender under the related Purchased Asset Documents are being conveyed by Seller to Buyer or its servicer. Any and all requirements under the Purchased Asset Documents as to completion of any material improvements and as to disbursements of any funds escrowed for such purpose, which requirements were to have been complied with on or before the Purchase Date, have been complied with in all material respects or the funds so escrowed have not been released. No other escrow amounts have been released except in accordance with the terms and conditions of the Purchased Asset Documents.

(16) No Holdbacks. The principal balance of the Purchased Asset set forth on the Purchased Asset Schedule has been fully disbursed, except for any future funding per the Purchased Asset Documents as of the Purchase Date and there is no requirement for future advances thereunder (except in those cases where the full amount of the Purchased Asset has been disbursed but a portion thereof is being held in escrow or reserve accounts pending the satisfaction of certain conditions relating to leasing, repairs or other matters with respect to the related Mortgaged Property, the Mortgagor or other considerations determined by Seller to merit such holdback), and any requirements or conditions to disbursements of any loan proceeds held in escrow have been satisfied with respect to any disbursements of any such escrow fund made on or prior to the date hereof.

(17) Insurance. Each related Mortgaged Property is, and is required pursuant to the related Mortgage to be, insured by a property insurance policy providing coverage for loss in accordance with coverage found under a "special cause of loss form" or "all risk form" that includes replacement cost valuation issued by an insurer meeting the requirements of the related Purchased Asset Documents and having a claims-paying or financial strength rating of any one of the following: (i) at least "A-:VII" from A.M. Best Company, Inc., (ii) at least "A3" (or the equivalent) from Moody's or (iii) at least "A-" from Standard & Poor's (collectively, the "Insurance Rating Requirements"), in an amount (subject to a customary deductible) not less than the lesser of (1) the original principal balance of the Purchased Asset and (2) the full insurable value on a replacement cost basis of the improvements, furniture, furnishings, fixtures and equipment owned by the Mortgagor and included in the

Mortgaged Property (with no deduction for physical depreciation), but, in any event, not less than the amount necessary or containing such endorsements as are necessary to avoid the operation of any coinsurance provisions with respect to the related Mortgaged Property.

Each related Mortgaged Property is also covered, and required to be covered pursuant to the related Loan Documents, by business interruption or rental loss insurance which (subject to a customary deductible) (i) covers a period of not less than 12 months (or with respect to each Purchased Asset on a single asset with a principal balance of $50 million or more, 18 months); (ii) for a Purchased Asset with a principal balance of $50 million or more, contains a 180 day "extended period of indemnity"; and (iii) covers the actual loss sustained during restoration.

If any material part of the improvements, exclusive of a parking lot, located on a Mortgaged Property is in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, the related Mortgagor is required to maintain insurance in the maximum amount available under the National Flood Insurance Program, plus such

additional excess flood coverage in an amount as is generally required by prudent institutional commercial mortgage lenders originating mortgage loans for securitization.

If windstorm and/or windstorm related perils and/or "named storms" are excluded from the primary property damage insurance policy, the Mortgaged Property is insured by a separate windstorm insurance policy issued by an insurer meeting the Insurance Rating Requirements or endorsement covering damage from windstorm and/or windstorm related perils and/or named storms in an amount at least equal to 100% of the full insurable value on a replacement cost basis of the improvements and personalty and fixtures included in the related Mortgaged Property by an insurer meeting the Insurance Rating Requirement.

The Mortgaged Property is covered, and required to be covered pursuant to the related Purchased Asset Documents, by a commercial general liability insurance policy issued by an insurer meeting the Insurance Rating Requirements including coverage for property damage, contractual damage and personal injury (including bodily injury and death) in amounts as are generally required by a prudent institutional commercial mortgage lender for loans originated for securitization, and in any event not less than $1 million per occurrence and $2 million in the aggregate.

An architectural or engineering consultant has performed an analysis of each of the Mortgaged Properties located in seismic zones 3 or 4 in order to evaluate the structural and seismic condition of such property, for the sole purpose of assessing either the scenario expected limit (the "SEL") or the probable maximum loss (the "PML") for the Mortgaged Property in the event of an earthquake. In such instance, the SEL or PML, as applicable, was based on a 475-year return period, an exposure period of 50 years and a 10% probability of exceedance. If the resulting report concluded that the SEL or PML, as applicable, would exceed 20% of the amount of the replacement costs of the improvements, earthquake insurance on such Mortgaged Property was obtained by an insurer rated at least "A:VII" by A.M. Best Company, Inc. or "A3" (or the equivalent) from Moody's or "A-" by Standard & Poor's in an amount not less than 150% of the SEL or PML, as applicable.

The Purchased Asset Documents require insurance proceeds in respect of a property loss to be applied either (a) to the repair or restoration of all or part of the related Mortgaged Property, with respect to all property losses in excess of 5% of the then outstanding principal amount of the related Purchased Asset, the lender (or a trustee appointed by it) having the right to hold and disburse such proceeds as the repair or restoration progresses, or (b) to the reduction of the outstanding principal balance of such Purchased Asset together with any accrued interest thereon.

All premiums on all insurance policies referred to in this Paragraph (17) required to be paid as of the Purchase Date have been paid, and such insurance policies name the lender under the Purchased Asset and its successors and assigns as a loss payee under a mortgagee endorsement clause or, in the case of the general liability insurance policy, as named or additional insured. Such insurance policies will inure to the benefit of Buyer. Each related Purchased Asset obligates the related Mortgagor to maintain all such insurance and, at such Mortgagor's failure to do so, authorizes the lender to maintain such insurance at the Mortgagor's cost and expense and to charge such Mortgagor for related premiums and other related expenses, including reasonable attorney's fees. All such insurance policies (other than commercial liability policies) require at least 10 days' prior notice to the lender of termination or cancellation arising because of nonpayment of a premium and at least 30 days prior notice to the lender of termination or cancellation (or such lesser period, not less than 10 days, as may be required by applicable law) arising for any reason other than non-payment of a premium and no such notice has been received by Seller.

(18) Access; Utilities; Separate Tax Lots. Each Mortgaged Property (a) is located on or adjacent to a public road and has direct legal access to such road, or has access via an irrevocable easement or irrevocable right of way permitting ingress and egress to/from a public road, (b) is served by or has uninhibited access rights to public or private water and sewer (or well and septic) and all required utilities, all of which are appropriate for the current use of the Mortgaged Property, and (c) constitutes one or more separate tax parcels which do not include any property which is not part of the Mortgaged Property or is subject to an endorsement under the related Title Policy insuring the Mortgaged Property, or in certain cases, an application has been, or will be, made to the applicable governing authority for creation of separate tax lots, in which case the Purchased Asset Documents require the Mortgagor to escrow an amount sufficient to pay taxes for the existing tax parcel of which the Mortgaged Property is a part until the separate tax lots are created or the non-recourse carveout guarantor under the Purchased Asset Documents has indemnified the mortgagee for any loss suffered in connection therewith.

(19) No Encroachments. To Seller's knowledge based solely on surveys obtained in connection with origination (which may have been a previously existing "as built" survey) and the lender's Title Policy (or, if such policy is not yet issued, a pro forma title policy, a preliminary title policy with escrow instructions or a "marked up" commitment) obtained in connection with the origination of each Purchased Asset, all material improvements that were included for the purpose of determining the appraised value of the related Mortgaged Property at the time of the origination of such Purchased Asset are within the boundaries of the related Mortgaged Property, except encroachments that do not materially and adversely affect the value or current use of such Mortgaged Property or for which insurance or endorsements were obtained under the Title Policy. No improvements on adjoining parcels encroach onto the related Mortgaged Property except for encroachments that do not materially and adversely affect the value or current use of such Mortgaged Property or for which insurance or endorsements were obtained under the Title Policy. No material improvements encroach upon any easements except for encroachments the removal of which would not materially and adversely affect the value or current use of such Mortgaged Property or for which insurance or endorsements have been obtained under the Title Policy.

(20) No Contingent Interest or Equity Participation. No Purchased Asset has a shared appreciation feature, any other contingent interest feature or a negative amortization feature (except that an anticipated repayment date loan may provide for the accrual of the portion of interest in excess of the rate in effect prior to the anticipated Repayment Date) or an equity participation by Seller.

(21) REMIC. To Seller's knowledge, the Purchased Asset is a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code (but determined without regard to the rule in Treasury Regulations Section 1.860G-2(f)(2) that treats certain defective mortgage loans as qualified mortgages), and, accordingly, (a) the issue price of the Purchased Asset to the related Mortgagor at origination did not exceed the non-contingent principal amount of the Purchased Asset and (b) either: (i) such Purchased Asset is secured by an interest in real property (including buildings and structural components thereof, but excluding personal property) having a fair market value (A) at the date the Purchased Asset was originated at least equal to 80% of the adjusted issue price of the Purchased Asset on such date or (B) at the Purchase Date at least equal to 80% of the adjusted issue price of the Purchased Asset on such date, provided that, for purposes hereof, the fair market value of the real property interest must first be reduced by (1) the amount of any lien on the real property interest that is senior to the Purchased Asset and (2) a proportionate amount of any lien

that is in parity with the Purchased Asset; or (ii) substantially all of the proceeds of such Purchased Asset were used to acquire, improve or protect the real property which served as the only security for such Purchased Asset (other than a recourse feature or other third-party credit enhancement within the meaning of Treasury Regulations Section

1.860G-2(a)(1)(ii)). If the Purchased Asset was "significantly modified" prior to the Purchase Date so as to result in a taxable exchange under Section 1001 of the Code, it either (i) was modified as a result of the default or reasonably foreseeable default of such Purchased Asset or (ii) satisfies the provisions of either clause (b)(i)(A) above (substituting the date of the last such modification for the date the Purchased Asset was originated) orclause (b)(i)(B), including the proviso thereto. Any prepayment premium and yield maintenance charges applicable to the Purchased Asset constitute "customary prepayment penalties" within the meaning of Treasury Regulations Section 1.860G-(b)(2). All terms used in this Paragraph (21) shall have the same meanings as set forth in the related Treasury Regulations.

(22) Compliance with Usury Laws. The interest rate (exclusive of any default interest, late charges, yield maintenance charges, exit fees, or prepayment premiums) of such Purchased Asset complied as of the date of origination with, or was exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury.

(23) Authorized to do Business. To the extent required under applicable law, as of the Purchase Date and as of each date that such entity held the Mortgage Note, each holder of the Mortgage Note was authorized to transact and do business in the jurisdiction in which each related Mortgaged Property is located, or the failure to be so authorized does not materially and adversely affect the enforceability of such Purchased Asset by Buyer.

(24) Trustee under Deed of Trust. With respect to each Mortgage which is a deed of trust, a trustee, duly qualified under applicable law to serve as such, currently so serves and is named in the deed of trust or has been substituted in accordance with the Mortgage and applicable law or may be substituted in accordance with the Mortgage and applicable law by the related mortgagee, and except in connection with a trustee's sale after a default by the related Mortgagor or in connection with any full or partial release of the related Mortgaged Property or related security for such Purchased Asset, and except in connection with a trustee's sale after a default by the related Mortgagor, no fees are payable to such trustee except for *de minimis* fees paid.

(25) Local Law Compliance. To Seller's knowledge, based upon any of a letter from any governmental authorities, a legal opinion, an architect's letter, a zoning consultant's report, an endorsement to the related Title Policy, or other affirmative investigation of local law compliance consistent with the investigation conducted by Seller for similar commercial, multifamily and manufactured housing community mortgage loans intended for securitization, with respect to the improvements located on or forming part of each Mortgaged Property securing a Purchased Asset, there are no material violations of applicable laws, zoning ordinances, rules, covenants, building codes, restrictions and land laws (collectively, "Zoning Regulations") other than those which (i) constitute a legal non-conforming use or structure, as to which the Mortgaged Property may be restored or repaired to the full extent necessary to maintain the use of the structure immediately prior to a casualty or the inability to restore or repair to the full extent necessary to maintain the use or structure immediately prior to the casualty would not materially and adversely affect the use or operation of the Mortgaged Property, (ii) are insured by the Title Policy or other insurance policy, (iii) are insured by law and ordinance insurance coverage in amounts customarily required by prudent commercial mortgage lenders for loans originated for securitization that provides coverage for additional costs to rebuild and/or repair the property to current Zoning Regulations or (iv) would not have a material adverse effect on the Purchased Asset. The terms of the Purchased Asset Documents require the Mortgagor to comply in all material respects with all applicable governmental regulations, zoning and building laws.

(26) Licenses and Permits. Each Mortgagor covenants in the Purchased Asset Documents that it shall keep all material licenses, permits, franchises, certificates of occupancy, consents and applicable governmental authorizations necessary for its operation of the Mortgaged Property in full force and effect, and to Seller's knowledge based upon a letter from any government authorities or other affirmative investigation of local law compliance consistent with the investigation conducted by Seller for similar commercial, multifamily and manufactured housing community mortgage loans intended for securitization, all such material licenses, permits and applicable governmental authorizations are in effect. The Purchased Asset Documents require the related Mortgagor to be qualified to do business in the jurisdiction in which the related Mortgaged Property is located and for the Mortgagor and the Mortgaged Property to be in compliance in all material respects with all regulations, zoning and building laws.

(27) Recourse Obligations. The Purchased Asset Documents for each Purchased Asset provide that such Purchased Asset is non-recourse to the related parties thereto except that: (a) the related Mortgagor and a guarantor (which is a natural person or persons, or an entity distinct from the Mortgagor (but may be affiliated with Mortgagor) that has assets other than equity in the related Mortgaged property that are not *de minimis*) shall be fully liable for losses, liabilities, costs and damages arising from certain acts of the related Mortgagor and/or its principals specified in the related Purchased Asset Documents, which acts generally include the following: (i) acts of fraud or intentional material misrepresentation, (ii) misappropriation of rents (following an event of default), insurance proceeds or condemnation awards, (iii) intentional material physical waste of the Mortgaged Property, (iv) intentional misconduct and (v) any breach of the environmental covenants contained in the related Loan Documents, and (b) the Purchased Asset shall become full recourse to the related Mortgagor and a guarantor (which is a natural person or persons, or an entity distinct from the Mortgagor (but may be affiliated with Mortgagor) that has assets other than equity in the related Mortgaged property that are not *de minimis*), upon any of the following events: (i) if any petition for bankruptcy, insolvency, dissolution or liquidation pursuant to federal bankruptcy law, or nay similar federal or state law, shall be filed, consented to, or acquiesced in by the Mortgagor, (ii) Mortgagor and/or its principals shall have colluded with other creditors to cause an involuntary bankruptcy filing with respect to the Mortgagor or (iii) upon the transfer of either the Mortgaged Property or equity interests in Mortgagor made in violation of the Purchased Asset Documents.

(28) Mortgage Releases. The terms of the related Mortgage or related Purchased Asset Documents do not provide for release of any material portion of the Mortgaged Property from the lien of the Mortgage except (a) a partial release, accompanied by principal repayment of not less than a specified percentage at least equal to the lesser of (i) 115% of the related allocated loan amount of such portion of the Mortgaged Property and (ii) the outstanding principal balance of the Purchased Asset, (b) upon payment in full of such Purchased Asset, (c) releases of out-parcels that are unimproved or other portions of the Mortgaged Property which will not have a material adverse effect on the underwritten value of the Mortgaged Property and which were not afforded any material value in the appraisal obtained at the origination of the Purchased Asset and are not necessary for physical access to the Mortgaged Property or compliance with zoning requirements, or (d) as required pursuant to an order of condemnation. With respect to any partial release under the preceding clause (a) or (d), either: (i) such release of collateral (A) would not constitute a "significant modification" of the subject Purchased Asset within the meaning of Treasury Regulations Section 1.860G-2(b)(2) and (B) would not cause the subject Purchased Asset to fail to be a "qualified mortgage" within the meaning of Section 860G(a)(3)(A) of the Code; or (ii) the mortgagee or servicer can, in accordance with the related Purchased Asset Documents, condition such release of collateral on the related Mortgagor's delivery of an opinion of tax counsel to the effect specified in the immediately preceding clause (i). For purposes of the preceding clause (i),

if the fair market value of the real property constituting such Mortgaged Property after the release is not equal to at least 80% of the principal balance of the Purchased Asset outstanding after the release, the Mortgagor is required to make a payment of principal in an amount not less than the amount required by the provisions

governing a "real estate mortgage investment conduit" as defined in Section 860D of the Code (the "REMIC Provisions").

In the event of a taking of any portion of a Mortgaged Property by a State or any political subdivision or authority thereof, whether by legal proceeding or by agreement, the Mortgagor can be required to pay down the principal balance of the Purchased Asset in an amount not less than the amount required by the REMIC Provisions and, to such extent, awards are not required to be applied to the restoration of the Mortgaged Property or to be released to the Mortgagor, if, immediately after the release of such portion of the Mortgaged Property from the lien of the Mortgage (but taking into account the planned restoration) the fair market value of the real property constituting the remaining Mortgaged Property is not equal to at least 80% of the remaining principal balance of the Purchased Asset.

No such Purchased Asset that is secured by more than one Mortgaged Property or that is cross-collateralized with another Purchased Asset permits the release of cross-collateralization of the related Mortgaged Properties, other than in compliance with the REMIC Provisions.

(29) Financial Reporting and Rent Rolls. The Purchased Asset Documents for each Purchased Asset require the Mortgagor to provide the owner or holder of the Mortgage with quarterly (other than for single-tenant properties) and annual operating statements, and quarterly (other than for single-tenant properties) rent rolls for properties that have leases contributing more than 5% of the in-place base rent and annual financial statements, which annual financial statements with respect to each Purchased Asset with more than one Mortgagor are in the form of an annual combined balance sheet of the Mortgagor entities (and no other entities), together with the related combined statements of operations, members' capital and cash flows, including a combining balance sheet and statement of income for the Mortgaged Properties on a combined basis.

(30) Acts of Terrorism Exclusion. With respect to each Purchased Asset over $20 million, the related special-form all-risk insurance policy and business interruption policy (issued by an insurer meeting the Insurance Rating Requirements) do not specifically exclude Acts of Terrorism, as defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (collectively, the "TRIA"), from coverage, or if such coverage is excluded, it is covered by a separate terrorism insurance policy. With respect to each other Purchased Asset, the related special-form all-risk insurance policy and business interruption policy (issued by an insurer meeting the Insurance Rating Requirements) does not specifically exclude Acts of Terrorism, as defined in TRIA, from coverage, or if such coverage is excluded, it is covered by a separate terrorism insurance policy. With respect to each Purchased Asset, the related Purchased Asset Documents do not expressly waive or prohibit the mortgagee from requiring coverage for Acts of Terrorism, as defined in the TRIA, or damages related thereto except to the extent that any right to require such coverage may be limited by commercial availability on commercially reasonable terms; provided, however, that if the TRIA or a similar or subsequent statute is not in effect, then, provided that terrorism insurance is commercially available, the Mortgagor under each Purchased Asset is required to carry terrorism insurance, but in such event the Mortgagor shall not be required to spend on terrorism insurance coverage more than two times the amount of the insurance premium that is payable in respect of the property and business interruption/rental loss insurance required under the related Purchased Asset Documents (without giving effect to the cost of terrorism and earthquake components of such casualty and business interruption/rental loss insurance) at the time of the origination of the Purchased Asset,

and if the cost of terrorism insurance exceeds such amount, the borrower is required to purchase the maximum amount of terrorism insurance available with funds equal to such amount.

(31) Due on Sale or Encumbrance. Subject to specific exceptions set forth below, each Purchased Asset contains a "due on sale" or other such provision for the acceleration of the payment of the unpaid principal balance of such Purchased Asset if, without the consent of the holder of the Mortgage (which consent, in some cases, may not be unreasonably withheld) and/or complying with the requirements of the related Purchased Asset Documents (which provide for transfers without the consent of the lender which are customarily acceptable to prudent commercial and multifamily mortgage lending institutions on the security of property comparable to the related Mortgaged Property, including, without limitation, transfers of worn-out or obsolete furnishings, fixtures, or equipment promptly replaced with property of equivalent value and functionality and transfers by leases entered into in accordance with the Purchased Asset Documents), (a) the related Mortgaged Property, or any equity interest of greater than 50% in the related Mortgagor, is directly or indirectly pledged, transferred or sold, other than as related to (i) family and estate planning transfers or transfers upon death or legal incapacity, (ii) transfers to certain affiliates as defined in the related Purchased Asset Documents, (iii) transfers that do not result in a change of Control of the related Mortgagor or transfers of passive interests so long as the guarantor retains Control, (iv) transfers to another holder of direct or indirect equity in the Mortgagor, a specific Person designated in the related Purchased Asset Documents or a Person satisfying specific criteria identified in the related Purchased Asset Documents, such as a qualified equityholder, (v) transfers of stock or similar equity units in publicly traded companies or (vi) a substitution or release of collateral within the parameters of Paragraph (28) herein, or (vii) to the extent set forth in any Exception Report, by reason of any mezzanine debt that existed at the origination of the related Purchased Asset, or future permitted mezzanine debt in each case as set forth in any Exception Report or (b) the related Mortgaged Property is encumbered with a subordinate lien or security interest against the related Mortgaged Property, other than any Permitted Encumbrances. The Mortgage or other Purchased Asset Documents provide that to the extent any rating agency fees are incurred in connection with the review of and consent to any transfer or encumbrance, the Mortgagor is responsible for such payment along with all other reasonable fees and expenses incurred by the Mortgagee relative to such transfer or encumbrance. For purposes of the foregoing representation, "Control" means the power to direct the management and policies of an entity, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise.

(32) Single-Purpose Entity. Each Purchased Asset requires the borrower to be a Single-Purpose Entity for at least as long as the Purchased Asset is outstanding. Both the Purchased Asset Documents and the organizational documents of the Mortgagor with respect to each Purchased Asset with a principal amount on the Purchase Date of $5 million or more provide that the borrower is a Single-Purpose Entity, and each Purchased Asset with a principal amount on the Purchase Date of $20 million or more has a counsel's opinion regarding non-consolidation of the Mortgagor. For purposes of this Paragraph (32), a "Single-Purpose Entity" shall mean an entity, other than an individual, whose organizational documents provide substantially to the effect that it was formed or organized solely for the purpose of owning and operating one or more of the Mortgaged Properties securing the Purchased Assets and prohibit it from engaging in any business unrelated to such Mortgaged Property or Properties, and whose organizational documents further provide, or which entity represented in the related Purchased Asset Documents, substantially to the effect that it does not have any assets other than those related to its interest in and operation of such Mortgaged Property or Properties, or any indebtedness other than as permitted by the related Mortgage(s) or the other related Purchased Asset Documents, that it has its own books and

records and accounts separate and apart from those of any other person, and that it holds itself out as a legal entity, separate and apart from any other person or entity.

(33) Reserved.

(34) Ground Leases. For purposes of this Exhibit III, a "Ground Lease" shall mean a lease creating a leasehold estate in real property where the fee owner as the ground lessor conveys for a term or terms of years its entire interest in the land and buildings and other improvements, if any, comprising the premises demised under such lease to the ground lessee (who may, in certain circumstances, own the building and improvements on the land), subject to the reversionary interest of the ground lessor as fee owner and does not include industrial development agency (IDA) or similar leases for purposes of conferring a tax abatement or other benefit.

With respect to any Purchased Asset where the Purchased Asset is secured by a leasehold estate under a Ground Lease in whole or in part, and the related Mortgage does not also encumber the related lessor's fee interest in such Mortgaged Property, based upon the terms of the Ground Lease and any estoppel or other agreement received from the ground lessor in favor of Seller, its successors and assigns, Seller represents and warrants that:

(a) (i) the Ground Lease or a memorandum regarding such Ground Lease has been duly recorded or submitted for recordation in a form that is acceptable for recording in the applicable jurisdiction; (ii) the Ground Lease or an estoppel or other agreement received from the ground lessor permits the interest of the lessee to be encumbered by the related Mortgage and does not restrict the use of the related Mortgaged Property by such lessee, its successors or assigns in a manner that would materially adversely affect the security provided by the related Mortgage and (iii) no material change in the terms of the Ground Lease had occurred since its recordation, except by any written instrument which are included in the related Purchased Asset File;

(b) the lessor under such Ground Lease has agreed in a writing included in the related Purchased Asset File (or in such Ground Lease) that the Ground Lease may not be amended or modified, or canceled or terminated, without the prior written consent of the lender (except termination or cancellation if (i) notice of a default under the Ground Lease is provided to lender and (ii) such default is curable by lender as provided in the Ground Lease but remains uncured beyond the applicable cure period), and no such consent has been granted by Seller since the origination of the Purchased Asset except as reflected in any written instruments which are included in the related Purchased Asset File;

(c) the Ground Lease has an original term (or an original term plus one or more optional renewal terms, which, under all circumstances, may be exercised, and will be enforceable, by either Mortgagor or the mortgagee) that extends not less than 20 years beyond the stated maturity of the related Purchased Asset, or 10 years past the stated maturity if such Purchased Asset fully amortizes by the stated maturity (or with respect to a Purchased Asset that accrues on an actual 360 basis, substantially amortizes);

(d) the Ground Lease either (i) is not subject to any liens or encumbrances superior to, or of equal priority with, the Mortgage, except for the related fee interest of the ground lessor and the Permitted Encumbrances, or (ii) is subject to a subordination, non-disturbance and attornment agreement to which the mortgagee on the lessor's fee interest in the Mortgaged Property is subject;

(e) the Ground Lease does not place commercially unreasonable restrictions on the identity of the mortgagee and the Ground Lease is assignable to the holder of the Purchased Asset and its successors and assigns without the consent of the lessor thereunder, and in the event it is so assigned, it is further assignable by the holder of the Purchased Asset and its successors and assigns without the consent of the lessor;

(f) Seller has not received any written notice of material default under or notice of termination of such Ground Lease and, to Seller's knowledge, there is no material default under such Ground Lease and no condition that, but for the passage of time or giving of notice, would result in a material default under the terms of such Ground Lease and to Seller's knowledge, such Ground Lease is in full force and effect;

(g) the Ground Lease or ancillary agreement between the lessor and the lessee requires the lessor to give to the lender written notice of any default, and provides that no notice of default or termination is effective against the lender unless such notice is given to the lender;

(h) a lender is permitted a reasonable opportunity (including, where necessary, sufficient time to gain possession of the interest of the lessee under the Ground Lease through legal proceedings) to cure any default under the Ground Lease which is curable after the lender's receipt of notice of any default before the lessor may terminate the Ground Lease;

(i) the Ground Lease does not impose any restrictions on subletting that would be viewed as commercially unreasonable by a prudent commercial mortgage lender;

(j) under the terms of the Ground Lease, an estoppel or other agreement received from the ground lessor and the related Mortgage (taken together), any related insurance proceeds or the portion of the condemnation award allocable to the ground lessee's interest (other than (i) *de minimis* amounts for minor casualties or (ii) in respect of a total or substantially total loss or taking as addressed in Paragraph (34)(k) below) will be applied either to the repair or to restoration of all or part of the related Mortgaged Property with (so long as such proceeds are in excess of the threshold amount specified in the related Purchased Asset Documents) the lender or a trustee appointed by it having the right to hold and disburse such proceeds as repair or restoration progresses, or to the payment of the outstanding principal balance of the Purchased Asset, together with any accrued interest;

(k) in the case of a total or substantially total taking or loss, under the terms of the Ground Lease, an estoppel or other agreement and the related Mortgage (taken together), any related insurance proceeds, or portion of the condemnation award allocable to ground lessee's interest in respect of a total or substantially total loss or taking of the related Mortgaged Property to the extent not applied to restoration, will be applied first to the payment of the outstanding principal balance of the Purchased Asset, together with any accrued interest; and

(l) provided that the lender cures any defaults which are susceptible to being cured, the ground lessor has agreed to enter into a new lease with the lender upon termination of the Ground Lease for any reason, including rejection of the Ground Lease in a bankruptcy proceeding.

(35) Servicing. The servicing and collection practices used by Seller with respect to the Purchased Asset have been, in all material respects, legal and have met customary industry standards for servicing of similar commercial loans.

(36) Origination and Underwriting. The origination practices of Seller (or the related originator if Seller was not the originator) with respect to each Purchased Asset have been, in all material respects, legal and as of the date of its origination, such Purchased Asset and the origination thereof complied in all material respects with, or was exempt from, all requirements of federal, state or local laws and regulations relating to the origination of such Purchased Asset. At the time of origination of such Purchased Asset, the origination, due diligence and underwriting performed by or on behalf of Seller in connection with each Purchased Asset complied in all material respects with the terms, conditions and requirements of Seller's origination, due diligence, underwriting procedures, guidelines and standards for similar commercial and multifamily loans.

(37) Rent Rolls; Operating Histories. Seller has obtained a rent roll (other than with respect to hospitality properties) certified by the related Mortgagor or the related guarantor(s) as accurate and complete in all material respects as of a date within 180 days of the date of origination of the related Purchased Asset. Seller has obtained operating histories (the "Certified Operating Histories") with respect to each Mortgaged Property certified by the related Mortgagor or the related guarantor(s) as accurate and complete in all material respects as of a date within 180 days of the date of origination of the related Purchased Asset. The Certified Operating Histories collectively report on operations for a period equal to (a) at least a continuous three-year period or (b) in the event the Mortgaged Property was owned, operated or constructed by the Mortgagor or an affiliate for less than three years then for such shorter period of time.

(38) No Material Default; Payment Record. No Purchased Asset has been more than 30 days delinquent, without giving effect to any grace or cure period, in making required payments since origination, and as of the Purchased Date, no Purchased Asset is delinquent (beyond any applicable grace or cure period) in making required payments. To Seller's knowledge, there is (a) no, and since origination there has been no, material default, breach, violation or event of acceleration existing under the related Purchased Asset Documents, or (b) no event (other than payments due but not yet delinquent) which, with the passage of time or with notice and the expiration

of any grace or cure period, would constitute a material default, breach, violation or event of acceleration, which default, breach, violation or event of acceleration, in the case of either clause (a) or (b), materially and adversely affects the value of the Purchased Asset, or the value, use or operation of the related Mortgaged Property, provided, however, that this Paragraph (38) does not cover any default, breach, violation or event of acceleration that specifically pertains to or arises out of an exception scheduled to any other representation and warranty made by Seller in any Exception Report. No person other than the holder of such Purchased Asset may declare any event of default under the Purchased Asset or accelerate any indebtedness under the Purchased Asset Documents.

(39) Bankruptcy. As of the date of origination of the related Purchased Asset and to Seller's knowledge as of the Purchase Date, neither the Mortgaged Property nor any portion thereof is the subject of, and no Mortgagor, guarantor or tenant occupying a single-tenant property is a debtor in state or federal bankruptcy, insolvency or similar proceeding.

(40) Organization of Mortgagor. With respect to each Purchased Asset, in reliance on certified copies of the organizational documents of the Mortgagor delivered by the Mortgagor in connection with the origination of such Purchased Asset, the Mortgagor is an entity organized under the laws of a

state of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico. No Purchased Asset has a Mortgagor that is an Affiliate of another borrower.

Seller has obtained an organizational chart or other description of each Mortgagor which identifies all beneficial controlling owners of the Mortgagor (i.e., managing members, general partners or similar controlling person for such Mortgagor) (the "Controlling Owner") and all owners that hold a 20% or greater direct ownership share (the "Major Sponsors"). Seller (a) required questionnaires to be completed by each Controlling Owner and guarantor or performed other processes designed to elicit information from each Controlling Owner and guarantor regarding such Controlling Owner's or guarantor's prior history regarding any bankruptcies or other insolvencies, any felony convictions, and (b) performed or caused to be performed searches of the public records or services such as Lexis/Nexis, or a similar service designed to elicit information about each Controlling Owner, Major Sponsor and guarantor regarding such Controlling Owner's, Major Sponsor's or guarantor's prior history regarding any bankruptcies or other insolvencies, any felony convictions, and provided, however, that manual public records searches were limited to the last 10 years (clauses (a) and (b) collectively, the "Sponsor Diligence"). Based solely on the Sponsor Diligence, to the knowledge of Seller, no Major Sponsor or guarantor (i) was in a state or federal bankruptcy or insolvency proceeding, (ii) had a prior record of having been in a state of federal bankruptcy or insolvency, or (iii) had been convicted of a felony.

(41) Environmental Conditions. At origination, each Mortgagor represented and warranted that to its knowledge no hazardous materials or any other substances or materials which are included under or regulated by Environmental Laws are located on, or have been handled, manufactured, generated, stored, processed, or disposed of on or released or discharged from the Mortgaged Property, except for those substances commonly used in the operation and maintenance of properties of kind and nature similar to those of the Mortgaged Property in compliance with all Environmental Laws and in a manner that does not result in contamination of the Mortgaged Property or in a material adverse effect on the value, use or operations of the Mortgaged Property.

A Phase I environmental site assessment (or update of a previous Phase I and or Phase II site assessment) and, with respect to certain Purchased Assets, a Phase II environmental site assessment (collectively, an "ESA") meeting ASTM requirements was conducted by a reputable environmental consultant in connection with such Purchased Asset within 12 months prior to its origination date (or an update of a previous ESA was prepared), and such ESA either (i) did not identify the existence of recognized "environmental conditions" as such term is defined in ASTM E1527-05 or its successor (the "Environmental Conditions") at the related Mortgaged Property or the need for further investigation with respect to any Environmental Condition that was identified, or (ii) if the existence of an Environmental Condition or need for further investigation was indicated in any such ESA, then at least one of the following statements is true: (A) an amount reasonably estimated by a reputable environmental consultant to be sufficient to cover the estimated cost to cure any material noncompliance with applicable environmental laws or the Environmental Condition has been escrowed by the related Mortgagor and is held or controlled by the related lender; (B) if the only Environmental Condition relates to the presence of asbestos-containing materials, radon in indoor air, lead based paint or lead in drinking water, and the only recommended action in the ESA is the institution of such a plan, an operations or maintenance plan has been required to be instituted by the related Mortgagor that can reasonably be expected to mitigate the identified risk; (C) the Environmental Condition identified in the related environmental report was remediated or abated in all material respects prior to the date hereof, and, if and as appropriate, a no further action or closure letter was obtained from the applicable governmental regulatory authority (or the Environmental Condition affecting the related

Mortgaged Property was otherwise listed by such governmental authority as "closed" or a reputable environmental consultant has concluded that no further action is required); (D) a secured creditor environmental policy or a pollution legal liability insurance policy that covers liability for the Environmental Condition was obtained from an insurer rated no less than "A-" (or the equivalent) by Moody's, Standard & Poor's and/or Fitch, Inc.; (E) a party not related to the Mortgagor was identified as the responsible party for such Environmental Condition and such responsible party has financial resources reasonably estimated to be adequate to address the situation; or (F) a party related to the Mortgagor having financial resources reasonably estimated to be adequate to address the situation is required to take action. To Seller's knowledge, except as set forth in the ESA, there is no Environmental Condition (as such term is defined in ASTM E1527-05 or its successor) at the related Mortgaged Property.

In the case of each Purchased Asset with respect to which there is an environmental insurance policy (the "Environmental Insurance Policy"), (i) such Environmental Insurance has been issued by the issuer set forth in the related Exception Report (the "Policy Issuer") and is effective as of the Purchase Date, (ii) as of origination and to Seller's knowledge as of the Purchase Date the Environmental Insurance Policy is in full force and effect, there is no deductible and Seller is a named insured under such policy, (iii) (A) a property condition or engineering report was prepared, if the related Mortgaged Property was constructed prior to 1985, with respect to asbestos-containing materials ("ACM") and, if the related Mortgaged Property is a multifamily property, with respect to radon gas ("RG") and lead-based paint ("LBP"), and (B) if such report disclosed the existence of a material and adverse LBP, ACM or RG environmental condition or circumstance affecting the related Mortgaged Property, the related Mortgagor (1) was required to remediate the identified condition prior to closing the Purchased Asset or provide additional security or establish with the mortgagee a reserve in an amount deemed to be sufficient by Seller, for the remediation of the problem, and/or (2) agreed in the Purchased Asset Documents to establish an operations and maintenance plan after the closing of the Purchased Asset that should reasonably be expected to mitigate the environmental risk related to the identified LBP, ACM or RG condition, (iv) on the effective date of the Environmental Insurance Policy, Seller as originator had no knowledge of any material and adverse environmental condition or circumstance affecting the Mortgaged Property (other than the existence of LBP, ACM or RG) that was not disclosed to the Policy Issuer in one or more of the following: (A) the application for insurance, (B) a Mortgagor questionnaire that was provided to the Policy Issuer, or (C) an engineering or other report provided to the Policy Issuer, and (v) the premium of any Environmental Insurance Policy has been paid through the maturity of the policy's term and the term of such policy extends at least five years beyond the maturity of the Purchased Asset.

(42) Lease Estoppels. With respect to each Purchased Asset secured by retail, office or industrial properties, Seller requested the related Mortgagor to obtain estoppels from some or all of the commercial tenants with respect to the rent roll delivered as of the origination date. With respect to each Purchased Asset predominantly secured by a retail, office or industrial property leased to a single tenant, Seller reviewed such estoppel obtained from such tenant no earlier than 90 days prior to the origination date of the related Purchased Asset, and to Seller's knowledge, (i) the related lease is in full force and effect and (ii) there exists no default under such lease, either by the lessee thereunder or by the lessor subject, in each case, to customary reservations of tenant's rights, such as with respect to common area maintenance ("CAM") and pass-through audits and verification of landlord's compliance with co-tenancy provisions. With respect to each Purchased Asset predominantly secured by a retail, office or industrial property, Seller has received lease estoppels executed within 90 days of the origination date of the related

Purchased Asset that collectively account for at least 65% of the in-place base rent for the Mortgaged Property that secure a Purchased Asset that is represented as of the origination date. To Seller's knowledge, (i)

each lease represented on the rent roll delivered as of the origination date is in full force and effect and (ii) there exists no material default under any such related lease that represents 20% or more of the in-place base rent for the Mortgaged Property either by the lessee thereunder or by the related Mortgagor, subject, in each case, to customary reservations of tenant's rights, such as with respect to CAM and pass-through audits and verification of landlord's compliance with co-tenancy provisions.

(43) Appraisal. The Purchased Asset File contains an appraisal of the related Mortgaged Property with an appraisal date within six months of the Purchased Asset origination date, and within 12 months of the Purchase Date. The appraisal is signed by an appraiser who is a Member of the Appraisal Institute. Each appraiser has represented in such appraisal or in a supplemental letter that the appraisal satisfies the requirements of the "Uniform Standards of Professional Appraisal Practice" as adopted by the Appraisal Standards Board of the Appraisal Foundation and has certified that such appraiser had no interest, direct or indirect, in the Mortgaged Property or the borrower or in any loan made on the security thereof, and its compensation is not affected by the approval or disapproval of the Purchased Asset.

(44) Purchased Asset Schedule. The information pertaining to each Purchased Asset which is set forth in the Purchased Asset Schedule is true and correct in all material respects as of the Purchased Date and contains all information required by the Repurchase Agreement to be contained therein.

(45) Cross-Collateralization. No Purchased Asset is cross-collateralized or cross-defaulted with any other mortgage loan.

(46) Advance of Funds by Seller. After origination, no advance of funds has been made by Seller to the related Mortgagor other than in accordance with the Purchased Asset Documents, and, to Seller's knowledge, no funds have been received from any person other than the related Mortgagor or an affiliate for, or on account of, payments due on the Purchased Asset (other than as contemplated by the Purchased Asset Documents, such as, by way of example and not in limitation of the foregoing, amounts paid by the tenant(s) into a lender-controlled lockbox if required or contemplated under the related lease or Purchased Asset Documents). Neither Seller nor any affiliate thereof has any obligation to make any capital contribution to any Mortgagor under a Purchased Asset, other than contributions made on or prior to the date hereof.

(47) Compliance with Anti-Money Laundering Laws. Seller has complied in all material respects with the Prescribed Laws. Seller has established an anti-money laundering compliance program as required by the Prescribed Laws, has conducted the requisite due diligence in connection with the origination of the Purchased Asset for purposes of the Prescribed Laws, including with respect to the legitimacy of the applicable Mortgagor and the origin of the assets used by the said Mortgagor to purchase the property in question, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Prescribed Laws.

(48) OFAC. (a) No Purchased Asset is (i) subject to nullification pursuant to Executive Order 13224 or the regulations promulgated by OFAC (the "OFAC Regulations") or (ii) in violation of Executive Order 13224 or the OFAC Regulations, and (b) no Mortgagor is (i) subject to the provisions of Executive Order 13224 or the OFAC Regulations or (ii) listed as a "blocked person" for purposes of the OFAC Regulations.

(49) Floating Interest Rates. Each Purchased Asset bears interest at a floating rate of interest that is based on LIBOR plus a margin (which interest rate may be subject to a minimum or "floor" rate).

(50) Senior Participations. With respect to each Purchased Asset that is a Participation Interest: (i) either (A) the Participation Interest is treated as a real estate asset for purposes of Section 856(c) of the Code, and the interest payable pursuant to such Participation Interest is treated as interest on an obligation secured by a mortgage on real property or on an interest in real property for purposes of Section 856(c) of the Code, or (B) the Participation Interest qualifies as a security that would not otherwise cause any parent REIT to fail to qualify as a REIT under the Code (including after the sale, transfer and assignment to Buyer of such Participation Interest); (ii) to the actual knowledge of Seller, as of the Closing Date, the related participating Person was not a debtor in any outstanding proceeding pursuant to the federal bankruptcy code; and (iii) Seller has not received written notice of any outstanding liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind for which the holder of such Participation Interest is or may become obligated.

EXHIBIT IV

FORM OF BAILEE AGREEMENT

TH COMMERCIAL MS II, LLC
[SELLER ADDRESS]

, 20

[ ]

Re: Bailee Agreement (this "Bailee Agreement") in connection with the sale of [ ] by TH Commercial MS II, LLC ("Seller") to Morgan Stanley Bank, N.A., as buyer (together with its permitted successors and assigns, "Buyer")

Ladies and Gentlemen:

In consideration of the mutual premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Buyer and [ ] ("Bailee") hereby agree as follows:

1. Seller shall deliver to Bailee in connection with any Purchased Assets delivered to Bailee hereunder a Purchased Asset File Checklist to which shall be attached a Purchased Asset Schedule identifying the Purchased Assets that are being delivered to Bailee hereunder.

2. On or prior to the date indicated on the Purchased Asset File Checklist (the "Purchase Date"), Seller shall have delivered to Bailee, as bailee for hire, the Purchased Asset File for each of the Purchased Assets listed in the Purchased Asset Schedule attached to such Purchased Asset File Checklist.

3. Bailee shall issue and deliver to Buyer (as defined in Section 5 below) on or prior to the Purchase Date by facsimile or other electronic transmission an initial

trust receipt and certification in the form of Attachment 1 attached hereto (the "Trust Receipt"), which Trust Receipt shall state that Bailee has received the documents comprising the Purchased Asset File as set forth in the Purchased Asset File Checklist, in addition to such other documents required to be delivered to Buyer pursuant to the Master Repurchase and Securities Contract Agreement dated as of [ ], 2015, among Seller and Buyer (the "Repurchase Agreement").

4. On the applicable Purchase Date, in the event that Buyer fails to purchase any New Asset from Seller that is identified in the related Purchased Asset File Checklist, Buyer shall deliver by facsimile or other electronic transmission to Bailee at [ ] to the attention of [ ], an authorization (the "Facsimile Authorization") to release the Purchased Asset Files with respect to the Purchased Assets identified therein to Seller. Upon receipt of such Facsimile Authorization, Bailee shall release the Purchased Asset Files to Seller in accordance with Seller's instructions.

5. Following the Purchase Date, Bailee shall forward the Purchased Asset Files to Wells Fargo Bank, National Association ("Custodian") by insured overnight courier for receipt by Custodian no later than 1:00 p.m. on the third (3rd) Business Day following the applicable Purchase Date (the "Delivery Date").

---

6. From and after the applicable Purchase Date until the time of receipt of the Facsimile Authorization or the applicable Delivery Date, as applicable, Bailee (a) shall maintain continuous custody and control of the related Purchased Asset Files as bailee for Buyer and (b) is holding the related Purchased Asset Loans as sole and exclusive bailee for Buyer unless and until otherwise instructed in writing by Buyer.

7. Seller agrees to indemnify and hold Bailee and its partners, directors, officers, agents and employees harmless against any and all third party liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorney's fees, that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of this Bailee Agreement or any action taken or not taken by it or them hereunder unless such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (other than special, indirect, punitive or consequential damages, which shall in no event be paid by Seller) were imposed on, incurred by or asserted against Bailee because of the breach by Bailee of its obligations hereunder, which breach was caused by negligence, lack of good faith or willful misconduct on the part of Bailee or any of its partners, directors, officers, agents or employees. The foregoing indemnification shall survive any resignation or removal of Bailee or the termination or assignment of this Bailee Agreement.

8. In the event that Bailee fails to deliver a Mortgage Note, Participation Certificate or other material portion of a Purchased Asset File that was in its possession to Custodian within three (3) Business Days following the applicable Purchase Date, the same shall constitute a "Bailee Delivery Failure" under this Bailee Agreement.

9. Seller hereby represents, warrants and covenants that Bailee is not an affiliate of or otherwise controlled by Seller. Notwithstanding the foregoing, the parties hereby acknowledge that Bailee hereunder may act as counsel to Seller in connection with a proposed loan.

10. This Bailee Agreement may not be modified, amended or altered, except by written instrument, executed by all of the parties hereto.

11. This Bailee Agreement may not be assigned by Seller or Bailee without the prior written consent of Buyer.

12. For the purpose of facilitating the execution of this Bailee Agreement as herein provided and for other purposes, this Bailee Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute and be one and the same instrument.

13. This Bailee Agreement shall be construed in accordance with the laws of the State of New York, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

14. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Repurchase Agreement.

[SIGNATURES COMMENCE ON NEXT PAGE]

Very truly yours,

TH COMMERCIAL MS II, LLC,
a Delaware limited liability company, Seller

By: _____
Name:
Title:

ACCEPTED AND AGREED:

[ ], Bailee

By: _____
Name:
Title:

ACCEPTED AND AGREED:

MORGAN STANLEY BANK, N.A.,
a national banking association, Buyer

By: _____
Name:
Title:

ATTACHMENT 1 TO BAILEE AGREEMENT

FORM OF BAILEE'S TRUST RECEIPT

, 20

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano

Re: Bailee Agreement, dated , 20 (the "Bailee Agreement") among TH Commercial MS II, LLC ("Seller"), Morgan Stanley Bank, N.A. ("Buyer") and ("Bailee")

Ladies and Gentlemen:

In accordance with the provisions of Section 3 of the Bailee Agreement, the undersigned, as Bailee, hereby certifies that as to the Purchased Asset(s) referred to therein, it has reviewed the Purchased Asset File(s) and has determined that (i) all documents listed in Schedule A attached to the Bailee Agreement are in its possession and (ii) such documents have been reviewed by it and appear regular on their face and relate to the Purchased Asset(s).

Bailee hereby confirms that it is holding the Purchase Loan File as agent and bailee for the exclusive use and benefit of Buyer pursuant to the terms of the Bailee Agreement.

All capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Bailee Agreement.

,
Bailee

By: _____
Name:
Title:

EXHIBIT V

AUTHORIZED REPRESENTATIVES OF SELLER(2)

Name	**Specimen Signature**
[·]	
[·]	
[·]	
[·]	
[·]	

(2) Seller: Please provide.

EXHIBIT VI

FORM OF FINANCIAL COVENANT COMPLIANCE CERTIFICATE

[ ] [ ], 20[ ]

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano

This Financial Covenant Compliance Certificate is furnished pursuant to that certain Master Repurchase and Securities Contract Agreement, dated as of [ ] by and between Morgan Stanley Bank, N.A. ("**Buyer**"), and TH Commercial MS II, LLC ("**Seller**") (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "**Master Repurchase and Securities Contract Agreement**"). Unless otherwise defined in the Master Repurchase and Securities Contract Agreement, capitalized terms used in this Financial Covenant Compliance Certificate have the respective meanings ascribed thereto in the Guaranty.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am a duly elected Responsible Officer.

2. All of the financial statements, calculations and other information set forth in this Financial Covenant Compliance Certificate, including, without limitation, in any exhibit or other attachment hereto, are true, complete and correct as of the date hereof.

3. I have reviewed the terms of the Master Repurchase and Securities Contract Agreement and I have made, or have caused to be made under my supervision, a

detailed review of the transactions and financial condition of Seller during the accounting period covered by the financial statements attached (or most recently delivered to Buyer if none are attached).

4. As of the date hereof, and since the date of the certificate most recently delivered pursuant to **Section 3(f)(iii)** of the Master Repurchase and Securities Contract Agreement, Seller has observed or performed all of its covenants and other agreements in all material respects, and satisfied in all material respects, every condition, contained in the Master Repurchase and Securities Contract Agreement and the related documents to be observed, performed or satisfied by it.

5. The examinations described in Paragraph 3 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Financial Covenant Compliance Certificate (including after giving effect to any pending Transactions requested to be entered into), except as set forth below.

6. As of the date hereof, each of the representations and warranties made by Seller in the Master Repurchase and Securities Contract Agreement are true, correct and complete in all material respects with the same force and effect as if made on and as of the date hereof, except as to the extent of any Approved Exceptions.

---

7. No condition or event that constitutes an "Event of Default," "Termination Event," or "Potential Event of Default" or any similar event by Seller, however denominated, has occurred or is continuing under any Hedging Transaction.

8. Attached as **Exhibit 1** hereto are the calculations demonstrating compliance with the financial covenants set forth in the Guaranty.

To the extent that Financial Statements are being delivered in connection with this Financial Covenant Compliance Certificate, Seller hereby makes the following representations and warranties: (i) it is in compliance with all of the terms and conditions of the Master Repurchase and Securities Contract Agreement and (ii) it has no claim or offset against Buyer under the Transaction Documents.

Described below are the exceptions, if any, to paragraph 6, listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Guarantor or Seller has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the financial statements, updates, reports, materials, calculations and other information set forth in any exhibit or other attachment hereto, or otherwise covered by this Financial Covenant Compliance Certificate, are made and delivered this [ ] day of [ ], 20[ ].

[Signature Page(s) Follow]

TWO HARBORS INVESTMENT CORP.,
a Maryland corporation

By: _____
Name:
Title:

TH COMMERCIAL MS II, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

ANNEX I

NOTICE INSTRUCTIONS

BUYER

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano
Telephone: (212) 761-5688
Fax: (718) 233-3307
Email: Anthony.Preisano@morganstanley.com

with a copy to:

Morgan Stanley Bank, N.A.
One Utah Center, 201 South Main Street
Salt Lake City, Utah 84111

and to:

Morgan Stanley Bank, N.A.
1 New York Plaza, 41st Floor
New York, New York 10004
Attention: Robert Les
Telephone: (917) 260-5229

Fax: (917) 720-9636
Email: wltapes@morganstanley.com

and to:	Paul Hastings LLP 75 East 55th Street New York, New York 10022 Attention: Lisa A. Chaney, Esq. Telephone: (212) 318-6773 Fax: (212) 230-7793 Email: lisachaney@paulhastings.com
SELLER	TH COMMERCIAL MS II, LLC 601 Carlson Parkway, Suite 1400 Minnetonka, Minnesota 55305 Attention: General Counsel Telephone: (612) 238-3385 Fax: (612) 629-2501 Email: legal.two@twoharborsinvestment.com
with a copy to:	Two Harbors Investment Corp. 590 Madison Avenue, 36th Floor New York, New York 10022 Attention: General Counsel Telephone: (612) 629-2500 Fax: (612) 629-2501 Email: legal.two@twoharborsinvestment.com

with a copy to:	Sidley Austin LLP 787 Seventh Avenue New York, New York 10019 Attention: Brian Krisberg, Esq. Telephone: (212) 839-8735 Fax: (212) 839-5599 Email: bkrisberg@sidley.com

ANNEX II

WIRING INSTRUCTIONS

Payments to Buyer: Payments to Buyer under this Agreement shall be made by transfer, via wire transfer, to the following account of Buyer:

Bank Name: Citibank, N.A. New York
ABA #: 021000089
Account #: 30463591
Account Name: Morgan Stanley Bank
Ref: Two Harbors Facility
Attention: Mr. Robert Les

Buyer may consider on a case-by-case-basis in its sole and absolute discretion alternative funding arrangements.

Payments to Seller: Payments to any Seller under this Agreement shall be made by transfer, via wire transfer, to the following account of Seller:

Agent: Wells Fargo NA, San Francisco
SWIFT: WFBIUS6S
ABA#: 121-000-248
Acct#: 4129235511
A/C Name: TH Commercial Mortgage LLC

EXECUTION VERSION

FIRST AMENDMENT TO MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT

THIS FIRST AMENDMENT TO MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT (this "**Amendment**"), dated as of June 30, 2016, is by and between MORGAN STANLEY BANK, N.A., a national banking association, as buyer ("**Buyer**"), and TH COMMERCIAL MS II, LLC, a Delaware limited liability company, as seller ("**Seller**").

W I T N E S S E T H:

WHEREAS, Seller and Buyer have entered into that certain Master Repurchase and Securities Contract Agreement, dated as of February 18, 2016 (as the same has been or may be further amended, modified and/or restated from time to time, the "Master Repurchase Agreement"); and

WHEREAS, Seller and Buyer wish to modify certain terms and provisions of the Master Repurchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

1. Amendments to Master Repurchase Agreement. The Master Repurchase Agreement is hereby amended as follows:

(a) The definition of "Quarterly Report" contained in Article 2 of the Master Repurchase Agreement is hereby amended by deleting the words "forty-five (45) days" in the eleventh (11th) line thereof and replacing the same with "seventy (70) days".

(b) The definition of "Remittance Date" contained in Article 2 of the Master Repurchase Agreement is hereby amended by deleting the words "fifteenth (15th) calendar day" in the first (1st) line thereof and replacing the same with "eighteenth (18th) calendar day".

2. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Master Repurchase Agreement.

3. Continuing Effect; Reaffirmation of Guaranty. As amended by this Amendment, all terms, covenants and provisions of the Master Repurchase Agreement are ratified and confirmed and shall remain in full force and effect. In addition, any and all guaranties and indemnities for the benefit of Buyer (including, without limitation, the Guaranty) and agreements subordinating rights and liens to the rights and liens of Buyer, are hereby ratified and confirmed and shall not be released, diminished, impaired, reduced or adversely affected by this Amendment, and each party indemnifying Buyer, and each party subordinating any right or lien to the rights and liens of Buyer, hereby consents, acknowledges and agrees to the modifications set forth in this Amendment and waives any common law, equitable, statutory or other rights which such party might otherwise have as a result of or in connection with this Amendment.

4. Binding Effect; No Partnership; Counterparts. The provisions of the Master Repurchase Agreement, as amended hereby, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein contained shall be deemed or construed to create a partnership or joint venture between any of the parties hereto. For the purpose of facilitating the execution of this Amendment as herein provided, this Amendment may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, and such counterparts when

taken together shall constitute but one and the same instrument. Delivery of an executed counterpart signature page to this Amendment in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart thereof.

5. Further Agreements. Seller agrees to execute and deliver such additional documents, instruments or agreements as may be reasonably requested by Buyer and as may be necessary or appropriate from time to time to effectuate the purposes of this Amendment.

6. Governing Law. The provisions of Article 18 of the Master Repurchase Agreement are incorporated herein by reference.

7. Headings. The headings of the sections and subsections of this Amendment are for convenience of reference only and shall not be considered a part hereof nor shall they be deemed to limit or otherwise affect any of the terms or provisions hereof.

8. References to Transaction Documents. All references to the Master Repurchase Agreement in any Transaction Document, or in any other document executed or delivered in connection therewith shall, from and after the execution and delivery of this Amendment, be deemed a reference to the Master Repurchase Agreement as amended hereby, unless the context expressly requires otherwise.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day first written above.

BUYER:

MORGAN STANLEY BANK, N.A., a national banking association

By: /s/ Anthony Preisano
Name: Anthony Preisano
Title: Authorized Signatory

SELLER:

TH COMMERCIAL MS II, LLC, a Delaware limited liability company

By: /s/ Brad Farrell
Name: Brad Farrell
Title: Chief Financial Officer

The undersigned hereby acknowledges the execution of the Amendment and agrees that the Guaranty and agreements therein subordinating rights and liens to the rights and liens of Buyer, are hereby ratified and confirmed and shall not be released, diminished, impaired, reduced or adversely affected by this Amendment, and each party indemnifying Buyer therein, and each party subordinating any right or lien to the rights and liens of Buyer, therein, hereby acknowledges the modifications set forth in this Amendment and waives any common law, equitable, statutory or other rights which such party might otherwise have as a result of or in connection with this Amendment. In

addition, the undersigned reaffirms its obligations under the Guaranty and agrees that its obligations under the Guaranty shall remain in full force and effect and apply to the additional components referenced in this Amendment.

GUARANTOR:

TWO HARBORS INVESTMENT CORP., a Maryland corporation

By: /s/ Brad Farrell
Name: Brad Farrell
Title: Chief Financial Officer

EXECUTION VERSION

SECOND AMENDMENT TO MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT

THIS SECOND AMENDMENT TO MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT (this "**Amendment**"), dated as of February 21, 2017, is by and between MORGAN STANLEY BANK, N.A., a national banking association, as buyer ("**Buyer**"), and TH COMMERCIAL MS II, LLC, a Delaware limited liability company, as seller ("**Seller**").

W I T N E S S E T H:

WHEREAS, Seller and Buyer have entered into that certain Master Repurchase and Securities Contract Agreement, dated as of February 18, 2016, as amended by that certain First Amendment to Master Repurchase and Securities Contract Agreement, dated as of June 30, 2016 (as the same has been or may be further amended, modified and/or restated from time to time, the "Master Repurchase Agreement"); and

WHEREAS, Seller and Buyer wish to modify certain terms and provisions of the Master Repurchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

1. Amendments to Master Repurchase Agreement. The Master Repurchase Agreement is hereby amended as follows:

(a) The definition of "Facility Amount" in Article 2 of the Master Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

"Facility Amount" shall mean Four Hundred Million Dollars ($400,000,000).

(b) The definition of "Facility Termination Date" is hereby deleted in its entirety and replaced with the following:

"Facility Termination Date" shall mean February 18, 2020, as the same may be extended in accordance with Section 9(a) of this Agreement.

(c) The following definition is hereby added to Article 2 of the Master Repurchase Agreement in alphabetical order:

"First Upsize Fee" shall have the meaning specified in the Fee Letter.

2. Conditions Precedent to Amendment. The effectiveness of this Amendment is subject to the following:

(a) This Amendment shall be duly executed and delivered by Seller and Buyer;

(b) Buyer and Seller shall execute the First Amendment to Fee Letter, dated as of the date hereof (the "Fee Letter Amendment");

(c) Seller shall pay to Buyer the Extension Fee in accordance with the terms and provisions of the Fee Letter;

(d) Seller shall pay to Buyer the First Upsize Fee in accordance with the terms and provisions of the Fee Letter.

3. Seller Representations. Seller hereby represents and warrants that:

(a) no Default, Event of Default or Margin Deficit exists, and no Default, Event of Default or Margin Deficit will occur as a result of the execution, delivery and performance by Seller of this Amendment; and

(b) all representations and warranties contained in the Master Repurchase Agreement are true, correct, complete and accurate in all respects (except such representations which by their terms speak as of a specified date and subject to any exceptions disclosed to Buyer in an Exception Report prior to such date and approved by Buyer).

4. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Master Repurchase Agreement.

5. Continuing Effect; Reaffirmation of Guaranty. As amended by this Amendment, all terms, covenants and provisions of the Master Repurchase Agreement are ratified and confirmed and shall remain in full force and effect. In addition, any and all guaranties and indemnities for the benefit of Buyer (including, without limitation, the Guaranty) and agreements subordinating rights and liens to the rights and liens of Buyer, are hereby ratified and confirmed and shall not be released, diminished, impaired, reduced or adversely affected by this Amendment, and each party indemnifying Buyer, and each party subordinating any right or lien to the rights and liens of Buyer, hereby consents, acknowledges and agrees to the modifications set forth in this Amendment and waives any common law, equitable, statutory or other rights which such party might otherwise have as a result of or in connection with this Amendment.

6. Binding Effect; No Partnership; Counterparts. The provisions of the Master Repurchase Agreement, as amended hereby, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein contained shall be deemed or construed to create a partnership or joint venture between any of the parties hereto. For the purpose of facilitating the execution of this Amendment as herein provided, this Amendment may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, and such counterparts when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart signature page to this Amendment in Portable Document Format (PDF) or by facsimile transmission shall be effective

as delivery of a manually executed original counterpart thereof.

7. Further Agreements. Seller agrees to execute and deliver such additional documents, instruments or agreements as may be reasonably requested by Buyer and as may be necessary or appropriate from time to time to effectuate the purposes of this Amendment.

8. Governing Law. The provisions of Section 18 of the Master Repurchase Agreement are incorporated herein by reference.

9. Headings. The headings of the sections and subsections of this Amendment are for convenience of reference only and shall not be considered a part hereof nor shall they be deemed to limit or otherwise affect any of the terms or provisions hereof.

10. References to Transaction Documents. All references to the Master Repurchase Agreement in any Transaction Document, or in any other document executed or delivered in connection therewith

shall, from and after the execution and delivery of this Amendment, be deemed a reference to the Master Repurchase Agreement as amended hereby, unless the context expressly requires otherwise.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day first written above.

BUYER:

MORGAN STANLEY BANK, N.A., a national banking association

By: /s/ Anthony Preisano
Name: Anthony Preisano
Title: Authorized Signatory

SELLER:

TH COMMERCIAL MS II, LLC, a Delaware limited liability company

By: /s/ Brad Farrell
Name: Brad Farrell
Title: Chief Financial Officer

The undersigned hereby acknowledges the execution of the Amendment and agrees that the Guaranty and agreements therein subordinating rights and liens to the rights and liens of Buyer, are hereby ratified and confirmed and shall not be released, diminished, impaired, reduced or adversely affected by this Amendment, and each party indemnifying Buyer therein, and each party subordinating any right or lien to the rights and liens of Buyer, therein, hereby acknowledges the modifications set forth in this Amendment and waives any common law, equitable, statutory or other rights which such party might otherwise have as a result of or in connection with this Amendment. In addition, the undersigned reaffirms its obligations under the Guaranty and agrees that its obligations under the Guaranty shall remain in full force and effect and apply to the additional components referenced in this Amendment.

GUARANTOR**:**

TWO HARBORS INVESTMENT CORP., a Maryland corporation

By: /s/ Brad Farrell
Name: Brad Farrell
Title: Chief Financial Officer

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated May 24, 2017 for the balance sheet of Granite Point Mortgage Trust Inc. and our report dated April 18, 2017 (except for the financial statement schedule, as to which the date is May 24, 2017) for the consolidated financial statements of TH Commercial Holdings LLC, in Amendment No. 1 to the Registration Statement (Form S-11 No. 333-218197) and related Prospectus of Granite Point Mortgage Trust Inc. dated June 14, 2017.

/s/ Ernst & Young LLP
Minneapolis, Minnesota
June 14, 2017

Exhibit 99.1

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Granite Point Mortgage Trust Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his or her biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and date as of the dated set forth below.

Date: 7 June, 2017

/s/ Martin "Tino" Kamarck
Martin "Tino" Kamarck

Exhibit 99.2

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Granite Point Mortgage Trust Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his or her biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: 6/6/2017

/s/ Stephen G. Kasnet
Stephen G. Kasnet

Exhibit 99.3

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Granite Point Mortgage Trust Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his or her biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: 6/8/2017

/s/ W. Reid Sanders
W. Reid Sanders

Exhibit 99.4

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Granite Point Mortgage Trust Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his or her biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: June 6, 2017

/s/ Hope B. Woodhouse
Hope B. Woodhouse

Exhibit 99.5

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Granite Point Mortgage Trust Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his or her biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: 6/7/2017

/s/ Tanuja M. Dehne
Tanuja M. Dehne