Risk Factors Comparison 2025-03-24 to 2024-03-15 Form: 10-K

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As a smaller reporting company, we are not required to provide this information. Item 8. Financial Statements and Supplementary Data Report of Independent Registered Public Accounting Firm (KPMG LLP, Atlanta, GA, Auditor Firm ID: 185) 87Consolidated Balance Sheets89Consolidated Statements of Operations and Comprehensive Income (Loss) 90Consolidated Statements of Changes in Stockholder (s)' Equity91Consolidated Statements of Cash Flows92Notes to the Consolidated Financial Statements94Note 1. Organization94Note 2. Summary of Significant Accounting Policies94Note 3. Variable Interest Entities100Note 4. Residential Mortgage Loans101Note 5. Investment Securities102Note 6. Financing103Note 7. Due to Broker105Note 8. Securities Sold Under Agreements to Repurchase105Note 9. Derivative Financial Instruments105Note 10. Fair Value Measurements106Note 11. Income Taxes112Note 12. Related Party Transactions113Note 13. Commitments and Contingencies114Note 14. Accumulated Other Comprehensive Income / (Loss) 115Note 15. Other Assets115Note 16. Stockholders Equity116Note 17. Earnings per Share116Note 18. Equity Compensation Plan117Note 19. Subsequent Events117 To the Stockholders and Board of Directors Angel Oak Mortgage REIT, Inc.: Opinion on the Consolidated Financial Statements We have audited the accompanying consolidated balance sheets of Angel Oak Mortgage REIT, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with U. S. generally accepted accounting principles. Basis for Opinion These consolidated financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting 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. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion. Critical Audit Matter The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates. Assessment of the valuation of residential mortgage loans at fair value As discussed in Notes 2, 3, 4, and 10 to the consolidated financial statements, the Company records performing residential mortgage loans and residential mortgage loans in securitization trusts (together, residential mortgage loans) at fair value on its consolidated balance sheet as a result of electing the fair value option at the time of acquisition. As of December 31, 2024, the recorded balance of the Company' s residential mortgage loans was $ 1. 9 billion. The Company estimates the fair value of its residential mortgage loans using price information provided by third- party pricing services. These services determine price information predominately based on trading activity observed in the marketplace, using both market comparable information and discounted cash flow modeling techniques. We identified the assessment of the valuation of residential mortgage loans as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, was involved in evaluating the third- party pricing services' valuation techniques and models as well as determining certain of the underlying valuation assumptions, including the prepayment rate, default rate, loss severity rate, and discount rate, which are subject to significant measurement uncertainty. The evaluation of these assumptions to determine the fair value of residential mortgage loans required subjective and complex auditor judgment since the assumptions used were sensitive to variation. The following are the primary procedures we performed to address this critical audit matter. We evaluated the design of certain internal controls related to the Company' s residential mortgage loan valuation process, including controls related to the evaluation of pricing service information and assumptions used in residential mortgage loan valuations. We evaluated the Company' s process to develop the residential mortgage loans valuation by

testing certain sources of data and assumptions that the Company used and considered the relevance and reliability of such data and assumptions. We involved valuation professionals with specialized skills and knowledge who assisted in: ◦ evaluating the design of the Company' s internal controls specific to the assessment of the third- party pricing services' valuation techniques and models ◦ evaluating that the methodology used by the Company in determining residential mortgage loan fair value is in accordance with U. S. GAAP ◦ assessing the third- party pricing services' valuation techniques and models through comparison to industry practices ◦ recalculating the fair value of a selection of residential mortgage loans using the Company' s assumptions and comparing the results of our recalculation to the Company' s fair value estimate ◦ developing an independent fair value estimate for a selection of residential mortgage loans at fair value based on independently developed valuation models and assumptions and comparing the results to the Company' s fair value estimate / s / KPMG We have served as the Company' s auditor since 2018. Atlanta, Georgia March 24, 2025 Angel Oak Mortgage REIT, Inc. Consolidated Balance Sheets (in thousands, except for share data) As of: December 31, 2024December 31, 2023ASSETSResidential mortgage loans- at fair value $ 183, 064 $ 380, 040 Residential mortgage loans in securitization trusts- at fair value1, 696, 995 1, 221, 067 RMBS- at fair value 300, 243 472, 058 U. S. Treasury Securities- at fair value — 149, 927 Cash and cash equivalents40, 762 41, 625 Restricted cash2, 131 2, 871 Principal and interest receivable8, 141 7, 501 Unrealized appreciation on TBAs and interest rate futures contracts- at fair value1, 515 — Other assets36, 918 32, 922 Total assets $ 2, 269, 769 $ 2, 308, 011 LIABILITIES AND STOCKHOLDERS' EQUITYLIABILITIESNotes payable $ 129, 459 $ 290, 610 Non- recourse securitization obligations, collateralized by residential mortgage loans in securitization trusts (see Note 3) 1, 593, 612 1, 169, 154 Securities sold under agreements to repurchase50, 555 193, 656 Senior unsecured notes47, 740 — Unrealized depreciation on TBAs and interest rate futures contracts- at fair value — 1, 334 Due to broker201, 994 391, 964 Accrued expenses2, 291 985 Accrued expenses payable to affiliate766 748 Interest payable934 820 Income taxes payable2, 785 1, 241 Management fee payable to affiliate666 1, 393 Total liabilities $ 2, 030, 802 $ 2, 051, 905 Commitments and contingenciesSTOCKHOLDERS' EQUITYCommon stock, $ 0. 01 par value. As of December 31, 2024: 350, 000, 000 shares authorized, 23, 500, 175 shares issued and outstanding. As of December 31, 2023: 350, 000, 000 shares authorized, 24, 965, 274 shares issued and outstanding. 234 249 Additional paid- in capital461, 057 477, 068 Accumulated other comprehensive income (loss) (3, 475) (4, 975) Retained earnings (deficit) (218, 849) (216, 236) Total stockholders' equity $ 238, 967 $ 256, 106 Total liabilities and stockholders' equity $ 2, 269, 769 $ 2, 308, 011 The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement. 89 Angel Oak Mortgage REIT, Inc. Consolidated Statements of Operations and Comprehensive Income (Loss) (in thousands, except for share and per share data) For the Year Ended December 31, 2024For the Year Ended December 31, 2023INTEREST INCOME, NETInterest income $ 110, 427 $ 95, 953 Interest expense73, 502 67, 052 NET INTEREST INCOME36, 925 28, 901 REALIZED AND UNREALIZED GAINS (LOSSES), NETNet realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS (9, 228) (37, 526) Net unrealized gain (loss) on mortgage loans, debt at fair value option (see Note 3), and derivative contracts23, 761 63, 489 TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET14, 533 25, 963 EXPENSESOperating expenses6, 004 7, 474 Operating expenses incurred with affiliate1, 845 2, 105 Due diligence and transaction costs782 310 Stock compensation2, 041 1, 689 Securitization costs3, 799 2, 484 Management fee incurred with affiliate4, 976 5, 842 Total operating expenses19, 447 19, 904 INCOME BEFORE INCOME TAXES32, 011 34, 960 Income tax expense3, 261 1, 246 NET INCOME ALLOCABLE TO COMMON STOCKHOLDERS $ 28, 750 $ 33, 714 Other comprehensive income1, 500 16, 152 TOTAL COMPREHENSIVE INCOME $ 30, 250 $ 49, 866 Basic earnings per common share $ 1. 18 $ 1. 36 Diluted earnings per common share $ 1. 17 $ 1. 35 Weighted average number of common shares outstanding: Basic24, 179, 039 24, 722, 285Diluted24, 396, 851 24, 941, 758 The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement. 90 Angel Oak Mortgage REIT, Inc. Consolidated Statements of Changes in Stockholders' Equity (in thousands) Common Stock at ParAdditional Paid- in CapitalAccumulated Other Comprehensive Income (Loss) Retained EarningsTotal Stockholders' EquityStockholders' equity as of December 31, 2022 $ 249 $ 475, 379 $ (21, 127) $ (218, 022) $ 236, 479 Dividends paid on common stock (1) — — — (31, 928) (31, 928) Non- cash equity compensation — 1, 689 — — 1, 689 Unrealized gain on RMBS and CMBS — — 16, 152 — 16, 152 Net income — — — 33, 714 33, 714 Stockholders' equity as of December 31, 2023 $ 249 $ 477, 068 $ (4, 975) $ (216, 236) $ 256, 106 Issuance of common stock, net of expenses21, 881 — — $ 1, 883 Repurchase of shares of common stock (17) (19, 933) — — $ (19, 950) Dividends paid on common stock (2) — — — (31, 037) $ (31, 037) Dividends accrued on performance shares — — — (326) $ (326) Non- cash equity compensation — 2, 041 — — $ 2, 041 Unrealized gain on RMBS and CMBS — — 1, 500 — $ 1, 500 Net income — — — 28, 750 28, 750 Stockholders' equity as of December 31, 2024 $ 234 $ 461, 057 $ (3, 475) $ (218, 849) $ 238, 967 (1) Dividends paid on common stock for the year ended December 31, 2023 at $ 0. 32 per share of common stock on March 31, 2023, May 31, 2023, August 31, 2023, and November 30, 2023. (2) Dividends paid on common stock for the year ended December 31, 2024 at $ 0. 32 per share of common stock on February 29, 2024, May 31, 2024, August 30, 2024, and November 27, 2024. The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement. 91 Angel Oak Mortgage REIT, Inc. Consolidated Statements of Cash Flows (in thousands) For the Year Ended December 31, 2024For the Year Ended December 31, 2023CASH FLOWS FROM OPERATING ACTIVITIESNet income $ 28, 750 $ 33, 714 Adjustments to reconcile net (loss) income to net cash used in operating activities: Net realized gain on mortgage loans, derivative contracts, RMBS, and CMBS9, 228 37, 526 Net unrealized gain on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts (23, 761) (63, 489) Amortization of debt issuance costs462 1, 145 Net amortization of premiums and discounts on mortgage loans2, 797 2, 855 Accretion of non- recourse securitized obligation discount4, 544 2, 469 Accretion of U. S. Treasury securities discount (565) (1, 462) Non- cash equity compensation2, 041 1, 689 Net change in: Purchases of residential

mortgage loans from affiliates (255, 368) (199, 793) Purchases of residential mortgage loans from non- affiliates (431, 707) (27, 390) Sales of residential mortgage loans 5, 981 4, 941 Sale of residential mortgage loans into affiliate' s securitization trust235, 903 350, 304 Principal payments on residential mortgage loans18, 009 34, 731 Principal payments on mortgage loans in securitization trusts170, 468 100, 904 Margin received from (paid on) TBAs and interest rate futures contracts11, 221 21, 121 Principal and interest receivable on residential mortgage loans (640) 9, 996 Other assets (1, 051) (233) Management fee payable to affiliate (727) (574) Accrued expenses1, 306 (302) Accrued expenses payable to affiliate18 (1, 258) Income taxes payable1, 544 1, 241 Interest payable114 (1, 731) NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES $ (221, 433) $ 306, 404 The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement. 92 CASH FLOWS FROM INVESTING ACTIVITIESPurchases of investments in RMBS, available for sale (19, 015) (1, 022, 010) Purchases of investments in RMBS, trading (1, 130, 270) (1, 354, 057) Sale of investments in RMBS, available for sale — 1, 006, 196 Sale of investments in RMBS, trading1, 121, 001 1, 332, 832 Purchase of investments in U. S. Treasury securities (349, 595) (998, 380) Investment in majority- owned affiliates (4, 051) (16, 088) Principal payments on RMBS and CMBS securities2, 736 3, 063 Maturity of T- bills500, 000 850, 000 Sale of commercial mortgage loans to third parties — 4, 300 Principal payments on commercial mortgage loans33 37 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES $ 120, 839 $ (194, 107) CASH FLOWS FROM FINANCING ACTIVITIESRepurchase of common stock (19, 950) — Proceeds from issuances of common stock, net of expenses1, 883 — Dividends paid to common stockholders (31, 037) (31, 928) Principal payments on non- recourse securitization obligation (170, 468) (100, 904) Accrued dividends (326) — Cash paid for debt issuance costs (1, 045) — Proceeds from securitization575, 761 233, 318 Net proceeds from (repurchases of) securities sold under agreements to repurchase (143, 101) 141, 112 Net proceeds from issuance of senior notes48, 425 — Net proceeds from (payments on) notes payable (161, 151) (349, 260) NET CASH PROVIDED BY FINANCING ACTIVITIES $ 98, 991 $ (107, 662) CHANGE IN CASH AND RESTRICTED CASH (1, 603) 4, 635 CASH AND RESTRICTED CASH, beginning of period44, 496 39, 861 CASH AND RESTRICTED CASH, end of period42, 893 44, 496 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATIONCash paid during the period for interest $ 66, 310 $ 65, 169 The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement. 93 Angel Oak Mortgage REIT, Inc. Notes to the Consolidated Financial Statements 1. Organization Angel Oak Mortgage REIT, Inc. (together with its subsidiaries the " Company ") is a real estate finance company focused on acquiring and investing in first lien non- qualified residential mortgage (" non- QM ") loans and other mortgage - related assets in the U. S. mortgage market. The Company' s strategy is to make credit- sensitive investments primarily in newly- originated first lien non - QM loans that are primarily made to higher - quality non - QM loan borrowers and substantially sourced from the proprietary mortgage lending platform of its affiliate, Angel Oak Mortgage Solutions LLC (together with other non- operational affiliated originators, " Angel Oak Mortgage Lending "). The Company may also invest in other residential mortgage loans, residential mortgage - backed securities (" RMBS "), and other mortgage - related assets. The Company' s objective is to generate attractive risk - adjusted returns for its stockholders, through cash distributions and capital appreciation, across interest rate and credit cycles. The Company is a Maryland corporation incorporated on March 20, 2018. The Company achieves certain of its investment objectives by investing a portion of its assets in its wholly - owned taxable REIT subsidiary, Angel Oak Mortgage REIT TRS, LLC (" AOMR TRS "), a Delaware limited liability company formed on March 21, 2018, which invests its assets in Angel Oak Mortgage Fund TRS, a Delaware statutory trust formed on June 15, 2018. The Company is traded on the New York Stock Exchange under the ticker symbol AOMR. The Operating Partnership On February 5, 2020, the Company formed Angel Oak Mortgage Operating Partnership, LP, a Delaware limited partnership (the " Operating Partnership "), through which substantially all of its assets are held and substantially all of its operations are conducted, either directly or through subsidiaries. The Company holds all of the limited partnership interests in the Operating Partnership and indirectly holds the sole general partnership interest in the Operating Partnership through the general partner, which is the Company' s wholly- owned subsidiary. The Company' s Manager and REIT status The Company is externally managed and advised by Falcons I, LLC (the " Manager "), a registered investment adviser with the SEC. The Company has elected to be taxed as a real estate investment trust (a " REIT ") under the Internal Revenue Code of 1986, as amended (the " Code "), commencing with its taxable year ended December 31, 2019. 2. Summary of Significant Accounting Policies Basis of Presentation and Consolidation The consolidated financial statements have been prepared in accordance with U. S. generally accepted accounting principles (" U. S. GAAP ") and include the accounts of the Company and its wholly - owned subsidiaries. All significant inter - company balances and transactions have been eliminated in consolidation. Use of Estimates The preparation of financial statements requires the Company to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities, amounts and timing of credit losses, prepayment rates, 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 periods. 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 the Company' s estimates and the differences could be material. Recent Accounting Pronouncements The Company considers the applicability and impact of all Accounting Standards Updates (" ASUs "). There were no recent ASUs that are expected to have a significant impact on the Company' s consolidated financial statements when adopted or had a significant impact on the Company' s consolidated financial statements upon adoption. A variable interest entity (" VIE ") is defined as an entity in which equity investors (i) do not have the characteristics of a controlling financial interest, and / or (ii) do not have sufficient equity at risk for the entity to finance

its activities without additional subordinated financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, which is defined as the party that has both (i) the power to control the activities that most significantly impact the VIE' s economic performance and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. For VIEs that do not have substantial on- going activities, the power to direct the activities that most significantly impact the VIE' s economic performance may be determined by an entity' s involvement with the design and structure of the VIE. The Company' s securitization trusts are structured as VIEs that receive principal and interest on the underlying collateral and distribute those payments to the security holders. The assets held by the securitization entities are restricted in that they can only be used to fulfill the obligations of the securitization entity. The Company' s risks associated with its involvement with these VIEs are limited to its risks and rights as a holder of the security it has retained as well as certain associated risks which may occur when the Company acts as either the sponsor and / or depositor of and the seller, directly or indirectly to, the securitization entities. Determining the primary beneficiary of a VIE requires judgment. The Company determined that for the securitizations it consolidates, its ownership provides the Company with the obligation to absorb losses or the right to receive benefits from the VIE that could be significant to the VIE. In addition, the Company has the power to direct the activities that most significantly impact the VIE' s economic performance. As of December 31, 2024 and 2023, the Company was considered to be a primary beneficiary in certain VIEs which held certain interests in the assets held by consolidated securitization vehicles which were created under the purview of its wholly- owned securitization shelf, Angel Oak Mortgage Trust (" AOMT ") II, LLC. These securitization vehicles are consolidated on the Company' s consolidated balance sheet, and are restricted by the structural provisions of the associated securitization trusts. The recovery of the Company' s investment in the securitization vehicles, if any, will be limited by each securitization vehicle' s distribution provisions. The liabilities of the securitization vehicles, which are also consolidated on the Company' s consolidated balance sheets as of December 31, 2024 and 2023, are non- recourse to the Company, and can only be satisfied using proceeds from each securitization vehicle' s respective asset pool. The assets of securitization entities are comprised of RMBS or residential mortgage loans. See Note 3- Variable Interest Entities for further discussion of the characteristics of the securities and loans in the Company' s portfolio relating to asset pools arising from securitization transactions. The Company performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company' s involvement with a VIE would cause the Company' s consolidation conclusion to change. Segment Reporting Operating segments are defined as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity' s chief operating decision maker (" CODM ") to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The Company' s CODM is its Chief Executive Officer, Mr. Sreeniwas Prabhu. The Company has determined it currently operates in a single operating segment and has one reportable segment, which is to acquire, invest in, and finance mortgage - related assets. The CODM reviews net interest income (interest income less interest expense) earned on its portfolio of residential mortgage loans, residential mortgage loans in securitization trusts, RMBS, and other assets as presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. Net interest income as used by the CODM in this context is consistent with that presented within the Company' s consolidated financial statements. Segment assets are reflected on the accompanying Balance Sheet as " total assets " and significant segment expenses are listed on the accompanying statement of operations. Cash and Cash Equivalents Cash represents cash deposits held at financial institutions. Cash equivalents include short - term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have maturities of three months or less at acquisition. The Company maintains its cash and cash equivalents with major financial institutions. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation (" FDIC ") up to $ 250, 000 for each bank. The Company is exposed to credit risk for amounts held in excess of the FDIC limit. The Company does not anticipate nonperformance by these financial institutions. Restricted Cash Restricted cash represents cash held at financial institutions for margin on whole loans required by certain counterparties, margin on futures trading activity, and short- term cash collateral for repurchase agreements. A reconciliation of the amounts of cash and cash equivalents and restricted cash in the consolidated balance sheets to the amount in the consolidated statements of cash flows is as follows: December 31, 2024December 31, 2023Cash and cash equivalents $ 40, 762 $ 41, 625 Restricted cash2, 131 2, 871 Cash, cash equivalents and restricted cash as show in the statement of cash flows $ 42, 893 $ 44, 496 The Company reports various investments at fair value in accordance with Accounting Standards Codification (" ASC ") 820, Fair Value Measurement. A fair value measurement represents the price at which an orderly transaction would occur between willing market participants at the measurement date. This definition of fair value focuses on exit price and prioritizes the use of market - based inputs over entity - specific inputs when determining fair value. In addition, the framework for measuring fair value establishes a three - level hierarchy for fair value measurements based upon the observability of inputs to the valuation of an asset or liability as of the measurement date. See Note 10, Fair Value Measurements for further discussion on fair value measurements. The Company accounts for any purchases or sales of Investment Securities on a trade date basis. At the time of disposition, realized gains or losses on sales of Investment Securities are determined based on a specific identification basis and are a component of " net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS " in the consolidated statements of operations and comprehensive income (loss). RMBS, CMBS, and U. S. Treasury Securities (" Investment Securities "), at Fair Value; and Purchase and Sale of Investment Securities The Company classifies its investments in RMBS, CMBS, and U. S. Treasury Securities as either trading or available- for- sale (" AFS "). Trading Investment Securities are carried at their

estimated fair values and coupon interest is recognized as interest income when earned and deemed collectible. Changes in fair value are reported in current earnings in " net unrealized loss on mortgage loans, debt at fair value option, and derivative contracts " in the consolidated statements of operations and comprehensive income (loss) Available- for- sale Investment Securities are carried at their estimated fair value with unrealized gains and losses reported in other comprehensive income (loss) in the consolidated statements of operations and comprehensive income (loss). Residential Mortgage Loans, Residential Mortgage Loans in Securitization Trusts, and Commercial Mortgage Loans, at Fair Value The Company' s investments in residential mortgage loans, including those held in securitization trusts, and commercial loans are recorded using the fair value option in ASC Topic 825- Financial Instruments, and therefore recorded at fair value in the consolidated balance sheets. Changes in fair value are reported in current earnings in " net unrealized loss on mortgage loans, debt at fair value option, and derivative contracts " in the consolidated statements of operations and comprehensive income (loss). Residential and commercial mortgage loans include loans that the Company may be marketing for sale to third parties, including transfers to securitization entities with either solely contributed loans or with loans contributed to securitization entities along with other Angel Oak entities. When the Company obtains possession of real property in connection with a foreclosure or similar action, the Company de- recognizes the associated mortgage loan according to ASU 2014- 04, Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (" ASU 2014- 04 "). Under the provisions of ASU 2014- 04, the Company is deemed to have received physical possession of real estate property collateralizing a mortgage loan when it obtains legal title to the property upon completion of a foreclosure or when the borrower conveys all interest in the property to it through a deed in lieu of foreclosure or similar legal agreement. The Company' s cost basis in REO is equal to the lower of cost or fair value of the real estate associated with the foreclosed mortgage loan, less expected costs to sell. The fair value of such REO is typically based on management' s estimates which generally use information including general economic data, broker opinions of value, recent sales, property appraisals, and bids, and takes into account the expected costs to sell the property. REO recorded at fair value on a non- recurring basis are classified as Level 3. Non- recourse securitization obligations, collateralized by residential mortgage loans (a portion of which is at Fair Value) The portion of this obligation for which we have elected the fair value option uses the prices of the underlying bonds securing the related residential mortgage loans in securitization trusts to determine fair value. Changes in fair value are reported in current earnings in " net unrealized loss on mortgage loans, debt at fair value option, and derivative contracts " in the consolidated statements of operations and comprehensive income (loss). The Company also discloses fair value for the portion of this obligation for which we have elected to hold at amortized cost. See Note 10, Fair Value Measurements. Derivative Financial Instruments, at Fair Value The Company uses a variety of derivative instruments to economically hedge a portion of its exposure to market risks, including interest rate risk and prepayment risk. Derivatives are accounted for in accordance with ASC 815, Derivatives and Hedging, which requires recognition of all derivatives as either assets or liabilities at fair value on the consolidated balance sheets. These derivative financial instrument contracts are not designated as hedges for U. S. GAAP purposes; therefore, all changes in fair value are recognized in earnings. See Note 10, Derivative Financial Instruments for further information. Revenue Recognition Interest income on Investment Securities is recognized based on outstanding principal balances and contractual terms. Premiums and discounts are generally amortized into interest income over the life of such securities using the effective yield method. Adjustments to premium amortization are made for actual prepayments and impact net realized gains (losses). Residential and Commercial Mortgage Loans Interest income on residential mortgage loans and commercial mortgage loans is recognized using the effective interest method over the life of the loans. The amortization of any premiums and discounts is included in interest income. Interest income recognition is suspended when residential mortgage loans or commercial mortgage loans are placed on non- accrual status. Generally, residential mortgage loans and commercial mortgage loans are placed on non- accrual status when delinquent for more than ninety (90) days or when determined not to be probable of full collection. Interest accrued, but not collected, at the date residential mortgage loans or commercial mortgage loans are placed on nonaccrual status is reversed against interest income and subsequently recognized only to the extent it is received in cash or until it qualifies for return to accrual status. Interest received after the loan becomes past due or impaired is used to reduce the outstanding loan principal balance. Repurchase Agreements At times, the Company finances purchases of residential and commercial mortgage loans and Investment Securities through the use of repurchase agreements. The repurchase agreements are treated as collateralized financing transactions, which expire within approximately one year or less and are carried at their contractual amounts, including accrued interest as specified in the respective agreements. Interest paid and accrued in accordance with repurchase agreements is recorded as interest expense. Earnings Per Share The Company computes earnings per share (" EPS ") using the two- class method. The two- class method of computing EPS is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared and participation rights in undistributed earnings. Basic net income (loss) per share is computed by dividing net income (loss) allocable to common stockholders by the weighted - average number of shares of common stock outstanding during the period. Diluted EPS is calculated by dividing net income (loss) allocable to common stockholders by the weighted average number of shares of common stock outstanding plus the additional dilutive effect of common stock equivalents and dividends related to unvested share- based awards, during each period, unless anti- dilutive. Share- Based Compensation The Company amortizes the fair value of previously granted share- based awards to expense over the vesting period using the straight line method. The initial cost of share- based awards is established at the Company' s closing share price on the grant date of the award, and, in the case of performance- based restricted stock unit awards (" PSUs "), factoring in the probability of achieving the underlying market- based vesting conditions. The Company recognizes adjustments for

forfeitures as they occur. The Company has made annual grants of PSUs, which allow for a 50 % vest after a three- year period and 50 % vest after a four- year period, subject to both continued employment and the achievement of certain performance criteria during a three- year performance period. Features of the performance criteria constitute a " market condition, " which may impact the amount of compensation expense recognized for these awards. The Company has elected to be taxed as a REIT under the Code starting with its taxable year ended December 31, 2019. Accordingly, the Company will generally not be subject to corporate U. S. federal income tax to the extent that the Company makes qualifying distributions to stockholders, and provided that the Company satisfies, on a continuing basis, through actual investment and operating results, the REIT requirements, including certain asset, income, distribution, and stock ownership tests. If the Company fails to qualify as a REIT, and does not qualify for certain statutory relief provisions, the Company will be subject to U. S. federal, state, and any applicable local income taxes and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year in which the Company lost its REIT qualification. Accordingly, the failure to qualify as a REIT could have a material adverse impact on the Company' s results of operations and amounts available for distribution to stockholders. The dividends paid deduction for qualifying dividends paid to stockholders is computed using the Company' s taxable income as opposed to net income reported in the consolidated statements of operations and comprehensive income (loss). Taxable income will generally differ from net income reported in the consolidated statements of operations and comprehensive income (loss) because the determination of taxable income is based on tax regulations and not U. S. GAAP. The Company has created and elected to treat AOMR TRS as a taxable REIT subsidiary (" TRS "). In general, a TRS may hold assets and engage in activities that the Company cannot hold or engage in directly and generally may engage in any real estate or non - real estate - related business. A domestic TRS is subject to U. S. federal, state, and local corporate income taxes, and the value of the securities of the TRS together with the value of the securities of any other TRS owned by the Company may not exceed 20 % of the value of the Company' s total assets. If the TRS generates net income, it may declare dividends to the Company, which will be included in the Company' s taxable income and may necessitate a distribution to its stockholders to satisfy distribution requirements and to avoid U. S. federal income and excise tax. Conversely, if the Company retains earnings at the TRS level, no distribution is required. Effective for tax years beginning after December 31, 2022, the Inflation Reduction Act, which was signed into law on August 16, 2022, imposes a 15 % alternative minimum tax (" AMT ") on the adjusted financial statement income (" AFSI ") of " Applicable Corporations ". The term " Applicable Corporations " does not include REITs but does include TRSs whose three- year average AFSI exceeds $ 1 billion. Current and deferred taxes are recorded on earnings (losses) recognized by AOMR TRS. Deferred income tax assets and liabilities are calculated based upon temporary differences between the Company' s U. S. GAAP consolidated financial statements and the U. S. federal and state tax basis of assets and liabilities as of the consolidated balance sheet date. If any deferred tax assets exist, the Company evaluates the realizability of such, and subsequently may recognize a valuation allowance if, based on available evidence, it is more likely than not that some or all of its deferred tax assets will not be realized. In evaluating the realizability of a deferred tax asset, the Company will consider expected future taxable income, existing and projected book to tax differences, and any tax planning strategies. Such an analysis is inherently subjective, as it is based on forecast earnings and business and economic activity. See Note 11 — Income Taxes, for further details regarding the Company' s deferred tax assets. As a REIT, if the Company fails to distribute in any calendar year (subject to specific timing rules for certain dividends paid in January) at least the sum of (i) 85 % of its ordinary income for such year, (ii) 95 % of its capital gain net income for such year, and (iii) any undistributed taxable income from the prior year, the Company would be subject to a nondeductible 4 % excise tax on the excess of such required distribution over the sum of (i) the amounts actually distributed and (ii) the amounts of income retained and on which the Company has paid U. S. federal corporate income tax. Risks and Uncertainties Credit Risk The Company assumes credit risk through its investments in mortgage loans and other mortgage - related assets. Credit losses on mortgage loans can occur for many reasons, including: fraud; poor underwriting; poor servicing practices; weak economic conditions; increases in payments required to be made by borrowers; declines in the value of real estate; declining rents on single - and multi - family residential rental properties; natural disasters, including the effects of climate change (including flooding, drought, wildfires, and severe weather), and other natural events; uninsured property loss; over - leveraging of the borrower; costs of remediation of environmental conditions, such as indoor mold; changes in zoning or building codes and the related costs of compliance; acts of war or terrorism; changes in legal protections for lenders and other changes in law or regulation; and personal events affecting borrowers, such as reduction in income, job loss, divorce, or health problems. In addition, the amount and timing of credit losses could be affected by loan modifications, delays in the liquidation process, documentation errors, and other action by servicers. Weakness in the U. S. economy or the housing market could cause the Company' s credit losses to increase. In addition, rising interest rates may increase the credit risk associated with certain residential mortgage loans. For example, the interest rate is adjustable for many of the loans held by the Company or within the securitization entities in which the Company participates. In addition, a portion of the loans the Company has pledged to secure loan financing lines have adjustable interest rates. Accordingly, when short - term interest rates rise, required monthly payments from homeowners will rise under the terms of these adjustable - rate mortgages, and this may increase borrowers' delinquencies and defaults. Credit losses on commercial mortgage loans can occur for many of the reasons noted above for residential mortgage loans. Moreover, these types of real estate loans may not be fully amortizing and, therefore, the borrower' s ability to repay the principal when due may depend upon the ability of the borrower to refinance or sell the property at maturity. Business purpose real estate loans are particularly sensitive to conditions in the rental housing market and to demand for rental residential properties. Within a securitization of residential, multi - family, or business

purpose real estate loans, various securities are created, each of which has varying degrees of credit risk. The Company may own the securities in which there is more (or the most) concentrated credit risk associated with the underlying real estate loans. In general, losses on an asset securing a loan or loan included as collateral to a securitization will be borne first by the owner of the property (i. e., the owner will first lose any equity invested in the property) and, thereafter, by the first loss security holder, and then by holders of more senior securities. In the event the losses incurred upon default on the loan exceed any classes in which the Company invests, the Company may not be able to recover all of its investment in the securities it holds. In addition, if the underlying properties have been overvalued by the originating appraiser or if the values subsequently decline and, as a result, less collateral is available to satisfy interest and principal payments due on the related security, then the first - loss securities may suffer a total loss of principal, followed by losses on the second - loss and then third - loss securities (or other residential and commercial securities that the Company owns). In addition, with respect to residential securities the Company owns, the Company may be subject to risks associated with the determination by a loan servicer to discontinue servicing advances (advances of mortgage interest payments not made by a delinquent borrower) if they deem continued advances to be unrecoverable, which could reduce the value of these securities or impair the Company' s ability to project and realize future cash flows from these securities. Investments in subordinated RMBS and CMBS involve greater credit risk than the senior classes of the issue or series. Many of the default - related risks of whole loan mortgages will be magnified in subordinated securities. Default risks may be further pronounced in the case of RMBS and CMBS by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. In addition, principal payments on subordinated securities may be subject to a " lockout " period in which some or all of the principal payments are directed to the related senior securities. This lock - out period may be for a set period of time and / or may be determined based on pool performance criteria such as losses and delinquencies. Such securities therefore possess some of the attributes typically associated with equity investments. Interest Rate Risk Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the Company' s control. A significant portion of the Company' s financial assets and liabilities, including the Company' s whole loan investments (which include residential mortgage loans, residential mortgage loans held in securitization trusts, and commercial loans), investment securities, loan financing facilities, and security repurchase facilities, are interest earning or interest bearing and, as a result, the Company is subject to risks arising from fluctuations in the prevailing levels of market interest rates. In addition, all of the Company' s warehouse loan financing arrangements (notes payable) have a variable rate component or include rates which reset monthly and add additional risk due to fluctuations in market interest rates. Any excess cash and cash equivalents of the Company are invested in instruments earning short - term market interest rates. Subject to maintaining its qualification as a REIT and maintaining its exclusion from regulation as an investment company under the Investment Company Act of 1940, as amended (the " Investment Company Act "), the Company may utilize various derivative instruments and other hedging instruments to mitigate interest rate risk. Liquidity Risk An insufficient secondary market may prevent the liquidation of an asset or limit the funds that can be generated from selling an asset. A portion of the Company' s financial assets are considered to be illiquid and may be subject to high liquidity risk. Furthermore, the Company' s use of financial leverage exposes the Company to increased liquidity risks from margin calls and potential breaches of the financial covenants under its borrowing facilities, which could result in the Company being required to immediately repay all outstanding amounts borrowed under these facilities and these facilities being unavailable to use for future financing needs, as well as triggering cross- defaults under other debt agreements. Prepayment Risk The frequency at which prepayments occur on loans held and loans underlying RMBS and CMBS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, and other factors. Generally, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. Generally, whole loans, RMBS, and CMBS purchased at a premium are adversely affected by faster than anticipated prepayments; and whole loans, RMBS, and CMBS purchased at a discount are adversely affected by slower than anticipated prepayments. The adverse effects of prepayments may impact the Company in two ways. First, particular investments may experience outright losses, as in the case of an interest - only security in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to the financial instruments that the Company' s Manager may have constructed to reduce specific financial risks for these investments, resulting in a loss to the Company. In particular, prepayments (at par) may limit the potential upside of many whole loans, RMBS, and CMBS to their principal or par amounts, whereas their corresponding hedges, if any, often have the potential for unlimited loss. Extension Risk The Company' s Manager computes the projected weighted average life of the Company' s investments based on assumptions regarding the rate at which the borrowers will prepay the underlying mortgage loans. In general, when fixed rate, adjustable rate, or hybrid mortgage loans or other mortgage - related assets are acquired via borrowings, the Company may, but is not required to, enter into an interest rate swap agreement or other economic hedging instrument that attempts to fix the Company' s borrowing costs for a period close to the anticipated average life of the fixed rate portion of the related assets, in each case subject to maintaining the Company' s qualification as a REIT and maintaining the Company' s exclusion from regulation as an investment company under the Investment Company Act. This strategy is designed to protect the Company from rising interest rates, as the borrowing costs are managed to maintain a net interest spread for the duration of the fixed rate portion of the related assets. However, if prepayment rates decrease in a rising interest rate environment, the life of the fixed rate portion of the related assets could extend

beyond the term of the swap agreement or other hedging instrument. This could have an adverse impact on the Company' s earnings, as borrowing costs would no longer be fixed after the end of the hedging instrument, while the income earned on the fixed rate, adjustable rate, or hybrid assets would remain fixed. In extreme situations, the Company may be forced to sell assets to maintain adequate liquidity, which could cause the Company to incur losses. 3. Variable Interest Entities Since its inception, the Company has utilized VIEs for the purpose of securitizing whole mortgage loans to obtain long- term non- recourse financing. The Company evaluates its interest in each VIE to determine if it is the primary beneficiary. VIEs for Which the Company is the Primary Beneficiary The Company entered into securitization transactions that resulted in the Company consolidating the VIEs used to facilitate these transactions. See Note 2 " Variable Interest Entities " for a discussion of the accounting policies applied to the consolidation of VIEs and transfers of financial assets in connection with financing transactions. The retained beneficial interest in VIEs for which the Company is the primary beneficiary is the subordinated tranches of the securitization and further interests in additional interest - only tranches. The following table summarizes the key details of the Company' s loan securitization transactions currently outstanding as of December 31, 2024 and 2023: As of: December 31, 2024December 31, 2023 ($ in thousands) Aggregate unpaid principal balance of residential whole loans sold $ 1, 781, 311 $ 1, 334, 963 Fair value adjustment for residential mortgage loans in securitization trusts (84, 316) (113, 896) Residential mortgage loans in securitization trusts, at fair value $ 1, 696, 995 $ 1, 221, 067 Outstanding amount of Non- recourse securitization obligation, at amortized cost $ 1, 630, 083 $ 1, 220, 067 Fair value adjustment for the portion of Non- recourse securitization obligation, at fair value option (36, 471) (50, 912) Non- recourse securitization obligation, collateralized by residential mortgage loans in securitization trusts at fair value $ 1, 593, 612 $ 1, 169, 154 Weighted average fixed rate for Non- recourse securitization obligation issued3. 86 % 2. 91 % Weighted average contractual maturity of Senior Bonds45 years43 yearsFor the period ended: December 31, 2024December 31, 2023 ($ in thousands) Aggregate unpaid principal balance of residential whole loans sold, at deal date $ 2, 326, 980 $ 1, 710, 381 Face amount of Non- recourse securitization obligation issued by the VIE and purchased by third- party investors, at deal date2, 194, 774 1, 619, 051 Face amount of Senior Support Certificates received by the Company, at deal date132, 206 91, 330 Aggregate cash received, at deal date273, 266 194, 746 During the years ended December 31, 2024 and 2023, the Company and its affiliates issued and sold bonds with a current face value of $ 575 million and $ 259 million to third- party investors for proceeds of $ 578 million and $ 233 million, respectively, before offering costs and accrued interest. The sold bonds issued during the years ended December 31, 2024 and 2023 are included in " Non- recourse securitization obligations, collateralized by residential mortgage loans in securitization trusts " on the Company' s consolidated balance sheets. As of December 31, 2024 and 2023, as a result of the transactions described above, securitized loans of approximately $ 1. 8 billion and $ 1. 3 billion are included in " Residential mortgage loans in securitization trusts " on the Company' s consolidated balance sheets, respectively. As of December 31, 2024 and 2023, the aggregate carrying value of sold bonds issued by consolidated VIEs was $ 1. 6 billion and $ 1. 2 billion, respectively. These sold bonds are disclosed as " Non- recourse securitization obligation, collateralized by residential mortgage loans in securitization trusts " on the Company' s consolidated balance sheets. The holders of the securitized debt have no recourse to the general credit of the Company, but the Company does have the obligation, under certain circumstances, to repurchase assets from the VIE upon the breach of certain representations and warranties with respect to the residential whole loans sold to the VIE. In the absence of such a breach, the Company has no obligation to provide any other explicit or implicit support to any VIE. The Company concluded that the entities created to facilitate the loan securitization transactions are VIEs. The Company completed an analysis of whether each VIE created to facilitate the securitization transactions should be consolidated by the Company, based on consideration of its involvement in each VIE and whether its involvement reflected a controlling financial interest that resulted in the Company being deemed the primary beneficiary of each VIE. In determining whether the Company would be considered the primary beneficiary, the following factors were assessed: • whether the Company has both the power to direct the activities that most significantly impact the economic performance of the VIE; and • whether the Company has a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE. Based on its evaluation of the factors discussed above, including its involvement in the purpose and design of the entity, the Company determined that it was required to consolidate each VIE created to facilitate the loan securitization transactions VIEs for Which the Company is Not the Primary Beneficiary The Company sponsored or participated along with other affiliates and entities managed by Angel Oak Capital in the formation of various entities that were considered to be VIEs. These VIEs were formed to facilitate securitization issuances that were comprised of secured residential whole loans and / or small balance commercial loans contributed to securitization trusts. These securities were issued as a result of the unconsolidated securitizations where the Company retained bonds from the issuances of securitizations issued by a depositor that the Company does not control. The Company determined that it was not then and is not now the primary beneficiary of any of these securitization entities, and thus has not consolidated the operating results or statements of financial position of any of these entities. The Company performs ongoing reassessments of all VIEs in which the Company has participated since its inception as to whether changes in the facts and circumstances regarding the Company' s involvement with a VIE would cause the Company' s consolidation conclusion to change, and the Company' s assessment of these VIEs remains unchanged. The securities received in the securitization transactions were classified as " available for sale " upon receipt and are included in " RMBS- at fair value " and " Other Assets " on the consolidated balance sheets as of December 31, 2024 and December 31, 2023, and details on the accounting treatment and fair value methodology of the securities can be found in Note 10 — Fair Value Measurements. See also Note 5 — Investment Securities, for the fair value of AOMT securities held by the Company, and Note 15- Other Assets, for investments in MOAs, as of December 31, 2024 and

December 31, 2023 that were retained by the Company as a result of these securitization transactions. 4. Residential Mortgage Loans Residential mortgage loans are measured at fair value. The following table sets forth the cost, fair value, weighted average interest rate, and weighted average remaining maturity of the Company' s residential mortgage loan portfolio as of December 31, 2024 and 2023: As of: December 31, 2024December 31, 2023 ($ in thousands) Cost $ 183, 149 $ 393, 443 Unpaid principal balance $ 178, 373 $ 386, 872 Net premium on mortgage loans purchased4, 776 6, 571 Change in fair value (85) (13, 403) Fair value $ 183, 064 $ 380, 040 Weighted average interest rate7. 39 % 6. 78 % Weighted average remaining maturity (years) 3029 The following table sets forth data regarding the number of consumer mortgage loans secured by residential real property 90 or more days past due and also those in formal foreclosure proceedings, and the recorded investment and unpaid principal balance of such loans as of December 31, 2024 and 2023: As of: December 31, 2024December 31, 2023 ($ in thousands) Number of mortgage loans 90 or more days past due — 7 Recorded investment in mortgage loans 90 or more days past due $ — $ 5, 754 Unpaid principal balance of loans 90 or more days past due $ — $ 5, 681 Number of mortgage loans in foreclosure — 2 Recorded investment in mortgage loans in foreclosure $ — $ 1, 956 Unpaid principal balance of loans in foreclosure $ — $ 1, 889 5. Investment Securities As of December 31, 2024, Investment Securities were comprised of non - agency RMBS and Freddie Mac and Fannie Mae " whole pool agency RMBS " (together, " RMBS ") and CMBS. As of December 31, 2023, Investment Securities were comprised of RMBS, CMBS, and U. S. Treasury Securities. The U. S. Treasury Securities held by the Company as of December 31, 2023 matured on January 9, 2024. The following table sets forth a summary of RMBS at cost as of December 31, 2024 and 2023: December 31, 2024December 31, 2023 (in thousands) AOMT RMBS $ 101, 801 $ 84, 957 Whole Pool Agency RMBS $ 201, 994 $ 391, 964 The following table sets forth certain information about the Company' s investment in RMBS as of December 31, 2024: December 31, 2024Real Estate Securities at Fair ValueRepurchase Debt (2) Allocated Capital (in thousands) AOMT RMBS (1) Mezzanine $ 12, 735 $ (5, 440) $ 7, 295 Subordinate73, 548 (19, 829) 53, 719 Interest Only / Excess12, 508 — 12, 508 Retained RMBS in VIEs (2) — (25, 286) (25, 286) Total AOMT RMBS $ 98, 791 $ (50, 555) $ 48, 236 Whole Pool Agency RMBS (3) Fannie Mae $ 161, 878 $ — $ 161, 878 Freddie Mac39, 574 — 39, 574 Whole Pool Total Agency RMBS $ 201, 452 $ — $ 201, 452 Total RMBS $ 300, 243 $ (50, 555) $ 249, 688 (1) AOMT RMBS held as of December 31, 2024 included both retained tranches of AOMT securitizations in which the Company participated and additional AOMT securities purchased in secondary market transactions. (2) A portion of repurchase debt includes borrowings against retained bonds received from on- balance sheet securitizations (i. e., consolidated VIEs). These bonds, with a fair value of $ 163. 9 million, are not reflected in the consolidated balance sheets, as the Company reflects the assets of the VIE (residential mortgage loans in securitization trusts- at fair value) on its consolidated balance sheets. (3) The whole pool RMBS presented as of December 31, 2024 were purchased from a broker to whom the Company owes approximately $ 202 million, payable upon the settlement date of the trade. See Note 8- Due to Broker. The following table sets forth certain information about the Company' s investment in RMBS as of December 31, 2023: December 31, 2023Real Estate Securities at Fair ValueRepurchase Debt (1) Allocated Capital (in thousands) AOMT RMBS (1) Senior $ — $ — $ — Mezzanine $ 10, 972 $ (844) $ 10, 128 Subordinate55, 665 (19, 812) 35, 853 Interest Only / Excess13, 059 (1, 871) 11, 188 Retained RMBS in VIEs (2) — (22, 116) (22, 116) Total AOMT RMBS $ 79, 696 $ (44, 643) $ 35, 053 Whole Pool Agency RMBS (3) Fannie Mae $ 278, 510 $ — $ 278, 510 Freddie Mac113, 852 — 113, 852 Whole Pool Total Agency RMBS $ 392, 362 $ — $ 392, 362 Total RMBS $ 472, 058 $ (44, 643) $ 427, 415 (1) AOMT RMBS held as of December 31, 2023 included both retained tranches of AOMT securitizations in which the Company participated and additional AOMT securities purchased in secondary market transactions. (2) A portion of repurchase debt includes borrowings against retained bonds received from on- balance sheet securitizations (i. e., consolidated VIEs). These bonds, with a fair value of $ 124. 1 million, are not reflected in the consolidated balance sheets, as the Company reflects the assets of the VIE (residential mortgage loans in securitization trusts- at fair value) on its consolidated balance sheets. (3) The whole pool RMBS presented as of December 31, 2023 were purchased from a broker to whom the Company owes approximately $ 392 million, payable upon the settlement date of the trade. See Note 8- Due to Broker. The following table sets forth certain information about the Company' s investment in U. S. Treasury Securities as of December 31, 2023. The Company did not hold any U. S. Treasury Securities as of December 31, 2024. DateFace ValueUnamortized Discount, netAmortized CostUnrealized LossFair ValueNet Effective Yield ($ in thousands) December 31, 2023 $ 150, 000 $ 159 $ 149, 841 $ 86 $ 149, 927 5. 30 % 6. Financing The Company has the ability to finance residential whole loans and lines of credit and commercial whole loans, utilizing lines of credit (notes payable) from various counterparties, as further described below. Outstanding borrowings bear interest at floating rates depending on the lending counterparty, the collateral pledged, and the rate in effect for each interest period, as the same may change from time to time at the end of each interest period. Some loans include upfront fees, exit or withdrawal fees, covenants and concentration limits on types of collateral pledged, many of which vary based on the counterparty. Occasionally, a lender may require certain margin collateral to be posted on a warehouse line of credit. There was no margin collateral required as of December 31, 2024 or December 31, 2023. The following table sets forth the details of all the lines of credit available to the Company for whole loan purchases during the years ended December 31, 2024 and 2023, and the drawn amounts as of December 31, 2024 and 2023: Interest Rate Pricing SpreadDrawn AmountNote PayableBase Interest RateDecember 31, 2024December 31, 2023 ($ in thousands) Multinational Bank 1 (1) Average Daily SOFR1. 75 %- 2. 10 % $ 100, 711 $ 206, 183 Global Investment Bank 2 (2) 1 month SOFR1. 75 %- 3. 35 % 15, 111 — Global Investment Bank 3 (3) Compound SOFR1. 90 %- 4. 75 % 13, 637 84, 427 Total $ 129, 459 $ 290, 610 (1) On June 24, 2024 this facility was amended with an updated interest pricing spread range of 1. 75 % and 2. 10 % and extended until December 26, 2024. On December 23, 2024, the loan financing facility was extended through June 25, 2025, in accordance with the mechanism for six- month renewal periods. (2) On March

28, 2024, the Company and two of its subsidiaries terminated the existing facility with Global Investment Bank 2 and the Company and two different subsidiaries entered into a new facility with Global Investment Bank 2 wherein the Company is guarantor, one of the subsidiaries is seller and Global Investment Bank 2 is buyer, with an original maximum facility limit of $ 250. 0 million. In connection with the execution of the new facility the interest rate pricing spread was reduced to a range between 2. 10 % and 3. 35 %. On October 25, 2024, the facility was amended to, among other changes, reduce the pricing spread to a range between 1. 75 % and 3. 35 %. (3) On November 7, 2023, this facility was renewed for a 12 month term through November 7, 2024 with a maximum borrowing capacity of $ 200 million and a base interest rate pricing spread of 180 basis points plus a 20 basis points index spread adjustment for the first six (6) months of dwell time, with an expiration date of November 7, 2024. On November 1, 2024, the facility' s termination date was extended to November 1, 2025. In addition, the base interest rate spread was reduced to a range from 1. 90 % to 4. 75 % and the index spread adjustment of 20 basis points was eliminated. The following table sets forth the total unused borrowing capacity of each financing line as of December 31, 2024: Line of Credit (Note Payable) Borrowing CapacityBalance OutstandingAvailable Financing (in thousands) Multinational Bank 1 $ 600, 000 $ 100, 711 $ 499, 289 Global Investment Bank 2250, 000 15, 111 234, 889 Global Investment Bank 3 200, 000 13, 637 186, 363 Total $ 1, 050, 000 $ 129, 459 $ 920, 541 Although available financing is uncommitted for each of these lines of credit, the Company' s unused borrowing capacity is available if it has eligible collateral to pledge and meets other borrowing conditions as set forth in the applicable agreements. Senior Unsecured Notes On July 25, 2024, the Company closed an underwritten public offering and sale of, and issued, $ 50 million in aggregate principal amount of its 9. 500 % Senior Notes due 2029 (the " Notes "). The Notes bear interest at a rate of 9. 500 % per annum, payable quarterly in arrears on January 30, April 30, July 30 and October 30 of each year. The Notes will mature on July 30, 2029, unless earlier redeemed or repurchased by the Company and are held at amortized cost. After deducting the underwriting discount and other debt issuance costs, the Company received net proceeds of approximately $ 48. 4 million. The Company may redeem the Notes in whole or in part at any time or from time to time at its option on or after July 30, 2026 at a redemption price equal to 100 % of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Upon the occurrence of certain events relating to a change of control of the Company, the Company must make an offer to repurchase all outstanding Notes at a price in cash equal to 101 % of the principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the repurchase date. The Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Operating Partnership, including the due and punctual payment of principal of, premium, if any, and interest on the Notes, whether at stated maturity, upon acceleration, call for redemption or otherwise. At December 31, 2024, the outstanding principal amount of these notes was $ 50 million and the accrued interest payable on the Notes was $ 0. 8 million. At December 31, 2024, the unamortized deferred debt issuance cost was $ 1. 4 million, and the net interest expense recognized in 2024 was $ 2. 2 million. The unamortized deferred debt issuance costs will be amortized until maturity, which will be no later than July 30, 2029. There were no Notes as of December 31, 2023. 7. Due to Broker The " Due to broker " account on the consolidated balance sheet as of December 31, 2024 and December 31, 2023 in the amount of $ 202 million and $ 392 million, respectively, relates to the purchase of Whole Pool Agency RMBS. Purchases are accounted for on a trade date basis; and, at times, there may be a timing difference between the trade date and the settlement date of a trade. The trade date of this purchase was prior to the applicable year- end dates. These trades settled in January 2025 and 2024, respectively, at which time these assets were simultaneously sold. The purchase transactions of these Whole Pool Agency RMBS are excluded from the condensed consolidated statements of cash flows until settled. 8. Securities Sold Under Agreements to Repurchase Transactions involving securities sold under agreements to repurchase are treated as collateralized financial transactions, and are recorded at their contracted repurchase amounts. Margin (if required) for securities sold under agreements to repurchase represents margin collateral amounts held to ensure that the Company has sufficient coverage for securities sold under agreements to repurchase in case of adverse price changes. As of December 31, 2024 and 2023, there was approximately $ 1. 2 million and $ 0. 3 million, respectively, held as margin cash collateral for repurchase agreements recorded in " restricted cash " on the consolidated balance sheets. The following table summarizes certain characteristics of the Company' s repurchase agreements as of December 31, 2024 and 2023: December 31, 2024Repurchase AgreementsAmount OutstandingWeighted Average Interest RateWeighted Average Remaining Maturity (Days) ($ in thousands) AOMT RMBS (1) $ 50, 555 5. 76 % 19December 31, 2023Repurchase AgreementsAmount OutstandingWeighted Average Interest RateWeighted Average Remaining Maturity (Days) ($ in thousands) U. S. Treasury Securities $ 149, 013 5. 57 % 10AOMT RMBS (1) $ 44, 643 7. 04 % 16Total $ 193, 656 5. 91 % 11 (1) A portion of repurchase debt outstanding as of December 31, 2024 and December 31, 2023 includes borrowings against retained bonds received from on- balance sheet securitizations (i. e., consolidated VIEs). See Note 5- Investment Securities. Although the transactions under repurchase agreements represent committed borrowings until maturity, the lenders retain the right to mark the underlying collateral at fair value. A reduction in the value of pledged assets would require the Company to provide additional collateral or fund margin calls. 9. Derivative Financial Instruments In the normal course of business, the Company enters into derivative financial instruments to manage its exposure to market risk, including interest rate risk and prepayment risk on its residential whole loans at fair value. The derivatives in which the Company invests, and the market risk that the economic hedge is intended to mitigate, are further discussed below. Restricted cash as of December 31, 2024 and 2023 included approximately $ 0. 9 million and $ 2. 5 million in interest rate futures margin collateral, respectively; and zero and approximately zero in TBA margin collateral, respectively. The Company uses interest rate futures as economic hedges to hedge a portion of its interest rate risk exposure. Interest rate risk is sensitive to many factors, including governmental monetary and tax policies, domestic and

international economic and political considerations, as well as other factors. The Company' s credit risk with respect to economic hedges is the risk of default on its investments that result from a borrower' s or counterparty' s inability or unwillingness to make contractually required payments. The Company may at times hold TBAs in order to mitigate its interest rate risk on certain specified mortgage- backed securities. Amounts or obligations owed by or to the Company are subject to the right of set- off with the TBA counterparty. As part of executing these trades, the Company may enter into agreements with its TBA counterparties that govern the transactions for the TBA purchases or sales made, including margin maintenance, payment and transfer, events of default, settlements, and various other provisions. Changes in the value of derivatives designed to protect against mortgage- backed securities fair value fluctuations, or economic hedging gains and losses, are reflected in the tables below. All realized and unrealized gains and losses on derivative contracts are recognized in earnings, in " net realized loss on mortgage loans, derivative contracts, RMBS, and CMBS " for realized losses, and " net unrealized loss on mortgage loans, debt at fair value option, and derivative contracts " for unrealized gains and losses. The Company considers the notional amounts, categorized by primary underlying risk, to be representative of the volume of its derivative activities. The following table sets forth the derivative instruments presented on the consolidated balance sheets and notional amounts as of December 31, 2024 and 2023: Notional AmountsAs of: Derivatives Not Designated as Hedging InstrumentsNumber of ContractsAssetsLiabilitiesLong ExposureShort Exposure ($ in thousands) December 31, 2024Interest rate futures2, 800 $ 987 $ — $ — $ 280, 000 December 31, 2024TBAsN / A $ 528 $ — $ — $ 213, 400 December 31, 2023Interest rate futures1, 489 $ — $ 840 $ — $ 148, 900 December 31, 2023TBAsN / A $ — $ 494 $ — $ 386, 700 The gains and losses arising from these derivative instruments in the consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2024, and 2023 are set forth as follows: As of: Derivatives Not Designated as Hedging InstrumentsNet Realized Gains (Losses) on Derivative InstrumentsNet Change in Unrealized Appreciation (Depreciation) on Derivative Instruments (in thousands) December 31, 2024Interest rate futures $ 5, 847 $ 1, 827 December 31, 2024TBAs $ 5, 374 $ 1, 022 December 31, 2023Interest rate futures $ 5, 492 $ (3, 947) December 31, 2023TBAs $ 16, 524 $ (13, 038) 10. Fair Value Measurements Definition and Hierarchy Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i. e., the " exit price ") in an orderly transaction between market participants at the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable or unobservable: • Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. • Unobservable inputs are inputs that reflect the reporting entity' s own assumptions. A fair value hierarchy for inputs is implemented in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are used when available. The availability of valuation techniques and the ability to attain observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is newly issued and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. The fair value hierarchy is categorized into three broad levels based on the inputs as follows: Level 1- Valuations based on unadjusted, quoted prices in active markets for identical assets and liabilities. Level 2- Valuations based on quoted prices in an inactive market, or whose values are based on models- but the inputs to those models are observable either directly or indirectly for substantially the full term of the assets and liabilities. Level 2 inputs include the following: a) Quoted prices for similar assets and liabilities in active markets (e. g. restricted stock); b) Quoted prices for identical or similar assets and liabilities in non - active markets (e. g. corporate and municipal bonds); c) Pricing models whose inputs are observable for substantially the full term of the assets and liabilities (e. g. over - the - counter derivatives); and d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability, (e. g. residential and commercial mortgage - related assets, including whole loans securities and derivatives). Level 3- Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Valuation of these assets is typically based on the Company' s Manager' s own assumptions or expectations based on the best information available. The degree of judgment exercised by the Company' s Manager in determining fair value is greatest for investments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the actual level is determined based on the level of inputs that is most significant to the fair value measurement in its entirety. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Company' s Manager in determining fair value is greatest for investments categorized in Level 3. Transfers, if any, between levels are determined by the Company on the first day of the reporting period. Valuation Techniques and Inputs Following are descriptions of the valuation methodologies used to measure the Company' s assets and liabilities measured at fair value: Investment Securities- U. S. Government and Agency Securities (" U. S. Treasury Securities " and " whole pool agency RMBS ") are valued based on unadjusted, quoted prices for identical or similar assets or liabilities in an active market. U. S. Treasury Securities are generally categorized as Level 1 securities while whole pool agency RMBS are generally classified as level 2 securities. Futures Contracts- Futures contracts that are traded on an exchange are valued at their last reported sales price as of the valuation date. Listed futures contracts are categorized in Level 1 of the fair value hierarchy. Non - Agency Residential Mortgage - Backed Securities (" Non - Agency ")- The Company utilizes PriceServe, Bank of America' s independent fixed income pricing service, as the primary valuation source for the investments. PriceServe obtains its price quotes

from actual sales or quotes for sale of the same or similar securities and / or provides model - based valuations that consider inputs derived from recent market activity including default and prepayment assumptions which can incorporate historical collateral performance, sector level market projections and market conventions. Assumptions can also be adjusted as needed to reflect updated collateral performance data, a changing economic environment, and as market views dictate. These quotes are most reflective of the price that would be achieved if the security was sold to an independent third party on the date of the consolidated financial statements. Non - Agencies are categorized in Level 2 of the fair value hierarchy. Commercial Mortgage Loans- Commercial mortgage loans, including in Other Assets, are recognized at fair value. The fair value of commercial mortgage loans at fair value is predominately based on trading activity observed in the marketplace, provided by a third - party pricing service. The pricing service obtains comparative pricing from banks, brokers, hedge funds, REITs and from its own brokerage business. The pricing service also maintains a spread matrix created from trading levels observed in the secondary market and from indications of holding values in client investments. The spreads are meant to depict the required spread demanded by investors in the current environment. The performing commercial mortgage loans are generally categorized as Level 2 securities in the fair value hierarchy, while non- performing loans are categorized as Level 3 given their limited marketability and availability of observable valuation inputs. Residential Mortgage Loans (including Residential Mortgage Loans in Securitization Trusts)- The Company recognizes residential mortgage loans at fair value. The fair value of the residential mortgage loans is predominantly based on trading activity observed in the marketplace, provided by a third - party pricing service. The third - party pricing service obtains comparative pricing from banks, brokers, hedge funds, REITs and from its own brokerage business. The third - party pricing service also maintains a spread matrix created from trading levels observed in the secondary market and from indications of holding values in client investments. The spreads are meant to depict the required spread demanded by investors in the current environment. The matrix is segregated by loan structure type (hybrid arm, fixed rate, home equity line of credit, second lien, pay option arm, etc.), delinquency status, and loan to value strata. Significant matrix inputs are analyzed at the loan level. The performing residential mortgage loans are categorized as Level 2 in the fair value hierarchy, while non - performing loans are categorized as Level 3 given their limited marketability and availability of observable valuation inputs. Both Level 2 and Level 3 loans matrix inputs include collateral behavioral models including prepayment rates, default rates, loss severity, and discount rates. Non-recourse securitization obligations, collateralized by residential mortgage loans- The portion of this obligation for which we have elected the fair value option uses the prices of the underlying bonds securing the related residential mortgage loans in securitization trusts to determine fair value. The Company utilizes PriceServe, which obtains its price quotes from actual sales or quotes for sale of the same or similar securities and / or provides model- based valuations that consider inputs derived from recent market activity including default rates, conditional prepayment rates, loss severity, expected yield to maturity, baseline discount margin / yield, recovery assumptions, tranche type, collateral coupon, age and loan size, and other inputs specific to each security. We believe that these quotes are most reflective of the price that would be achieved if the bonds were sold to an independent third party on the date of the consolidated financial statements. The portion of this liability for which we have elected the fair value option is categorized as Level 2 in the fair value hierarchy. Other assets and liabilities- The fair value of cash, restricted cash, principal and interest receivable, other assets (principally consisting of prepaid assets), notes payable, securities sold under obligation to repurchase, amounts due to broker and accrued expenses (including those payable to an affiliate and management fees payable to an affiliate), and interest payable approximate their carrying values due to the nature of these assets and liabilities. Valuation Processes The Company' s Manager establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are verifiable. The valuation committee of the Company' s Manager (the " Committee ") oversees the valuation process of the Company' s investments. The Committee is comprised of various personnel of the Company' s Manager, including those that are separate from the Company' s portfolio management and trading functions. The Committee is responsible for developing the Company' s written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies. The Committee meets on a monthly basis, or more frequently as needed, to review the valuations of the Company' s investments. If a security does not have a pricing source which is available or reliable, the Company' s Manager considers all appropriate factors relevant to determine the fair value of the security. Valuations determined by the Company' s Manager are required to be supported by market data, third - party pricing sources, and industry accepted pricing models. The following table sets forth information about the Company' s financial assets and liabilities measured at fair value as of December 31, 2024: Level 1Level 2Level 3Total (in thousands) Assets, at fair valueResidential mortgage loans $ — $ 183, 064 $ — $ 183, 064 Residential mortgage loans in securitization trusts — 1, 664, 921 32, 074 1, 696, 995 Investments in securitiesAOMT RMBS (1) — 98, 791 — 98, 791 Whole Pool Agency RMBS — 201, 452 — 201, 452 Unrealized depreciation on futures contracts987 — — 987 Unrealized depreciation on TBAs528 — — 528 Other Assets, at fair value (2) — 10, 807 — 10, 807 Total assets, at fair value $ 1, 515 $ 2, 159, 035 $ 32, 074 $ 2, 192, 624 Liabilities, at fair valueNon- recourse securitization obligation, collateralized by residential mortgage loans (3) $ — $ 1, 524, 828 $ — $ 1, 524, 828 Total liabilities, at fair value $ — $ 1, 524, 828 $ — $ 1, 524, 828 (1) Non - Agency RMBS held as of December 31, 2024 included both retained tranches of AOMT securitizations in which the Company participated, additional AOMT securities purchased in secondary market transactions, and other RMBS purchased in secondary market transactions. All AOMT CMBS held as of December 31, 2024 was comprised of a small- balance commercial loan securitization issuance in which the Company participated. (2) Includes Commercial Loans and AOMT CMBS assets. All AOMT CMBS held as of December 31, 2024 was comprised of a small- balance commercial loan securitization issuance in which the Company participated. (3) Only the portion subject to fair value

measurement, as adjusted for fair value, is presented above. See below in " Assets and Liabilities Held at Amortized Cost- Fair Value Disclosure " for the disclosure of the full debt at fair value. All unrealized gains and losses arising from valuation changes in residential and commercial mortgage loans, TBAs, and futures contracts are recognized in net income for the periods presented. Transfers from Level 2 to Level 3 were comprised of residential loans more than 90 days overdue (including those in foreclosure) and commercial mortgage loans in special servicing or otherwise considered " non - performing " by the Company' s third - party valuation providers. Transfers between Levels are deemed to take place on the first day of the reporting period in which the transfer has taken place. Transfers between Level 2 and Level 3 were immaterial for the year ended December 31, 2024. We use third - party valuation firms who utilize proprietary methodologies to value our residential and commercial loans. These firms generally use both market comparable information and discounted cash flow modeling techniques to determine the fair value of our assets. Use of these techniques requires determination of relevant input and assumptions, some of which represent significant unobservable inputs such as anticipated credit losses, prepayment rates, default rates, or other valuation assumptions. Accordingly, a significant increase or decrease in any of these inputs in isolation may result in a significantly lower or higher fair value measurement. The following table sets forth information regarding the Company' s significant Level 3 inputs as of December 31, 2024: Input ValuesAssetFair ValueUnobservable InputRangeAverageResidential mortgage loans in securitization trust, at fair value $ 32, 074 Prepayment rate (annual CPR) 3. 64 %- 19. 83 % 8. 48 % Default rate6. 94 %- 42. 76 % 16. 77 % Loss severity (23. 04) %- 16. 94 % (1. 96) % Expected remaining life1. 33- 5. 92 years2. 68 years Portion of Non- Recourse Securitization Obligations, Collateralized by Residential Mortgage Loans- Held at Amortized Cost To determine the fair value of the Company' s non- recourse securitization obligations, collateralized by residential mortgage loans, net, held at amortized cost, the Company uses the same method of valuation as described previously in the discussion of Valuation Techniques and Inputs for both the portion of the obligation measured at fair value and the portion of the obligation held at amortized cost, for which fair value is disclosed, as below. As of December 31, 2024, the total amortized cost basis and fair value of our non- recourse securitization obligations was $ 1. 65 billion and $ 1. 52 billion, respectively, a difference of approximately $ 124. 3 million (which includes AOMT 2022- 1, AOMT 2022- 4, AOMT 2023- 4, AOMT 2024- 4, and AOMT 2024- 10, which are marked to fair value; and AOMT 2021- 7 and AOMT 2021- 4, which are carried at amortized cost, as the fair value option was not elected at the time of the creation of these obligations). The fair value solely attributable to AOMT 2021- 4 and 2021- 7 is approximately $ 68. 8 million less than the amortized cost. The difference between the amortized cost basis value and the fair value is derived from the difference between the period- end market pricing of the underlying bonds, as referred to above, and the amortized cost of the obligation. The fair value of the non- recourse securitization debt is not indicative of the amounts at which we could settle this debt. As of December 31, 2023, the total amortized cost basis and fair value of our non- recourse securitization obligations was $ 1. 24 billion and $ 1. 09 billion, respectively, a difference of approximately $ 156. 4 million (which includes AOMT 2022- 1, AOMT 2022- 4, and AOMT 2023- 4, which are marked to fair value; and AOMT 2021- 7 and AOMT 2021- 4, which are carried at amortized cost, as the fair value option was not elected at the time of the creation of these obligations). The fair value solely attributable to AOMT 2021- 4 and 2021- 7 is approximately $ 81. 9 million less than the amortized cost. The difference between the amortized cost basis value and the fair value is derived from the difference between the period- end market pricing of the underlying bonds, as referred to above, and the amortized cost of the obligation. The fair value of the non- recourse securitization debt is not indicative of the amounts at which we could settle this debt. Investments in Majority- Owned Affiliates To determine the fair value of the Company' s investments in majority- owned affiliates, which are held at amortized cost and included in " other assets ", the Company uses the prices of the underlying bonds in the investments to determine fair value. The Company utilizes PriceServe, Bank of America' s independent fixed income pricing service, as the primary valuation source for these bonds. PriceServe obtains its price quotes from actual sales or quotes for sale of the same or similar securities and / or provides model - based valuations that consider inputs derived from recent market activity including default rates, conditional prepayment rates, loss severity, expected yield to maturity, baseline discount margin / yield, recovery assumptions, tranche type, collateral coupon, age and loan size, and other inputs specific to each security. We believe that these quotes are most reflective of the price that would be achieved if the bonds were sold to an independent third party on the date of the consolidated financial statements. The amortized cost and fair value of these investments as of December 31, 2024 was approximately $ 20. 6 million and $ 16. 6 million, respectively. The amortized cost and fair value of these investments as of December 31, 2023 was approximately $ 16. 2 million and $ 16. 7 million, respectively. The Company' s senior unsecured notes trade actively in the secondary market. To determine the fair value of the Company' s senior unsecured notes, the Company multiplies the number of outstanding senior unsecured notes by their closing price as of December 31, 2024. The fair value of the senior unsecured notes as of December 31, 2024 was $ 50. 8 million The Company holds the senior unsecured notes on its balance sheet at their balance net of amortized discount and debt issuance cost, or 47. 7 million. The difference between the balance net of amortized discount and debt issuance cost and the fair value is $ 3. 0 million as of December 31, 2024. The fair value of the non- recourse securitization debt is not indicative of the amounts at which we could settle this debt. The following table sets forth information about the Company' s financial assets and liabilities measured at fair value as of December 31, 2023 (1): Level 1Level 2Level 3Total (in thousands) Assets, at fair valueResidential mortgage loans $ — $ 374, 004 $ 6, 036 $ 380, 040 Residential mortgage loans in securitization trusts — 1, 207, 804 13, 263 1, 221, 067 Investments in securitiesAOMT RMBS (1) — 79, 696 — 79, 696 Whole Pool Agency RMBS — 392, 362 — 392, 362 U. S. Treasury Securities149, 927 — — 149, 927 Other Assets, at fair value (2) — 11, 811 — 11, 811 Total assets, at fair value $ 149, 927 $ 2, 065, 677 $ 19, 299 $ 2, 234, 903 Liabilities, at fair valueNon- recourse securitization obligation, collateralized by residential mortgage loans (3) $ — $

743, 189 $ — $ 743, 189 Unrealized depreciation on futures contracts (840) — — (840) Unrealized depreciation on TBAs (494) — — (494) Total liabilities, at fair value $ (1, 334) $ 743, 189 $ — $ 741, 855 (1) Non - Agency RMBS held as of December 31, 2023 included both retained tranches of AOMT securitizations in which the Company participated, additional AOMT securities purchased in secondary market transactions, and other RMBS purchased in secondary market transactions. All AOMT CMBS held as of December 31, 2023 was comprised of a small- balance commercial loan securitization issuance in which the Company participated. (2) Includes Commercial Loans and AOMT CMBS assets. All AOMT CMBS held as of December 31, 2023 was comprised of a small- balance commercial loan securitization issuance in which the Company participated. (3) Only the portion subject to fair value measurement, as adjusted for fair value, is presented above. See above in " Assets and Liabilities Held at Amortized Cost- Fair Value Disclosure " for the disclosure of the full debt at fair value. Transfers from Level 2 to Level 3 were comprised of residential loans more than 90 days overdue (including those in foreclosure) and commercial mortgage loans in special servicing or otherwise considered " non - performing " by the Company' s third - party valuation providers. Transfers between Levels are deemed to take place on the first day of the reporting period in which the transfer has taken place. Transfers between Level 2 and Level 3 were immaterial for the year ended December 31, 2023. We use third - party valuation firms who utilize proprietary methodologies to value our residential and commercial loans. These firms generally use both market comparable information and discounted cash flow modeling techniques to determine the fair value of our Level 3 assets. Use of these techniques requires determination of relevant input and assumptions, some of which represent significant unobservable inputs such as anticipated credit losses, prepayment rates, default rates, or other valuation assumptions. Accordingly, a significant increase or decrease in any of these inputs in isolation may result in a significantly lower or higher fair value measurement. The following table sets forth information regarding the Company' s significant Level 3 inputs as of December 31, 2023: Input ValuesAssetFair ValueUnobservable InputRangeAverageResidential mortgage loans, at fair value $ 6, 036 Prepayment rate (annual CPR) 6. 86 %- 19. 93 % 13. 40 % Default rate12. 69 %- 13. 64 % 13. 16 % Loss severity (25. 00) %- 40. 13 % 4. 12 % Expected remaining life0. 67- 4. 09 years2. 22 yearsResidential mortgage loans in securitization trust, at fair value $ 13, 263 Prepayment rate (annual CPR) 5. 97 %- 20. 71 % 12. 32 % Default rate4. 38 %- 28. 66 % 16. 92 % Loss severity (13. 99) %- 19. 60 % 4. 14 % Expected remaining life0. 67- 5. 67 years2. 72 years 11. Income Taxes The Company has elected to be taxed as a REIT commencing with its taxable year ended December 31, 2019. As long as the Company qualifies as a REIT, the Company generally will not be subject to U. S. federal income taxes on its taxable income to the extent it annually distributes its REIT taxable income to stockholders and does not engage in prohibited transactions (as further described below). Income tax (benefit) items arise at the Company' s TRS level. Certain sales by the group consisting of the Company and its subsidiaries may give rise to gain that could be treated as derived from " prohibited transactions " if carried out by the Company directly. Such transactions involve the purchase of residential mortgage loans and the subsequent sale of those mortgage loans or interests therein through the secondary whole loan market or the securitization markets. The Company has designated AOMR TRS to conduct such transactions rather than Angel Oak Mortgage REIT, Inc. The Company files separate U. S. federal and state corporate income tax returns for Angel Oak Mortgage REIT, Inc. and AOMR TRS. AOMR TRS is taxed as a standalone U. S. C - corporation on all of its separately computed taxable income. The Company' s federal income tax returns for 2019 and forward are subject to examination. The Company' s state income tax returns are generally subject to examination for 2019 and forward. The following table sets forth the income tax provision (benefit) as recorded in the Company' s consolidated statements of comprehensive income (loss) for the years ended December 31, 2024 and 2023: December 31, 2024December 31, 2023 (in thousands) CurrentFederal $ 6, 474 $ 4, 774 State848 1, 312 Total current income tax expense7, 322 6, 086 DeferredFederal (3, 382) (3, 800) State (679) (1, 040) Total deferred income tax expense (benefit) (4, 061) (4, 840) Total income tax expense (benefit) $ 3, 261 $ 1, 246 Deferred Tax Assets (" DTAs ") and Assessing the Realizability of the Company' s DTAs Realization of the Company' s DTAs as of December 31, 2024, is dependent on many factors, including generating sufficient taxable income prior to the expiration of net operating loss (" NOL ") carryforwards (where applicable). The Company determines the extent to which realization of its deferred assets is not assured and establishes a valuation allowance accordingly. As the Company' s TRS incurred a NOL during the year ended December 31, 2022, the Company closely analyzed its estimate of the realizability of its net DTAs in whole and in part. The NOLs incurred in 2022 can be carried forward indefinitely, until fully utilized. The Company evaluates its DTAs each period to determine if a valuation allowance is required based on whether it is " more likely than not " that some portion of the DTAs would not be realized. This evaluation requires significant judgment, and changes to the Company' s assumptions could result in a material change in the valuation allowance. The ultimate realization of these DTAs is dependent upon the generation of sufficient taxable income during future periods. The Company conducts its evaluation by considering, among other things, all available positive and negative evidence, historical operating results and cumulative earnings analysis, forecasts of future profitability, and the duration of statutory carryforward periods. Based on this analysis, the Company continues to believe it is more likely than not that it will not fully realize its federal and state DTAs in future periods. Therefore, the Company has recorded a valuation allowance against the majority of its DTAs, as set forth in the table, below. The Company' s estimate of net DTAs could change in future periods to the extent that actual or revised estimates of future taxable income during the carryforward periods change from current expectations. The Company assessed its tax positions for all open tax years and concluded that it had no uncertain tax positions that resulted in material unrecognized tax benefits. The tax effects of temporary differences that give rise to significant portions of the net DTA recorded at the TRS entity as of December 31, 2024 and 2023 are set forth in the following table: December 31, 2024December 31, 2023 (in thousands) DTANet operating loss carryforward $ 37, 455 $ 40, 714 Utilization of operating loss carryforwards (4, 026) (4, 840) Valuation allowance (29, 972) (32, 417) Total DTA3,

457 3, 457 Reconciliation of Statutory Tax Rate to Effective Tax Rate The difference between the Company' s reported provision for income taxes and the U. S. federal statutory rate of 21 % is set forth as follows for the years ended December 31, 2024 and 2023: December 31, 2024December 31, 2023Federal statutory rate21. 00 % 21. 00 % State statutory rate, net of federal tax effect4. 26 % 5. 75 % Change in valuation allowance (12. 58) % (14. 80) % Non- taxable REIT income (5. 91) % (8. 40) % Total provision6. 77 % 3. 55 % 12. Related Party Transactions Residential Mortgage Loan Purchases The Company has residential mortgage loan purchase agreements with various affiliates of the Company. The purchase price of the loans is generally equal to the outstanding principal of the mortgage, adjusted by a premium or discount, depending on market conditions. The Company purchases the mortgage loans on a servicing retained basis. The residential mortgage loans are on residences located in various states with a concentration in California and Florida. The following table sets forth certain financial information pertaining to whole loan activity purchased from affiliates during the years ended and as of December 31, 2024 and 2023: As of and for the Year Ended: Amount of Loans Purchased from Affiliates during the YearNumber of Loans Purchased from Affiliates during the YearNumber of Loans Purchased from Affiliates, Owned and Held at December 31 (1): ($ in thousands) 2024 $ 255, 368 558 83 2023 $ 199, 793 475 589 (1) Excludes loans held in consolidated securitizations. Management Fee The Company and the Operating Partnership have entered into an Amended and Restated Management Agreement with the Manager, dated as of May 1, 2024 (the " Management Agreement "). Per the Management Agreement, on a quarterly basis in arrears, the Company shall pay its Manager an aggregate, fixed management fee equal to 1. 5 % per annum of the Company' s Equity (as defined in the Management Agreement). Incentive Fee Under the Management Agreement, the Manager is also entitled to an incentive fee, which is calculated and payable in cash 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) 15 % and (b) the excess of (i) the Company' s Distributable Earnings (as defined in the Management Agreement) for the previous 12- month period, over (ii) the product of (A) the Company' s Equity in the previous 12- month period, and (B) 8 % per annum, over (2) the sum of any incentive fee earned by the Manager with respect to the first three calendar quarters of such previous 12- month period. To date, the incentive fee has not been earned. Operating Expense Reimbursements The Company is also required to pay the Manager reimbursements for certain general and administrative expenses pursuant to the Management Agreement. Accrued expenses payable to affiliate and operating expenses incurred with affiliate are substantially comprised of payroll reimbursements. 13. Commitments and Contingencies The Company, from time to time, may be party to litigation relating to claims arising in the normal course of business. As of December 31, 2024, the Company was not aware of any legal claims that could materially impact its financial condition. As of December 31, 2024, the Company had no unfunded commitments. The Company has entered into forward purchase commitments with counterparties whereby the Company commits to purchasing residential mortgage loans at a particular price, provided the residential mortgage loans close with the counterparties. As of December 31, 2024, the Company has a total purchase commitments of $ 152. 6 million related to both Angel Oak Mortgage Lending and third parties. These commitments represent off- balance sheet risk where the Company may be required to extend credit. As of December 31, 2023, the Company has a total purchase commitments of $ 28 million related to both Angel Oak Mortgage Lending and third parties. 14. Accumulated Other Comprehensive Income / (Loss) The following table sets forth the net unrealized gain / (loss) on AFS securities for the fiscal year ended December 31, 2024 and 2023, which is the sole component of the changes in the Company' s Accumulated Other Comprehensive Income / (Loss) (" AOCI ") for the fiscal year concluded on December 31, 2024 and 2023: December 31, 2024December 31, 2023 (in thousands) AOCI balance, beginning of period $ (4, 975) $ (21, 127) Net unrealized gain / (loss) on AFS securities1, 500 16, 152 AOCI balance, end of period $ (3, 475) $ (4, 975) 15. Other Assets The following table sets forth the detail of other assets included in the condensed consolidated balance sheets as of December 31, 2024 and December 31, 2023: December 31, 2024December 31, 2023 ($ in thousands) Investments in Majority- Owned Affiliates $ 20, 680 $ 16, 232 Commercial Mortgage Loans, at fair value5, 214 5, 219 CMBS, at fair value5, 593 6, 592 Deferred tax asset3, 457 3, 457 Prepaid expenses1, 095 1, 137 Protective advances and other assets879285Total other assets $ 36, 918 $ 32, 922 Investments in Majority- Owned Affiliates (" MOA ") In 2023 and 2024, the Company participated in securitization transactions which involved MOAs in which the Company received investments in each case proportional to its share of the scheduled unpaid principal balance of the residential whole loans contributed to the securitizations. The purpose of the MOAs is to retain and hold risk retention bonds issued by the securitization trust. Each MOA is a limited liability company and is accounted for as an equity method investment and held at amortized cost. The investment will be tested for impairment at least annually utilizing undiscounted cash flows of the underlying bonds. See Note 10 — Fair Value Measurements. Commercial mortgage loans are measured at fair value. As of December 31, 2024 and December 31, 2023, the cost and unpaid principal balance of the assets was $ 5. 6 million and $ 5. 6 million, with a fair value of $ 5. 2 million and $ 5. 2 million, respectively. The weighted average interest rate was 6. 24 % with a weighted average maturity of 11 years, as of December 31, 2024. There were no commercial mortgage loans more than 90 days past due or in foreclosure as of December 31, 2024 or December 31, 2023. Commercial Mortgage Backed Securities CMBS are held at fair value. As of December 31, 2024 and December 31, 2023, the cost of these assets were $ 6. 1 million and $ 6. 3 million, with a fair value of $ 5. 6 million and $ 6. 6 million, respectively. There was no repurchased debt held against these assets at December 31, 2024 or December 31, 2023. 16. Stockholders Equity As of December 31, 2024, the Company had 6, 973, 959 shares of our common stock remaining available for sale from time ~~involves significant risks. Before making a decision~~ to ~~invest~~ time in at- the- market equity offering program (the " ATM Program "). Shares sold under the ATM Program are registered with the SEC under our shelf registration statement. During the year ended December 31, 2024, the Company issued and sold 188, 456 shares of common stock through ~~, you~~

~~should carefully consider~~ the **ATM Program for proceeds of $ 2. 3 million, net of $ 45 thousand in commissions and fees. On July 25, 2024 the Company repurchased 1, 707, 922 shares of common stock owned by Xylem Finance LLC, an affiliate of Davidson Kempner Capital Management, LP, for an aggregate repurchase price of approximately $ 20. 0 million** following **the issuance of $ 50 million in aggregate principal amount of the Notes. 17. Earnings per Share (" EPS ") In the calculations of basic and diluted earnings per common share for the years ended December 31, 2024 and 2023, the Company included participating securities, which are certain equity awards that have non- forfeitable dividend participation rights. Dividends and undistributed earnings allocated to participating securities under the basic and diluted earnings per share calculations require specific shares to be included that may differ in certain circumstances, and the Company determined that this difference was not material. For the year ended December 31, 2024, there were 110, 146 outstanding restricted stock awards included in the diluted weighted average common shares outstanding. For the year ended December 31, 2023, there were 196, 353 outstanding restricted stock awards included in the diluted weighted average common shares outstanding. The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2024 and 2023: December 31, 2024December 31, 2023 (in thousands, except share and per share data) Basic Earnings per Common Share: Net income allocable to common stockholders $ 28, 750 $ 33, 714 Dividends allocated to participating securities (155) (89) Net income (loss) to common stockholders- basic28, 595 33, 625 Basic weighted average common shares outstanding24, 179, 039 24, 722, 285 Basic earnings per common share $ 1. 18 $ 1. 36 Diluted Earnings per Common Share: Net income (loss) to common stockholders- basic $ 28, 750 $ 33, 714 Dividends allocated to participating securities (155) (89) Net income (loss) to common stockholders- diluted28, 595 33, 625 Basic weighted average common shares outstanding24, 179, 039 24, 722, 285 Net effect of dilutive equity awards217, 812 219, 473 Diluted weighted average common shares outstanding24, 396, 851 24, 941, 758 Diluted earnings per common share $ 1. 17 $ 1. 35 18. Equity Compensation Plan On June 21, 2021, the Company established its sole equity compensation plan, the 2021 Equity Incentive Plan (the " Plan "), with 2, 125, 000 shares initially available for grant. As of December 31, 2024, 1, 266, 127 shares of common stock were available for grant under the Plan, which shares available are reduced by a target of 162, 534 shares of common stock that may be issued upon the achievement of certain performance conditions under outstanding PSUs (as further described below) and 110, 146 of time- based restricted stock awards that will vest upon the participants' meeting the contractual service- based vesting conditions. Compensation expense for the years ended December 31, 2024 and 2023 related to these awards was approximately $ 1. 3 million and $ 1. 7 million, respectively. The unamortized compensation expense of the restricted stock awards issued under the Plan totaled approximately $ 792 thousand as of December 31, 2024. This cost will be recognized over a weighted average period of 1. 9 years. Restrictions on the restricted stock awards outstanding lapse through July 1, 2028, as service conditions are completed and the awards vest accordingly. Holders of unvested restricted stock awards receive non- forfeitable dividends along with other common stockholders. Restricted Stock Awards The following table summarizes activity for our restricted stock awards during the years ended December 31, 2024 and 2023: Number of awardsWeighted average grant date fair market valueOutstanding as of December 31, 2022269, 524 17. 09 Granted101, 456 8. 05 Vested (113, 088) 16. 76 Forfeited (61, 539) 16. 28 Outstanding as of December 31, 2023196, 353 12. 86 Granted65, 464 $ 12. 51 Vested (140, 575) $ 13. 66 Forfeited (11, 096) $ 12. 33 Outstanding as of December 31, 2024110, 146 $ 11. 69 The Board of Directors have awarded a total of 229, 382 PSUs, at a weighted average grant date fair value of $ 10. 88 per share, to certain employees of the Manager and its affiliates, of which 162, 534 PSUs remained outstanding as of December 31, 2024 (based on target performance), due to forfeitures of 66, 848 PSUs. If the performance criteria are met, the PSUs shall vest 50 % on the third anniversary of the awards and 50 % on the fourth anniversary of the awards. The number of shares vested is based on the achievement of the performance goals set forth in the applicable award agreements over the relative performance periods. Dividend Equivalents Relating to PSUs A dividend equivalent is a right to receive a distribution equal to the dividend distributions that would be paid on a share of the Company' s common stock. Dividend equivalents may be granted as a separate instrument or may be a right associated with the grant of another award (e. g., a PSU) under the Plan. Should the performance criteria for these shares be met and the shares vest, the number of shares subject to the PSU awards shall increase by (i) the product of the total number of shares subject to the PSU award immediately prior to such dividend date multiplied by the dollar amount of the cash dividend paid per share of stock by the Company on such dividend date, divided by (ii) the fair market value of a share of stock on such dividend date (i. e., would be subject to dividend equivalents for any dividends paid between the grant date and the vesting date of the PSUs). Any such additional shares issued by virtue of the vesting of dividend equivalents are subject to the same vesting conditions and payment terms set forth as to the PSUs to which they relate. As of December 31, 2024 we have accrued an estimated $ 326 thousand for earned dividends payable for performance share units upon vesting. 19. Subsequent Events Subsequent events of significance for disclosure purposes only (i. e., subsequent events that are not recognized in the financial statements as of and for the year ended December 31, 2024) are as follows: On February 6, 2025, the Company declared a dividend of $ 0. 32 per share of common stock, that was paid on February 28, 2025 to common stockholders of record as of February 21, 2025. ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE None. ITEM 9A. CONTROLS AND PROCEDURES DISCLOSURE CONTROLS AND PROCEDURES The Company' s management, with the participation of the Company' s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company' s disclosure controls and procedures (as such term is defined in Rules 13a- 15 (e) and 15d- 15 (e) under the Exchange Act) as of December 31, 2024. The Company' s disclosure controls and procedures are designed to provide reasonable assurance that information is recorded, processed, summarized and reported accurately and on a timely basis. Based on such evaluation, the Company' s Chief Executive Officer and Chief Financial Officer**

have concluded that, as of the end of the period covered by this report, the Company' s disclosure controls and procedures were effective. MANAGEMENT' S ANNUAL REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rules 13a- 15 (f) and 15d- 15 (f) under the Exchange Act as a process designed by, or under the supervision of, the Company' s principal executive and principal financial officers and effected by the Company' s Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that: • pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; • provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and • provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company' s assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks **that controls may become inadequate because of changes** in ~~addition to~~ **conditions or that the degree of compliance with the policies or procedures may deteriorate. The Company' s management assessed the effectiveness of the Company' s internal control over financial reporting as of December 31, 2024. In making this assessment, the Company' s management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control- Integrated Framework (2013). Based on its assessment, the Company' s management believes that, as of December 31, 2024, the Company' s internal control over financial reporting was effective based on** ~~the~~ **those criteria. REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM This Annual Report on Form 10- K does not include an attestation report of our independent registered public accounting firm due to our non- accelerated filer status. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING There were no changes in our internal control over financial reporting (as defined in Rule 13a- 15 (f) under the Exchange Act) during the quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. ITEM 9B. OTHER INFORMATION Rule 10b5- 1 Trading Plans During the quarter ended December 31, 2024, no director or officer (as defined in Rule 16a- 1 (f) under the Exchange Act) of the Company adopted or terminated any Rule 10b5- 1 trading arrangements or non- Rule 10b5- 1 trading arrangements (in each case, as defined in Item 408 (a) of Regulation S- K). ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS PART III ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE Information required by this Item will be set forth in our proxy statement for our 2025 annual meeting of stockholders (to be filed within 120 days after December 31, 2024) (the " Proxy Statement ") under the captions " Proposal No. 1 — Election of Directors, " " Corporate Governance Matters, " " Delinquent Section 16 (a) Reports " and " Executive Officers, " and is incorporated herein by reference. We have an Insider Trading and Confidentiality Policy governing the purchase, sale and** other **transactions** ~~information contained~~ in **the Company' s securities by directors, officers and employees of the Company, and by officers and employees of our Manager. We believe our Insider Trading and Confidentiality Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and applicable NYSE listing standards. A copy of our Insider Trading and Confidentiality Policy is filed with** this Annual Report on Form 10- K **as Exhibit 19** . **1. ITEM 11. EXECUTIVE COMPENSATION Information required by this Item will be set forth in our Proxy Statement under the captions " Executive Compensation " (other than the disclosure under the caption " Pay Versus Performance ") and " Corporate Governance Matters — Director Compensation, " and is incorporated herein by reference. ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS Information required by this Item will be set forth in our Proxy Statement under the captions " Securities Authorized for Issuance Under Equity Compensation Plans " and " Beneficial Ownership of Common Stock by Certain Beneficial Owners and Management, " and is incorporated herein by reference. ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE Information required by this Item will be set forth in our Proxy Statement under the captions " Corporate Governance Matters " and " Certain Relationships and Related Party Transactions, " and is incorporated herein by reference. ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES Information required by this Item will be set forth in our Proxy Statement under the caption " Proposal No. 2 — Ratification of Appointment of Auditors, " and is incorporated herein by reference. PART IV ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES** The ~~risks discussed in~~ **following documents are filed as part of this report: (1) Financial Statements: See Part II, Item 8, of** this Annual Report on Form 10- K **. (2)** ~~can materially adversely affect our business, financial~~ **Financial** ~~condition, liquidity, results~~ **Statement Schedules: (3) Exhibits: Exhibit NumberDescription3. 1Articles** of ~~operations~~ **Amendment and Restatement of the Company, dated June 17, 2021 (incorporated by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed on June 23, 2021) 3. 2Articles of Amendment of the Company, effective as of March 10, 2023 (incorporated by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed on March 2, 2023) 3. 3Fourth Amended and Restated Bylaws of the Company, effective as of March 10, 2023 (incorporated by reference to Exhibit 3. 2 to the Company' s Current Report on Form 8- K filed on March 2, 2023) 4. 1Indenture, dated as of July 25, 2024, among Angel Oak Mortgage REIT, Inc., as issuer, Angel Oak Mortgage Operating Partnership, LP, as guarantor, and U. S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4. 1 to the Company' s Current**

Report on Form 8- K filed on July 25, 2024) 4. 2First Supplemental Indenture, dated as of July 25, 2024, among Angel Oak Mortgage REIT, Inc., as issuer, Angel Oak Mortgage Operating Partnership, LP, as guarantor, and U. S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4. 2 to the Company' s Current Report on Form 8- K filed on July 25, 2024) 4. 3Form of 9. 500 % Senior Notes due 2029 (including the notation of guarantee) (incorporated by reference to Exhibit 4. 3 to the Company' s Current Report on Form 8- K filed on July 25, 2024) 4. 4 * Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 193410. 1Amended and Restated Limited Partnership Agreement of Angel Oak Mortgage Operating Partnership, LP, dated June 21, 2021 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on June 23, 2021) 10. 2Amended and Restated Management Agreement among Angel Oak Mortgage REIT, Inc., Angel Oak Mortgage Operating Partnership, LP and Falcons I, LLC, dated as of May 1, 2024 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on May 6, 2024) 10. 3Trademark License Agreement between the Company and Angel Oak Companies, LP, dated June 16, 2021 (incorporated by reference to Exhibit 10. 3 to the Company' s Current Report on Form 8- K filed on June 23, 2021) 10. 4Shareholder Rights Agreement among the Company, Falcons I, LLC and NHTV Atlanta Holdings LP, dated June 21, 2021 (incorporated by reference to Exhibit 10. 4 to the Company' s Current Report on Form 8- K filed on June 23, 2021) 10. 5Shareholder Rights Agreement among the Company, Falcons I, LLC and Xylem Finance LLC, dated June 21, 2021 (incorporated by reference to Exhibit 10. 5 to the Company' s Current Report on Form 8- K filed on June 23, 2021) 10. 6Registration Rights Agreement between the Company and Falcons I, LLC, dated June 21, 2021 (incorporated by reference to Exhibit 10. 7 to the Company' s Current Report on Form 8- K filed on June 23, 2021) 10. 7 * Registration Rights Agreement among the Company and the partners of Angel Oak Mortgage Fund, LP, dated June 21, 2021 (incorporated by reference to Exhibit 10. 8 to the Company' s Current Report on Form 8- K filed on June 23, 2021) 10. 8Mortgage Loan Purchase Agreement (Servicing Released Mortgage Loans) between Angel Oak Mortgage Fund TRS and Angel Oak Home Loans LLC, dated October 1, 2018 (incorporated by reference to Exhibit 10. 12 to the Company' s Registration Statement on Form S- 11 filed on June 8, 2021) 10. 9Mortgage Loan Purchase Agreement (Servicing Released Mortgage Loans) between Angel Oak Mortgage Fund TRS and Angel Oak Mortgage Solutions LLC, dated October 1, 2018 (incorporated by reference to Exhibit 10. 13 to the Company' s Registration Statement on Form S- 11 filed on June 8, 2021) 10. 10Amended and Restated Mortgage Loan Purchase Agreement between Angel Oak Mortgage Fund TRS and Angel Oak Mortgage Solutions LLC (Servicing Released Mortgage Loans) dated effective as of May 22, 2023 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on May 24, 2023) 10. 11 * Second Amended and Restated Mortgage Loan Purchase Agreement between Angel Oak Mortgage Fund TRS and Angel Oak Mortgage Solutions LLC (Servicing Released Mortgage Loans) dated effective as of November 29, 2023 Exhibit NumberDescription10. 12 * Second Amended and Restated Servicing Agreement between Angel Oak Mortgage Fund TRS, as mortgage servicing rights owner, and Select Portfolio Servicing, Inc., as servicer, dated effective as of September 15, 202310. 13 * Second Amended and Restated Master Repurchase Agreement among Angel Oak Mortgage Fund TRS, Angel Oak Mortgage Operating Partnership, LP and Global Investment Bank 3, dated November 7, 202310. 14 * Fifth Amended and Restated Guaranty Agreement by the Company in favor of Global Investment Bank 3, dated November 7, 2023 and effective as of June 21, 2021 10. 15Amended and Restated Pricing Side Letter among the Company, Angel Oak Mortgage Operating Partnership, LP, Angel Oak Mortgage Fund TRS, and Royal Bank of Canada, dated August 4, 2022 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on August 8, 2022) 10. 16Master Repurchase Agreement, dated as of December 21, 2018, among Banc of California, National Association, the Company, and Angel Oak Mortgage Fund TRS (incorporated by reference to Exhibit 10. 15 to the Company' s Registration Statement on Form S- 11 filed on June 8, 2021) 10. 17 Amended and Restated Variable Terms Letter among the Company, Angel Oak Mortgage Fund TRS, and Banc of California, National Association, dated March 7, 2022 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on March 10, 2022) 10. 18Amended and Restated Master Repurchase Agreement among the Company, Angel Oak Mortgage Fund TRS and Deutsche Bank AG, New York Branch, dated June 21, 2021 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on June 25, 2021) 10. 19Amendment No. 1 to the Amended and Restated Master Repurchase Agreement by and among Angel Oak Mortgage Fund TRS, the Company, and Deutsche Bank AG, New York Branch, dated February 4, 2022 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on February 7, 2022) 10. 20Master Repurchase Agreement among Royal Bank of Canada; Angel Oak Mortgage Operating Partnership, LP; Angel Oak Mortgage Fund TRS and the Company, dated April 13, 2022 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on April 14, 2022) 10. 21Guaranty Agreement by the Company in favor of Royal Bank of Canada, dated April 13, 2022 (incorporated by reference to Exhibit 10. 2 to the Company' s Current Report on Form 8- K filed on April 14, 2022) 10. 22 Amended and Restated Pricing Side Letter among the Company, Angel Oak Mortgage Operating Partnership, LP, Angel Oak Mortgage Fund TRS, and Royal Bank of Canada, dated August 4, 2022 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on August 8, 2022) 10. 23Form of Master Repurchase Agreement by and among Angel Oak Mortgage REIT TRS, LLC and Lenders (affiliates of ~~and~~ an ~~prospects~~ institutional investor) dated October 4, 2022 (incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on October 5, 2022) 10. 24Form of Confirmation to Master Repurchase Agreement by and among Angel Oak Mortgage REIT TRS, LLC and Lenders (affiliates of ~~and~~ an institutional investor) dated October 4, 2022 (incorporated by reference to Exhibit 10. 2 to the Company' s Current Report on Form 8- K filed on October 5, 2022) 10. 25Form of Guaranty (in favor of Lenders, affiliates of an institutional investor) of the Company dated October 4, 2022

(incorporated by reference to Exhibit 10. 3 to the Company' s Current Report on Form 8- K filed on October 5, 2022) 10. 26 * Form of Director ~~our~~ or ~~ability~~ Executive Officer Indemnification Agreement10. 27 † 2021 Equity Incentive Plan of the Company, effective as of June 21, 2021 (incorporated by reference to ~~make distributions~~ **Exhibit 10. 22** to **the Company' s Current Report on Form 8- K filed on June 23, 2021) 10. 28 † Angel Oak Mortgage, Inc. Executive Severance and Change in Control Plan, effective as of June 21, 2021 (incorporated by reference to Exhibit 10. 26 to the Company' s Quarterly Report on Form 10- Q filed on August 13, 2021) 10. 29 † Form of Restricted Stock Award Agreement for independent directors (incorporated by reference to Exhibit 10. 21 to the Company' s Registration Statement on Form S- 11 filed on June 10, 2021) 10. 30 † Form of Restricted Stock Award Agreement for executive officers and certain other employees of Angel Oak (incorporated by reference to Exhibit 10. 22 to the Company' s Registration Statement on Form S- 11 filed on June 10, 2021) 10. 31Form of Performance- Based Restricted Stock Unit Award Agreement19. 1Insider Trading and Confidentiality Policy21. 1 * Subsidiaries of the Registrant22. 1Subsidiary Guarantor and Issuer of Guaranteed Securities23. 1 * Consent of Independent Registered Public Accounting Firm Exhibit NumberDescription31. 1 * Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 200231. 2 * Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 200232. 1 * * Certification of Chief Executive Officer, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002. 32. 2 * * Certification of the Chief Financial Officer, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002. 97. 1Angel Oak Mortgage REIT, Inc Policy on Recoupment of Incentive Compensation101. DefDefinition Linkbase Document101. PrePresentation Linkbase Document101. LabLabels Linkbase Document101. CalCalculation Linkbase Document101. SchSchema Document101. InsInstance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document104Cover page Interactive Data File (embedded within the Inline XBRL document) † This document has been identified as a management contract ~~our~~ or ~~stockholders~~ compensatory plan or arrangement. * Filed herewith. * * Exhibit is being furnished and shall not be deemed to be " filed " for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. Portions of this exhibit are redacted pursuant to Item 601 (** ~~which we~~ **b) (10) (iv) of Regulation S- K. ITEM 16. FORM 10- K SUMMARY SIGNATURES Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized. Date: March 24, 2025ANGEL OAK MORTGAGE REIT, INC. By: / s / Sreeniwas PrabhuSreeniwas PrabhuChief Executive Officer and President Pursuant to the requirements the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. SignatureTitleDate / s / Sreeniwas PrabhuChief Executive Officer and President (Principal Executive Officer) March 24, 2025Sreeniwas Prabhu / s / Brandon R. FilsonChief Financial Officer and Treasurer (Principal Financial and Accounting Officer) March 24, 2025Brandon R. Filson / s / Michael A. FiermanDirector, Chairperson of the BoardMarch 24, 2025Michael A. Fierman / s / Edward M. CummingsDirectorMarch 24, 2025Edward M. Cummings / s / Craig B. JonesDirectorMarch 24, 2025Craig B. Jones / s / Noelle SavareseDirectorMarch 24, 2025Noelle Savarese / s / Wesley D. MinamiDirectorMarch 24, 2025Wesley D. Minami / s / Jonathan S. MorganDirectorMarch 24, 2025Jonathan S. Morgan / s / Landon D. ParsonsDirectorMarch 24, 2025Landon D. Parsons / s / Vikram G. ShankarDirectorMarch 24, 2025Vikram G. Shankar Exhibit 4. 4 SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934 Angel Oak Mortgage REIT, Inc., a Maryland corporation (** ~~refer~~ **referred** to ~~collectively~~ **herein** as " ~~materially and adversely affecting~~ **we ", "** us " **,** ~~or having~~ " **our** ~~a material adverse effect on us,~~ " **or** ~~and comparable phrases). This could cause~~ the ~~market price~~ **" Company ") has two classes** of **securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the " Exchange Act "): (i)** our common stock ~~to decline significantly~~ **, $ 0. 01** ~~and you could lose all or part~~ **par** ~~of~~ **value per share (the " common stock ") and (ii)** ~~your~~ **our** ~~investment in~~ **9. 500 % Senior Notes due 2029 (the " 2029 Senior Notes "). The following description of** our common stock **is a summary and does not purport to be complete** . ~~Some statements in this~~ **This summary is subject to and qualified in its entirety by reference to applicable Maryland law and to the provisions of our charter (our " charter "), and our Fourth Amended and Restated Bylaws (our " bylaws "), each of which are incorporated by reference as an exhibit to the** Annual Report on Form 10- K **of which this Exhibit 4. 4 is a part. We encourage you to read our charter, bylaws and the applicable provisions of Maryland Law for additional information. The term " stock " refers, unless the context requires otherwise, to all classes or series of stock of the Company. Our charter authorizes us to issue up to 350, 000, 000 shares of our common stock, and 100, 000, 000 shares of preferred stock, $ 0. 01 par value per share. Under Maryland law, a stockholder generally is not liable for our debts or obligations solely as a result of that stockholder' s status as a stockholder. Voting Rights Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and the terms of any other class or series of our stock, each outstanding share of our common stock entitles the holder thereof to one vote on all matters submitted to a vote of holders of our common stock** , including ~~statements in~~ the ~~following risk factors, constitute forward- looking statements. Please refer to the section~~ **election of directors** ~~entitled " Special Note Regarding Forward- Looking Statements~~ . ~~" Summary Risk Factors We~~ **Cumulative voting in the election of our directors is not permitted. Our directors** are ~~subject to~~ **elected by** a ~~number~~ **plurality** of ~~risks~~ **the votes cast at a meeting at which directors are being elected and at which a quorum is present. This means** that ~~, if realized, could materially and adversely affect~~ **the holders of a majority of the outstanding shares of** our **common stock can effectively elect all** ~~business, financial condition, liquidity, results~~ of **the directors then standing for election** ~~operations and prospects and our ability to make distributions to our stockholders. Some of our more~~

~~significant challenges and risks include~~ , ~~but~~ **and the holders of the remaining shares** are not ~~limited~~ **able** to ~~,~~ **elect any directors. Except as provided with respect to any** ~~the~~ **other** ~~following~~ **class or series of stock** , ~~which~~ **the holders of our common stock will possess the exclusive voting power. Subject to the preferential rights of any other class or series of shares of our stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, common stockholders** are **entitled to receive distributions when and as authorized by** ~~described in greater detail below: • We are dependent on~~ our **Board** ~~Manager and certain key personnel~~ of **Directors** ~~Angel Oak who are or may be provided to us through our Manager,~~ and **declared** ~~may not find a suitable replacement if our Manager terminates the Management Agreement or such key personnel are no longer available to us. • There are conflicts of interest in our relationship with Angel Oak, including our Manager, and we may compete with existing and future managed entities of Angel Oak, which may present various conflicts of interest that restrict our ability to pursue certain investment opportunities or take other actions that are beneficial to our business and result in decisions that are not in the best interests of our stockholders. • We rely on Angel Oak Mortgage Lending to source non - QM loans and other target assets for acquisition~~ by us **out of assets legally available** ~~and it is under no contractual obligation to sell to us any loans that it originates. • Our Manager' s fee structure may not create proper incentives or~~ **for** ~~may induce~~ **the payment of dividends. Liquidation Holders of shares of** our **common stock** ~~Manager and its affiliates to make certain loans or other investments, including speculative investments, which increase the risk of our portfolio. • The Management Agreement with our Manager was not negotiated on an arm' s - length basis and may not be as favorable to us as if it had been negotiated with an unaffiliated third party and may be costly and difficult to terminate. Our Manager' s liability is limited under the Management Agreement, and we have agreed to indemnify our Manager against certain liabilities. • Our operating results~~ are **entitled** ~~dependent upon our Manager' s ability~~ to ~~source a large volume of desirable non - QM loans and other target assets for our investment on attractive terms. • Difficult conditions in the residential mortgage and residential real estate markets as well as general market concerns, including macroeconomic events, may adversely affect the value of residential mortgage loans, including non - QM loans, and other target assets in which we invest. • Non- QM loans that are~~ **share ratably** ~~underwritten pursuant to less stringent underwriting guidelines could experience higher rates of delinquencies, defaults and foreclosures than those experienced by loans underwritten to more stringent underwriting guidelines. • Angel Oak Mortgage Lending is subject to extensive licensing requirements and regulation, which could materially and adversely affect us if Angel Oak Mortgage Lending does not comply with these requirements. • Currently, we are focused on acquiring and investing~~ in ~~non - QM loans, which may subject us to legal, administrative, regulatory, and other risks, which could materially and adversely affect us. • Prepayment rates may adversely affect the value of our portfolio. • Our investment in lower rated non - Agency RMBS resulting from the securitization of~~ our assets **legally** ~~or otherwise exposes us to the first loss on the mortgage assets held by the securitization vehicle. Additionally, the principal and interest payments on non - Agency RMBS are not guaranteed by any entity, including any government entity or GSE, and therefore are subject to increased risks, including credit risk. • Mortgage loan modification programs and future legislative action may adversely affect the value of, and the returns on, our target assets, which could materially and adversely affect us. • We are highly dependent on information systems, and system failures could significantly disrupt our business, which may, in turn, have a material adverse effect on us. • Our industry is highly regulated and we or Angel Oak, including our Manager, may be subject to adverse legislative or regulatory changes. • Maintenance of our exclusion from regulation as an investment company under the Investment Company Act imposes significant limitations on our operations. • Our significant debt subjects us to increased risk of loss, and our charter and bylaws contain no limitation on the amount of debt we may incur. • Our access to financing sources, which may not be available on favorable terms, or at all, may be limited, and this may materially and adversely affect us. • Market conditions and other factors may affect our ability to securitize assets, which could increase our financing costs and materially and adversely affect us. • We may be unable to profitably execute securitization transactions, which could materially and adversely affect us. • Interest rate fluctuations could increase our financing costs, which could materially and adversely affect us. • Our significant stockholders and their respective affiliates have significant influence over us and their actions might not be in your best interest as a stockholder. • Legislative or other actions affecting REITs could materially and adversely affect us. • Our failure to qualify as a REIT would subject us to U. S. federal income tax and potentially increased state and local taxes, which would reduce the amount of our income~~ available for distribution to our stockholders **in the event** ~~. • Complying with REIT requirements and avoiding a prohibited transaction tax may force us to hold a significant portion~~ of our ~~assets and conduct a significant portion~~ **liquidation, dissolution, or winding up, after payment of, or adequate provision for, all** of our **known debts** ~~activities through a taxable REIT subsidiary (" TRS "),~~ and ~~a significant portion of our income may be earned through a TRS. The above list is not exhaustive, and we face additional challenges and risks. Please carefully consider all of the information in this Annual Report on Form 10- K, including the matters set forth below in this " Item 1A, Risk Factors. " Risks Related to Our Relationship with Our Manager and its Affiliates We are externally managed by our Manager, and all of our officers are employees of Angel Oak, including our Manager. We have no separate facilities~~ **liabilities** ~~, and are substantially reliant on our Manager, which has significant discretion as to the implementation of our operating policies and execution of our business strategies and risk management practices~~ . ~~We also depend on our Manager' s access to the professionals and principals of Angel Oak as well as information and loan flow generated by Angel Oak Mortgage Lending. The~~ **These rights** ~~employees of Angel Oak assist in identifying, evaluating, negotiating, structuring, closing, and monitoring our portfolio. The departure of any of the members of the senior management team of our Manager, or of a significant number of investment professionals or principals of Angel Oak, could have a material adverse effect on us. We can offer no assurance that our Manager will remain our manager or that we will continue to have access to Angel Oak' s, including our Manager' s, senior management. We~~ are subject to the **preferential rights** ~~risk that our Manager will terminate the Management Agreement or that we may deem it necessary to terminate the Management Agreement or prevent certain individuals from performing services for us and that no suitable replacement will be found to manage us. The Angel Oak personnel provided to us by our Manager pursuant to the Management Agreement are not~~

required to dedicate a specific portion of their time to the management of our business. Neither our Manager nor Angel Oak is obligated to dedicate any specific personnel exclusively to us, nor is our Manager or its personnel obligated to dedicate any specific portion of their time to the management of our business. Key personnel provided to us by our Manager may become unavailable to us as a result of their departure from our Manager or for any other reason. As a result, we cannot provide any assurances **class or series of our stock and to the provisions of our charter** regarding the amount **restrictions on transfer** of time our **stock** Manager will dedicate to the management of our business, and Angel Oak, including our Manager, may have conflicts in allocating employees' time, resources, and services among our business and any other entities they manage, and such conflicts may not be resolved in our favor . **Rights** Consequently, we may not receive the level of support and **Preferences Holders** assistance that we otherwise might receive if we were internally managed. Our Manager and its affiliates are not restricted from entering into other investment advisory relationships or from engaging in other business activities. We are dependent on our Manager, whose senior management team has limited experience operating a REIT and a public company. Although Angel Oak has been active in the mortgage credit market since 2008, our Manager' s senior management team has limited experience operating a REIT and operating a business in compliance with the numerous technical restrictions and limitations set forth in the Code and the Investment Company Act. Moreover, our Manager' s senior management team has limited experience operating a public company with listed equity securities, which is required to comply with numerous laws, regulations and requirements, including the requirements of the Securities Exchange Act of 1934 (the " Exchange Act "), certain corporate governance provisions of the Sarbanes- Oxley Act, related regulations of the SEC, and requirements of the NYSE. This limited experience may hinder our Manager' s ability to successfully operate our business. In addition, maintaining our REIT qualification and complying with the applicable Investment Company Act exclusions limit the types of investments we are able to make. We cannot assure you that our Manager' s senior management team will be successful on our behalf or at all. Our business may be adversely affected if our reputation, the reputation of our Manager or Angel Oak, or the reputation of counterparties with whom we associate is harmed. We may be harmed by reputational issues and adverse publicity relating to us, our Manager, or Angel Oak. Reputational risk issues could include, but are not limited to, real or perceived legal, administrative or regulatory violations, or could be the result of a failure in performance, risk- management, governance, technology, or operations, or claims related to employee misconduct, allegations of employee wrongful termination, conflict of interests, ethical issues, cybersecurity events, the failure to protect private information or environmental, social and governance practices, among others. Similarly, market rumors and actual or perceived association with counterparties whose own reputations may become under question could harm our business. Such reputational issues may depress the market price of our common stock , have a negative effect on **no preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to purchase or subscribe for any shares of** our ability to conduct business with **stock. Our charter provides that holders of** our **common stock generally** counterparties, hinder our abilities to attract and / or retain personnel, including key personnel, or otherwise materially adversely affect us. We are subject to conflicts of interest arising out of our relationship with Angel Oak, including our Manager. Currently, all of our officers, including our dedicated Chief Financial Officer and Treasurer and our partially dedicated Chief Executive Officer and President, and one of our directors also serve as employees of Angel Oak including our Manager. As a result, our Manager, our officers and this director may have **no appraisal rights unless** conflicts between their duties to us and their duties to, and interests in, Angel Oak, including our Manager. For example, Mr. Fierman, the Chairman of our Board of Directors , also serves as a Managing Partner and Co- Chief Executive Officer **determines that appraisal rights will apply to one or more transactions in which holders** of Angel Oak Companies, and Sreeniwas Prabhu, our **common stock** Chief Executive Officer and President, also serves as Managing Partner, Co- Chief Executive Officer, and Group Chief Investment Officer at Angel Oak Capital. Some examples of conflicts of interest that may arise by virtue of our relationship with Angel Oak, including our Manager, include: • Loans Originated by Angel Oak Mortgage Lending. Our strategy is to make credit- sensitive investments primarily in newly- originated first lien non- QM loans that are primarily sourced from Angel Oak' s proprietary mortgage lending platform, Angel Oak Mortgage Lending. Since our commencement of operations in September 2018 through December 31, 2023, a substantial portion of the target assets in our portfolio had been acquired from Angel Oak Mortgage Lending, and we expect that, in the future, a substantial portion of our portfolio will continue to consist of target assets acquired from Angel Oak Mortgage Lending. As our Manager directs our investment activities, there are conflicts of interest related to the fact that Angel Oak Mortgage Lending consists of affiliates of our Manager, including the following: ◦ Our Manager has an incentive to favor the acquisition of non- QM loans or other target assets from Angel Oak Mortgage Lending over third- party sellers because purchasing non- QM loans or other target assets from Angel Oak Mortgage Lending generates fees for Angel Oak Mortgage Lending (including fees payable by us and origination fees payable by the borrowers of the loans originated by Angel Oak Mortgage Lending), which benefit Angel Oak. In addition, our acquisition of non- QM loans or other target assets from Angel Oak Mortgage Lending allows Angel Oak Mortgage Lending to sell such non- QM loans or other target assets and obtain liquidity to make more loans, even where Angel Oak Mortgage Lending would be unable to sell the non- QM loans or other target assets on favorable terms to unaffiliated third parties in the market due to unfavorable market conditions or other reasons. Our Manager could acquire non- QM loans or other target assets on our behalf from Angel Oak Mortgage Lending even if such non- QM loans or other target assets were unsuitable for us, or we could identify better quality non- QM loans or other target assets, or obtain better pricing, from unaffiliated third parties. Although we utilize third- party pricing vendors to evaluate the fairness of the price for non- QM loans or other target assets we acquire from Angel Oak Mortgage Lending, there can be no assurance that we will purchase such non- QM loans or other target assets from Angel Oak Mortgage Lending at a fair price. ◦ In addition, although our strategy is to make credit- sensitive investments primarily in newly- originated first lien non- QM loans that are primarily sourced from Angel Oak Mortgage Lending, this strategy may need to adapt to changing market conditions or other factors. If investment in non- QM loans falls out of favor or otherwise becomes unattractive because of perceived risks, unfavorable pricing or otherwise, our Manager will

have a conflict of interest in determining whether our strategy should continue to focus on the acquisition of non- QM loans, particularly if the origination of such loans continues to be a focus of Angel Oak Mortgage Lending. The continued pursuit of our strategy under these circumstances may result in losses. The significant majority of the loans that Angel Oak Mortgage Lending currently originates are non- QM loans. Similarly, failure to adjust our strategy may cause us to forego other attractive investment opportunities outside investments in non- QM loans. Our Manager has a conflict in determining whether to adjust our strategy and to pursue investments in other types of target assets that may be more attractive even if Angel Oak Mortgage Lending continues to originate non- QM loans. ◦ We have purchased RMBS and CMBS, and expect to continue to purchase RMBS that are collateralized by loans originated by Angel Oak Mortgage Lending, and our portfolio may consist of a significant amount of such securities. Certain affiliates of our Manager may receive certain benefits for their activities related to the creation of the securitization and the issuance and sale of such securities. We will also bear all or a portion of the expense incurred in connection with the securitization vehicle to which we sell the loans we have acquired. Such expenses include, but are not limited to, the costs and expenses related to structuring the securitization vehicle and the transactions related to the sale of the loans by us to the securitization vehicle. • Other Angel Oak Managed Entities. Angel Oak currently advises, and in the future expects to continue to advise, other entities that may have investment objectives and strategies similar, in whole or in part, to ours and may use the same or similar strategies to those we employ. For example, Angel Oak has previously formed private REITs as well as other funds that invest in residential mortgage loans, and may raise additional investment vehicles in the future, including entities formed to make investments that we could be precluded or materially limited from making because of laws or regulations applicable to us. Angel Oak is not restricted in any way from sponsoring or accepting capital from new entities, even for investing in asset classes or strategies that are similar to, or overlapping with, our asset classes or strategies. The existence of such multiple managed entities may create conflicts of interest, including, without limitation, with respect to the allocation of investment opportunities between us and other managed entities. See " — Allocation of Investment Opportunities " below. In addition, we may make an investment that may be pari passu, senior, or junior in ranking to an investment made by another managed entity, and actions taken by such managed entity with respect to such investment may not be in our best interests, and vice versa. Furthermore, such activities may involve substantial time and resources of Angel Oak. • Allocation of Investment Opportunities. Although Angel Oak may manage investments on behalf of a number of managed entities, including us, investment decisions and allocations will not necessarily be made in parallel among us and these other managed entities. Investments made by us may not, and are not intended in all cases to, replicate the investments, or the investment methods and strategies, of other entities managed by Angel Oak. Nevertheless, Angel Oak from time to time may elect to apportion major or minor portions of the investments to be made by us among other entities that they manage, and vice versa. When allocating investment opportunities among us and one or more other managed entities, Angel Oak Capital allocates such opportunities pursuant to its written investment allocation policy. Accordingly, not all investments which are consistent with our investment objective and strategies may be presented to us. There is no assurance that any such conflicts arising out of the foregoing will be resolved in our favor. Angel Oak Capital is entitled to amend its investment allocation policy at any time without our consent although it must provide notice to our Affiliated Transactions and Risk Committee. • Service Providers. Our Manager may engage affiliated service providers, that act as the servicer for the loans in our portfolio. Such relationships may influence our Manager in deciding whether to select such service providers. Our Manager' s affiliates may receive benefits, including compensation, for these activities. Additionally, affiliated service providers will not have the same independence with respect to the performance of their duties to us as an unaffiliated service provider. The use of affiliated service providers may impair our ability to obtain the most favorable terms with respect to such services and transactions, which could materially and adversely affect us. • Management. During turbulent conditions in the mortgage industry, distress in the credit markets, or other times when we will need focused support and assistance from Angel Oak employees, other entities that Angel Oak manages will likewise require greater focus and attention, placing Angel Oak' s resources in high demand. In such situations, we may not receive the necessary support and assistance we require or would otherwise receive if we were internally managed or if Angel Oak did not act as a manager or advisor for other entities. • Securitizations. There can be no assurance that the valuation of any of the assets that we have contributed or may contribute to any securitization vehicles were not or will not be understated or, that the assets contributed by other Angel Oak- managed entities have not been or will not be overstated, resulting in less cash proceeds or securities issued by the securitization vehicle to us or more cash proceeds or securities issued by the securitization vehicle to such managed entities than would otherwise be **entitled** the case. AOMT' s securitizations are typically structured with a two- **to exercise** - to four- year non- call period for the securities issued in the securitization. After such **rights** period has ended, the XS tranche holders, as the controlling tranche, have the option to call the securitization at any point. **Subject to** These holders would consider exercising this option if the **provisions of** financing marketplace is more attractive, or **our charter regarding** if the underlying asset values have increased. If the call option is exercised, we may be unable to reinvest the proceeds we receive from any such call option for some period of time and such proceeds may be reinvested by us in assets yielding less than the yields on the securities that were called. • Material Non- Public Information. We, directly or through Angel Oak, may obtain material non- public information about the investments in which we have invested or may invest. If we do possess material non- public information about such investments, there -- **the** may be restrictions on **ownership and transfer of** our **stock** ability to dispose of, increase the amount of, or otherwise take action with respect to such investments. Our Manager' s and Angel Oak' s management of other managed entities could create a conflict of interest to the extent our Manager or Angel Oak is aware of material non- public information concerning potential investment decisions. In addition, this conflict may limit the freedom of our Manager to make potentially profitable investments, which could have an **and** adverse effect on our operations. These limitations imposed by access to material non- public information could therefore materially and adversely affect us. We rely on Angel Oak Mortgage Lending to source non- QM loans and other -- **the terms of** target assets for acquisition by us and it is under no contractual obligation to sell to us any loans that it originates. Our operating results are

dependent upon our Manager's ability to source non-QM loans and other target assets for acquisition by us from Angel Oak Mortgage Lending. Although we are a party to mortgage loan purchase agreements with Angel Oak Mortgage Lending, and such agreements provide the framework pursuant to which we have agreed to purchase from Angel Oak Mortgage Lending certain target assets, Angel Oak Mortgage Lending has no obligation to sell non-QM loans or other target assets to us and we may be unable to locate other originators that are able or willing to originate non-QM loans and other target assets that meet our standards. If Angel Oak Mortgage Lending is unable to originate non-QM loans due to business, competitive, regulatory or other reasons, or for any other **class** reason is unable or unwilling to provide non-QM loans and other target assets for **or series** sale to us in sufficient quantity, we may not be able to source acquisitions of non-QM loans and other target assets from other originators, banks and other sellers, on favorable terms and conditions or **our** at **stock,** all . In this regard, mortgage originators are subject to significant regulation and oversight and failure by Angel Oak Mortgage Lending to comply with its obligations under law may result in an inability to originate non-QM loans or other target assets in certain jurisdictions or at all. Similarly, if Angel Oak Mortgage Lending otherwise separates from its affiliation with our Manager, it may determine to sell the non-QM loans or other target assets that it originates to other parties. Angel Oak Mortgage Lending could also enter into commitments with third parties to sell them non-QM loans or other assets, and reduce the quantity of loans that would otherwise be available for purchase by us. If we cannot source an adequate volume of attractive non-QM loans and other target assets from Angel Oak Mortgage Lending on desirable terms, we may not be able to acquire a sufficient amount of attractive non-QM loans or other target assets to make our strategy profitable, and we may be materially and adversely affected. Our agreements with Angel Oak Mortgage Lending were negotiated between related parties, and their terms might not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, conflicts could arise if Angel Oak Mortgage Lending breaches the applicable agreement relating to our acquisition of target assets from Angel Oak Mortgage Lending, or otherwise fails to perform its obligations under such agreement, resulting in harm or damages to us. Further, Angel Oak Mortgage Lending provides representations and warranties regarding the target assets we purchase from them. If Angel Oak Mortgage Lending breaches a representation or warranty relating to one of the target assets we purchase from them, our Manager may not seek the same recourse against Angel Oak Mortgage Lending as it would with unaffiliated third parties. Our Manager could have a potential conflict in determining what action to take against an affiliate, which could have a material adverse effect on us. We pay our Manager base management fees regardless of the performance of our portfolio. Our Manager's entitlement to base management fees (which are based on our Equity as defined in the Management Agreement) might reduce its incentive to devote its time and effort to seeking loans or other investments that provide attractive risk-adjusted returns for our stockholders and instead may incentivize our Manager to advance strategies that increase our equity. There may be circumstances where increasing our equity will not optimize the returns for our stockholders, and 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 has the ability to earn incentive fees each quarter based on our Distributable Earnings as calculated in accordance with the Management Agreement, 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 Distributable Earnings and thereby increase the incentive fee to which it is entitled. This could result in increased risk to our portfolio. If our interests and those of our Manager are not aligned, the execution of our strategies could be adversely affected, which could materially and adversely affect us. The Management Agreement with our Manager was not negotiated on an arm's-length basis and may not be as favorable to us as if it had been negotiated with an unaffiliated third party and may be costly and difficult to terminate. Our Manager's liability is limited under the Management Agreement, and we have agreed to indemnify our Manager against certain liabilities. The Management Agreement that we and our operating partnership entered into with our Manager was negotiated between related parties, and its terms, including fees payable, may not be as favorable to us as if it had been negotiated with an unaffiliated third party. Various potential and actual conflicts of interest may arise from the activities of Angel Oak by virtue of the fact that our Manager is controlled by Angel Oak. A termination without "cause" of the Management Agreement, which is defined in the Management Agreement and includes unsatisfactory performance by our Manager that is materially detrimental to us, is subject to several conditions which may make such a termination difficult and costly. Termination of the Management Agreement with our Manager may require us to pay our Manager a substantial termination fee, which will increase the effective cost to us of terminating the Management Agreement, thereby adversely affecting our ability to terminate our Manager without cause. Our Manager will not assume any responsibility other than to provide the services specified in the Management Agreement in good faith and will not be responsible for any action of our Board of Directors in following or declining to follow its advice or recommendations. None of our Manager or its affiliates or their respective managers, officers, directors, trustees, employees or members or any person providing sub-advisory services to our Manager will be liable to us, any of our subsidiaries, our Board of Directors, our stockholders or any subsidiary's interest holders for any acts or omissions performed under the Management Agreement, except because of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under the Management Agreement. We have agreed to indemnify our Manager and its affiliates and their respective managers, officers, directors, trustees, employees and members and any person providing sub-advisory services to our Manager with respect to all expenses, losses, damages, liabilities, demands, charges **shares** and claims of any nature whatsoever (including reasonable attorneys' fees) in respect of or arising from such person's acts or omissions performed in good faith under the Management Agreement and not constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under the Management Agreement. As a result, we could experience poor performance or losses for which our Manager would not be liable. Our Manager's failure to identify and acquire assets that meet our target asset criteria or perform its responsibilities under the Management Agreement could materially and adversely affect us. Our ability to achieve our objectives depends on our Manager's ability to identify and acquire assets that meet our target asset criteria. We are

dependent on our Manager' s relationship with Angel Oak Mortgage Lending and our Manager' s ability to source investment opportunities consistent with our strategy, which is currently focused on the acquisition of non- QM loans from Angel Oak Mortgage Lending. Additionally, accomplishing our objectives is largely a function of our Manager' s identification of target assets, access to financing on acceptable terms and general market conditions. Our stockholders will not have input into our investment decisions. All of these factors increase the uncertainty, and thus the risk, of investing in our common stock . The senior management team of our Manager has substantial responsibilities under the Management Agreement. In order to implement certain strategies, our Manager may need to hire, train, supervise, and manage new employees successfully. Any failure to manage our future growth effectively could have **equal dividend** a material adverse effect on us. We do not own the Angel Oak brand or trademark , **liquidation** but may use the brand and trademark pursuant to the terms of a trademark license agreement with Angel Oak. We do not own the brand, trademark, or logo that we may use in our business and may be unable to protect this intellectual property against infringement from third parties. We are party to a trademark license agreement (the " trademark license agreement ") with an **and** affiliate of our Manager (the " licensor ") pursuant to which the licensor granted us a non- exclusive, non- transferable, non- sublicensable, royalty- free license to use the name " Angel Oak Mortgage REIT, Inc. " for so long as our Manager (or another Angel Oak affiliate that serves as our manager) remains an affiliate of the licensor. The trademark license agreement is subject to automatic termination if our Manager or another affiliate of Angel Oak is no longer acting as our manager under the Management Agreement. The trademark license agreement may be terminated by the licensor without cause and in its sole judgment after 30 days' written notice to us or immediately if the licensor believes that we are using the licensed marks improperly. Pursuant to the trademark license agreement, the licensor retains the right to continue using the " Angel Oak " name and the licensor is not precluded from licensing or transferring the ownership of the " Angel Oak " name to third parties, some of whom may compete against us. Consequently, we may be unable to prevent any damage to goodwill that may occur as a result of the activities of the licensor, Angel Oak or others. Furthermore, in the event that the trademark license agreement is terminated, we will be required to, among other **rights** things, change our name and NYSE ticker symbol. Any of these events could disrupt our recognition in the marketplace, damage any goodwill we may have generated, and otherwise have a material adverse effect on us . Under the Management Agreement, our Manager has a contractually defined duty to us rather than a fiduciary duty. 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 right of our Manager or its personnel and its officers 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 Maryland **law,** General Corporation Law (" MGCL ") for officers of a Maryland corporation **generally cannot dissolve** . Our Manager manages our portfolio pursuant to very broad investment guidelines , which may result in us making riskier investments, and **amend** our Manager may change its **charter** investment process , **merge** or elect not to follow it , without stockholder consent at any time, which may materially and adversely affect us. Our Manager is authorized to follow very broad investment guidelines and our Manager may change its investment process without stockholder consent at any time. In addition, in conducting periodic reviews, our Board of Directors relies primarily on information provided to them by our Manager. Furthermore, our Manager may arrange for us to use complex strategies or to enter into complex transactions before they are reviewed by our Board of Directors. Our Manager has great latitude within our broad investment guidelines to determine the types of assets it may decide are proper for purchase by us, which could result in investment returns that are substantially below expectations or that result in losses, which would materially and adversely affect us. In addition, there can be no assurance that our Manager will follow its investment process in relation to the identification and underwriting of prospective investments. Changes in our Manager' s investment process may result in inferior due diligence and underwriting standards, which may materially and adversely affect us. Risks Related to Our Investment Activities Our operating results are dependent upon our Manager' s ability to source a large volume of desirable non- QM loans and other target assets for our investment on attractive terms. Our operating results are dependent upon our Manager' s ability to source a large volume of desirable non- QM loans and other target assets for our investment on attractive terms, and our Manager may be unable to do so for many reasons. Angel Oak Mortgage Lending has no obligation to sell non- QM loans and other target assets to us, and our Manager may be unable to identify other originators that are able or willing to originate non- QM loans and other target assets that meet our standards on favorable terms or at all . General economic factors, such as recession, declining home values, unemployment, and high interest rates, may limit the supply of available non- QM loans and other target assets. Moreover, competition for - **or** non- QM loans and other target assets may drive down supply or drive up prices, making it uneconomical to purchase such loans or other target assets. For instance, in acquiring non- QM loans and other target assets from unaffiliated parties, we compete with a broad spectrum of institutional investors. Increased competition for, or a reduction in the available supply of, qualifying investments could result in higher prices for (and thus lower yields on) such investments, which could narrow the yield spread over borrowing costs. Competition may also reduce the number of investment opportunities available to us and may adversely affect the terms upon which investments can be made. We may incur due diligence or other costs on investments which may not be successful or may not be completed at all. As a result, we may incur additional costs to acquire a sufficient volume of non- QM loans and other target assets or be unable to acquire such loans and other target assets at reasonable prices or at all. There can be no assurance that attractive investments will be available for us or that available investments will meet our strategies. If we cannot source an adequate volume of desirable non- QM loans and other target assets on attractive terms or at all, we may be materially and adversely affected. Difficult conditions in the residential mortgage and residential real estate markets as well as general market concerns, including macroeconomic events, may adversely affect the value of residential mortgage loans, including non- QM loans, and other target assets in which we invest. Our business is materially affected by conditions in the residential mortgage market, the residential real estate market, the financial markets, and the economy, including increasing inflation, energy costs, unemployment, geopolitical issues, pandemics, concerns over the creditworthiness of governments

worldwide and the stability of the global banking system. In particular, the residential mortgage market in the United States has experienced, in the past, a variety of difficulties and challenging economic conditions, including defaults, credit losses, and liquidity concerns. Certain commercial banks, investment banks, insurance companies, and mortgage- related investment vehicles (including publicly traded mortgage REITs) incurred extensive losses from exposure to the residential mortgage market as a result of these difficulties and conditions. Continuing concerns over these factors have contributed to increased volatility and unclear expectations for the economy and markets going forward and continue to impact investor perception of the risks associated with the residential real estate market, residential mortgage loans and various other target assets in which we may invest. As a result, values for residential mortgage loans, including non- QM loans, and various other target assets in which we invest have also experienced, and may continue to experience, significant volatility. Any deterioration of the residential mortgage market and investor perception of the risks associated with residential mortgage loans, including non- QM loans, and various other of our target assets could have a material adverse effect on us. Non- QM loans have flexibility in underwriting guidelines and are subject to credit risk. The underwriting guidelines for non- QM loans may be permissive as to the borrower' s DTI, credit history, and / or income documentation. Loans that are underwritten pursuant to less stringent underwriting guidelines could experience substantially higher rates of delinquencies, defaults and foreclosures than those experienced by loans underwritten to more stringent underwriting guidelines. If our non- QM loans are underwritten to more flexible guidelines which have increased risk and may cause higher delinquency, default, or foreclosure rates given economic stress, the performance of our investments in non- QM loan portfolio could be correspondingly adversely affected, which could materially and adversely affect us. As of December 31, 2023, Angel Oak Mortgage Lending was licensed to originate loans in 46 states and in the District of Columbia, and is currently subject to significant regulation by both U. S. federal and state regulators, including the CFPB and various state offices of financial regulation. Over the years, regulators have vigilantly enforced the regulation of loan originators and have penalized or, in some cases, even suspended non- compliant originators' ability to originate loans in their jurisdictions for their failure to comply with regulatory requirements. Our strategy is to make credit- sensitive investments primarily in newly- originated first lien non- QM loans that are primarily made to non- QM loan borrowers and primarily sourced from Angel Oak Mortgage Lending and a substantial portion of our portfolio may consist of non- QM loans and other assets acquired from Angel Oak Mortgage Lending. If Angel Oak Mortgage Lending is unable to originate loans in one or more jurisdictions as a result of regulatory issues or otherwise, it may result in fewer investment opportunities for us or in opportunities that are less geographically diversified. Further, any such regulatory issues for Angel Oak Mortgage Lending could result in damage to the reputation of Angel Oak in the market and impact Angel Oak Mortgage Lending' s ability to continue to source a significant volume of non- QM loan originations. If Angel Oak Mortgage Lending is unable to originate the volume of loans anticipated, we may also be unable to identify other sources of non- QM loans for acquisition to satisfy our strategy and we may need to alter such strategy to seek other investments. Currently, we are focused on acquiring and investing in non- QM loans, which may subject us to legal, administrative, regulatory, and other risks, which could materially and adversely affect us. Currently, we are focused on acquiring and investing in non- QM loans that will not have the benefit of enhanced legal protections otherwise available in connection with the origination of QM loans. The ownership of non- QM loans could subject us to legal, administrative, regulatory, and other risks, including those arising under U. S. federal consumer protection laws and regulations designed to regulate residential mortgage loan underwriting and originators' lending processes, standards and disclosures to borrowers. These laws and regulations include the CFPB' s " Know Before You Owe " mortgage disclosure rule, the ATR rules under the Truth- in- Lending Act, and QM loan regulations, in addition to various U. S. federal, state, and local laws and regulations intended to discourage predatory lending practices by residential mortgage loan originators. Application of certain standards set forth in the ATR rules is highly subjective and subject to interpretive uncertainties. As a result, a court may determine that a residential mortgage loan did not meet the standard or test even if the originator reasonably believed such standard or test had been satisfied. Failure of residential mortgage loan originators or servicers to comply with these laws and regulations could subject us, as a purchaser or an assignee of these loans (or as an investor in securities backed by these loans), to monetary penalties assessed by the CFPB through its administrative enforcement authority and by mortgagors through a private right of action against lenders or as a defense to foreclosure, including by recoupment or setoff of finance charges and fees collected, and could result in rescission of the affected residential mortgage loans, which could materially and adversely affect us. Such risks may be higher in connection with the acquisition of non- QM loans, which is currently the focus of our strategy. Borrowers under non- QM loans may be more likely to challenge the analysis conducted under the ATR rules by lenders. Even if a borrower does not succeed in the challenge, additional costs may be incurred in connection with challenging and defending such claims, which may be more costly in judicial foreclosure jurisdictions than in non- judicial foreclosure jurisdictions, and there may be more of a likelihood such claims are made since the borrower is already exposed to the judicial system to process the foreclosure The non- QM loans in which we invest are subject to increased risks. The non- QM loans in which we invest are subject to increased risk of loss compared to investments in certain of our other target assets, such as Agency RMBS. A non- QM loan is directly exposed to losses resulting from default. Therefore, the value of the underlying property, the creditworthiness and financial position of the borrower, and the priority and enforceability of the lien will significantly impact the value of any such non- QM loan. In the event of a foreclosure, we may assume direct ownership of the underlying real estate. The liquidation proceeds upon the sale of such real estate may not be sufficient to recover our cost basis in the non- QM loan, and any costs or delays involved in the foreclosure or liquidation process may increase losses. The value of non- QM loans is also subject to property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies and to a reduction in a borrower' s mortgage debt by a bankruptcy court. In addition, claims may be assessed against us because of our position as a mortgage holder or property owner, including assignee liability, environmental hazards and other liabilities. In some cases, these claims may lead to losses exceeding the purchase price of the related non- QM loan or property. Unlike Agency RMBS, non- QM loans are not guaranteed by the U. S. Government or any

GSE. Additionally, by directly acquiring non- QM loans, we do not receive the structural credit enhancements that benefit senior tranches of RMBS. The occurrence of any of these risks could have a material adverse effect on us. Our portfolio is concentrated, and may continue to be concentrated, by asset type and by region, increasing our risk of loss if there are adverse developments or greater risks affecting the particular concentration. Our investment guidelines do not require us to observe specific diversification criteria. Currently, we are focused on acquiring and investing in first lien non- QM loans in the U. S. mortgage market. As of December 31, 2023, substantially all of the loans underlying our portfolio of RMBS and residential loans held in securitization trusts consisted of non- QM loans. In addition, as of December 31, 2023, more than 5 % of the unpaid principal balance of the loans underlying our portfolio of RMBS from the AOMT securitizations in which we participated and / or were the primary beneficiary were secured by properties located in each of California, Florida, Texas, and Georgia. As a result, our portfolio is **its** concentrated, and may continue to be concentrated, by asset type and geographic region, increasing our risk of loss if there are adverse developments or greater risks affecting the particular concentration. Accordingly, downturns relating generally to non- QM loans may result in defaults on a number of our non- QM loans within a short time period, and adverse conditions in the areas where the properties securing or otherwise underlying our investments are concentrated (including unemployment rates, changing demographies and other factors) and local real estate conditions (such as oversupply or reduced demand) may have an adverse effect on the value of our investments, any of which may materially and adversely affect us. The non- QM loans and other residential mortgage loans in which we invest are subject to a risk of default, among other risks. Our strategy is to make credit- sensitive investments primarily in newly- originated first lien non- QM loans, which include investment property loans, primarily sourced from Angel Oak Mortgage Lending. We also may invest in other target assets . Further , **convert** we may identify and acquire our target assets through the secondary market when market conditions and asset prices are conducive to making attractive purchases. Such acquisitions and investments will subject us to risks which include, among others: • declines in the value of residential or commercial real estate; • risks related to benchmark rates such as the Secured Overnight Financing Rate (" SOFR ") as reference rates for loans, borrowings and securities; • risks related to general and local economic conditions, including unemployment rates; • lack of available mortgage funding for borrowers to refinance or sell their homes or other properties; • overbuilding and / or housing availability; • increases in property taxes; • changes in U. S. federal and state lending laws; • changes in zoning laws; • costs resulting from the clean- up of, and liability to third parties for damages resulting from, environmental problems, such as indoor mold; • casualty or condemnation losses; • acts of God, terrorism, social unrest, and civil disturbances; • uninsured damages from floods, earthquakes, or other natural disasters, including those resulting from global climate change; • limitations on and variations in rents; • fluctuations in interest rates; • undetected or unknown fraudulent activity by borrowers, originators, sellers of mortgage loans and / or other third party service providers; • undetected deficiencies and / or inaccuracies in underlying mortgage loan documentation and calculations; and • failure of the borrower to adequately maintain the property. To the extent that assets underlying our investments are concentrated geographically, by property type or in certain other respects, we may be subject to certain of the foregoing risks to a greater extent. Additionally, we may be required to foreclose on a mortgage loan and such actions would subject us to greater concentration of the risks of the real estate markets and risks related to the ownership and management of real property. We may need to foreclose on certain of the residential mortgage loans we acquire, which could result in losses that materially and adversely affect us. We may find it necessary or desirable to foreclose on certain of the residential mortgage loans, including non- QM loans, we acquire, and the foreclosure process may be lengthy and expensive. There are a variety of factors that may inhibit the ability to foreclose upon a residential mortgage loan and liquidate real property. These factors include, without limitation: (1) extended foreclosure timelines in states that require judicial foreclosure, including states where we may hold high concentrations of residential mortgage loans; (2) significant collateral documentation deficiencies; (3) U. S. federal, state or local laws that are borrower friendly, including legislative action or initiatives designed to provide homeowners with assistance in avoiding residential mortgage loan foreclosures and that serve to delay the foreclosure process; (4) programs that require specific procedures to be followed to explore the refinancing of a residential mortgage loan prior to the commencement of a foreclosure proceeding; and (5) declines in real estate values and sustained high levels of unemployment that increase the number of foreclosures and place additional pressure on the judicial and administrative systems. In periods following home price declines, " strategic defaults " (decisions by borrowers to default on their mortgage loans despite having the ability to pay) also may become more prevalent. Even if we are successful in foreclosing on a residential mortgage 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 to us. We will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the residential mortgage loan. 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 the loss. The incurrence of any such losses could materially and adversely affect us. Additionally, in the event of the bankruptcy of a residential mortgage loan borrower, the residential mortgage 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 residential mortgage 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. If borrowers default on their residential mortgage loans and we are unable to recover any resulting loss through the foreclosure process, we could be materially and adversely affected. Increases in interest rates could adversely affect the value of our assets, cause our interest expense to increase, increase the risk of default on our assets and cause a decrease in the volume of certain of our target assets, which could materially and adversely affect us. Our operating results depend in large part on the difference between the income from our assets, net of credit losses, and financing costs. We anticipate that, in many cases, the income from our assets will respond more slowly to interest rate fluctuations than the cost of our borrowings. Consequently, changes in interest rates, particularly short- term interest rates, to the extent not offset by our interest rate hedges, may significantly influence our financial results. Interest rates are highly sensitive to

many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. For example, recently, there has been a significant rise in inflation and the U. S. Federal Reserve Board has raised, and may continue to raise, interest rates in an effort to curb inflation. These increases in interest rates and inflation have led, and may continue to lead, to economic volatility, increased borrowing costs, price increases and risks of recession. Fixed income assets typically decline in value if interest rates increase. If long- term interest rates were to increase significantly, not only would the market value of these assets be expected to decline, but these assets could lengthen in duration because, for example, borrowers would be less likely to prepay their mortgages. Further, an increase in short- term interest rates would increase the rate of interest payable on any short- term borrowings used to finance these assets. Subject to maintaining our qualification as a REIT and maintaining our exclusion from regulation as an investment company under the Investment Company Act, we expect to continue to utilize various derivative instruments and other hedging instruments to mitigate interest rate risk, but there can be no assurances that our hedges will be successful, or that we will be able to enter into or maintain such hedges. As a result, interest rate fluctuations can cause significant losses, reductions in income, and could materially and adversely affect us. In addition, rising interest rates generally reduce the demand for mortgage loans due to the higher cost of borrowing. A reduction in the volume of mortgage loans originated may affect the volume of target assets available to us, which could adversely affect our ability to acquire assets that may satisfy our investment objectives. If rising interest rates cause us to be unable to acquire a sufficient volume of our target assets with a yield that is above our borrowing cost, it could materially and adversely affect us. An increase in interest rates could also cause financial strain on borrowers with adjustable rate mortgages, who might then be more likely to default. In addition, we cannot ensure that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. Such future constraints could increase our borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments, which could slow or deter future growth. Changes in the fair values of our assets, liabilities, and derivatives can have a material adverse effect on us, including reduced earnings, increased earnings volatility, and volatility in our book value. Fair values for our assets and liabilities, including derivatives, can be volatile and our revenue and income can be impacted by changes in fair values. Fair values can change rapidly and significantly, and changes can result from changes in interest rates, perceived risk, supply, demand, and actual and projected cash flows, prepayments, and credit performance. A decrease in fair value may not necessarily be the result of or an expectation for deterioration in future cash flows. Fair values for illiquid assets can be difficult to estimate, which may lead to volatility and uncertainty of earnings and book value. For example, real estate- related investments in our target asset portfolio may be subject to changes in credit spreads. Credit spreads measure the yield demanded on securities by the market based on their credit relative to a specific benchmark and are a measure of the perceived risk of the investment. Fixed rate securities are valued based on a market credit spread over the rate payable on fixed rate swaps or fixed rate U. S. Treasuries of similar maturities. Floating rate securities are typically valued based on a market credit spread over a floating rate index such as SOFR and are affected similarly by changes in index spreads. Excessive supply of these securities or reduced demand may cause the market to require a higher yield on these securities, resulting in the use of a higher, or " wider, " spread over the benchmark rate to value such securities. Under such conditions, the value of our securities portfolios would tend to decline. Conversely, if the spread used to value such securities were to decrease, or " tighten, " the value of our real estate and other securities portfolio would tend to increase. Such changes in the market value of our real estate- related securities portfolio may affect our net equity, net income, comprehensive income, or cash flow directly through their impact on unrealized gains or losses or other comprehensive income (loss), and therefore our ability to realize gains on such assets, or indirectly through their impact on our ability to borrow and access capital. Widening credit spreads could cause net unrealized gains to decrease or net unrealized losses to increase, and result in overall net losses and / or comprehensive net losses. For purposes of generally accepted accounting principles in the United States of America (" GAAP "), we mark to market most of the assets and some of the liabilities on our consolidated balance sheet. In addition, valuation adjustments on certain consolidated assets and many of our derivatives are reflected in our consolidated statement of income. Assets that are funded with certain liabilities and hedges may have differing mark- to- market treatment than the liability or hedge. If we sell an asset at a lower price than has been reflected in that asset' s most recent mark to market value, our reported earnings will be reduced. SOFR has generally replaced U. S. dollar LIBOR as a reference rate of interest, which subjects us to various risks. U. S. dollar LIBOR (London Interbank Offered Rate) has been replaced by rates based on SOFR. SOFR has a limited history, having been first published in April 2018. The future performance of SOFR, and SOFR- based reference rates, cannot be predicted based on SOFR' s history or otherwise. Future levels of SOFR may bear little or no relation to historical levels of SOFR, LIBOR or other rates. Because SOFR is a financing rate based on overnight secured funding transactions, it differs fundamentally from LIBOR. LIBOR was intended to be an unsecured rate that represented interbank funding costs for different short- term tenors; and was a forward- looking rate reflecting expectations regarding interest rates for those tenors. Thus, LIBOR was intended to be sensitive to bank credit risk and to short- term interest rate risk. In contrast, SOFR is a secured overnight rate reflecting the credit of U. S. Treasury securities as collateral. Thus, it is intended to be insensitive to credit risk and to risks related to interest rates other than overnight rates. SOFR has been more volatile than other benchmark or market rates during certain periods. Like LIBOR, some SOFR- based rates are forward- looking term rates; other SOFR- based rates are intended to resemble rates for term structures through their use of averaging mechanisms applied to rates from overnight transactions, as in the case of " simple average " or " compounded average " SOFR. Different kinds of SOFR- based rates result in different interest rates. Mismatches between SOFR- based rates, and between SOFR- based rates and other rates, may cause economic inefficiencies, particularly if market participants seek to hedge one kind of SOFR- based rate by entering into hedge transactions based on another SOFR- based rate or another rate. For these reasons, among others, there is no assurance that SOFR, or rates derived from SOFR, will perform in the same or a similar way as U. S. dollar LIBOR would have performed at any time, and there is no assurance that SOFR- based rates are suitable

substitutes for form U. S. dollar LIBOR. Non- LIBOR floating rate obligations, including SOFR- based obligations, may have returns and values that fluctuate more than those of floating rate obligations that were based on LIBOR or other rates. Also, because SOFR and some alternative floating rates are relatively new market indexes, markets for certain non- LIBOR obligations may never develop or may not be liquid. Market terms for non- LIBOR floating rate obligations, such as the spread over the index reflected in interest rate provisions, may evolve over time, and prices of non- LIBOR floating rate obligations may be different depending on when they are issued and changing views about correct spread levels. Credit ratings assigned to our investments are or will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded. Some of our investments, including bonds issued in our existing or future securitization transactions for which we would be required to retain a portion of the credit risk, are or may be rated by rating agencies. Any credit ratings on our investments are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any such ratings would 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 and liquidity of our investments could significantly decline, which would adversely affect the value of our portfolio and could result in losses. Prepayment rates may adversely affect the value of our portfolio. Prepayment rates on our investments, where contractually permitted, are influenced by changes in current interest rates, significant improvement in the performance of underlying real estate assets and a variety of economic, geographic and other factors beyond our control. Consequently, prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from increases in such rates. The conditional prepayment rate (" CPR ") is a method of expressing the prepayment rate for a mortgage pool that assumes that a constant fraction of the remaining principal is prepaid each month or year. An increase in prepayment rates, as measured by the CPR, will typically accelerate the amortization of our securitized portfolio of loans, thereby reducing the yield or interest income earned on such assets. In periods of declining interest rates, prepayments on investments generally increase and the proceeds of prepayments received during these periods may be reinvested by us in comparable assets at reduced yields. In addition, the market value of investments subject to prepayment may, because of the risk of prepayment, benefit less than other fixed- income securities from declining interest rates. Conversely, in periods of rising interest rates, prepayments on investments, where contractually permitted, generally decrease, in which case we would not have the prepayment proceeds available to invest in comparable assets at higher yields. Under certain interest rate and prepayment scenarios, we may fail to recoup fully our cost of certain investments. Our investments in Agency RMBS and non- Agency RMBS may result in losses stemming from prepayments on the underlying asset and changes in interest rates. We invest in Agency RMBS and non- Agency RMBS. RMBS in general are subject to particular risks because they have yield and maturity characteristics corresponding to their underlying assets. Unlike traditional debt securities, which may pay a fixed rate of interest until maturity when the entire principal amount comes due, payments on certain RMBS include both interest and a partial payment of principal. This partial payment of principal may be comprised of a scheduled principal payment, as well as an unscheduled payment from the voluntary prepayment, refinancing, or foreclosure of the underlying assets. As a result of these unscheduled payments of principal, or prepayments on the underlying assets, the price and yield of RMBS can be adversely affected. For example, during periods of declining interest rates, prepayments can be expected to accelerate, and we may reinvest proceeds at the lower interest rates then available. Prepayments of mortgages that underlie securities purchased at a premium could result in capital losses because the premium may not have been fully amortized at the time the obligation is prepaid. In addition, like other interest- bearing securities, the values of RMBS generally fall when interest rates rise, but when interest rates fall, their potential for capital appreciation may be limited due to the existence of the prepayment feature. The performance of any RMBS, and the results of hedging arrangements entered into with respect thereto, will be affected by: (1) the rate and timing of principal payments on the underlying assets; and (2) the extent to which such principal payments are applied to reduce, or otherwise result in the reduction of, the principal or notional amount of such RMBS. The rate of principal payments on a pool of RMBS will in turn be affected by the amortization schedules of the assets (which, in the case of assets with an adjustable- rate feature, may change periodically to accommodate adjustments to the mortgage rates thereon) and the rate of principal prepayments thereon (including for this purpose, voluntary prepayments by borrowers and prepayments resulting from liquidations of RMBS due to defaults, casualties, or condemnations affecting the related properties). The extent of prepayments of principal of the assets underlying RMBS may be affected by a number of factors, including the availability of mortgage credit, the relative economic vitality of the area in which the related properties are located, the servicing of the underlying assets, possible changes in tax laws, other opportunities for investment, homeowner mobility, and other economic, social, geographic, demographic, and legal factors. In general, any factors that increase the attractiveness of selling a mortgaged property or refinancing such property, enhance a borrower' s ability to sell or refinance or increase the likelihood of default under a MBS would be expected to cause the rate of prepayment in respect of a pool of MBS to accelerate. In contrast, any factors having an opposite effect would be expected to cause the rate of prepayment of a pool of MBS to slow. The rate of prepayment on a pool of MBS is likely to be affected by prevailing market interest rates for mortgages of a comparable type, term, and risk level. When the prevailing market interest rate is below a mortgage coupon, a borrower generally has an increased incentive to refinance. Even in the case of assets with an adjustable- rate component, as prevailing market interest rates decline, and without regard to whether the mortgage rates on such assets decline in a manner consistent therewith, the related borrowers may have an increased incentive to refinance for purposes of either: (1) converting to a fixed rate security; or (2) taking advantage of a different index, margin, or rate cap or floor on another adjustable- rate note. Therefore, as prevailing market interest rates decline, prepayment speeds would be expected to accelerate. Increases in monthly payments on adjustable- rate mortgages due to higher interest rates may result in greater future delinquency rates. Borrowers with adjustable payments may be exposed to increased monthly payments when the related mortgage interest rate adjusts upward from the initial fixed rate or a low introductory rate, as applicable, to the rate computed in accordance with the applicable index and margin. This increase in

borrowers' monthly payments, together with any increase in prevailing market interest rates, may result in significantly increased monthly payments for borrowers subject to adjustable- rates. Borrowers seeking to avoid these increased monthly payments by refinancing may no longer be able to find alternatives at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. Furthermore, borrowers who intend to sell their homes on or before the expiration of the fixed rate periods may find that they cannot sell their properties for an amount equal to or greater than their unpaid principal balances. These events, alone or in combination, may contribute to higher delinquency rates and therefore potentially higher losses on RMBS. Our investment in lower rated non- Agency RMBS resulting from the securitization of our assets or otherwise exposes us to the first loss on the mortgage assets held by the securitization vehicle. Additionally, the principal and interest payments on non- Agency RMBS are not guaranteed by any entity, including any government entity or GSE, and therefore are subject to increased risks, including credit risk. Our portfolio includes, and is expected to continue to include, non- Agency RMBS which are backed by non- QM and other residential mortgage loans that are not issued or guaranteed by an Agency or a GSE. Within a securitization of residential mortgage loans, various securities are created, each of which has varying degrees of credit risk. Our investments in non- Agency RMBS generally are concentrated in lower- rated and unrated securities in which we are exposed to the first loss on the residential mortgage loans held by the securitization vehicle, which subjects us to the most concentrated credit risk associated with the underlying residential mortgage loans Additionally, the principal and interest on non- Agency RMBS, unlike those on Agency RMBS, are not guaranteed by GSEs such as Fannie Mae and Freddie Mac or, in the case of Ginnie Mae, the U. S. Government. Non- Agency RMBS are subject to many of the risks of the respective underlying mortgage loans. A residential mortgage loan is typically secured by a single- family residential property and is subject to risks of delinquency and foreclosure and risk of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors, including, but not limited to, a general economic downturn, unemployment, acts of God, terrorism, social unrest, and civil disturbances, may impair the borrower' s ability to repay its mortgage loan. In periods following home price declines, " strategic defaults " (decisions by borrowers to default on their mortgage loans despite having the ability to pay) also may become more prevalent. In the event of defaults under residential mortgage loans backing any of our non- Agency RMBS, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the residential mortgage loan. Additionally, in the event of the bankruptcy of a residential mortgage loan borrower, the residential mortgage 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 residential mortgage 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. Foreclosure of a residential mortgage loan can be an expensive and lengthy process which could have a substantial negative effect on our anticipated return on the foreclosed residential mortgage loan. If borrowers default on the residential mortgage loans backing our non- Agency RMBS and we are unable to recover any resulting loss through the foreclosure process, we could be materially and adversely affected. We invest in investment property loans, which may expose us to an increased risk of loss. We invest in investment property loans, which are mortgage loans made on portfolios of residential rental properties. The repayment of such a loan by the property owner (i. e., the borrower) often depends primarily on its tenant' s continuing ability to pay rent to the property owner. If the property owner is unable to find or retain a tenant for the rental property, the property owner would cease to have a continuous rental income stream with respect to the property and, as a result, the property owner' s ability to repay the loan on a timely basis or at all could be adversely affected. In addition, the physical condition of non- owner- occupied properties can be below that of owner- occupied properties due to lax property maintenance standards, which can have a negative impact on the value of the collateral properties. Moreover, loans on non- owner- occupied residential properties may involve larger principal amounts and a greater degree of risk than owner- occupied residential mortgage loans, resulting in a higher likelihood that we will be subject to losses on such investment property loans. We have invested in, and may continue to invest in, jumbo prime mortgage loans, which may expose us to an increased risk of loss. We have invested in, and may continue to invest in jumbo prime mortgage loans, which generally may not conform to GSE underwriting guidelines for a variety of reasons, such as exceeding GSE loan limits. Jumbo prime mortgage loans are subject to the risks described above relating to investments in residential mortgage loans, but may expose us to increased risks because of their larger balances and because they cannot be immediately sold to GSEs. Additionally, in the event of a default by a borrower on a jumbo prime mortgage loan, we could experience greater losses than a typical loan in our portfolio due to the large mortgage balance associated with jumbo prime mortgage loans. The performance of our investments in commercial mortgage loans, including senior mortgage loans and small balance commercial mortgage loans, is dependent upon factors that are outside our control. We have invested in small balance commercial mortgage loans, and we may continue to invest in these and other commercial mortgage loans, including senior mortgage loans, which are secured (directly or indirectly) by commercial property and are subject to risks of delinquency and foreclosure. The ability of a borrower to repay a loan secured by an income- producing property typically is dependent primarily upon the successful operation of such property, which is outside our control. If the operating income of the property decreases, the borrower' s ability to repay the loan may be impaired. Additional risks associated with commercial real mortgage investments include, but are not limited to, changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, changes in the financial condition of tenants, increases in work- from- home policies, and changes in operating costs. For example, recently the office sector has been adversely affected by a decrease in demand as a result of, among other factors, an increase in remote and hybrid working arrangements, and a continuation of this trend could over time erode the overall demand for office space and, in turn, place downward pressure on occupancy rates, rental rates and property values. Real estate values are also affected by such factors as governmental regulations (including those governing usage, improvements, zoning, and taxes), interest rate levels, the

availability of financing, and potential liability under changing environmental and other laws. Of particular concern may be those mortgaged properties which are, or have been, the site of manufacturing, industrial, or disposal activities. Such environmental risks may cause a diminution in the value of property (including real property securing our investment) or a liability for cleanup costs or other remedial actions, which could exceed the value of such property or the principal balance of the related investment. In certain circumstances, a lender may choose not to foreclose on contaminated property rather than risk incurring a liability for remedial actions. In the event of any default under a commercial mortgage loan held by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could materially and adversely affect us. We have acquired and may continue to acquire second lien mortgage loans, which pose additional risks for us. We have acquired and may continue to acquire second lien mortgage loans. A second lien mortgage loan is a residential mortgage loan that is subordinate to the primary or first lien mortgage loan on a residential property. In the event of a default or a bankruptcy of the borrower, the second lien mortgage loan will not receive payment until the first lien mortgage loan is fully paid, resulting in a higher likelihood that we will be subject to losses on such second lien mortgage loan. As a result, we may not recover all or a significant part of our investment, which could result in losses and have a material adverse effect on us. We may invest in commercial bridge loans, mezzanine loans, construction loans, and B- Notes, which would subject us to an increased risk of loss. We may invest in commercial bridge loans, mezzanine loans, construction loans, and B- Notes as part of our strategy. Our investments in these asset classes would subject us to an increased risk of loss, as described below. • Commercial Bridge Loans. Commercial bridge loans are, generally, floating rate whole loans secured by first priority mortgage liens on the commercial real estate made to borrowers seeking short-term capital to be used in the acquisition, construction, or redevelopment of commercial properties. Commercial bridge loans provide interim financing to borrowers seeking short- term capital for the acquisition or transition (for example, lease up and / or rehabilitation) of commercial real estate and generally have a maturity of five years or less. Such a borrower under a transitional loan has usually identified an asset that has been under- managed or is located in a recovering market. If the market in which the asset is located fails to recover according to the borrower' s projections, or if the borrower fails to improve the quality of the asset' s management or the value of the asset, the borrower may not receive a sufficient return on the asset to satisfy the transitional loan, and we will bear the risk that we may not recover some or all of our investment. In addition, borrowers usually use the proceeds of a conventional mortgage loan to repay a transitional loan. We may therefore be dependent on a borrower' s ability to obtain permanent financing to repay a transitional loan, which could depend on market conditions and other factors. In the event of any failure to repay under a transitional loan held by us, we will 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 commercial bridge loan, which could materially and adversely affect us. • Mezzanine Loans. We may acquire mezzanine loans made to commercial property owners that are secured by pledges of the borrowers' ownership interests, in whole or in part, in entities that directly or indirectly own the properties, such loans being subordinate to whole loans secured by first or second mortgage liens on the properties themselves. In each instance where an investment is a mezzanine loan secured by interests in a property- owning entity, our investment in such loan will be subject, directly or indirectly, to the mortgage or other security interest of a senior lender. The rights and remedies afforded a senior lender may limit or preclude the exercise of rights and remedies by us, with resultant loss to us. Further, the equity owners of properties or entities in which we invest may raise defenses (including protection under bankruptcy laws) to enforcement of rights or imposition of remedies by us. In the event such defenses were successful, or resulted in delay, we could incur losses, which could materially and adversely affect us. • Construction Loans. If we fail to fund our entire commitment on a construction loan or if a borrower otherwise fails to complete the construction of a project, there could be adverse consequences associated with the loan, including, without limitation: (1) a loss of the value of the property securing the loan, especially if the borrower is unable to raise funds to complete it from other sources; (2) a borrower claim against us for failure to perform under the loan documents; (3) increased costs to the borrower that the borrower is unable to pay; (4) a bankruptcy filing by the borrower; and (5) abandonment by the borrower of the collateral for the loan. Additionally, the process of foreclosing on a property is time- consuming, and we may incur significant expense if we foreclose on a property securing a loan under these or other circumstances. The occurrence of any of the foregoing events could result in losses to us, which could materially and adversely affect us. • B- Notes. We may acquire B- Notes that are subordinated in right of payment to an A- Note, which is a senior interest in such loan. The B- Notes may be subject to additional risks relating to the privately negotiated structure and terms of the transaction, which may result in losses. If a borrower defaults, there may not be sufficient funds remaining for B- Note holders after payment to the A- Note holders. Since 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 be limited in certain investments. We cannot predict the terms of each B- Note investment. B- Notes are not as liquid as some forms of debt instruments and, as a result, we may be unable to dispose of performing, underperforming or non- performing B- Note investments. The higher risks associated with our subordinate position in such investment could subject us to increased risk of losses, which could materially and adversely affect us. We may invest in residential bridge loans, which would expose us to the risk that the borrower of such loan may not be able to sell the property on attractive terms or at all once the property has been re-developed, which may materially and adversely affect us. We may invest in residential bridge loans, which are particularly illiquid investments due to their short life and the greater difficulty of recoupment in the event of a borrower' s default. As these loans provide borrowers with short- term capital typically in connection with the acquisition and re- development of a single family or multi- family residence, with a view to the borrower selling the property, there is a risk that a borrower may not be able to sell the property on attractive terms or at all once the property has been re- developed. Moreover, the borrower may experience difficulty in completing the re- development of the property on schedule or at all, whether as a result of cost over-runs, construction- related delays, or other issues, which may result in delays selling the property or an inability to sell the

property at all. Since the borrower would typically use the proceeds of the sale of the property to repay the bridge loan, if any of the foregoing events were to occur, the borrower may be unable to repay its loan on a timely basis or at all, which may materially and adversely affect us. We may invest in Alt- A mortgage loans and subprime residential mortgage loans or RMBS collateralized by Alt- A mortgage loans and subprime residential mortgage loans, which are subject to increased risks. We may invest in Alt- A mortgage loans and subprime residential mortgage loans or RMBS backed by collateral pools of Alt- A mortgage loans and subprime residential mortgage loans. Due to economic conditions, including increased interest rates and lower home prices, as well as aggressive lending practices, Alt- A mortgage loans and subprime residential mortgage loans have in recent periods experienced increased rates of delinquency, foreclosure, bankruptcy, and loss, and are likely to continue to experience delinquency, foreclosure, bankruptcy, and loss rates that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. These loans are also more likely to be negatively impacted by governmental interventions, such as mandated modification programs or foreclosure moratoria, bankruptcy cramdown, regulatory enforcement actions and other requirements. Thus, because of the higher delinquency rates and losses associated with Alt- A mortgage loans and subprime residential mortgage loans, the performance of Alt- A mortgage loans and subprime residential mortgage loans or RMBS backed by Alt- A mortgage loans and subprime residential mortgage loans in which we may invest could be correspondingly adversely affected, which could materially and adversely affect us. We may invest in CRT securities that are subject to mortgage credit risk. We may invest in CRT securities, which are risk- sharing instruments issued by GSEs, or similarly structured transactions arranged by third- party market participants, that transfer a portion of the risk associated with credit losses within pools of conventional residential mortgage loans to investors such as us. The securities issued in the CRT sector are designed to synthetically transfer mortgage credit risk from the GSEs to private investors, and transactions arranged by third- party market participants in the CRT sector are similarly structured to reference a specific pool of loans that have been securitized by the GSEs and to synthetically transfer mortgage credit risk related to those loans to the purchaser of the securities. The holder of CRT securities therefore bears the risk that the borrowers may default on their obligations to make full and timely payments of principal and interest. To the extent that we are a holder of CRT securities, we will be exposed to such risks and may suffer losses. Investments that we make in CMBS pose additional risks. Our portfolio includes CMBS, which are mortgage- backed securities secured by interests in a single commercial mortgage loan or a pool of mortgage loans secured by commercial properties. CMBS are issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. CMBS generally lack standardized terms and tend to have shorter maturities than RMBS. Additionally, certain CMBS lack regular amortization of principal, resulting in a single " balloon " principal payment due at maturity. If the underlying mortgage borrower experiences business problems, or other factors limit refinancing alternatives, such balloon principal payment mortgages are likely to experience payment delays or even default. All of these factors increase the risk involved with investments in CMBS. Most CMBS are effectively non-recourse obligations of the borrower, meaning that there is no recourse against the borrower' s assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgages, payments on the subordinated classes of the related CMBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of CMBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed- in- lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. We may acquire MSRs or excess MSRs, which would expose us to significant risks. We may acquire MSRs or excess MSRs. MSRs would arise from contractual agreements between us and investors (or their agents) in mortgage loans and mortgage securities. The determination of the value of MSRs will require us to make numerous estimates and assumptions. Such estimates and assumptions include, without limitation, estimates of future cash flows associated with MSRs based upon assumptions involving interest rates as well as the prepayment rates, delinquencies, and foreclosure rates of the underlying serviced mortgage loans. The ultimate realization of the fair value of MSRs may be materially different than the values of such MSRs estimated by us. The use of different estimates or assumptions in connection with the valuation of these assets could produce materially different fair values for such assets, which could have a material adverse effect on us. Changes in interest rates are a key driver of the performance of MSRs. Historically, the fair value of MSRs has increased when interest rates rise and decreased when interest rates decline due to the effect those changes in interest rates have on prepayment estimates. To the extent we do not hedge against changes in the value of MSRs, our investments in MSRs would be more susceptible to volatility due to changes in the value of, or cash flows from, the MSRs as interest rates change. Prepayment speeds significantly affect MSRs. Prepayment speed is the measurement of how quickly borrowers pay down the unpaid principal balance of their loans or how quickly loans are otherwise brought current, modified, liquidated, or charged off. We may base the price we pay for MSRs and the rate of amortization of those assets on, among other things, projections of the cash flows from the related pool of mortgage loans. Our Manager' s expectation of prepayment speeds is a significant assumption underlying those cash flow projections. If prepayment speed expectations increase significantly, the value of the MSRs could decline. Furthermore, a significant increase in prepayment speeds could materially reduce the ultimate cash flows we receive from MSRs, and we could ultimately receive substantially less return on such assets. Moreover, delinquency rates have a significant impact on the valuation of any MSRs. An increase in delinquencies generally results in lower revenue because typically we would only collect servicing fees for performing loans. Our Manager' s expectation of delinquencies is also a significant assumption underlying projections of potential returns. If delinquencies are significantly greater than expected, the estimated value of the MSRs could be diminished. If the estimated value of MSRs is reduced, we could suffer a loss. Furthermore, MSRs and the related servicing activities are subject to numerous U. S. federal, state, and local laws and regulations and may be subject to various judicial and administrative decisions imposing various requirements and restrictions on the holders of such investments. Our failure to comply, or the failure of the servicer to comply, with the laws, rules, or regulations to which they are subject by virtue of ownership of MSRs, whether actual or alleged, could expose us to fines,

penalties, or potential litigation liabilities, including costs, settlements, and judgments, any of which could have a material adverse effect on us. Because excess MSRs are a component of the related MSR, the risks of owning an excess MSR are similar to the risks of owning an MSR. The valuation of excess MSRs is based on many of the same estimates and assumptions used to value MSR assets, thereby creating the same potential for material differences between estimated value and the actual value that is ultimately realized. Also, the performance of excess MSRs is impacted by the same drivers as the performance of MSR assets, including interest rates, prepayment speeds, and delinquency rates. We may invest in ABS and consumer loans, which poses additional risks. To a limited extent, we may invest in ABS and consumer loans if doing so would be consistent with qualifying and maintaining our qualification as a REIT under the Code and maintaining our exclusion from regulation as an investment company under the Investment Company Act. ABS are subject to the credit exposure of the underlying assets. Unscheduled prepayments of ABS may result in a loss of income. Movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain types of ABS. Borrower loan loss rates may be significantly affected by delinquencies, defaults, economic downturns, or general economic conditions beyond the control of individual borrowers. Increases in borrower loan loss rates reduce the income generated by, and the value of, ABS. The value of ABS may be affected by other factors, such as the availability of information concerning the pool and its structure, the creditworthiness of the servicing agent for the pool, the originator of the underlying assets or the entities providing credit enhancements and the ability of the servicer to service the underlying collateral. In addition, issuers of ABS may have limited ability to enforce the security interest in the underlying assets, collateral securing the payment of loans may not be sufficient to ensure repayment, and credit enhancements (if any) may be inadequate in the event of default. The ability of borrowers to repay consumer loans may be adversely affected by numerous borrower- specific factors, including unemployment, divorce, major medical expenses, or personal bankruptcy. General factors, including an economic downturn, high energy costs, or acts of God or terrorism, may also affect the financial stability of borrowers and impair their ability or willingness to repay their loans. Whenever a consumer loan held by us defaults, we will be at risk of loss to the extent of any deficiency between the liquidation value of the collateral, if any, securing the loan, and the principal and accrued interest of the loan. In addition, investments in consumer loans may entail greater risk than investments in residential mortgage loans, particularly in the case of consumer loans that are unsecured or secured by assets that depreciate rapidly. Pursuing any remaining deficiency following a default is often difficult or impractical, especially when the borrower has a low credit score, making further substantial collection efforts unwarranted. In addition, repossessing personal property securing a consumer loan can present additional challenges, including locating and taking physical possession of the collateral. We may rely on servicers who service these consumer loans to, among other things, collect principal and interest payments on the loans and perform loss mitigation services, and these servicers may not perform in a manner that promotes our interests. We may invest in distressed or non- performing residential mortgage loans and commercial mortgage loans, which could increase our risk of loss. We may invest in distressed residential mortgage loans and commercial mortgage loans where the borrower has failed to make timely payments of principal and / or interest or where the loan was performing but subsequently could or did become non- performing. There are no limits on the percentage of non- performing loans we may hold. Further, the borrowers on non- performing residential mortgage loans may be in economic distress and / or may have become unemployed, bankrupt, or otherwise unable or unwilling to make payments when due. Borrowers of non-performing commercial mortgage loans may be in economic distress due to changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, changes in the financial condition of tenants, and changes in operating costs. Distressed assets may entail characteristics that make disposition or liquidation more challenging, including, among other things, severe document deficiencies or underlying real estate located in states with extended foreclosure timelines. Additionally, many of these loans may have LTVs in excess of 100 %, meaning the amount owed on the loan exceeds the value of the underlying real estate. Any loss we may incur on such investments may be significant and could materially and adversely affect us. We have invested in, and may continue to invest in, TBAs and execute TBA dollar roll transactions. It could be uneconomical to roll our TBA contracts or we may be unable to meet margin calls on our TBA contracts, which could expose us to risks. We have invested in, and may continue to invest in, TBAs. In connection with these investments, we may execute TBA dollar roll transactions, which effectively delay the settlement of a forward purchase (or sale) of a TBA by entering into an offsetting TBA position, net settling the paired- off positions in cash, and simultaneously entering an identical TBA long (or short) position with a later settlement date. Under certain market conditions, TBA dollar roll transactions may result in negative net interest income whereby the Agency RMBS purchased (or sold) for forward settlement under a TBA contract are priced at a premium to Agency RMBS for settlement in the current month. Market conditions could also adversely impact the TBA dollar roll market and, in particular, shifts in prepay expectations on Agency RMBS or changes in the reinvestment policy on Agency RMBS by the U. S. Federal Reserve. Under such conditions, it may be uneconomical to roll our TBA positions prior to the settlement date, and we could have to take physical delivery of the underlying securities and settle our obligations for cash, or in the case of a short position, we could be forced to deliver one of our Agency RMBS, which would mean using cash to pay off any repurchase agreement amounts collateralized by that security. We may not have sufficient funds or alternative financing sources available to settle such obligations. In addition, pursuant to the margin provisions established by the Mortgage- Backed Securities Division (" MBSD ") of the Fixed Income Clearing Corporation, we are subject to margin calls on our TBA contracts and our trading counterparties may require us to post additional margin above the levels established by the MBSD. Negative income on TBA dollar roll transactions or failure to procure adequate financing to settle our obligations or meet margin calls under our TBA contracts could result in defaults or force us to sell assets under adverse market conditions or through foreclosure. We rely on analytical models and other data to analyze potential asset acquisition and disposition opportunities and to manage our portfolio. Such models and other data may be incorrect, misleading, or incomplete, which could cause us to purchase assets that do not meet our expectations or to make asset management decisions that are not in line with our strategy. Our Manager relies on the

analytical models (both proprietary and third- party models) of Angel Oak and information and data supplied by third parties. Models and data are used to value assets or potential assets, assess asset acquisition and disposition opportunities, manage our portfolio, assess the timing and amount of cash flows expected to be collected, and may also be used in connection with any hedging of our investments. Many of the models are based on historical trends. These trends may not be indicative of future results. Furthermore, the assumptions underlying the models may prove to be inaccurate, causing the models to also be incorrect. In the event models and data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose us to potential risks. For example, by relying on incorrect models and data, especially valuation or cash flow models, we may be induced to buy certain assets at prices that are too high, to sell certain other assets at prices that are too low, to overestimate or underestimate the timing or amount of cash flows expected to be collected, or to miss favorable opportunities altogether. Similarly, any hedging activities based on faulty models and data may prove to be unsuccessful. Some of the risks of relying on analytical models and third- party data include the following: • collateral cash flows and / or liability structures may be incorrectly modeled in all or only certain scenarios, or may be modeled based on simplifying assumptions that lead to errors; • information about assets or the underlying collateral may be incorrect, incomplete, or misleading; • asset, collateral, RMBS or CMBS historical performance (such as historical prepayments, defaults, cash flows, etc.) may be incorrectly reported, or subject to interpretation; and • asset, collateral, RMBS or CMBS information may be outdated, in which case the models may contain incorrect assumptions as to what has occurred since the date information was last updated. Some models, such as prepayment models or default models, may be predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses. In addition, the predictive models used by our Manager may differ substantially from those models used by other market participants, with the result that valuations based on these predictive models may be substantially higher or lower for certain assets than actual market prices. Furthermore, because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data, and, in the case of predicting performance in scenarios with little or no historical precedent (such as extreme broad- based declines in home prices, or deep economic recessions or depressions), such models must employ greater degrees of extrapolation and are therefore more speculative and of more limited reliability. All valuation models rely on correct market data inputs. If incorrect market data is entered into even a well- founded valuation model, the resulting valuations will be incorrect. However, even if market data is input correctly, " model prices " may differ substantially from market prices. If our market data inputs are incorrect or our model prices differ substantially from market prices, we could be materially and adversely affected. Valuations of some of our assets are inherently uncertain, may be based on estimates, may fluctuate over short periods of time and may differ from the values that would have been used if a ready market for these assets existed. The values of some of the assets in our portfolio or in which we intend to invest are not readily determinable. We value our assets quarterly at fair value, as determined in good faith by our Manager. Because such valuations are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, our Manager' s determinations of fair value may differ from the values that would have been used if a ready market for these assets existed or from the prices at which trades occur. While in many cases our Manager' s determination of the fair value of our assets is based on valuations provided by third- party dealers and pricing services, our Manager may value assets based upon its judgment and such valuations may differ from those provided by third- party dealers and pricing services. Furthermore, we may not obtain third- party valuations for all of our assets. Changes in the fair value of our assets directly impact our net income through recording unrealized appreciation or depreciation of our investments and derivative instruments, and so our Manager' s determination of fair value has a material impact on our net income. Valuations of certain assets are often difficult to obtain or are unreliable. In general, dealers and pricing services heavily disclaim their valuations. Additionally, dealers may claim to furnish valuations only as an accommodation and without special compensation, and so they may disclaim any and all liability for any direct, incidental, or consequential damages arising out of any inaccuracy or incompleteness in valuations, including any act of negligence or breach of any warranty. Depending on the complexity and illiquidity of an asset, valuations of the same asset can vary substantially from one dealer or pricing service to another. We could be materially and adversely affected if our Manager' s fair value determinations of our assets were materially different from the values that would exist if a ready market existed for our assets. The lack of liquidity in our assets may have a material adverse effect on us. The investments made or to be made by us in our target assets may be or may become illiquid. Market conditions could significantly and negatively impact the liquidity of these investments. Illiquid assets typically experience greater price volatility, as a ready market may not exist, and can be more difficult to value. It may be difficult or impossible to obtain third- party pricing on the assets that we acquire. If third- party pricing is obtained, validating such pricing may be more subjective than it would be for more liquid assets due to the uncertainties inherent in valuing assets for which reliable market quotations are not available. Any illiquidity of our assets may make it difficult for us to sell such assets on favorable terms or at all. If we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the intrinsic value of the assets and / or the value at which we previously recorded such assets. Assets that are illiquid are more difficult to finance using leverage. When we use leverage to finance assets and such assets subsequently become illiquid, we may lose or be subject to reductions on the financing supporting our leverage. Assets tend to become less liquid during times of financial stress, which is often when liquidity is most needed. As a result, our ability to sell assets or vary our portfolio in response to changes in economic and other conditions may be limited by liquidity constraints, which could have a material adverse effect on us. Additionally, we have engaged, and intend to continue to engage , in securitizations to finance the acquisition and accumulation of mortgage loans or other mortgage- related assets that will be subject to the U. S. Risk Retention Rules. Securitizations for which we act as " sponsor " (as defined in the U. S. Risk Retention Rules), and / or have previously acted as co- sponsor and were selected to be the party obligated to comply with the U. S. Risk Retention Rules, require us (or a " majority- owned affiliate " within the meaning of the U. S. Risk Retention Rules) to retain a 5 % interest in the related securitization issuing entity (the " Risk Retention Securities "). The Risk

Retention Securities are required to be (1) a first loss residual interest in the issuing entity representing 5 % of the fair value of the securities and other interests issued as part of the securitization transaction (a " horizontal slice "), (2) 5 % of each class of the securities and other interests issued as part of the securitization transaction (a " vertical slice ") or (3) a combination of a horizontal slice and a vertical slice that, in the aggregate, represents 5 % of the transaction. Regardless of the form of risk retention selected, we or a majority- owned affiliate will be required to hold the Risk Retention Securities until the end of the time period required under the U. S. Risk Retention Rules (i. e., the respective risk retention holding period). We are or will be, as the case may be, generally prohibited from hedging the credit risk of the Risk Retention Securities or from financing the Risk Retention Securities except on a " full recourse " basis in accordance with the U. S. Risk Retention Rules. Accordingly, some of our securitizations require, or in the case of certain future securitizations, will require us to hold Risk Retention Securities for an extended period and contribute to the lack of liquidity in our assets, which may have a material adverse effect on us. In addition, in certain cases, we have also covenanted to retain an interest, and to take certain other action, with respect to such securitizations for purposes of the EU / UK Securitization Rules, and we may covenant to retain an interest, and to take certain other action, with respect to certain future securitizations for purposes of the EU / UK Securitization Rules; and, in each case, this has subjected us, or will subject us, to certain risks, including risks similar to those that arise under the U. S. Risk Retention Rules. We may be exposed to environmental liabilities with respect to properties in which we have an interest. In the course of our business, we may take title to real estate, and, if we do take title, we could be subject to environmental liabilities with respect to these properties. In such a circumstance, we may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation, and clean- up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, 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 that an owner of an underlying property becomes liable for removal costs, the ability of the owner to make debt payments may be reduced, which in turn may materially adversely affect the value of the relevant mortgage- related assets held by us. Insurance proceeds on a property may not cover all losses, which could result in the corresponding non- performance of or loss on our investment related to such property. There are certain types of losses, generally of a catastrophic nature, such as acts of God, 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, including acts of God, terrorism, or acts of war, also might result in insurance proceeds that are 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 non- performance of or loss on our investment related to such property. Risks Related to Our Company We have a limited operating history and may not be able to operate our business successfully or generate sufficient revenue to make or sustain distributions to our stockholders. We commenced operations, and began investing in non- QM loans and other target assets, in 2018. As a result, we have a limited operating history. We cannot assure you that we will be able to operate our business successfully or implement our operating policies and strategies. There can be no assurance that we will be able to generate sufficient returns to pay our operating expenses and make satisfactory distributions to our stockholders or any distributions at all. Our results of operations depend on several factors, including the availability of opportunities to acquire non- QM loans and other target assets, the level and volatility of interest rates, the availability of adequate short and long- term financing, conditions in the financial markets and general economic conditions. Additionally, our results of operations depend on executing our strategy of making credit- sensitive investments primarily in newly- originated first lien non- QM loans that are primarily sourced from Angel Oak Mortgage Lending, but there can be no assurance that we will be able to acquire such loans from Angel Oak Mortgage Lending on favorable terms or at all. We are subject to risks associated with pandemics or other public health crises, which could materially and adversely affect us. We are subject to risks associated with pandemics or other public health crises, including the COVID- 19 pandemic. While many countries around the world have removed the restrictions taken in response to the COVID- 19 pandemic and the negative impacts of COVID- 19 have significantly improved, the emergence of new variants of COVID- 19 or another pandemic or other public health crisis may result in new preventive measures taken by governmental authorities or others to alleviate the crisis, such as mandatory business closures, quarantines and restrictions on travel. Any such measures could adversely impact the economy globally or locally, including by leading to further economic slowdowns and additional volatility and disruption of financial markets. Our operations and financial performance could be materially and adversely impacted as the result of the future emergence of new variants of COVID- 19, or another pandemic or other public health crisis, and any related shutdowns or other significant business disruptions. The scope and duration of any future pandemic or other public health crisis, the pace at which government and other restrictions are imposed and lifted, the scope of additional actions taken to mitigate the spread of disease, global vaccination and booster rates, the speed and extent to which global or local markets recover from any such disruptions caused by such a public health crisis, and the impact of these factors on us would depend on future developments that would be highly uncertain and unpredictable. To the extent any future pandemic or other public health crisis adversely affects economic conditions and our operations, it could also have the effect of heightening other risks described in this " Item 1A. Risk Factors. " We may change our strategy, investment guidelines, hedging strategy, asset allocation, operational, and management policies without notice or stockholder consent, which could materially and adversely affect us. Our Board of Directors has the authority to change our strategy, investment guidelines, hedging strategy, asset allocation, operational, and management policies at any time without notice to or consent from our stockholders, which could result in our purchasing assets or entering into hedging transactions that are different from, and possibly riskier or less accretive than, the investments described in this Annual Report on Form 10- K. A change in our investment or hedging strategy may increase our exposure to real estate values, interest rates, and other factors. A

change in our asset allocation could result in us purchasing assets in classes different from those described in this Annual Report on Form 10- K, which could materially and adversely affect us. Our due diligence on potential investments may not reveal all of the risks associated with such investments and may not reveal other weaknesses in such investments, which could materially and adversely affect us. Before making an investment, our Manager conducts (either directly or using third parties) certain due diligence. There can be no assurance that our Manager will conduct any specific level of due diligence, or that, among other things, our Manager' s due diligence processes will uncover all relevant facts or that any investment will be successful, which could result in losses on these investments, which, in turn, could materially and adversely affect us. In connection with the investments we make in residential mortgage loans, our Manager often utilizes, and will continue to utilize, third- party due diligence firms to perform independent due diligence on such loans. These firms review every loan and provide grades taking into account factors such as compliance, property appraisal, adherence to guidelines and documentation governing the loan. Our Manager also utilizes third- party pricing vendors to help ensure that the loans we acquire are purchased at a fair price. There can be no assurance that the third parties that our Manager engages will uncover all relevant risks associated with such investments, which could result in losses on these investments, which, in turn, could materially and adversely affect us. Additionally, our strategy is to make credit- sensitive investments primarily in newly- originated first lien non- QM loans that are primarily sourced from Angel Oak Mortgage Lending. Angel Oak Mortgage Lending consists of affiliates of our Manager and, accordingly, our Manager may not conduct as thorough of a review of the loans acquired from Angel Oak Mortgage Lending in comparison to the review our Manager would conduct for loans acquired from unaffiliated third parties. If our Manager conducts more limited due diligence on the loans acquired from Angel Oak Mortgage Lending, such due diligence may not reveal all of the risks associated with such loans, which could materially and adversely affect us. The failure of our third- party servicers to service our investments effectively would materially and adversely affect us. We rely on external third- party servicers to service our investments, including the collection of all interest and principal payments on the loans in our portfolio and to perform loss mitigation services. If our third- party servicers are not vigilant in encouraging borrowers to make their monthly payments, the borrowers may be less likely to make these payments, which could result in a higher frequency of default. The failure of our third- party servicers to effectively service our mortgage loan investments could negatively impact the value of such investments and our performance, which would materially and adversely affect us. In addition, legislation that has been enacted or that may be enacted in order to reduce or prevent foreclosures through, among other things, loan modifications may reduce the value of our mortgage loans or loans underlying our investments. Mortgage servicers may be incentivized by the U. S. Government to pursue such loan modifications, as well as forbearance plans and other actions intended to prevent foreclosure, even if such loan modifications and other actions are not in the best interests of the owners of the mortgage loans. In addition to legislation that creates financial incentives for mortgage loan servicers to modify loans and take other actions that are intended to prevent foreclosures, legislation has also been adopted that creates a safe harbor from liability to creditors for servicers that undertake loan modifications and other actions that are intended to prevent foreclosures. Finally, laws may delay the initiation or completion of foreclosure proceedings on specified types of residential mortgage loans or otherwise limit the ability of mortgage servicers to take actions that may be essential to preserve the value of the loan. Any such limitations are likely to cause delayed or reduced collections from mortgagors and generally increase servicing costs. As a result of these legislative actions, the mortgage servicers on which we rely may not perform in our best interests or up to our expectations. If our third- party servicers, including mortgage servicers, do not perform as expected, it may materially and adversely affect us. We may be affected by deficiencies in foreclosure practices of third parties, as well as related delays in the foreclosure process. There continues to be uncertainty regarding the timing and ability of servicers to remove delinquent borrowers from their homes, so that they can liquidate the underlying properties and ultimately pass the liquidation proceeds through to owners of the residential mortgage loans or other assets. Since the 2008 housing crisis, and in response to the well- publicized failures of many servicers to follow proper foreclosure procedures (such as involving " robo- signing "), mortgage servicers are being held to much higher foreclosure- related documentation standards than they previously were. However, because many mortgages have been transferred and assigned multiple times (and by means of varying assignment procedures), mortgage servicers have historically had difficulty, and may continue to have difficulty, furnishing the requisite documentation to initiate or complete foreclosures. This leads to stalled or suspended foreclosure proceedings, and ultimately additional foreclosure- related costs. Foreclosure- related delays also tend to increase ultimate loan loss severities as a result of property deterioration, amplified legal and other costs, and other factors. Many factors delaying foreclosure, such as borrower lawsuits and judicial backlog and scrutiny, are outside a servicer' s control and have delayed, and will likely continue to delay, foreclosure processing in both judicial states (where foreclosures require court involvement) and non- judicial states. The concerns about deficiencies in foreclosure practices of servicers and related delays in the foreclosure process may impact our loss assumptions and affect the values of, and our returns on, our investments in residential mortgage loans, including non- QM loans, and in other target assets. Additionally, a servicer' s failure to remove delinquent borrowers from their homes in a timely manner could increase our costs, adversely affect the value of the property and residential mortgage loans, and have a material adverse effect on us. The U. S. Government, through the U. S. Treasury, the Federal Housing Administration, and the Federal Deposit Insurance Corporation, has in the past, and may in the future, implement programs designed to provide homeowners with assistance in avoiding mortgage loan foreclosures. The programs may involve, among other things, the modification of mortgage loans to reduce the principal amount of the loans or the rate of interest payable on the loans, or to extend the payment terms of the loans. Loan modification and refinance programs may adversely affect the performance of our residential mortgage loans and other target assets. A significant number of loan modifications relating to our investments in residential mortgage loans and other target assets, including those related to principal forgiveness and coupon reduction, could negatively impact the realized yields and cash flows on such investments. In addition, it is also likely that loan modifications would result in increased prepayments on our investments. See " — Risks Related to Our Investment Activities — Prepayment rates may adversely affect the value of our

portfolio " for information relating to the impact of prepayments on our investments. The U. S. Congress and various state and local legislatures may pass mortgage- related legislation that would affect our business, including legislation that would permit limited assignee liability for certain violations in the mortgage loan origination process, and legislation that would allow judicial modification of loan principal in the event of personal bankruptcy. We cannot predict whether or in what form Congress or the various state and local legislatures may enact legislation affecting our business or whether any such legislation will require us to change our practices or make changes in our portfolio in the future. These changes, if required, could materially and adversely affect us, particularly if we make such changes in response to new or amended laws, regulations, or ordinances in any state where we hold a significant portion of our investments, or if such changes result in us being held responsible for any violations in the mortgage loan origination process. Existing loan modification programs, together with future legislative or regulatory actions, including possible amendments to the bankruptcy laws, which result in the modification of outstanding residential mortgage loans and / or changes in the requirements necessary to qualify for refinancing of mortgage loans with Fannie Mae, Freddie Mac, or Ginnie Mae, may adversely affect the value of, and the returns on, our target assets, which could materially and adversely affect us. We operate in a highly competitive market. Our profitability depends, in large part, on our ability to acquire our target assets at favorable prices. Although our strategy is to make credit- sensitive investments primarily in newly- originated first lien non- QM loans that are primarily sourced from Angel Oak Mortgage Lending, Angel Oak Mortgage Lending has no obligation to sell non- QM loans and other target assets to us and, as a result, we may need to acquire non- QM loans and other target assets from unaffiliated third parties, including through the secondary market when market conditions and asset prices are conducive to making attractive purchases. In acquiring non- QM loans and other target assets from unaffiliated third parties, we compete with other mortgage REITs, specialty finance companies, savings and loan associations, banks, mortgage bankers, insurance companies, mutual funds, institutional investors, investment banking firms, financial institutions, governmental bodies and other entities. Additionally, we may also compete with the U. S. Federal Reserve and the U. S. Treasury to the extent they purchase assets meeting our objectives pursuant to various purchase programs. Many of our competitors are larger than us, have greater access to capital and other resources and may have other advantages over us. Our competitors may include other entities managed by Angel Oak, including with respect to loans originated by Angel Oak Mortgage Lending. In addition to existing companies, other companies may be organized for similar purposes, including companies focused on purchasing mortgage assets. A proliferation of such companies may increase the competition for equity capital and thereby adversely affect the market price of our common stock. 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 assets and establish more relationships than us. We also may have different operating constraints from those of our competitors including, among others, (1) tax- driven constraints such as those arising from our qualifying and maintaining our qualification as a REIT, (2) restraints imposed on us as a result of maintaining our exclusion from the definition of an " investment company " or other exemptions under the Investment Company Act and (3) restraints and additional costs arising from our status as a public company. Furthermore, competition for our target assets may lead to the price of such assets increasing, which may further limit our ability to generate desired returns. We cannot assure you that the competitive pressures we face will not have a material adverse effect on us. A change to the conservatorship of Fannie Mae and Freddie Mac and related actions, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the U. S. Government, could materially and adversely affect us. Since 2008, Fannie Mae and Freddie Mac have been in conservatorship, with their primary regulator, the Federal Housing Finance Agency, acting as conservator. While Fannie Mae and Freddie Mac currently act as the primary sources of liquidity in the residential mortgage markets, both by purchasing mortgage loans for their own portfolios and by guaranteeing mortgage- backed securities, the U. S. Government may enact structural changes to one or more of the GSEs, including privatization, consolidation and / or a reduction in the ability of GSEs to purchase mortgage loans or guarantee mortgage obligations. We cannot predict if, when or how the conservatorships will end, or what associated changes (if any) may be made to the structure, mandate or overall business practices of either of the GSEs. Accordingly, there continues to be uncertainty regarding the future of the GSEs, including whether they will continue to exist in their current form and whether they will continue to meet their guarantees and other obligations. A substantial reduction in mortgage purchasing activity by the GSEs could result in increased volatility in the residential housing market. Certain actions by the U. S. Federal Reserve could materially and adversely affect us. Changing benchmark interest rates, and the U. S. Federal Reserve' s actions and statements regarding monetary policy, can affect the fixed- income and mortgage finance markets in ways that could adversely affect the value of, and returns on, our investments, which could materially and adversely affect us. Statements by the U. S. Federal Reserve regarding monetary policy and the actions it takes to set or adjust monetary policy may affect the expectations and outlooks of market participants in ways that adversely affect our investments. Over the past few years, statements made by the Chair and other members of the U. S. Federal Reserve Board and by other U. S. Federal Reserve officials regarding the U. S. economy, future economic growth, the U. S. Federal Reserve' s future open market activity and monetary policy had a significant impact on, among other things, benchmark interest rates, the value of residential mortgage loans and, more generally, the fixed- income markets. In addition, recently the U. S. Federal Reserve Board has raised, and may continue to raise, certain benchmark interest rates in an effort to curb inflation. These statements and actions of the U. S. Federal Reserve, and other factors also significantly impacted many market participants' expectations and outlooks regarding future levels of benchmark interest rates and the expected yields these market participants would require to invest in fixed- income instruments. To the extent benchmark interest rates rise, one of the immediate potential impacts on our assets would be a reduction in the overall value of our assets and the overall value of the pipeline of mortgage loans that our Manager identifies, including from Angel Oak Mortgage Lending. Rising benchmark interest rates also generally have a negative impact on the overall cost of borrowings we may use to finance our acquisitions and holdings of assets, including as a result of the requirement to post additional margin (or collateral) to lenders to offset any associated decline in value of the assets we finance with the use of leverage. Rising

benchmark interest rates may also cause sources of leverage that we may use to finance our investments to be unavailable or more limited in their availability in the future. These and other developments could materially and adversely affect us. We are subject to counterparty risk and may be unable to seek indemnity or require our counterparties to repurchase mortgage loans if they breach representations and warranties, which could have a material adverse effect on us. When selling mortgage loans, sellers typically make customary representations and warranties about such loans. Our residential mortgage loan purchase agreements may entitle us to seek indemnity or demand repurchase or substitution of the loans in the event our counterparties breach a representation or warranty given to us. However, there can be no assurance that our mortgage loan purchase agreements will contain appropriate representations and warranties, that we will be able to enforce our contractual right to repurchase or substitution, or that our counterparties will remain solvent or otherwise be able to honor their obligations under these mortgage loan purchase agreements. Our inability to obtain indemnity or require repurchase of a significant number of loans could have a material adverse effect on us. Maintaining cybersecurity and data security is important to our business and a breach of our cybersecurity or data security could result in serious harm to our reputation and have a material adverse impact on our business and financial results When we acquire or originate real estate mortgage loans, we come into possession of borrower non- public personal information that an identity thief could utilize in engaging in fraudulent activity or theft. We and our Manager may share this information with third parties, such as loan sub- servicers, outside vendors, third parties interested in acquiring such loans from us, or lenders extending credit to us collateralized by such loans. We have acquired more than 8, 000 residential mortgage loans since 2018. While our Manager has security measures in place to protect this information and prevent security breaches, these security measures may be compromised as a result of third- party action, including intentional misconduct by computer hackers, cyber- attacks, " phishing " attacks, service provider or vendor error, or malfeasance or other intentional or unintentional acts by third parties and bad actors, including third- party service providers. Furthermore, borrower data, including personally identifiable information, may be lost, exposed, or subject to unauthorized access or use as a result of accidents, errors, or malfeasance by our Manager and its employees, independent contractors, or others working with us or on our behalf. Our and our Manager' s servers and systems, and those of our service providers, may be vulnerable to computer malware, break- ins - **in** , denial- of- service attacks, and similar disruptions from unauthorized tampering with our or our Manager' s computer systems, which could result in someone obtaining unauthorized access to borrowers' data or our or our Manager' s data, including other confidential business information. We and our Manager have developed our cybersecurity systems and processes that are intended to protect this type of data and information; however, they may not be effective in preventing unauthorized access in the future. While past unauthorized access has been immaterial to our business and financial results, there can be no assurance of a similar result in the future. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. We may be liable for losses suffered by individuals whose identities are stolen as a result of a breach of the security of the systems that we, our Manager or third- parties and service providers of ours store this information on, and any such liability could be material. Even if we are not liable for such losses, any breach of these systems could expose us to material costs in notifying affected individuals and providing credit monitoring services to them, as well as regulatory fines or penalties. In addition, any breach of these systems could disrupt our normal business operations and expose us to reputational damage and lost business, revenues, and profits. Any insurance we maintain against the risk of this type of loss may not be sufficient to cover actual losses, or may not apply to the circumstances relating to any particular breach. Security breaches could also significantly damage our reputation with existing and prospective loan sellers, borrowers, and third parties with whom we do business. Any publicized security problems affecting our businesses and / or those of such third parties may negatively impact the market perception of our products and discourage market participants from doing business with us. These risks may increase in the future as we continue to increase our reliance on the internet and our or our Affiliates use of web- based product offerings and on the use of cybersecurity. Our business is highly dependent on communications and information systems. Any failure or interruption of our systems or cyber- attacks or security breaches of our networks or systems could cause delays or other problems in acquiring mortgage loans or our securitization activities, which could have a material adverse effect on us. In addition, we also face the risk of operational failure, termination or capacity constraints of any of the third parties with which we do business, including our Manager, Angel Oak Mortgage Lending, due diligence firms, pricing vendors, and servicers, or that facilitate our business activities, including clearing agents or other financial intermediaries we use to facilitate our securitization transactions, if their respective systems experience failure, interruption, cyber- attacks, or security breaches. Computer malware, viruses, and computer hacking and phishing attacks have become more prevalent in the financial services industry and may occur on our systems in the future. We rely heavily on our financial, accounting, and other data processing systems. Financial services institutions have reported breaches of their systems, some of which have been significant. Even with all reasonable security efforts, not every breach can be prevented or even detected. It is possible that we have experienced an undetected breach, and it is likely that other financial institutions have experienced more breaches than have been detected and reported. There is no assurance that we, or the third parties that facilitate our business activities, have not or will not experience a breach. It is difficult to determine what, if any, negative impact may directly result from any specific interruption or cyber- attacks or security breaches of our networks or systems (or the networks or systems of third parties that facilitate our business activities) or any failure to maintain performance, reliability and security of our technical infrastructure, but such computer malware, viruses, and computer hacking and phishing attacks may have a material adverse effect on us. We or Angel Oak, including our Manager and its affiliates, may be subject to regulatory inquiries or proceedings. At any time, industry- wide or company- specific regulatory inquiries or proceedings can be initiated and we cannot predict when or if any such regulatory inquiries or proceedings will be initiated that involve us or Angel Oak, including our Manager and its affiliates. Over the years, Angel Oak has received, and we expect in the future that they may

receive, inquiries, and requests for documents and information from various U. S. federal and state regulators. Any such regulatory inquiries may result in investigations of us or Angel Oak, including our Manager or its affiliates, enforcement actions, fines, or penalties or the assertion of private litigation claims against us or Angel Oak, including our Manager or its affiliates. We can give no assurances that any future regulatory inquiries will not result in investigations of us or Angel Oak, including our Manager or its affiliates, enforcement actions, fines or penalties, or the assertion of private litigation claims against us or Angel Oak, including our Manager or its affiliates. In the event regulatory inquiries were to result in investigations, enforcement actions, fines, penalties, or the assertion of private litigation claims against us or Angel Oak, including our Manager or its affiliates, our reputation or the reputation of Angel Oak, including our Manager and its affiliates, could be damaged, and our Manager' s ability to perform its obligations to us under the Management Agreement could be adversely impacted, which could in turn have a material adverse effect on us. At any time, U. S. federal, state, local, or foreign laws or regulations that impact our business, or the administrative interpretations of those laws or regulations, may be enacted or amended. For example, the Dodd- Frank Act significantly revised many financial regulations. Certain portions of the Dodd- Frank Act were effective immediately, while other portions have become or will become effective following rule- making and transition periods, but many of these changes could materially impact the profitability of our business or the business of Angel Oak, including our Manager, our access to financing or capital, and the value of the assets that we hold, and could expose us to additional costs, require changes to business practices or otherwise materially and adversely affect us. For example, the Dodd- Frank Act alters the regulation of commodity interests, imposes regulation on the over- the- counter (" OTC ") derivatives market, places restrictions on residential mortgage loan originations, and reforms the asset- backed securitization markets most notably by imposing credit requirements. While there continues to be uncertainty about the exact impact of certain of these changes, we and our Manager are subject to a complex regulatory framework, and are incurring and will in the future incur costs to comply with new or existing requirements as well as to monitor compliance. We cannot predict when or if any new law, regulation, or administrative interpretation, including those related to the Dodd- Frank Act, or any amendment to or repeal of any existing law, regulation, or administrative interpretation, will be adopted or promulgated or will become effective. Additionally, the adoption or implementation of any new law, regulation, or administrative interpretation, or any revisions in or repeals of these laws, regulations, or administrative interpretations, including those related to the Dodd- Frank Act, could cause us to change our portfolio, could constrain our strategy, or increase our costs. We could be adversely affected by any change in or any promulgation of new law, regulation, or administrative interpretation. We intend to conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. We are organized as a holding company and conduct our business through our operating partnership' s wholly- owned and majority- owned subsidiaries. The securities issued to our operating partnership by any wholly- owned or majority- owned subsidiaries that it may form that are excluded from the definition of " investment company " based on Section 3 (c) (1) or Section 3 (c) (7) of the Investment Company Act, together with any other investment securities our operating partnership may own, may not have a value in excess of 40 % of the value of our operating partnership' s total assets on an unconsolidated basis, exclusive of U. S. Government securities and cash items. This requirement limits our ability to make certain investments and could require us to restructure our operations, sell certain of our assets or abstain from the purchase of certain assets, which could materially and adversely affect us. Most of our investments are, and we expect they will continue to be, held by our operating partnership' s wholly- owned or majority- owned subsidiaries and that most of these subsidiaries will rely on the exclusion from the definition of an investment company under Section 3 (c) (5) (C) of the Investment Company Act, which is available for entities " primarily engaged in [the business of]... purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. " This exclusion, as interpreted by the SEC staff, generally requires that at least 55 % of a subsidiary' s portfolio must be comprised of qualifying real estate assets and at least 80 % of its portfolio must be comprised of qualifying real estate assets and real estate- related assets (and no more than 20 % comprised of miscellaneous assets). For purposes of the exclusion provided by Section 3 (c) (5) (C), we classify our investments based in large measure on no- action letters issued by the SEC staff and other SEC interpretive guidance and, in the absence of SEC guidance, on our view of what constitutes a qualifying real estate asset and a real estate- related asset. Although we intend to monitor our portfolio on a regular basis, there can be no assurance that we will be able to maintain this exclusion from registration for each of these subsidiaries. These requirements limit the assets those subsidiaries can own and the timing of sales and purchases of those assets, which could materially and adversely affect us. The SEC has periodically solicited public comment on a wide range of issues relating to the Section 3 (c) (5) (C) exclusion relied upon by companies similar to us that invest in mortgage loans and mortgage- backed securities, including the nature of the assets that qualify for purposes of the exemption and whether mortgage REITs should be regulated in a manner similar to investment companies. There can be no assurance that the laws and regulations governing the Investment Company Act status of companies similar to ours, or the guidance from the SEC or its staff regarding the treatment of assets as qualifying real estate assets or real estate- related assets, will not change in a manner that adversely affects our operations as a result of this review. To the extent that the SEC or its staff provides more specific guidance regarding any of the matters bearing upon our exclusion from the need to register under the Investment Company Act, we may be required to adjust our strategy accordingly. Any additional guidance from the SEC staff could further inhibit our ability to pursue the strategies that we have chosen. Accounting rules for certain of our transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could impact our consolidated financial statements. Accounting rules for transfers of financial assets, securitization transactions, consolidation of VIEs, and other aspects of our anticipated operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in preparation of financial information and the delivery of this information to our stockholders. Changes in accounting interpretations or assumptions could impact our consolidated financial statements and our ability to timely prepare our consolidated financial statements. Our inability to timely prepare our consolidated financial statements in the future would likely materially and adversely affect us. Future joint venture investments

could be adversely affected by our lack of sole decision- making authority, our reliance on joint venture partners' financial condition and liquidity, and disputes between us and our joint venture partners. In the future, we may make investments through joint ventures. Such joint venture investments may involve risks not otherwise present when we make investments without partners, including the following: • we may not have exclusive control over the investment or the joint venture, which may prevent us from taking actions that are in our best interest; • joint venture agreements often restrict the transfer of a partner' s interest or may otherwise restrict our ability to sell the interest when we desire and / or on advantageous terms; • any future joint venture agreements may contain buy- sell provisions pursuant to which one partner may initiate procedures requiring the other partner to choose between buying the other partner' s interest or selling its interest to that partner; • we may not be in a position to exercise sole decision- making authority regarding the investment or joint venture, which could create the potential risk of creating impasses on decisions, such as with respect to acquisitions or dispositions; • a partner may, at any time, have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals; • a partner may be in a position to take action contrary to our instructions, requests, policies or objectives, including our policy with respect to qualifying and maintaining our qualification as a REIT and maintaining our exclusion from regulation as an investment company under the Investment Company Act; • a partner may fail to fund its share of required capital contributions or may become bankrupt, which may mean that we and any other remaining partners generally would remain liable for the joint venture' s liabilities; • our relationships with our partners are contractual in nature and may be terminated or dissolved under the terms of the applicable joint venture agreements and, in such event, we may not continue to own or operate the interests or investments underlying such relationship or may need to purchase such interests or investments at a premium to the market price to continue ownership; • disputes between us and a partner may result in litigation or arbitration that could increase our expenses and prevent our Manager and our officers and directors from focusing their time and efforts on our business and could result in subjecting the investments owned by the joint venture to additional risk; or • we may, in certain circumstances, be liable for the actions of a partner, and the activities of a partner could adversely affect our qualification and maintenance of our qualification as a REIT and maintenance of our exclusion from regulation as an investment company under the Investment Company Act, even though we do not control the joint venture. Any of the above may subject us to liabilities in excess of those contemplated and adversely affect the value of our future joint venture investments. If we fail to develop, enhance and implement strategies to adapt to changing conditions in the residential real estate and capital markets, our financial condition and results of operations may be materially and adversely affected. The manner in which we compete and the types of assets in which we seek to invest will be affected by changing conditions resulting from sudden changes in our industry, regulatory environment, the role of GSEs, the role of credit rating agencies or their rating criteria or process, or the U. S. and global economies generally. If we do not effectively respond to these changes, or if our strategies to respond to these changes are not successful, we may be materially and adversely affected. In addition, we may not be successful in executing our business strategies and, even if we successfully implement our business strategies, we may not generate revenues or profits. Risks Related to Our Financing and Hedging As of December 31, 2023, we had approximately $ 484. 3 million of debt outstanding, including approximately $ 290. 6 million outstanding under various uncommitted loan financing lines with a combination of multinational and global money center banks, which permitted borrowings in an aggregate amount of up to $ 1. 1 billion as of December 31, 2023; and approximately $ 193. 7 million outstanding under short- term repurchase facilities. Our charter, bylaws and investment guidelines contain no limitation on the amount of debt we may incur, and our Manager has the discretion, without the need for further approval by our Board of Directors, to change both our overall leverage and the leverage used for individual asset classes. Our substantial indebtedness and any future indebtedness we incur subjects 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 and interest on our debt, which is likely to result in (1) 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, (2) 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 (3) 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. In addition, our substantial indebtedness could limit our ability to obtain additional financing on acceptable terms, or at all, for working capital and general corporate purposes. Our liquidity needs vary significantly from time to time and may be affected by general economic conditions, industry trends, performance and many other factors outside our control. There can be no assurance that our leverage strategy will be successful, and our leverage strategy may cause us to incur significant losses, which could materially and adversely affect us. We depend upon the availability of adequate capital and financing sources to fund our operations. Our lenders include or are expected to include global money center and large regional banks, with exposures both to global financial markets and to more localized conditions. Whether because of a global or local financial crisis or other circumstances, if one or more of our lenders experiences severe financial difficulties, they or other lenders could become unwilling or unable to provide us with financing, or could increase the costs of that financing, or could become insolvent. Moreover, we are currently party to short- term borrowings (in the form of loan financing lines and repurchase facilities) and there can be no assurance that we will be able to replace these borrowings, or " roll " them, as they mature on a continuous basis and it may be more difficult for us to obtain debt financing on favorable terms or at all. In addition, if regulatory capital requirements imposed on our 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. Consequently, depending on market conditions at the relevant time, we may have to rely on additional equity issuances to meet our capital and financing needs, which may be dilutive to our stockholders, or we may have to rely on less efficient forms of debt financing that consume a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our stockholders, and other purposes. We cannot assure you that we will have access to such equity or debt capital on favorable terms (including, without limitation, cost and term) at the desired times, or at all, which may cause us to curtail our asset acquisition activities and / or dispose of assets, which could materially and adversely affect us. We use leverage in executing our business strategy, which may materially and adversely affect us. We use leverage in connection with the investment in and holding of mortgage loans and other assets, and we have financed, and expect to continue to finance, a substantial portion of our mortgage loans through securitizations. Leverage will magnify both the gains and the losses on an investment. Leverage will increase our returns as long as we earn a greater return on investments purchased with borrowed funds than our cost of borrowing such funds although there can be no assurance that would be able to earn such a greater return. Moreover, if we use leverage to acquire an asset and the value of the asset decreases, the leverage will increase our losses. We may be required to post large amounts of cash as collateral or margin to secure our leveraged positions. In the event of a sudden, precipitous drop in the value of our financed assets, we might not be able to liquidate assets quickly enough to repay our borrowings, further magnifying losses. See " — Our lenders and our derivative counterparties may require us to post additional collateral, which may force us to liquidate assets, and if we fail to post sufficient collateral our debts may be accelerated and / or our derivative contracts terminated on unfavorable terms. " Even a small decrease in the value of a leveraged asset may require us to post additional margin or cash collateral. This may materially and adversely affect us. We expect to continue to use loan financing lines to finance the acquisition and accumulation of mortgage loans or other mortgage- related assets pending their eventual securitization. Upon accumulating an appropriate amount of assets, we expect to continue to finance a substantial portion of our mortgage loans utilizing fixed rate term securitization funding that provides long- term financing for our mortgage loans and locks in our cost of funding, regardless of future interest rate movements, but also exposes us to the risk of first loss. Our ability to continue to obtain permanent non- recourse financing through securitizations is affected by a number of factors, including: • conditions in the securities markets, generally; • conditions in the asset- backed securities markets, specifically; • yields on our portfolio of mortgage loans; • the credit quality of our portfolio of mortgage loans; and • our ability to obtain any necessary credit enhancement. Securitization markets are negatively impacted by any factors which reduce liquidity, increase risk premiums for issuers, reduce investor demand, cause financial distress among financial guaranty insurance providers, or by a general tightening of credit and / or increased regulation. Conditions such as these may from time to time result in a delay in the timing of our securitization of mortgage loans or may reduce or even eliminate our ability to securitize mortgage loans and sell securities in the RMBS or CMBS market, any of which would increase the cost of funding our mortgage loan portfolio. Our loan financing lines may not be adequate to fund our mortgage loan purchasing activities until such time as disruptions in the securitization markets subside. This would require us to hold the mortgage loans we acquire on our balance sheet, which would significantly delay our ability to fund the acquisition of additional mortgage loans or use equity capital to acquire any other target assets. Disruptions in the securitization market, including any adverse change, delay, or inability to access the securitization market, could therefore materially and adversely affect us. Low investor demand for asset- backed securities could also force us to hold mortgage loans until investor demand improves, but our capacity to hold such mortgage loans in our portfolio is not unlimited. Additionally, adverse market conditions could result in increased costs and reduced margins earned in connection with our securitization transactions. Our ability to execute securitizations may be impacted, delayed, limited, or precluded by legislative and regulatory reforms applicable to asset- backed securities and the institutions that sponsor, service, rate, or otherwise participate in, or contribute to, the successful execution of a securitization transaction. With respect to any securitization transaction engaged in by us, these factors could limit, delay, or preclude our ability to execute securitization transactions and could also reduce the returns we would otherwise expect to earn in connection with securitization transactions. The Dodd- Frank Act imposed significant changes to the legal and regulatory framework applicable to the asset- backed securities markets and securitizations, directing various U. S. federal regulators to engage in rule- making actions aimed at dramatically reforming regulation of U. S. financial markets. Included among those changes were the adoption of several rules by the SEC as part of Regulation AB II, which set forth disclosure requirements for securitization transactions, and the joint establishment of the U. S. Risk Retention Rules by a group of U. S. federal regulators, which require that the sponsors of securitizations (or their " majority- owned affiliates, " as defined under Regulation RR) retain a minimum of 5 % of the credit risk of the assets collateralizing any securitization transaction they bring to market, subject to certain exemptions and exclusions. While many of the rule- makings required by the Dodd- Frank Act have been finalized and are either effective or pending effectiveness, others remain to be finalized or even proposed. Further, many of the rules that have been finalized have been subject to modification or interpretation since their effective date, oftentimes in order to clarify ambiguities present in the final rules. Accordingly, it is difficult to predict with certainty how the Dodd- Frank Act and the other regulations that have been proposed, finalized or recently implemented will affect our ability to execute securitizations. In addition to the Dodd- Frank Act, its related rules and Regulation AB II, other U. S. federal or state laws and regulations that could affect our ability to execute securitization transactions may be proposed, enacted, modified or implemented. In addition, the securitization industry continues to craft changes to securitization practices, including changes to representations and warranties in securitization transaction documents, new underwriting guidelines and disclosure guidelines. These laws and regulations and changes to securitization practices could alter the structure of securitizations in the future, could pose additional risks to our participation in future securitizations or effectively preclude us from executing securitization transactions, could delay our execution of these types of transactions, or could reduce the returns we would otherwise expect to earn from executing securitization transactions. Additionally, capital and leverage requirements applicable to banks and other regulated financial institutions that traditionally

purchase and hold asset- backed securities, could result in less investor demand for securities issued through securitization transactions or increased competition from other institutions that execute securitization transactions. A number of factors may determine whether a securitization transaction that we execute or participate in is profitable. One such factor is the price at which we acquire the mortgage loans that we intend to securitize, which may be impacted by, among other things, the level of competition in the marketplace or the relative desirability to originators, including Angel Oak Mortgage Lending, of retaining mortgage loans as investments versus selling them to third parties such as us. See " — Risks Related to Our Relationship with Our Manager — We rely on Angel Oak Mortgage Lending to source non- QM loans and other target assets for acquisition by us and they are under no contractual obligation to sell to us any loans that they originate. " Another factor that impacts the profitability of a securitization transaction is the cost of the short- term debt used to finance our holdings of mortgage loans after acquisition and prior to securitization. This cost may vary depending on the availability of short- term financing, interest rates, the duration of the financing, and the extent to which third parties are willing to provide such financing. Additionally, the value of mortgage loans held by us prior to securitization may vary over the course of the holding period due to changes in interest rates or the credit quality of the mortgage loans. To the extent we seek to hedge against interest rate fluctuations that affect loan value, the cost of any hedging transaction will decrease returns on the respective securitization transaction. The price that investors pay for securities issued in our securitization transactions will also significantly affect our profitability margin. Additionally, in effecting securitization transactions, we may incur transaction costs or may incur or be required to make reserves for any liability in connection with executing a transaction, and such costs can also reduce the profitability of a transaction. Furthermore, in the securitization transactions we participate in, we make certain representations and warranties about the underlying mortgage loans that we intend to securitize and we assume the obligation to repurchase or replace those mortgage loans in certain circumstances if those representations or warranties are untrue. If we are required to repurchase or replace such mortgage loans, it may impact our ability to profitably execute securitizations of mortgage loans. To the extent that we are not able to profitably execute securitizations of mortgage loans, we could be materially and adversely affected. Rating agencies have historically played a central role in the securitization markets. Many purchasers of asset- backed securities require that a security be rated by the agencies at or above a specific grade before they will consider purchasing it. The rating agencies could adversely affect our ability to execute securitization transactions by deciding not to publish ratings for our securitization transactions or assigning ratings that are below the thresholds investors require. Further, rating agencies could alter their ratings processes or criteria after we have accumulated loans for securitization in a manner that reduces the value of previously acquired loans or that requires us to incur additional costs to comply with those processes and criteria. Our securitization transactions may result in litigation, which could materially and adversely affect us. In connection with our past and future securitization transactions, we have prepared, or will prepare, disclosure documentation, including term sheets and offering memoranda, which contained, or will contain, disclosures regarding the securitization transactions and the assets being securitized. If such disclosure documentation is alleged or found to contain inaccuracies or omissions, we may be liable under U. S. federal securities laws, state securities laws, or other applicable laws for damages to third parties that invest in these securitization transactions, including in circumstances in which we relied on a third party in preparing accurate disclosures, or we may incur other expenses and costs in connection with disputing these allegations or settling claims. We may also sell or contribute mortgage loans to third parties who, in turn, securitize those loans. In these circumstances, we may also prepare disclosure documentation, including documentation that is included in term sheets and offering memoranda relating to those securitization transactions. We could be liable under U. S. federal securities laws, state securities laws or other applicable laws for damages to third parties that invest in these securitization transactions, including liability for disclosures prepared by third parties or with respect to loans that we did not sell or contribute to the securitization. In recent years, there has also been debate as to whether there are defects in the legal process and legal documents governing transactions in which securitization trusts and other secondary purchasers take legal ownership of mortgage loans and establish their rights as first priority lien holders on underlying mortgaged property. To the extent there are problems with the manner in which title and lien priority rights were or are established or transferred, the securitization transaction that we have sponsored, or securitization transaction that we will sponsor, and third- party sponsored securitizations in which we will hold investments, we may be materially and adversely affected. Defending a lawsuit can consume significant resources and may divert our and our Manager' s attention from our operations. We may be required to establish reserves for potential losses from litigation, which could be material. To the extent we are unsuccessful in our defense of any lawsuit, we could suffer losses which could be in excess of any reserves established relating to that lawsuit, which could materially and adversely affect us. Our securitization transactions may be on significantly less advantageous terms than we had anticipated and we may be materially and adversely affected. In connection with our securitizations of mortgage loans into " real estate mortgage investment conduit " (" REMIC ") securities backed by mortgage loans or other assets (" REMIC Certificates "), (1) our TRS will sell a substantial portion of the loans it purchases from Angel Oak Mortgage Lending or unaffiliated third parties to an AOMT securitization vehicle; (2) we or another affiliate will be expected to purchase one or more tranches of the REMIC Certificates issued by such AOMT securitization vehicle, including any securities required to be retained pursuant to the U. S. Risk Retention Rules; (3) our TRS will make certain representations and warranties about the underlying assets and assume the obligation to repurchase or replace those assets in certain circumstances if those representations or warranties are untrue; and / or (4) in circumstances where Angel Oak Mortgage Lending has made certain representations and warranties about the underlying assets, our TRS and / or we will guarantee the obligations of certain of the entities included in Angel Oak Mortgage Lending to repurchase or replace those assets in certain cases if the representations or warranties made by Angel Oak Mortgage Lending about those assets are untrue or if certain covenants made regarding the servicing of those assets by Angel Oak Mortgage Lending are breached and, in any case, the related Angel Oak Mortgage Lending entity does not repurchase or replace the assets itself. In such event, we will be contractually obligated to repurchase loans at a price that may exceed their market value at the time that they are subject to our

repurchase obligation. Additionally, a guarantee of the obligations of ours or any of our subsidiaries under any agreements we enter into in connection with a securitization may be required from us. Due to general market conditions, the performance of the related loans, the performance of prior loans originated by Angel Oak Mortgage Lending or other investments, RMBS or CMBS originated by AOMT or other reasons, our consummation of the securitization utilizing those loans may be on significantly less advantageous terms than we had anticipated and we may be materially and adversely affected. Our loan financing lines subject us to additional risks, which could materially and adversely affect us. We expect to continue to use loan financing lines to finance the acquisition and accumulation of mortgage loans or other mortgage- related assets pending their eventual securitization. Loan financing lines involve either the sale of a loan by us and our agreement to repurchase the loan at a specified time and price (thereby financing our acquisition of such loan) or the purchase by us of a loan with an agreement to resell it to the seller at a specified time and price. Such transactions afford an opportunity for us to invest temporarily available cash or to leverage our assets. If the counterparty to a loan financing line to whom a loan is sold should default, as a result of bankruptcy or otherwise, we could experience delays in liquidating the underlying loan, resulting in a lack of access to income on the underlying loan during this period and expenses in our enforcement of our rights. Ultimately, we may not be able to recover the loans sold, which could result in a loss to us if the value of such loans has increased over their repurchase price. If we act as the purchaser under a loan financing line, a risk exists that the seller will not pay to us the agreed upon sum on the delivery date at which point we would generally be entitled to sell the relevant loans that we purchased. However, if the value of such loans has declined, then we may be unable to recover the full repurchase price and this could materially and adversely affect us. Our loan financing lines and derivative contracts, such as interest rate swap contracts, index swap contracts, interest rate cap or floor contracts, futures or forward contracts or options, may allow our lenders and derivative counterparties, as the case may be, to varying degrees, to determine an updated market value of our collateral and derivative contracts to reflect current market conditions. If the market value of our collateral or our derivative contracts with a particular lender or derivative counterparty declines in value, we may be required by the lender or derivative counterparty to provide additional collateral or repay a portion of the funds advanced on minimal notice, which is known as a margin call. Posting additional collateral will reduce our liquidity and limit our ability to leverage our assets. Additionally, in order to satisfy a margin call, we may be required to liquidate assets at a disadvantageous time, which could materially and adversely affect us. We have received, and may in the future receive, margin calls from our lenders and derivative counterparties from time to time in the ordinary course of business. In the event we default on our obligation to satisfy these margin calls, our lenders or derivative counterparties can accelerate our indebtedness, terminate our derivative contracts (potentially on unfavorable terms requiring additional payments, including additional fees and costs), increase our borrowing rates, liquidate our collateral, and terminate our ability to borrow. In certain cases, a default on one loan financing line or derivative contract (whether caused by a failure to satisfy margin calls or another event of default) can trigger " cross defaults " on other such agreements. A significant increase in margin calls could materially and adversely affect us, and could increase our risk of insolvency. To the extent we might be compelled to liquidate qualifying real estate assets to repay debts, our compliance with the REIT requirements regarding our assets and our sources of income could be negatively affected, which could jeopardize our qualification as a REIT. Losing our REIT qualification would cause us to be subject to U. S. federal income tax (and any applicable state and local taxes) on all of our income and decrease profitability and cash available for distributions to our stockholders. Additionally, if we are compelled to liquidate qualifying real estate assets to repay debts, this could jeopardize our exclusion from regulation as an investment company under the Investment Company Act. Our rights under loan financing lines are subject to the effects of the bankruptcy laws in the event of the bankruptcy or insolvency of us or our lenders. In the event of our insolvency or bankruptcy, certain loan financing lines may qualify for special treatment under the U. S. Bankruptcy Code, the effect of which, among other things, would be to allow the lender to avoid the automatic stay provisions of the U. S. Bankruptcy Code and to foreclose on and / or liquidate the collateral pledged under such agreements without delay. In the event of the insolvency or bankruptcy of a lender during the term of a loan financing line, 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 loan financing line or to be compensated for any damages resulting from the lenders' insolvency may be further limited by those statutes. These claims would be subject to significant delay and costs to us and, if and when received, may be substantially less than the damages we actually incur. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. Recently, there has been a significant rise in inflation and the U. S. Federal Reserve Board has raised, and may continue to raise, interest rates in an effort to curb inflation. These increases in interest rates and inflation have led, and may continue to lead, to economic volatility, increased borrowing costs, price increases and risks of recession. Our primary interest rate exposures relate to the yield on our loans and the financing cost of our debt, as well as any interest rate swaps utilized for hedging purposes. Changes in interest rates affect our net interest income, which is the difference between the interest income we earn on our interest- earning assets and the interest expense we incur in financing these assets. In a period of rising interest rates, our interest expense on floating rate debt would increase, while any additional interest income we earn on floating rate assets may not compensate for such increase in interest expense and the interest income we earn on fixed rate assets would not change. Similarly, in a period of declining interest rates, our interest income on floating rate assets would decrease, while any decrease in the interest we are charged on our floating rate debt may not compensate for such decrease in interest income and the interest expense we incur on our fixed rate debt would not change. Consequently, changes in interest rates may significantly influence our net income. Interest rate fluctuations resulting in our interest expense exceeding interest income would result in operating losses, which could materially and adversely affect us. Changes in the level of interest rates also may affect our ability to acquire loans, the value of our investments and our ability to realize gains from the

disposition of assets. Moreover, changes in interest rates may affect borrower default rates. Hedging against interest rate changes and other risks may materially and adversely affect us. As of December 31, 2023, we had approximately $ 484. 3 million of recourse debt outstanding, all of which bears interest at a floating rate. Subject to maintaining our qualification as a REIT and maintaining our exclusion from regulation as an investment company under the Investment Company Act, we have utilized, and in the future expect to continue to utilize various derivative instruments and other hedging instruments to mitigate interest rate risk, credit risk and other risks. For example, we may opportunistically enter into hedging transactions with respect to interest rate exposure on one or more of our assets or liabilities. Any such hedging transactions could take a variety of forms, including the use of derivative instruments such as interest rate swap contracts, index swap contracts, interest rate cap or floor contracts, futures or forward contracts and options. Hedging may fail to protect or could adversely affect us because, among other things: • interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates; • available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought; • the duration of the hedge may not match the duration of the related assets or liabilities being hedged; • most hedges are structured as OTC contracts with private counterparties, raising the possibility that the hedging counterparty may default on its obligations; • to the extent that the creditworthiness of a hedging counterparty deteriorates, it may be difficult or impossible to terminate or assign any hedging transactions with such counterparty to another counterparty; • to the extent hedging transactions do not satisfy certain provisions of the Code and are not made through a TRS, the amount of income that a REIT may earn from hedging transactions to offset interest rate losses is limited by U. S. federal tax provisions governing REITs; • the value of derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value (i. e., our operating results may suffer because losses, if any, on the derivatives that we enter into may not be offset by a change in the fair value of the related hedged transaction or item). Downward adjustments, or " mark- to- market losses, " would reduce our earnings and our stockholders' equity; • we may fail to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the assets in the portfolio being hedged; • our Manager may fail to recalculate, re- adjust, and execute hedges in an efficient and timely manner; and • the hedging transactions may actually result in poorer overall performance for us than if we had not engaged in the hedging transactions. Our hedging transactions, which would be intended to limit losses, may actually adversely affect our earnings, which could materially and adversely affect us. Our hedging activities may expose us to additional risks. Subject to maintaining our qualification as a REIT and maintaining our exclusion from regulation as an investment company under the Investment Company Act, we expect to continue to utilize various derivative instruments and other hedging instruments to mitigate interest rate risk, credit risk, and other risks. For example, we may opportunistically enter into hedging transactions with respect to interest rate exposure on one or more of our assets or liabilities. Any such hedging transactions could take a variety of forms, including the use of derivative instruments such as interest rate swap contracts, index swap contracts, interest rate cap or floor contracts, futures or forward contracts and options. However, it is not possible to fully hedge all of the risks associated with our investments. Furthermore, certain hedging transactions could require us to fund cash payments in certain circumstances (such as the early termination of the hedging instrument caused by an event of default or other early termination event, or the decision by a counterparty to request margin securities it is contractually owed under the terms of the hedging instrument). The amount due would be equal to the unrealized loss of the open swap positions with the respective counterparty and could also include other fees and charges, which may result in an economic loss. These economic losses would be reflected in our results of operations, and our ability to fund these obligations would depend on the liquidity of our assets and access to capital at the time, and the need to fund these obligations could materially and adversely affect us. To the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy would be affected by various regulations adopted pursuant to the Dodd- Frank Act. OTC derivative dealers are required to register with the U. S. Commodity Futures Trading Commission (the " CFTC ") and / or the SEC. Registered swap and security- based swap dealers are subject to minimum capital and margin requirements and business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which may be passed along to market participants as market changes continue to be implemented. Although the Dodd- Frank Act required many OTC derivative transactions previously entered into on a principal- to- principal basis to be submitted for clearing by a regulated clearinghouse, not all of our derivative transactions will be subject to the clearing requirements. The " bid- ask " spreads may be unusually wide in these heretofore substantially unregulated markets. The risk of counterparty nonperformance can be significant in the case of these OTC instruments, and 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. A liquid secondary market may not exist for hedging instruments to be purchased or sold, and we may be required to maintain a position until exercise or expiration, which could result in significant losses. While the Dodd- Frank Act is intended to bring more stability and lower counterparty risk to the derivatives market by requiring central clearing of certain standardized derivatives trades, not all of our trades are or will be subject to a clearing requirement because the trades are grandfathered or because they are bespoke, or because they are within a class that is not currently subject to mandatory clearing. Furthermore, it is yet to be seen whether the Dodd- Frank Act will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons. Further, Title VII of the Dodd- Frank Act requires that certain derivative instruments be executed through an exchange or other approved trading platform, which could result in increased costs in the form of intermediary fees and additional margin requirements imposed by derivatives clearing organizations and their respective clearing members. In addition, under Title VII of the Dodd- Frank Act, the SEC, the CFTC and U. S. federal banking regulators adopted margin requirements for uncleared OTC swaps and security- based swaps. Such margin requirements may result in increased costs and could adversely affect our ability to use derivatives to

hedge our risks in the future and / or to amend or novate existing swaps. Changes in regulations relating to swaps activities may cause us to limit our swaps activity or subject us and our Manager to additional disclosure, recordkeeping, and other regulatory requirements. The enforceability of swap agreements underlying hedging transactions may depend on compliance with applicable derivatives regulatory requirements and, depending on the identity of the counterparty, applicable international requirements. Recently, new regulations have been promulgated by U. S. and foreign regulators attempting to strengthen the oversight of derivatives contracts, including swap agreements and futures contracts. Any actions taken by regulators could constrain our strategy and could increase our costs, either of which could materially and adversely affect us. In particular, the Dodd- Frank Act requires many swap agreements to be executed on a regulated exchange and cleared through a central clearinghouse, which may result in increased margin requirements and costs. Regulators have also recently required swap dealers to collect margin on the uncleared swap transactions that they enter into with financial entities such as mortgage REITs, thereby potentially also increasing our costs. Furthermore, unless it satisfies the criteria for no- action relief from the CFTC' s commodity pool operator registration rules, a mortgage REIT that enters into derivatives transactions, including swap agreements and futures contracts, may be considered to be a regulated commodity pool that is required to be operated by a registered or exempt " commodity pool operator. " Although we believe we satisfy the criteria for this no- action relief, there can be no assurance that we will continue to do so or that such no- action relief will continue to be available. If such no- action relief becomes unavailable for any reason, we would need to seek to obtain an alternative exemption from registration for our Manager, which is currently not registered as a commodity pool operator with the CFTC, and we may become subject to additional compliance, disclosure, recordkeeping and reporting requirements, which may increase our costs and materially and adversely affect us. Risks Related to Our Organizational Structure Two of our stockholders, NHTV- Atlanta Holdings LP (the " MS Entity "), an affiliate of Morgan Stanley & Co. LLC, and Xylem Finance LLC (the " DK Entity "), an affiliate of Davidson Kempner Capital Management LP, each beneficially own over 10 % of our outstanding common stock. As a result, each of the MS Entity and the DK Entity has significant influence in the election of our directors, who exercise overall supervision and control over us and our subsidiaries. In addition, pursuant to the shareholder rights agreement that we and our Manager entered into with the MS Entity in connection with our IPO, the MS Entity, subject to certain limitations, has the right to designate one nominee for election to our Board of Directors for so long as the MS Entity and its affiliates beneficially own, in the aggregate, shares of our common stock representing at least 10 % of the shares of our common stock then outstanding (excluding shares of our common stock that are subject to issuance upon the exercise or exchange of rights of conversion, or any options, warrants or other rights to acquire shares of our common stock). Furthermore, pursuant to the shareholder rights agreement that we and our Manager entered into with the DK Entity in connection with our IPO, the DK Entity, subject to certain limitations, has the right to designate one nominee for election to our Board of Directors for so long as the DK Entity and its affiliates (1) maintain beneficial ownership of shares of our common stock equal to at least 10 % of the shares of our common stock then outstanding or (2) are one of the largest three (3) beneficial owners of shares of our common stock and maintain beneficial ownership, in the aggregate, of shares of our common stock equal to at least 7 % of the shares of our common stock then outstanding. For purposes of the ownership requirements in this shareholder rights agreement, shares of our common stock that are subject to issuance upon the exercise or exchange of rights of conversion, or any options, warrants or other rights to acquire shares, will not be counted as outstanding. These and certain other pre- IPO investors were granted rights to receive a share of our Manager' s revenues received under the Management Agreement in connection with their investments prior to the IPO. Additionally, the MS Entity and the DK Entity, and our other pre- IPO investors entered into a registration rights agreement with us in connection with our IPO, pursuant to which they are entitled to registration rights in respect of shares of our common stock. We expect that each of the MS Entity and the DK Entity will continue to exert a significant influence on our business and affairs in the future as a result of their substantial ownership interest in us and the terms of our shareholder rights agreements. As a result, we expect that each of these parties will continue to influence the outcome of matters required to be submitted to stockholders for approval, including the election of our directors, amendments to our charter, the removal of our directors for cause, and the approval of significant transactions, such as mergers or other sales of our company or our assets. The influence exerted by these stockholders over our business and affairs might not be consistent with the best interests of our stockholders and their receipt of a share of the fees received by our Manager under the Management Agreement may result in their interests not being aligned with the interests of other stockholders. In addition, this concentration of voting control and influence may have the effect of delaying, deferring or preventing a transaction or change in control of us which might involve a premium price for shares of our common stock or otherwise be in the best interests of our stockholders. Certain provisions of Maryland law could inhibit a change in control. Certain provisions of the MGCL may have the effect of deterring a third party from making a proposal to acquire us or of inhibiting a change in control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then- prevailing market price of our common stock. Under the MGCL, certain " business combinations " (including a merger, consolidation, statutory share exchange or , **engage** in **similar transactions unless** certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder (as defined in the statute) 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. Thereafter, any such **transaction is declared advisable** business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of **stockholders** at least (1) 80 % of the votes entitled to be cast by holders of outstanding shares of voting..... extent approved by the affirmative vote of at least two- thirds of **all of** the votes entitled to be cast **on the matter unless a lesser percentage (but not less than a majority of the votes entitled to be cast on the matter) is set forth in the corporation' s charter. Our charter provides for approval of these matters** by **the affirmative vote of** stockholders entitled to exercise **cast a majority of the votes entitled to be cast on such matter, except that the affirmative vote of stockholders entitled to cast at least two- thirds of the votes entitled to be cast on such matter**

is required to amend the provisions of ~~or our direct~~ **charter relating to** the **removal** ~~exercise of the voting power in the election~~ of directors ~~generally, excluding~~ **and the vote required to amend these provisions. Maryland law also permits a corporation to transfer** all **or substantially all of its assets without the approval of its stockholders to an entity all of the equity** ~~interested~~ **interests of which are owned, directly or indirectly, by the corporation. Because our operating assets may be held by Angel Oak Mortgage Operating Partnership, LP or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders. Power to Reclassify** ~~shares~~ **Shares** ~~.~~ **of** Our **Stock; Issuance** ~~bylaws contain a provision exempting from the control share acquisition statute any and all control share acquisitions by any person~~ of **Additional** ~~shares~~ **Shares Our charter authorizes** ~~of our stock. There is no assurance that such provision will not be amended or eliminated at any time in the future. The " unsolicited takeover " provisions of the MGCL permit~~ our Board of Directors ~~, without stockholder approval and regardless of what is currently provided in our charter or bylaws,~~ to **reclassify** ~~implement takeover defenses if we have a class of equity securities registered under the Exchange Act and at least three independent directors. These provisions may have the effect of inhibiting a third party from making an~~ **any unissued** ~~acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide the holders of~~ shares of our common stock ~~with~~ **into** ~~the~~ **other** ~~opportunity~~ **classes or series of stock, including classes or series of preferred stock, and** to **establish** ~~realize a premium over the then~~ ~~-~~ **the** ~~- current market price. Our~~ **designation and number of shares of each such class or series and to set, subject to the provisions of our** charter **regarding** ~~contains a provision whereby we have elected to be subject to a provision of Title 3, Subtitle 8 of~~ the **restrictions** ~~MGCL relating to the filling of vacancies~~ on **ownership and transfer of our stock and the terms of any other class or series of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series. Thus,** our Board of Directors **could** ~~. Our authorized~~ ~~-~~ **authorize** ~~but unissued~~ **the issuance of shares of** common stock ~~and~~ **or** preferred stock **with terms** ~~may prevent a change in control. Our charter authorizes us to issue additional authorized but unissued shares of our common stock~~ and **conditions which could** ~~preferred stock. In addition, a majority of our entire Board of Directors may, without stockholder approval, approve amendments to our charter to increase the aggregate number of our authorized shares of stock or the number of shares of stock of any class or series that we~~ have **the effect** ~~authority to issue and may classify or reclassify unissued shares~~ of **delaying, deferring** ~~our~~ ~~-~~ **or** ~~common stock or preferred stock and may set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms and conditions of redemption of the classified or reclassified shares. As a result, among other things, our Board of Directors may establish a class or series of shares of our common stock or preferred stock that could delay or prevent~~ **preventing** a transaction or a change in control of us that might involve a premium price for our common stock or **that our common stockholders** otherwise **believe to** be ~~in the best interests of our stockholders. Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit our stockholders' recourse in the event of actions not~~ in their best interests. ~~Maryland law permits~~ **In addition,** a ~~Maryland corporation~~ **majority of our entire Board of Directors has the power, without stockholder approval,** to **amend our** ~~include in its~~ charter ~~a provision eliminating the liability of its directors and officers~~ to **increase or decrease** the ~~corporation~~ **aggregate number of authorized shares of stock or the number of shares of stock of any class or series that we are authorized to issue. Restrictions on Ownership** and ~~its stockholders~~ **Transfer of Shares In order** 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 that is established by a final judgment and is 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 obligates~~ us ~~,~~ to **qualify** the maximum extent permitted by Maryland law..... our request, serves or has served as a ~~director, officer, partner, member, manager, trustee, employee or agent of another corporation, partnership, limited liability company, joint venture,~~ real estate investment trust **(" REIT ") under the Internal Revenue Code of 1986 (the " Code ")** , **shares of** ~~trust, employee benefit plan or~~ **our stock must be beneficially 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 taxed as 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 our stock may be owned, directly or indirectly, by five or fewer " individuals " (as defined in the Code to include specific entities) at** any **time during the last half of a taxable year (** other ~~enterprise~~ **than the first year for which** ~~and~~ ~~-~~ **an** ~~who is~~ **election to be considered a REIT has been** made **)** ~~or threatened to be made a party to, or witness in, a proceeding by reason of his or her service in that capacity. As a result, we and our stockholders may have more limited rights against our present and former directors and officers than might otherwise exist absent the current provisions in our charter or that might exist with other companies, which could limit our stockholders' recourse in the event of actions not in their best interests~~ . Our charter contains ~~provisions~~ **restrictions on the ownership and transfer of our stock** that **are intended** ~~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 holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director, or the entire Board of Directors, may be removed only for " cause, " and then only by the affirmative vote of at least two~~ ~~-~~ **to assist us** ~~- thirds of the votes entitled to be cast generally~~ in **complying** ~~the election of directors. For this purpose, " cause " means,~~ with respect to any particular director, conviction..... is duly elected and qualifies. These **these** requirements ~~make it more difficult to change our management by removing and replacing directors and may prevent a change in control of us that is in the best interests of our stockholders. Our charter contains provisions that reduce or eliminate the duties of certain of our directors and officers with respect to corporate opportunities. Our charter provides that, to the maximum extent permitted from time to time by Maryland law, if any of our directors or officers who is also an~~ **and qualifying** ~~officer, director, employee, agent, partner, manager, member, or stockholder of Angel Oak acquires knowledge of a potential business opportunity, we renounce any potential interest or expectation in, or right to be offered or to participate in,~~

such business opportunity, unless such director or officer became aware of such business opportunity as a **REIT, among** direct result of his or her **other reasons** capacity as our director or officer and (1) we are financially able to undertake such business opportunity, (2) we are not prohibited by contract or applicable law from pursuing or undertaking such business opportunity, (3) such business opportunity, from its nature, is in line with our business, (4) such business opportunity is of practical advantage to us and (5) we have an interest or reasonable expectancy in such business opportunity (a " Retained Opportunity "). **The relevant sections of** Accordingly, except for Retained Opportunities, to the maximum extent permitted from time to time by Maryland law and our charter **provide**, none of our directors or officers who is also an officer, director, employee, agent, partner, manager, member, or stockholder of Angel Oak is required to present, communicate or offer any business opportunity to us and can hold and exploit any business opportunity, or direct, recommend, offer, sell, assign or otherwise transfer such business opportunity to any person or entity other than us. As a result, our directors and officers who are also officers, directors, employees, agents, partners, managers, members, or stockholders of Angel Oak may compete with us for investments or other business opportunities and we and our stockholders may have more limited rights against our directors and officers than might otherwise exist, which might limit our stockholders recourse in the event of actions not in their best interests. The ownership limits in our charter may discourage a takeover or business combination that may have benefited our stock. Due to limitations on the concentration of ownership of REIT stock imposed by the Code, and subject to certain **the** exceptions **described below**, our charter provides that no person may beneficially or constructively own (1) shares of common stock in excess of 9. 8 % in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock or (2) shares of stock in excess of 9. 8 % in value of the outstanding shares of our stock. **We refer to each of** These **these restrictions as** and **an " ownership limit " and collectively as the " ownership limits. " A person or entity that would have acquired actual, beneficial or constructive ownership of our stock but for the application of the ownership limits or any of the** other restrictions on ownership and transfer of our shares contained in our charter **stock discussed below is referred to as a " prohibited owner. " The constructive ownership rules under the Code are complex and** may **cause stock owned actually** discourage a change in control of our **or** company and may deter **constructively by a group of related** individuals **and /** or entities from making tender offers **to be owned constructively by one individual** for **or** shares **entity. As a result, the acquisition of less than 9. 8 %** of our common stock on terms **(or the acquisition of an interest in an entity** that **owns, actually** might be financially attractive to our **or constructively** stockholders or which may cause a change in our management. In addition to deterring potential transactions that may be favorable to our stockholders, these provisions may also decrease their ability to sell shares of our common stock **) by**. Our charter generally does not permit the ownership in excess of 9. 8 % of our common stock or of all classes and series of our stock, and attempts to acquire our shares in excess of the stock ownership limits will be ineffective unless an **individual** exemption is granted by our **or entity could** Board of Directors. Due to limitations on the concentration of ownership of REIT stock imposed by the Code, **nevertheless** and subject to certain exceptions, **cause** our charter provides that **individual** no person may beneficially or **entity, or another individual or entity, to own** constructively own (1) shares of common stock in excess of 9. 8 % in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock or (2) shares of stock in excess of 9. 8 % in value of **the our** outstanding shares of our stock **and thereby violate**. Our charter also contains certain other **the applicable** limitations on the ownership **limit** and transfer of our stock. Our charter provides that our Board of Directors, subject to certain limits, upon receipt of such representations and agreements as our Board of Directors may require, may prospectively or retroactively exempt a person from either or both of the ownership limits and establish a different limit on ownership for such person **. As a condition of granting an exception, our Board of Directors may require a ruling of the Internal Revenue Service (the " IRS ") or an opinion of counsel, in either case in form and substance satisfactory to our Board of Directors, as our Board of Directors may deem necessary or advisable in order to determine or ensure our qualification as a REIT. Notwithstanding the receipt of any ruling, opinion, representation or agreement, our Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such an exception**. Our Board of Directors may, in its sole and absolute discretion, increase or decrease one or both of the ownership limits for one or more persons, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of our stock exceeds the decreased ownership limit at the time of the decrease until the person **'s** actual, beneficial or constructive ownership of our stock equals or falls below the decreased ownership limit, although any further direct or indirect acquisition of shares of our stock (other than by a previously- exempted person) will violate the decreased ownership limit. Our Board of Directors may not increase or decrease any ownership limit if the new ownership limit would allow five or fewer persons to actually or beneficially own more than 49. 9 % in value of our outstanding stock or could **otherwise** cause us to be **fail to qualify as a REIT. Our charter further prohibits: • any person from beneficially or constructively owning shares of our stock that would result in us being** " closely held " under 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 cause us to fail to qualify as a REIT. The **(including, without limitation, the beneficial or** constructive ownership **of shares of our** rules under the Code are complex and may cause stock owned **that would result in us owning (** 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 % of our common stock (or the acquisition of an interest in an entity **a tenant** that owns, actually or constructively, our common 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 % in value or in number of shares, whichever is **described** more restrictive, of the outstanding shares of our common stock or 9. 8 % in value of our outstanding shares of stock and thereby violate the applicable ownership limit. Pursuant to our charter, if any purported transfer of our stock or any other event (1) would otherwise result in any person violating the ownership limits or such other limit established by our Board of Directors, (2) would result in us being " closely held " within the meaning of Section 856 (h **d) (2) (B**) of the Code **if** (without regard to whether the **income we derive from**

such tenant, taking into account ~~ownership interest is held during the last half of a taxable year) or~~ **our other income that would not qualify under the gross income requirements of Section 856** (~~3~~ **c**) ~~otherwise~~ **of the Code,** would cause us to fail to **satisfy any of** ~~qualify as a REIT, then~~ **the** ~~the number~~ **gross income requirements imposed by Section 856 (c)** of **the Code); and • any person from transferring** shares ~~causing the violation (rounded up to the nearest whole share) will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable beneficiaries selected by us. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent a violation of the applicable restriction on ownership and transfer~~ of our stock **if such** ~~, then the~~ transfer ~~of the number of shares that otherwise would cause any person to violate the above restrictions will be void and of no force or effect, regardless of any action or inaction by our Board of Directors, and the intended transferee will acquire no rights in the shares. If any transfer of our stock~~ would result in shares of our stock being beneficially owned by fewer than 100 persons (determined under the principles of Section 856 (a) (5) of the Code) **. Any person who acquires or attempts or intends to acquire actual, beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of our stock described above must give written notice immediately to us or, in the case of a proposed or attempted transaction, provide us at least 15 days prior written notice, 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 ownership limits and other restrictions on ownership and transfer of our stock described above will not apply if our Board of Directors determines, in its sole and absolute discretion, that it is no longer in our best interests to attempt to, or continue to, qualify as a REIT or that compliance with any such restriction is no longer required in order for us to qualify as a REIT. Pursuant to our charter, if any purported transfer of our 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, would result in us 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 would cause us to fail to qualify as a REIT, then the number of shares causing the violation (rounded up to the nearest whole share) will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable beneficiaries selected by us. The prohibited owner will have no rights in shares of our stock held by the trust. 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 the transfer to the trust. Any dividend or other distribution paid to the prohibited owner prior to our discovery that the shares had been automatically transferred to the trust as described above must be repaid to the trust upon demand. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent a violation of the applicable restriction on ownership and transfer of our stock, then the transfer of the number of shares that otherwise would cause any person to violate the above restrictions will be void and of no force or effect, regardless of any action or inaction by our Board of Directors, and the intended transferee will acquire no rights in the shares. If any transfer of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons (determined under the principles of Section 856 (a) (5) of the Code)** , then any such purported transfer will be void and of no force or effect and the intended transferee will acquire no rights in the shares. **Shares of our stock transferred to the trust are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that resulted in the transfer of the shares to the trust (or, if the transfer or other event that resulted in the transfer of the shares to the trust did not involve a sale of the shares at market price (as such term is defined in our charter), the last market price of the shares on the day of such event) and (2) the market price on the date we accept, or our designee accepts, such offer. We must reduce the amount payable to the trust by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trust and pay the amount of such reduction to the trust for the benefit of the charitable beneficiary. We have the right to accept such offer until the charitable trustee has sold the shares of our stock held in the trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the charitable trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other amounts held by the charitable trustee with respect to such shares will be paid to the charitable beneficiary. Within 20 days of receiving notice from us of the transfer of shares to the trust, the charitable trustee must sell the shares to a person or persons designated by the charitable trustee who could own the shares without violating the ownership limits or other restrictions on ownership and transfer of our stock. Upon such sale, the interest of the charitable beneficiary in the shares will terminate and the charitable trustee must distribute to the prohibited owner an amount equal to the lesser of (1) the price paid by the prohibited owner for the shares (or, if the transfer or other event that resulted in the transfer of the shares to the trust did not involve a sale of the shares at market price, the market price of the shares on the date of the event causing the transfer or other event) and (2) the price per share (net of commissions and other expenses of sale) received by the charitable trustee for the sale or other disposition of the shares. The charitable trustee must reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the trust. Any net sales proceeds in excess of the amount payable to the prohibited owner and any other amounts held by the trust with respect to such shares will be immediately paid to the charitable beneficiary. In addition, if prior to discovery by us that shares of our stock have been transferred to the trust, such shares of stock are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount must be paid to the trust upon demand. The charitable trustee will be appointed by us and will be unaffiliated with us and with any prohibited owner. Prior to the sale of any shares by the trust, the trust will receive, in trust for the charitable beneficiary, all dividends and other distributions paid by us with respect to such shares, and the charitable**

trustee may exercise all voting rights with respect to such shares for the exclusive benefit of the charitable beneficiary. Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the charitable trustee may, at the charitable trustee' s sole and absolute discretion: • rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the trust; and • recast the vote in accordance with the desires of the charitable trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the charitable trustee may not rescind and recast the vote. If our Board of Directors determines that a proposed transfer or other event has taken place that violates the restrictions on ownership and transfer of our stock set forth in our charter, our Board of Directors may take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, without limitation, causing us to redeem shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer. Every owner of 5 % or more (or such lower percentage as required by the Code or the U. S. Treasury regulations promulgated thereunder) of the outstanding shares of our stock, within 30 days after the end of each taxable year, must give written notice to us stating the name and address of such owner, the number of shares of each class and series of our stock that the owner actually or beneficially owns and a description of the manner in which the shares are held. Each such owner also must provide us in writing with any additional information that we may request in order to determine the effect, if any, of the person' s actual or beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits and the other restrictions on ownership and transfer of our stock set forth in our charter. In addition, any person that is an actual, beneficial owner or constructive owner of shares of our stock and any person (including the stockholder of record) who is holding shares of our stock for an actual, beneficial owner or constructive owner must disclose to us in writing such information as we may request in order to determine our status as a REIT and comply with the requirements of any taxing authority or governmental authority or to determine such compliance. Any certificates representing shares of our stock will bear a legend referring to the restrictions on ownership and transfer of our stock described above or, in lieu of a legend, a statement that we will furnish a full statement about certain restrictions on ownership and transfer of shares to a stockholder on request and without charge. These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change in control that might involve a premium price for our common stock or that our common stockholders otherwise believe to be in their best interests. Transfer Agent and Registrar The transfer agent and registrar for our common stock is currently Broadridge Financial Solutions, Inc. Listing Our **common stock is listed on the New York Stock Exchange (" NYSE ") under the symbol " AOMR. " Certain Provisions of Maryland Law and of Our Charter and Bylaws Under our charter and** bylaws ~~designate ,~~ the ~~Circuit~~ **number of** ~~Court -- our directors for Baltimore City, Maryland as the sole and exclusive forum for certain actions and proceedings that~~ may be ~~initiated our bylaws are amended~~ **respect to any particular director** , ~~more~~ **conviction of a felony or a final judgment of a court of competent jurisdiction holding** ~~than~~ **that** ~~15~~ **such director caused demonstrable,material harm to us through bad faith or active and deliberate dishonesty** . **Additionally** ~~Our charter and bylaws also provide that , except as may be provided by our Board of Directors in setting the terms of any class or series of stock,any and all~~ vacancies on our Board of Directors may be filled only by the affirmative vote of a majority of the directors remaining in office,even if the remaining directors do not constitute a quorum,and,if our Board of Directors is classified,any individual elected to fill such vacancy will serve for the remainder of the full term of the directorship of the class in which the vacancy occurred and until a successor is duly elected and qualifies. ~~Each~~ **These** by our stockholders **to serve for a term ending at the next annual meeting of stockholders and when his or her successor is duly elected and qualifies** . **respect** ~~be subject~~ to ~~the provisions~~ **any particular director,conviction** of ~~Subtitle 8~~ **a felony or a final judgment of a court of competent jurisdiction holding** that ~~provides that~~ **such director caused demonstrable** , **material harm to us through bad faith** ~~except as may be provided by our Board of Directors in setting the terms of any class~~ or ~~series of stock~~ **active and deliberate dishonesty.Additionally** , ~~any and all~~ vacancies on our Board of Directors may be filled only by the affirmative vote of a majority of the directors remaining in office,even if the remaining directors do not constitute a quorum,and,if our Board of Directors is classified,any individual elected to fill such vacancy will serve for the remainder of the full term of the directorship of the class in which the vacancy occurred and until a successor is duly elected and qualifies. **These** ~~We have not elected to be~~ 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 U. S. District Court for the District of Maryland, Northern Division, will be the sole and exclusive forum for (1) any Internal Corporate Claim, as such term is defined in the MGCL, (2) any derivative action or proceeding brought on our behalf, other than actions arising under U. S. federal securities laws, (3) any action asserting a claim of breach of any duty owed by any of our directors, officers ~~,~~ or other employees to us or to our stockholders, (4) any action asserting a claim against us or any of our directors, officers ~~,~~ or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (5) any other action asserting a claim against us or any of our directors, officers ~~,~~ or other employees that is governed by the internal affairs doctrine. None of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland unless we consent to such court. **This** ~~These choice of forum provisions~~ **provision** ~~may limit a stockholder~~ **does not apply to any action or proceeding under federal securities laws or claims arising under the Securities Act of 1933, as amended (the " Securities Act "), the Exchange Act or any other claim over which U. S. federal courts have exclusive jurisdiction. Indemnification and Limitation of Directors** ' **and** ~~s ability to bring a claim in a judicial forum that the stockholder believes is favorable for disputes with us or our directors, officers~~ **Officers** ~~, or employees and may discourage lawsuits against us and our directors, officers, or employees. We are a holding company with no direct operations and rely on funds received from our operating partnership to pay liabilities. We are a holding company and conduct substantially all of our operations through our operating partnership. We do not have, apart from an interest in our operating partnership, any independent operations. As a result, we rely on distributions from our operating partnership to pay any distributions we might declare on shares of our~~

common stock. We also rely on distributions from our operating partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our operating partnership. In addition, because we are a holding company, stockholders ' **Liability** claims are structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our operating partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our operating partnership and its subsidiaries will be able to satisfy the claims of our stockholders only after all of our and our operating partnership' s and its subsidiaries' liabilities and obligations have been paid in full. Conflicts of interest could arise in the future between the interests of our stockholders and the interests of partners in our operating partnership, which may impede business decisions that could benefit our stockholders. Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, and our operating partnership or any future partner thereof. Our directors and officers have duties to our company under applicable Maryland law **permits a Maryland corporation** in connection with the management of our company. At the same time, our wholly- owned subsidiary, Angel Oak Mortgage OP GP, LLC, as the general partner of our operating partnership, has fiduciary duties and obligations to **include in** our operating partnership and its **charter a provision eliminating** limited partners under Delaware law and the **liability** partnership agreement of our operating partnership in connection with the management of our operating partnership. The fiduciary duties and obligations of the general partner and its limited partners may come into conflict with the duties of our directors and officers to our company. Under the terms of the partnership agreement of our operating partnership, if there -- **the corporation and** is **its** a conflict between the interests of our stockholders and any limited partners, the general partner will endeavor in good faith to resolve the conflict in a manner not adverse to either our stockholders or any limited partners; provided that at such times as we own a controlling economic interest in our operating partnership, any conflict that cannot be resolved in a manner not adverse to either our stockholders or any limited partners shall be resolved in favor of our stockholders. The partnership agreement also provides that the general partner will not be liable to our operating partnership, its partners or any other person bound by the partnership agreement for monetary --- **money** damages for losses sustained, liabilities incurred or benefits not derived by our operating partnership or any limited partner , except for liability **resulting from actual receipt of an improper benefit** due to the general partner' s intentional harm or **profit in money** gross negligence. Moreover , **property or services or active and deliberate dishonesty that is established by a final judgment and is material to** the partnership agreement **cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law. The MGCL requires a Maryland corporation (unless its 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 or she is made a party by reason of his or her service in** that **capacity. The MGCL permits a Maryland 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** our - **or** operating partnership **in which they may be made or are threatened to be made a party or witness by reason of their service in those or other capacities unless it** is **established** required to indemnify the general partner or any affiliate of the general partner or any of their respective trustees, directors, officers, stockholders, partners, members, employees, representatives or agents, and officers, employees, representatives or agents of our operating partnership and other persons that **:** • the general partner may designate from time to time, in its sole and absolute discretion, against any and all losses, claims, damages, liabilities, joint or several, expenses (including attorneys' fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of our operating partnership, except (1) if the act or omission of the person **director or officer** was material to the matter giving rise to the action **proceeding** and either **: •** was committed in bad faith **;** or **•** was the result of active **or and** deliberate dishonesty , (2) **; • the director** for - **or officer** any loss resulting from any transaction for which the indemnified party actually received an improper personal benefit , in money, property or services **;** or otherwise **•** in **the case** violation or breach of any provision of the partnership agreement or (3) in the case of a criminal proceeding, if the indemnified person **director or officer** had reason **reasonable cause** to believe that the act or omission was unlawful. Risks Related **Under the MGCL, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or on behalf of the corporation or if the director or officer was adjudged liable on the basis that personal benefit was improperly received, unless, in either case, a court orders indemnification and then only for expenses. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled** to .Our charter obligates us,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 without requiring a preliminary determination of the director' s or officer' s ultimate entitlement to indemnification to:• any present or former director or officer who is made or threatened to be made a party to,or witness in,a proceeding by reason of his or her service in that capacity;or • any individual who,while a director or officer of ours and at **our request,serves or has served** our **request, serves or has served as a director, officer, partner, member, manager, trustee, employee or agent of another corporation, partnership, limited liability company, joint venture, real estate investment trust, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to, or witness in, a proceeding by reason of his or her service in that capacity. The rights to indemnification and advance of expenses vest immediately upon an individual' s election as a director or officer. Our charter also permits us, with the approval of our Board of Directors, 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 ours or a predecessor of ours.** REIT Qualification and Certain Other U. S. Federal Income Tax Items The rules dealing with U. S. federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service (" IRS ") and the U. S. Treasury Department. Changes to the U. S. federal income tax laws, with or without retroactive application, could materially and adversely affect us. We cannot predict how changes in the tax laws might

affect us or our stockholders. New legislation, regulations promulgated by the U. S. Treasury Department (the " U. S. 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 of such qualification. We have elected to be taxed as a REIT for U. S. federal income tax purposes commencing with our taxable year ended December 31, 2019. As long as we meet the requirements under the Code for qualification and taxation as a REIT each year, we can deduct dividends paid to our stockholders when calculating our REIT taxable income. For us to qualify as a REIT, we must meet detailed technical requirements, including income, asset and stock ownership tests, under several Code provisions that have not been extensively interpreted by judges or administrative officers. In addition, we do not control the determination of all factual matters and circumstances that affect our ability to qualify as a REIT. New legislation, U. S. Treasury regulations, administrative interpretations or court decisions might significantly change the U. S. federal income tax laws with respect to our qualification as a REIT or the U. S. federal income tax consequences of such qualification. We believe that we have been organized and operate in conformity with the requirements for qualification as a REIT under the Code. All of our investments are held indirectly through our operating partnership. We control our operating partnership and intend to operate it in a manner consistent with the requirements for qualification as a REIT. However, we cannot guarantee that we will qualify as a REIT in any given year because: • the rules governing REITs are highly complex; • we do not control all factual circumstances and legal determinations by courts or regulatory bodies that affect REIT qualification; and • our circumstances may change in the future. For any taxable year that we fail to qualify as a REIT, we would be subject to U. S. federal income tax at the regular corporate rate and would not be entitled to deduct dividends paid to our stockholders from our taxable income. In addition, we could possibly be subject to the corporate alternative minimum tax and the 1 % excise tax on stock repurchases (and certain economically similar transactions). Consequently, our net assets and distributions to our stockholders would be substantially reduced because of our increased tax liability. If we made distributions in anticipation of our qualification as a REIT, we might be required to borrow additional funds or to liquidate some of our investments in order to pay the applicable tax. If our qualification as a REIT terminates, we may not be able to elect to be treated as a REIT for four taxable years following the year during which we lost the qualification. Even as a REIT, we may face tax liabilities that reduce our cash flow. An entity that qualifies as a REIT under the Code generally will not be subject to U. S. federal income tax to the extent that it distributes its net income to its stockholders at least annually. A REIT may be subject to state and local tax in states and localities in which it does business or owns property. Additionally, we may be subject to certain U. S. federal, state and local taxes in certain circumstances, including, but not limited to, taxes on any undistributed income and prohibited transactions, taxes on income from activities conducted as a result of a foreclosure, franchise, property and transfer taxes, including mortgage recording taxes, taxes as a result of failure to satisfy certain REIT qualification requirements, and our TRS will be subject to U. S. federal and state and local taxes. Complying with REIT requirements and avoiding a prohibited transaction tax may force us to hold a significant portion of our assets and conduct a significant portion of our activities through a TRS, and a significant portion of our income may be earned through a TRS. We intend that any property the sale or disposition of which could give rise to a " prohibited transaction " tax, including the sale of mortgage loans in connection with the issuance of REMIC Certificates or the sale of REMIC Certificates themselves, will be sold through a TRS with the consequence that any gain realized in such a sale or disposition will be subject to U. S. federal income tax at the regular corporate rate. Because the sale of mortgage loans in connection with the issuance of REMIC Certificates or the sale of REMIC Certificates represents a significant portion of our business activities, we may hold a substantial amount of our assets in one or more TRSs that are subject to corporate income tax on its earnings (including potentially a 15 % alternative minimum tax (" AMT ") on the adjusted financial statement income (" AFSI ") of TRSs whose three- year average AFSI exceeds $ 1 billion), which may reduce the cash flow generated by us and our subsidiaries in the aggregate, and our ability to make distributions to our stockholders. In addition, we may be required to acquire and hold Fannie Mae multi- family securities, U. S. Treasury securities or other similar assets directly, using significant leverage to do so, in order for us to satisfy the requirement that securities of one or more TRSs represent not more than 20 % of the value of our gross assets on each testing date, even though we might not have acquired or held such Fannie Mae multi- family securities, U. S. Treasury securities or other similar assets in the absence of that 20 % value test. Additionally, the need to satisfy such 20 % value test may require dividends to be distributed by one or more TRSs to us at times when it may not be beneficial to do so. We may, in turn, distribute all or a portion of such dividends to our stockholders at times when we might not otherwise wish to declare and pay such dividends. These dividends when received by non- corporate U. S. stockholders generally will be eligible for taxation at preferential qualified dividend income tax rates rather than at ordinary income rates. TRS distributions classified as dividends, however, will generally constitute qualifying income for purposes of the 95 % gross income test but not qualifying income for purposes of the 75 % gross income test. It is possible that we may wish to distribute a dividend from a TRS to ourselves in order to reduce the value of TRS securities below 20 % of our assets, but be unable to do so without violating the requirement that 75 % of our gross income in the taxable year be derived from real estate assets and certain other sources. Although there are other measures we can take in such circumstances in order to remain in compliance with REIT requirements, there can be no assurance that we will be able to comply with both of these tests in all market conditions. Finally, we may use a TRS to conduct servicing or other activities that give rise to fees or other similar income, the receipt of which, beyond certain limits, would be inconsistent with our continued qualification as a REIT. In that event, such income less the expenses associated with the business that produced it would be subject to U. S. federal income tax at the regular corporate rate. REIT distribution requirements could adversely affect our ability to execute on our strategies and may require us to incur debt, sell assets or take other actions to make such distributions. In order to qualify and maintain our qualification as a REIT for U. S. federal income tax purposes, we must distribute to our stockholders, each calendar year, at least 90 % of our REIT taxable income (including certain items of non- cash income), determined without regard to the deduction for dividends paid and excluding net capital gain. To the extent that we satisfy the 90 % distribution requirement, but distribute less than 100 % of our taxable income, we will be subject to U. S. federal corporate income tax on our undistributed

income. In addition, we would incur a 4 % nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U. S. federal income tax law. We intend to distribute our net income in a manner intended to satisfy the 90 % distribution requirement and to avoid both corporate income tax and the 4 % nondeductible excise tax. Our taxable income may substantially exceed our net income as determined by GAAP or differences in timing between the recognition of taxable income and the actual receipt of cash may occur, in which case we may have taxable income in excess of cash flow from our operating activities. In such event, we may generate less cash flow than taxable income in a particular year. In such circumstances, in order to satisfy the distribution requirement and to avoid U. S. federal corporate income tax and the 4 % nondeductible excise tax in that year, we may be required to: (1) sell assets in adverse market conditions; (2) borrow on unfavorable terms; (3) distribute amounts that would otherwise be invested in our target assets consistent with our strategy, capital expenditures or repayment of debt; or (4) make a taxable distribution of shares of our common stock as part of a distribution in which stockholders may elect to receive shares or (subject to a limit measured as a percentage of the total distribution) cash. Thus, in order to satisfy the distribution requirement or to avoid U. S. federal corporate income tax and the 4 % nondeductible excise tax, we may be required to take actions that may not otherwise be advisable given existing market conditions which actions may hinder our ability to grow, which could materially and adversely affect us. Ordinary dividends payable by REITs do not generally qualify for the reduced tax rates applicable to certain corporate dividends. The Code provides for a 20 % maximum federal income tax rate for dividends paid by regular United States corporations to eligible domestic shareholders that are individuals, trusts or estates. Dividends paid by REITs are generally not eligible for these reduced rates. H. R. 1, commonly known as the 2017 Tax Cuts and Job Act (the " Tax Act "), which was enacted on December 22, 2017, generally may allow domestic shareholders to deduct from their taxable income one- fifth of the REIT ordinary dividends payable to them for taxable years beginning after December 31, 2017 and before January 1, 2026. To qualify for this deduction, the shareholder receiving such dividend must hold the dividend- paying REIT shares for at least 46 days (taking into account certain special holding period rules) of the 91- day period beginning 45 days before the shares become ex- dividend, and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. However, even if a domestic shareholder qualifies for this deduction, the effective rate for such REIT dividends still remains higher than rates for regular corporate dividends paid to high- taxed individuals. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive as a federal income tax matter than investments in the stocks of non- REIT corporations that pay dividends, which could materially and adversely affect the value of the stock of REITs, including our common shares. We may have phantom income from our acquisition and holding of subordinated RMBS and CMBS and excess MSRs. The tax accounting rules with respect to the timing and character of income and losses from our acquisition and holding of subordinated RMBS and CMBS may result in adverse tax consequences. We will be required to include in income accrued interest, original issue discount (" OID ") and, potentially, market discount (each of which will be ordinary income), with respect to subordinated RMBS and CMBS we hold, in accordance with the accrual method of accounting. Income will be required to be accrued and reported, without giving effect to delays or reductions in distributions attributable to defaults or delinquencies on the underlying loans, except to the extent it can be established that such losses are uncollectible. Accordingly, we may incur a diminution in actual or projected cash flow in a given year as a result of an actual or anticipated default or delinquency, but may not be able to take a deduction for the corresponding loss until a subsequent tax year. While we generally may cease to accrue interest income if it reasonably appears that the interest will be uncollectible, the IRS may take the position that OID must continue to be accrued in spite of its uncollectibility until our investments in subordinated RMBS and CMBS are disposed of in a taxable transaction or become worthless. In addition to the foregoing, we intend to treat excess MSRs that we acquire as ownership interests in the interest payments made on the underlying pool of mortgage loans, akin to an " interest only " stripped coupon. Under this treatment, for purposes of determining the amount and timing of taxable income, each excess MSR is treated as a bond that was issued with OID on the date we acquired such excess MSR. In general, we will be required to accrue OID based on the constant yield to maturity of each excess MSR, and to treat such OID as taxable income in accordance with the applicable U. S. federal income tax rules. The constant yield of an excess MSR will be determined, and we will be taxed based on, a prepayment assumption regarding future payments due on the mortgage loans underlying the excess MSR. If the mortgage loans underlying an excess MSR prepay at a rate different than that under the prepayment assumption, our recognition of OID will be either increased or decreased depending on the circumstances. Thus, in a particular taxable year, we may be required to accrue an amount of income in respect of an excess MSR that exceeds the amount of cash collected in respect of that excess MSR. Furthermore, it is possible that, over the life of the investment in an excess MSR, the total amount we pay for, and accrue with respect to, the excess MSR may exceed the total amount we collect on such excess MSR. No assurance can be given as to when we will be entitled to a loss or deduction for such excess and whether that loss will be a capital loss or an ordinary loss. Due to each of these potential differences between income recognition or expense deduction and related 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 actions to satisfy the REIT distribution requirements for the taxable year in which this " phantom income " is recognized. We are 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 have to distribute to our stockholders 90 % of our REIT taxable income in order to qualify as a REIT and 100 % of REIT taxable income in order to avoid U. S. federal corporate income tax and a 4 % nondeductible excise tax. Our access to external capital depends 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. Our stockholders may be required to recognize excess inclusion income unless we do not distribute such income and pay corporate income tax on it. We may engage in securitization transactions that result in our holding one or more REMIC

~~" residual interests " that give rise to excess inclusion income (" EII "). We may also issue bonds secured directly or indirectly by mortgage loans (" Securitized Bonds ") to investors in a " time- tranched, " sequential pay format, in a taxable mortgage pool (" TMP ") structure economically similar to sequential pay RMBS and CMBS issued in REMIC securitization transactions. In the case of the issuance of Securitized Bonds, we will be required to hold an interest in such securitizations that is equivalent to a residual interest in a REMIC. Under special rules applicable to REITs that own a TMP, a portion of our income will be treated as if it were EII derived from a REMIC residual interest. While we do not intend to distribute EII to our stockholders, and intend to hold any REMIC residual interests that give rise to EII through a TRS and to retain, and to pay corporate income tax on, EII from TMPs, there can be no assurance that we will be able to do so in all situations and that our stockholders will not receive distributions of EII. Additionally, the manner in which EII is calculated, or would be distributed to stockholders, is unclear under current law, and shareholders may be required to take into account EII or the amount taken into account by one or more shareholders could be significantly increased if the IRS were to successfully challenge our method of calculating EII. If EII is distributed by us, a stockholder' s share of such EII (1) cannot be offset by any net operating losses otherwise available to such stockholder, (2) is generally subject to tax as unrelated business taxable income (" UBTI ") in the hands of stockholders that are otherwise generally exempt from U. S. federal income tax but are subject to UBTI taxation, and (3) results in the application of U. S. federal income tax withholding at the maximum rate, without reduction under any otherwise applicable income tax treaty or other exemption, to the extent distributed to non- U. S. stockholders that are not agencies or instrumentalities of a foreign government. To the extent that EII is allocable to tax- exempt stockholders that are not subject to UBTI (such as domestic or foreign government entities or public pension funds), we would incur a corporate- level tax on such income, and, in that case, we may reduce the amount of distributions to those stockholders that gave rise to the tax. Complying with REIT requirements may cause us to forego otherwise attractive investment opportunities. In order to qualify and maintain our qualification as a REIT for U. S. federal income tax purposes, we must on a continuing basis satisfy various tests on an annual and quarterly basis regarding the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders, and the ownership of our stock. To meet these tests, we may be required to forgo investments we might otherwise make. We may be required to make distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution and may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source of income or asset diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our investment performance and materially and adversely affect us. Complying with REIT requirements may force us to liquidate otherwise profitable assets, which could materially and adversely affect us. In order to qualify and maintain our qualification as a REIT for U. S. federal income tax purposes, we must 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 designated real estate assets, including certain mortgage loans and stock in other REITs. Subject to certain exceptions, our ownership of securities, other than government securities and securities that constitute real estate assets, generally cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our assets, other than government securities and securities that constitute real estate assets, can consist of the securities of any one issuer, and no more than 20 % of the value of our total securities can be represented by securities of one or more TRSs. We generally do not intend, and as the sole owner of the general partner of our operating partnership, do not intend to permit our operating partnership, to take actions we believe would cause us to fail to satisfy the asset tests described above. However, if we fail to comply with these requirements at the end of any calendar quarter after the first calendar quarter for which we qualified as a REIT, we must generally correct such failure within 30 days after the end of such calendar quarter to prevent us from losing our REIT qualification. As a result, we may be required to liquidate otherwise profitable assets prematurely, which could reduce the return on our assets, which could materially and adversely affect 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 have entered 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 financings which are secured by the assets sold pursuant thereto. We believe that we are 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 agreement 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 do not own the assets during the term of the sale and repurchase agreement, in which case we could fail to qualify as a REIT. We may choose to make distributions to our stockholders in our own stock, in which case our stockholders could be required to pay income taxes in excess of the cash dividends they receive. We may distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of the distribution as ordinary income to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes. As a result, stockholders may be required to pay U. S. federal income taxes with respect to such dividends in excess of the cash dividends received. If a U. S. stockholder sells shares of our common stock that it receives as a dividend in order to pay this tax, the sale proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of shares of our common stock at the time of the sale. Furthermore, with respect to certain non- U. S. stockholders, we may be required to withhold U. S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of shares of our common stock. Even though we have elected, and intend to qualify to be taxed, as a REIT, we may be required to pay certain taxes. Even though we have elected, and intend to qualify to be taxed, as a REIT for U. S. federal income tax purposes, we may~~

be subject to certain U. S. federal, state and local taxes on our income and assets, including, but not limited to, taxes on any undistributed income and prohibited transactions, taxes on income from activities conducted as a result of a foreclosure, franchise, property and transfer taxes, including mortgage recording taxes, and taxes as a result of failure to satisfy certain REIT qualification requirements. In addition, we may hold some of our assets through wholly- owned TRSs. Our TRSs and any other taxable corporations in which we own an interest are subject to U. S. federal, state and local corporate taxes (including potentially a 15 % AMT on the AFSI of TRSs whose three- year average AFSI exceeds $ 1 billion). Payment of these taxes generally would reduce our cash flow and the amount available to distribute to our stockholders, which could materially and adversely affect us. Complying with REIT requirements may limit our ability to hedge effectively. The REIT provisions of the Code limit the ability of a REIT to hedge its liabilities. Any income from a hedging transaction we enter into either (i) 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, (ii) to manage risk of currency fluctuations with respect to items of income that qualify for purposes of the REIT 75 % or 95 % gross income tests or assets that generate such income or (iii) to hedge another instrument that hedges risks described in clause (i) or (ii) for a period following the extinguishment of the liability or the disposition of the asset that was previously hedged by the instrument, and provided that, in each case, the applicable hedging instrument is properly identified under applicable U. S. Treasury regulations, does not constitute " gross income " for purposes of the 75 % or 95 % gross income tests. To the extent that a REIT enters into other types of hedging transactions, the income from those transactions is likely to be treated as non- qualifying income for purposes of both gross income tests. As a result of these rules, we may need to limit our use of otherwise advantageous hedging techniques or implement those hedges through a TRS. The use of a TRS could increase the cost of our hedging activities (because the TRS would be subject to tax on income or gain resulting from hedges entered into by it) or expose us to greater risks than we would otherwise incur. General Risk Factors Future sales of shares of our common stock or other securities convertible into shares of our common stock could cause the market value of shares of our common stock to decline and could result in dilution of existing shares. In connection with the closing of our IPO and a concurrent private placement of shares of our common stock, we entered into registration rights agreements with our pre- IPO investors and the investor in our concurrent private placement, respectively. We also entered into a registration rights agreement with respect to any equity- based awards that we may grant to our Manager under our 2021 Equity Incentive Plan. Registration of these shares under the Securities Act of 1933 (the " Securities Act ") would result in these shares becoming freely tradable without restrictions under the Securities Act immediately upon effectiveness of the registration statement. In addition, a substantial amount of shares of our common stock held by our pre- IPO investors and the investor in our concurrent private offering have become eligible for resale, subject to the requirements of Rule 144 under the Securities Act. Sales of substantial amounts of shares of our common stock (including shares of our common stock issued upon the exchange of limited partnership interests) could cause the market price of shares of our common stock to decrease significantly. We cannot predict the effect, if any, of future sales of shares of our common stock, or the availability of shares of our common stock for future sales, on the value of shares of our common stock. Sales of substantial amounts of shares of our common stock, or the perception that such sales could occur, may adversely affect prevailing market prices for shares of our common stock. Future offerings of debt securities, which would rank senior to shares of our common stock upon our bankruptcy or liquidation, and future offerings of equity securities which would dilute the common stock holdings of our existing stockholders and may be senior to shares of our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of shares of our common stock. In the future, we may attempt to increase our capital resources by making offerings of debt securities (or causing our operating partnership to issue debt securities) or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of our debt securities, our preferred stock, if issued, and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of shares of our common stock. Any preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments or both that could limit our ability to pay a dividend or other distribution to the holders of shares of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of shares of our common stock bear the risk of our future offerings reducing the market price of shares of our common stock and diluting their stock holdings in us. Our stockholders' ability to control our operations is limited and our charter provides that our Board of Directors may revoke or otherwise terminate our REIT election without the approval of our stockholders. Our Board of Directors oversees the business and affairs of our company and determines our strategies, including our strategies regarding investments, financing, growth, debt capitalization and distributions. Our Board of Directors may amend or revise these and other strategies without a vote of our stockholders. In addition, 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 interest to attempt to, or continue to, qualify as a REIT. Accordingly, our stockholders' ability to control our operations **Description of the 2029 Senior Notes The following description of the 2029 Senior Notes** is **a summary and does** limited, which could negatively affect the value of our common stock. If securities analysts do not **purport to be complete** publish research or reports about our business or if they downgrade our stock or our core market, our stock price and trading volume could decline . The **particular terms** trading market for shares of our common stock may rely in part on the research and reports that industry or financial analysts publish about us or our business or industry. We do not control these -- **the 2029 Senior Notes are subject** analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business or industry, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to **and qualified** publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline. Terrorist attacks, other - **their entirety by reference to** acts of violence or war, civil unrest, or a pandemic, or U. S. consumers' fear of such events may cause a prolonged economic slowdown, which would affect the real estate industry

~~generally and our business, financial condition, and results of operations. We cannot predict the severity of the effect that potential terrorist attacks, other~~ -- **the** ~~acts~~ **provisions** of ~~violence or war, civil unrest, or a pandemic, or U. S. consumers' fears of such events, may have on~~ the **2029 Senior Notes** ~~U. S. economy~~ and ~~on our business, financial condition, and results~~ of **the indenture (** ~~operations. We may suffer losses~~ as **defined below) governing** ~~a result of the adverse impact of any of these~~ -- **the** ~~events,~~ **2029 Senior Notes. The indenture** and **a form of** ~~these~~ -- **the 2029 Senior Notes are incorporated** ~~losses may adversely impact our performance and may cause the market value of shares of our common stock to decline or be more volatile. A prolonged economic slowdown, a recession, or declining real estate values could impair the performance of our investments and harm our financial condition and results of operations, increase our funding costs, limit our access to the capital markets, or result in a decision~~ by ~~lenders not~~ **reference as exhibits** to ~~extend credit to us. Losses resulting from these~~ -- **the** ~~types of events may not be fully insurable. The absence of affordable insurance coverage for these types of events may adversely affect the general real estate lending market, lending volume and the market' s overall liquidity and may reduce the number of suitable investment opportunities available to us and the pace at which we are able to make investments. If the borrowers and / or properties underlying our interests are unable to obtain affordable insurance coverage, the value of our interests could decline, and in the event of an uninsured loss, we could lose all or a portion of our investment. The obligations associated with being a public company require significant resources and attention from our Manager' s senior management team. As a public company with listed equity securities, we are required to comply with various laws, regulations and requirements, including the requirements of the Exchange Act, certain corporate governance provisions of the Sarbanes- Oxley Act, related regulations of the SEC and requirements of the NYSE. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes- Oxley Act requires, among other things, that we establish and maintain effective internal controls over financial reporting. In addition, Section 404 of the Sarbanes- Oxley Act requires us to evaluate and report on our internal control over financial reporting and, beginning with this~~ Annual Report on Form 10- K **of which this exhibit is a part. For purposes of the description below, references to " we, " " our, " " our company " and " us " refer solely to Angel Oak Mortgage REIT, Inc. and not to its subsidiaries. References to the " Guarantor " or to the " Operating Partnership " refer to Angel Oak Mortgage Operating Partnership, LP and not to any of its subsidiaries. References to the " trustee " in this " Description of the 2029 Senior Notes " section refer to U. S. Bank Trust Company, National Association, as trustee. Please refer to the section captioned " — Definitions " below for the definitions of certain capitalized terms used in this section not otherwise defined. The 2029 Senior Notes are a single series of debt securities issued under an indenture, dated as of July 25, 2024, as supplemented by the first supplemental indenture thereto, in each case among us, the Guarantor and U. S. Bank Trust Company, National Association, as trustee (collectively the " indenture "), in an aggregate principal amount of $ 50. 0 million. The 2029 Senior Notes were issued only in fully registered form without coupons, in minimum denominations of $ 25 and integral multiples of $ 25 in excess thereof. The 2029 Senior Notes are, and shall only be, evidenced by one or more global notes in book- entry only form, except under the limited circumstances described under " — Certificated Notes. " The principal of, and premium, if any, and interest on, the 2029 Senior Notes will be payable in U. S. dollars. The registered holder of a 2029 Senior Note will be treated as its owner for all purposes. The 2029 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Guarantor. See " — Guarantee " below. The 2029 Senior Notes are not convertible into, or exchangeable for, shares of our common stock or any other securities. Ranking The 2029 Senior Notes: • are our senior direct unsecured obligations; • rank equal in right of payment to any of our existing and future unsecured and unsubordinated indebtedness; • are effectively subordinated in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and • are structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) and (to the extent not held by us) preferred stock, if any, of our subsidiaries other than the Guarantor and of any entity we account for using the equity method of accounting. Our subsidiaries are separate and distinct legal entities and, except for the Guarantor that guarantees the 2029 Senior Notes, have ~~now~~ no obligation, contingent or otherwise, to pay any amounts due on the 2029 Senior Notes or to make any funds available to us for payment on the 2029 Senior Notes, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory, contractual or other restrictions, may depend on their earnings, cash flows and financial condition and are subject to various business considerations. As a result, we may be unable to gain access to the cash flow or assets of our subsidiaries. Guarantee The Guarantor fully and unconditionally guarantees our obligations under the 2029 Senior Notes, including the due and punctual payment of principal of, premium, if any, and interest on the 2029 Senior Notes, whether at stated maturity, upon acceleration, call for redemption or otherwise. Under the terms of the guarantee, holders of the 2029 Senior Notes will not be required to exercise their remedies against us before they proceed directly against the Guarantor. The Guarantor' s obligations under the guarantee are limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of the Guarantor, not result in the obligations of the Guarantor under the guarantee constituting a fraudulent conveyance or fraudulent transfer under federal or state law. The guarantee is a senior unsecured obligation of the Guarantor. The guarantee: • ranks equal in right of payment to any of the Guarantor' s existing and future unsecured and unsubordinated indebtedness and guarantees of the Guarantor; • is effectively subordinated in right of payment to any of the Guarantor' s existing and future secured indebtedness and secured guarantees to the extent of the value of the assets securing such indebtedness or guarantees; and • is structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) and (to the extent not held by the Guarantor) preferred stock, if any, of the Guarantor' s subsidiaries and of any entity the Guarantor accounts for using the equity method of accounting. Additional Notes The series of debt securities of which the 2029 Senior Notes are a part may be reopened and we may, from time to time, issue additional**

debt securities of the same series ranking equally and ratably with the 2029 Senior Notes and with terms identical to the 2029 Senior Notes, except with respect to issue date, issue price and, if applicable, the date from which interest will accrue, without notice to, or the consent of, any of the holders of the 2029 Senior Notes, provided that if any such additional debt securities are not fungible with the 2029 Senior Notes for U. S. federal income tax purposes, such additional debt securities will have separate CUSIP and ISIN numbers from the 2029 Senior Notes. The additional debt securities will carry the same right to receive accrued and unpaid interest on the 2029 Senior Notes, and such additional debt securities will form a single series of debt securities with the 2029 Senior Notes. The 2029 Senior Notes bear interest at the rate of 9. 500 % per annum from, and including, the date of issuance, and the subsequent interest periods will be the periods from, and including, an interest payment date to, but excluding, the next interest payment date or the stated maturity date or earlier redemption date, as the case may be. Interest is payable quarterly in arrears on January 30, April 30, July 30 and October 30 of each year, beginning on October 30, 2024, to the persons in whose names the 2029 Senior Notes are registered at the close of business on January 15, April 15, July 15 and October 15, as the case may be, immediately before the relevant interest payment date. All payments will be made in U. S. dollars. Interest payments are made only on a Business Day (as defined below). If any interest payment is due on a non- Business Day, we will make the payment on the next day that is a Business Day. Payments made on the next Business Day in this situation will be treated under the indenture as if they were made on the original due date. Such payment will not result in a Default (as defined below) under the 2029 Senior Notes or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a Business Day. Interest on the 2029 Senior Notes will be computed on the basis of a 360- day year consisting of twelve 30 day months. Maturity The 2029 Senior Notes will mature on July 30, 2029 and will be paid against presentation and surrender thereof at the corporate trust office of the trustee, unless earlier redeemed by us at our option as described herein under " — Optional Redemption of the 2029 Senior Notes. " The 2029 Senior Notes will not be entitled to the benefits of, or be subject to, any sinking fund. The 2029 Senior Notes will not be subject to repayment at the option of the holder prior to the stated maturity date. Optional Redemption of the 2029 Senior Notes On or after July 30, 2026, we may redeem for cash all or any portion of the 2029 Senior Notes, at our option, at a redemption price equal to 100 % of the principal amount of the 2029 Senior Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Notwithstanding the foregoing, interest due on an interest payment date falling on or prior to a redemption date will be payable to holders at the close of business on the record date for such interest payment date. We are required to give notice of such redemption not less than 30 days nor more than 60 days prior to the redemption date to each holder, in accordance with the procedures of The Depository Trust Company (" DTC "). If less than all of the outstanding 2029 Senior Notes are to be redeemed at our option, the trustee will select, on a pro rata basis, by lot or such other method it deems fair and appropriate or as required by DTC (or relevant depositary) for global notes, which is currently by lot, in minimum denominations of $ 25 and integral multiples of $ 25 in excess thereof. In the event of any redemption of the 2029 Senior Notes, we will not be required to: • issue or register the transfer or exchange of any 2029 Senior Notes during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of the 2029 Senior Notes selected for redemption and ending at the close of business on the day of such mailing; or • register the transfer or exchange of any 2029 Senior Notes so selected for redemption, in whole or in part, except the unredeemed portion of any 2029 Senior Notes being redeemed in part. If the paying agent holds funds sufficient to pay the redemption price of the 2029 Senior Notes on the redemption date, then on and after such date: • such 2029 Senior Notes will cease to be outstanding; • interest on such 2029 Senior Notes will cease to accrue; • such 2029 Senior Notes will cease to be entitled to any benefit or security under the indenture (unless we default in the payment of the redemption price); and • all rights of holders of such 2029 Senior Notes will terminate except the right to receive the redemption price. Such will be the case whether or not book- entry transfer of the 2029 Senior Notes in book- entry form is made and whether or not notes in certificated form, together with the necessary endorsements, are delivered to the paying agent. We will not redeem the 2029 Senior Notes on any date the principal amount of the 2029 Senior Notes has been accelerated, and such acceleration has not been rescinded or cured on or prior to such date. Certain Covenants The indenture contains the following covenants: Existence. Except as permitted under the provisions of the indenture described under the caption " — Merger, Consolidation or Sale " and " — Merger, Consolidation or Sale of the Guarantor, " each of our company and the Guarantor must preserve and keep in full force and effect its respective existence, rights (charter and statutory) and franchises. Neither our company nor the Guarantor is required to preserve any right or franchise if we or the Guarantor, as the case may be, determine that the preservation of that right or franchise is no longer desirable in the conduct of our or the Guarantor' s business, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the holders of the 2029 Senior Notes. Payment of Taxes and Other Claims. Each of our company and the Guarantor must pay or discharge, or cause to be paid or discharged, before the same become delinquent: • all of its respective taxes, assessments and governmental charges levied or imposed upon us or the Guarantor, as the case may be, or any of its respective subsidiaries or upon the income, profits or property of our company or the Guarantor, as the case may be, or any of our or the Guarantor' s respective subsidiaries; and • all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of our company or the Guarantor, as the case may be, or any of our or the Guarantor' s respective subsidiaries. However, neither us nor the Guarantor will be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings or to the extent the non- payment thereof could not reasonably be expected to have a material adverse effect on us or the Guarantor, as the case may be. Provision of Financial Information. We will, so long as any 2029 Senior Notes are outstanding, deliver to the trustee within 15 days after we file them with the Securities and

Exchange Commission (the " SEC ") copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which we are required to file with the SEC pursuant to Section 13 or 15 (d) of the Exchange Act. If we are not so required to file such reports with the SEC under said Sections, then we will be required to file with the trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such of the supplementary and periodic reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations. Reports, information and documents filed with the SEC via the SEC' s EDGAR system will be deemed to be delivered to the trustee as of the time of such filing via the SEC' s EDGAR system for purposes of the indenture, provided, however, that the trustee will have no obligation whatsoever to determine whether or not such information, documents or reports have been filed via the SEC' s EDGAR system. Delivery of reports, information and documents to the trustee is for informational purposes only and the trustee' s receipt of the foregoing will not constitute constructive or actual notice of any information contained therein or determinable from information contained therein, including our compliance with any of our covenants. Offer to Repurchase Upon a Change of Control Repurchase Event If a Change of Control Repurchase Event (as defined below) occurs, unless we have exercised our option to redeem the 2029 Senior Notes as described above, we will make an offer to each holder of 2029 Senior Notes to repurchase all or any part (in a principal amount of $ 25 and integral multiples of $ 25 in excess thereof) of that holder' s 2029 Senior Notes at a repurchase price in cash equal to 101 % of the aggregate principal amount of 2029 Senior Notes repurchased plus any accrued and unpaid interest on the 2029 Senior Notes repurchased to, but excluding, the repurchase date. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of the Change of Control, we will give notice to each holder with copies to the trustee and the paying agent (if other than the trustee) describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase 2029 Senior Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given. The notice shall, if given prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e- 1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the 2029 Senior Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the 2029 Senior Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the 2029 Senior Notes by virtue of such conflict. On the Change of Control Repurchase Event payment date, we will, to the extent lawful: • accept for payment all 2029 Senior Notes or portions of 2029 Senior Notes properly tendered pursuant to our offer; • deposit with the trustee an amount equal to the aggregate purchase price in respect of all 2029 Senior Notes or portions of 2029 Senior Notes properly tendered; and • deliver or cause to be delivered to the trustee the 2029 Senior Notes properly accepted, together with an officers' certificate stating the aggregate principal amount of 2029 Senior Notes being purchased by us. We will not be required to make an offer to repurchase the 2029 Senior Notes upon a Change of Control Repurchase Event if (i) we or our successor delivered a notice to redeem in the manner, at the times and otherwise in compliance with the optional redemption provision described above prior to the occurrence of the Change of Control Repurchase Event or (ii) a third party makes an offer in respect of the 2029 Senior Notes in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all 2029 Senior Notes properly tendered and not withdrawn under its offer. There can be no assurance that sufficient funds will be available at the time of any Change of Control Repurchase Event to make required repurchases of 2029 Senior Notes tendered. Our failure to repurchase the 2029 Senior Notes upon a Change of Control Repurchase Event would result in a default under the indenture. If the holders of the 2029 Senior Notes exercise their right to require us to repurchase the 2029 Senior Notes upon a Change of Control Repurchase Event, the financial effect of this repurchase could result in defaults under other debt instruments to which we are or could become party, including the acceleration of the payment of any borrowings thereunder. It is possible that we **will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of our other debt and the 2029 Senior Notes. No Protection in the Event of a Change of Control Other than as described above under " — Offer to Repurchase Upon a Change of Control Repurchase Event " above, the 2029 Senior Notes do not contain any provisions that may afford holders of the 2029 Senior Notes protection in the event we have a change in control or in the event of a highly leveraged transaction (whether or not such transaction results in a change in control) that could adversely affect holders of the 2029 Senior Notes. Merger, Consolidation or Sale The indenture provides that we may not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of our properties and assets to, any person (such person, a " successor person "), unless: (a) we** are **the surviving entity or the successor person (if other than Angel Oak Mortgage REIT, Inc. or the Operating Partnership, as the case may be) is** a ~~Smaller Reporting Company~~ **corporation, partnership, trust or other entity organized** and **validly existing under the laws of any U. S. domestic jurisdiction and expressly assumes our obligations on the 2029 Senior Notes and under the indenture; and (b) immediately after giving effect to the transaction, no Default or Event of Default (as defined below) shall have occurred and be continuing. We must deliver to the trustee prior to the consummation of the proposed transaction** an **officers' certificate to the foregoing effect and an opinion of counsel stating that the proposed transaction and any supplemental indenture comply with the indenture. In the event of any transaction described in and complying with the**

conditions listed in the immediately preceding paragraphs in which we are not the continuing entity, the successor person formed or remaining shall succeed, and be substituted for, and may exercise every right and power of ours, and we shall be discharged from our obligations under the 2029 Senior Notes and the indenture. Merger, Consolidation or Sale of the Guarantor The indenture provides that the Guarantor may not consolidate with or merge with or into, or sell, convey, transfer or lease all or substantially all of its properties to, any other person, unless: (a) the Guarantor will be the continuing entity, or the successor entity (if other than such Guarantor) formed by or resulting from any consolidation or merger or which shall have received the transfer of assets shall expressly assume the obligations of such Guarantor under the guarantee and the due and punctual performance and observance of all of the covenants and conditions in the indenture; and (b) immediately after giving effect to the transaction, no Default or Event of Default, shall have occurred and be continuing. The Guarantor must deliver to the trustee prior to the consummation of the proposed transaction an officers' certificate to the foregoing effect and an opinion of counsel stating that the proposed transaction and any supplemental indenture comply with the indenture. Notwithstanding the above, any subsidiary of any Guarantor may consolidate with, merge into or transfer all or part of its properties to such Guarantor and neither an officers' certificate nor an opinion of counsel will be required to be delivered. In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraphs in which the applicable Guarantor is not the continuing entity, the successor person formed or remaining shall succeed, and be substituted for, and may exercise every right and power of such Guarantor, and such predecessor Guarantor shall be released from all obligations and covenants under the indenture; provided, however, that such predecessor Guarantor shall not be relieved from the obligation, if any, to guarantee the payment of the principal of and interest on the 2029 Senior Notes series except in the case of a consolidation, merger, sale, conveyance or transfer of all or substantially all of the property of such Guarantor that is subject to, and that complies with, the provisions described in the immediately preceding paragraphs. Events of Default The indenture provides that the following events are " Events of Default " with respect to the 2029 Senior Notes: • default for 30 days in the payment of any installment of interest under the 2029 Senior Notes; • default in the payment of the principal amount or any other portion of the repurchase or redemption price due with respect to the 2029 Senior Notes, when the same becomes due and payable; • failure by us or, if applicable, the Guarantor, to comply with any of our or the Guarantor' s other agreements in the 2029 Senior Notes or the indenture upon receipt by us of notice of such default by the trustee or by holders of not less than 25 % in principal amount of the 2029 Senior Notes then outstanding and our failure to cure (or obtain a waiver of) such default within 60 days after we receives such notice; • default under any bond, debenture, note or other evidence of indebtedness of our company or the Guarantor or under any mortgage, indenture or other instrument (in each case, other than non- recourse debt) of our company or the Guarantor under which there may be issued or by which there may be secured or evidenced any indebtedness of our company or the Guarantor, as the case may be (or by any subsidiary of our company or the Guarantor, as the case may be, the repayment of which our company or the Guarantor has guaranteed or for which our company or the Guarantor is directly responsible or liable as obligor or guarantor), which results in the acceleration of indebtedness in an aggregate principal amount exceeding $ 25, 000, 000, but only if such indebtedness is not discharged or such acceleration is not rescinded or annulled as provided in the indenture; • the guarantee of the Guarantor ceases to be in full force and effect (except as contemplated by the terms of the indenture) or is declared null and void in a judicial proceeding or the Guarantor denies or disaffirms its obligations under the indenture or its guarantee, except by reason of the release of such guarantee in accordance with provisions of the indenture; or • certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of our company, the Guarantor or of any significant subsidiary of our company as defined in Regulation S- X promulgated under the Securities Act, or all or substantially all of their respective property. If an Event of Default under the indenture with respect to the 2029 Senior Notes occurs and is continuing (other than an Event of Default specified in the last bullet above with respect to our company or the Guarantor, which shall result in an automatic acceleration), then in every case the trustee or the holders of not less than 25 % in principal amount of the outstanding 2029 Senior Notes may declare the principal amount of, premium, if any, and accrued and unpaid interest on all of the 2029 Senior Notes to be due and payable immediately by written notice thereof to us (and to the trustee if given by the holders). However, at any time after the declaration of acceleration with respect to the 2029 Senior Notes has been made, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of at least a majority in principal amount of outstanding 2029 Senior Notes may waive all defaults or Events of Default and rescind and annul such declaration and its consequences if: • we have deposited with the trustee all required payments of the principal of, and premium, if any, and interest on, the 2029 Senior Notes, plus certain fees, expenses, disbursements and advances of the trustee; and • all Events of Default with respect to the 2029 Senior Notes, other than the non- payment of accelerated ~~filer~~ **principal of (or specified portion thereof) , or premium, if any, and interest on, the 2029 Senior Notes that** have **become due solely because of such acceleration, have been cured** ~~our~~ **or** ~~independent auditors annually attest~~ **waived as provided in the indenture. The indenture also provides that the holders of at least a majority in principal amount of the outstanding 2029 Senior Notes may waive any past default with respect** to **the 2029 Senior Notes and its consequences, except a default: • in the payment of the principal of,** ~~our~~ **or** ~~evaluation~~ **interest on, the 2029 Senior Notes, unless such default has been cured and we shall have deposited with the trustee all required payments of the principal of, and interest on, the 2029 Senior Notes; or • in respect of a covenant or provision contained in the indenture that cannot be modified or amended without the consent of the holder of each outstanding 2029 Senior Note affected thereby. The indenture provides that the trustee is required to give notice to the holders of the 2029 Senior Notes of a default under the indenture unless the default has been cured or waived within 90 days; provided, however, that the trustee may withhold notice to the holders of the 2029 Senior Notes of**

any default with respect to the 2029 Senior Notes (except a default in the payment of the principal of, or premium, if any, or interest on the 2029 Senior Notes) if the trustee considers the withholding to be in the interest of the holders. The indenture provides that no holder of the 2029 Senior Notes may institute any proceedings, judicial or otherwise, with respect to the indenture or for any remedy thereunder, except in the case of failure of the trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an Event of Default from the holders of not less than 25 % in principal amount of the outstanding 2029 Senior Notes , as well as **an offer of indemnity or security satisfactory to the trustee. This provision will not prevent, however, any holder of the 2029 Senior Notes from instituting suit for the enforcement of payment of the principal of, and premium, if any, and interest on, the 2029 Senior Notes at the respective due dates thereof. The trustee is under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of the 2029 Senior Notes then outstanding under the indenture, unless the holders shall have offered, and, if requested, provided to the trustee security or indemnity satisfactory to the trustee. The holders of at least a majority in principal amount of the outstanding 2029 Senior Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred upon the trustee. However, the trustee may refuse to follow any direction which is in conflict with any law or the indenture, or which may be unduly prejudicial to the holders of the 2029 Senior Notes not joining therein provided, however, that the trustee may take any other action deemed proper by the trustee that is not inconsistent with such direction (it being expressly understood that the trustee shall not have an affirmative duty to ascertain whether such action is prejudicial). Within 120 days after the close of each fiscal year, we must deliver a certificate of our principal executive officer, principal financial officer or principal accounting officer certifying to the trustee whether or not such officer has knowledge of any default under the indenture and, if so, specifying each default and the nature and status thereof. Modification, Waiver and Meetings Modifications and amendments of the indenture with respect to the 2029 Senior Notes are permitted to be made only with the consent of the holders of not less than a majority in principal amount of all outstanding 2029 Senior Notes; provided, however, that no modification or amendment may, without the consent of each holder affected: • reduce the principal amount of the 2029 Senior Notes whose holders must consent to an amendment, supplement or waiver; • reduce the rate of or extend the time for payment of interest (including default interest) on the 2029 Senior Notes; • reduce the principal of, or premium, if any, on, or change the fixed maturity of, the 2029 Senior Notes; • reduce any redemption price or Change of Control Repurchase Event repurchase price of any 2029 Senior Note or amend or modify, in any manner adverse to the holders of 2029 Senior Notes, our right to redeem the 2029 Senior Notes or our obligation to repurchase the 2029 Senior Notes in connection with a Change of Control Repurchase Event, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise; • waive a default or Event of Default in the payment of the principal of, or premium, if any, or interest on, the 2029 Senior Notes (except a rescission of acceleration of the 2029 Senior Notes by the holders of at least a majority in aggregate principal amount of the then outstanding 2029 Senior Notes and a waiver of the payment default that resulted from such acceleration); • make the principal of, or premium, if any, or interest on, the 2029 Senior Notes payable in currency other than that stated in the 2029 Senior Notes; • make any change to certain provisions of the indenture relating to, among other things, the right of holders of the 2029 Senior Notes to receive payment of the principal of, or premium, if any, or interest on, the 2029 Senior Notes and to institute suit for the enforcement of any such payment and to waivers or amendments; • waive a redemption payment with respect to the 2029 Senior Notes; or • release the Guarantor as a guarantor of the 2029 Senior Notes other than as provided in the indenture or modify the guarantee in any manner adverse to the holders of the 2029 Senior Notes. Notwithstanding the foregoing, modifications and amendments of the indenture with respect to the 2029 Senior Notes will be permitted to be made by us, the Guarantor and the trustee without the consent of any holder of the 2029 Senior Notes for any of the following purposes: • to cure any ambiguity, defect or inconsistency in the indenture; provided that this action shall not adversely affect the interests of holders of the 2029 Senior Notes in any material respect; • to evidence a successor to us as obligor or the Guarantor as guarantor under the indenture with respect to the 2029 Senior Notes; • to make any change that does not adversely affect the interests of the holders of any 2029 Senior Notes then outstanding; • to provide for the ~~issue~~ issuance of additional 2029 Senior Notes in accordance with the limitations set forth in the indenture; • to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under the indenture by more than one trustee; • to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act; • to reflect the release of the Guarantor, as guarantor, in accordance with the provisions of the indenture; • to secure the 2029 Senior Notes or the guarantee; • to add guarantors with respect to the 2029 Senior Notes; and • to conform the text of the indenture, the 2029 Senior Notes or the guarantee to any provision of the description thereof set forth under the captions " Description of the Notes " in the prospectus supplement relating to the 2029 Senior Notes and " Description of Debt Securities " in the prospectus accompanying the prospectus supplement relating to the 2029 Senior Notes. The indenture provides that in determining whether the holders of the requisite principal amount of outstanding 2029 Senior Notes have concurred in any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of 2029 Senior Notes, the indenture provides that 2029 Senior Notes owned by us or the Guarantor or any other obligor upon the 2029 Senior Notes or any affiliate of our company or the Guarantor or any of the other obligors actually known to a responsible officer of the trustee shall be disregarded. The indenture contains provisions for convening meetings of the holders of 2029 Senior Notes. A meeting will be permitted to be called at any time by the trustee, and also, upon request, by us or the holders of at least 10 % in principal amount of the outstanding 2029 Senior Notes, in any case upon notice given as provided in the indenture. Except for any consent that must be given by the holder of each 2029 Senior Note affected by**

certain modifications and amendments of the indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present will be permitted to be adopted by the affirmative vote of the holders of at least a majority in principal amount of the outstanding 2029 Senior Notes; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding 2029 Senior Notes may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding 2029 Senior Notes. Any resolution passed or decision taken at any meeting of holders of 2029 Senior Notes duly held in accordance with the indenture will be binding on all holders of the 2029 Senior Notes. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be holders holding or representing at least a majority in principal amount of the outstanding 2029 Senior Notes; provided, however, that if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding 2029 Senior Notes, holders holding or representing the specified percentage in principal amount of the outstanding 2029 Senior Notes will constitute a quorum. Notwithstanding the foregoing provisions, any action to be taken at a meeting of holders of the 2029 Senior Notes with respect to any action that the indenture expressly provides may be taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding 2029 Senior Notes may be taken at a meeting at which a quorum is present by the affirmative vote of holders of the specified percentage in principal amount of the outstanding 2029 Senior Notes. Discharge, Defeasance and Covenant Defeasance Legal Defeasance The indenture provides that we may be discharged from any and all obligations in respect of the 2029 Senior Notes (subject to certain exceptions). We will be so discharged upon the deposit with the trustee, in trust, of money and / or U. S. government obligations that, through the payment of interest and principal in accordance with their ~~own~~ **terms, will provide money in an amount sufficient in the** opinion **of a nationally recognized firm of independent public accountants or investment bank to pay and discharge each installment of principal of, and any premium and interest** on **, the 2029 Senior Notes on the stated maturity of those payments in accordance with the terms of the indenture and the 2029 Senior Notes. This discharge may occur only if, among other things, we have delivered to the trustee an opinion of counsel stating that we have received from, or there has been published by, the IRS a ruling or, since the date of execution of the indenture, there has been a change in the applicable U. S. federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the holders of the 2029 Senior Notes will not recognize income, gain or loss for U. S. federal income tax purposes as a result of the deposit, defeasance and discharge and will be subject to U. S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit, defeasance and discharge had not occurred. Defeasance of Certain Covenants The indenture provides that, unless otherwise provided by the terms of the 2029 Senior Notes, upon compliance with certain conditions: • we may omit to comply with the covenant described under the caption " — Merger, Consolidation or Sale " and certain other covenants set forth in the indenture; and • any omission to comply with those covenants will not constitute a Default or an Event of Default with respect to the 2029 Senior Notes, or covenant defeasance. The conditions include: • depositing with the trustee money and / or U. S. government obligations that, through the payment of interest and principal in accordance with their terms, will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent public accountants or investment bank to pay and discharge each installment of principal of, and any premium and interest on, the 2029 Senior Notes on the stated maturity of those payments in accordance with the terms of the indenture and the 2029 Senior Notes; and • delivering to the trustee an opinion of counsel to the effect that the holders of the 2029 Senior Notes will not recognize income, gain or loss for U. S. federal income tax purposes as a result of the deposit and related covenant defeasance and will be subject to U. S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit and related covenant defeasance had not occurred. Covenant Defeasance and Events of Default In the event we exercise** our ~~internal control over financial reporting~~ **option to effect covenant defeasance with respect to the 2029 Senior Notes and the 2029 Senior Notes are declared due and payable because of the occurrence of any Event of Default, the amount of money and / or U** . ~~We cannot~~ **S. government obligations on deposit with the trustee will** be **sufficient to pay amounts due on the 2029 Senior Notes at the time of their stated maturity but may not be sufficient to pay amounts due on the 2029 Senior Notes at the time of the acceleration resulting from the Event of Default. In such a case, we would remain liable for those payments. Satisfaction and Discharge The indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the 2029 Senior Notes, as expressly provided for in the indenture) as to all outstanding 2029 Senior Notes when: • either: • all the 2029 Senior Notes theretofore authenticated and delivered (except lost, stolen or destroyed 2029 Senior Notes which have been replaced or paid) have been delivered to the trustee for cancellation; or • all 2029 Senior Notes not theretofore delivered to the trustee for cancellation have become due and payable or will become due and payable at their maturity within one year, have been called for redemption or are to be called for redemption within one year, or are deemed paid and discharged pursuant to the legal defeasance provisions of the indenture, and we have irrevocably deposited or caused to be irrevocably deposited with the trustee as trust funds in trust cash or noncallable U. S. government obligations in an amount sufficient to pay and discharge the entire indebtedness on such 2029 Senior Notes not theretofore delivered to the trustee for cancellation, for principal and interest to the date of such deposit (in the case of 2029 Senior Notes which have become due and payable) or to the maturity date or redemption date, as the case may be; • we have paid or caused to be paid all other sums payable under the indenture by us; and • we have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for in the**

indenture relating to the satisfaction and discharge of the indenture have been complied with. Definitions Set forth below are certain ~~if~~ **defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any** ~~the~~ **other** ~~sealed SEC~~ **capitalized terms used herein for which no definition is provided. " Business Day " means any day except a Saturday, Sunday, a day on which banking institutions in the state in which the corporate trust office of the trustee is located or a legal holiday in New York City (or in connection with any payment, the place of payment) on which banking institutions are authorized or required by law, regulation or executive order to close. " Change of Control " means the occurrence of any of the following: • a " person " or " group " within the meaning of Section 13 (d) of the Exchange Act, other than us, our subsidiaries and our and their employee benefit plans, files a Schedule TO or any schedule, form or** ~~reporting --- options available to Smaller Reporting Companies will make~~ **report under the Exchange Act disclosing, or we otherwise become aware, that such person or group has become the direct or indirect " beneficial owner, " as defined in Rule 13d- 3 under the Exchange Act, of our common equity representing more than 50 % of the voting power of our common equity; or • the consummation of (A) any recapitalization, reclassification or change of** our common stock ~~less attractive to investors,~~ **(other than changes resulting from a subdivision or combination) as a result of** which ~~could make the market price and trading volume of shares of~~ our common stock **would** be **converted into, or exchanged for, cash, securities or other property; (B) any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the property and assets of us and our subsidiaries, taken as a whole, to any person other than one of our subsidiaries; provided, however, that a transaction described in the immediately preceding bullet or this bullet in which the holders of all classes of our common equity immediately prior to such transaction own, directly or indirectly,** more ~~volatile and decline significantly. Effective internal~~ **than 50 % of all classes of common equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions (relative to each other) as such ownership immediately prior to such transaction shall not be a Change of** ~~controls~~ **Control pursuant to this bullet. " Change of Control Repurchase Event " means the occurrence of a Change of Control. " Default " means any event which is, or after notice or passage of time or both would be, an Event of Default. The Registrar and Paying Agent We initially designated the trustee as the registrar and paying agent for the 2029 Senior Notes. Payments of interest, premium, if any, and principal will be made, and the 2029 Senior Notes will be transferable, at the office of the paying agent, or at such other place or places as may be designated pursuant to the indenture. For 2029 Senior Notes which we issue in book-entry only form evidenced by a global note, payments will be made to a nominee of the depositary. No Personal Liability The indenture provides that no recourse for the payment of the principal of, or premium, if any, or interest on, any of the 2029 Senior Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of ours or the Guarantor in the indenture, or in any of the 2029 Senior Notes or the guarantee or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of our company or the Guarantor or of any successor person thereto. Each holder, by accepting the 2029 Senior Notes, waives and releases all such liability. The waiver and release** are ~~necessary~~ **part of the consideration** for ~~us to~~ **issuance of the 2029 Senior Notes and the guarantee. Notices Except as otherwise** ~~provide~~ **provided** ~~reliable financial reports and effectively prevent fraud~~ **in the indenture, notices to holders of the 2029 Senior Notes will be given by mail to the addresses of holders of the 2029 Senior Notes as they appear in the note register or electronically pursuant to the depositary' s procedures; provided that notices given to holders holding 2029 Senior Notes in book- entry form may be given through the facilities of DTC or any successor depositary . Governing Law The indenture, the 2029 Senior Notes and the guarantee will be governed by the laws of the State of New York. The 2029 Senior Notes are listed on the NYSE under the symbol " AOMN. " Book Entry, Delivery and Form** We ~~may in~~ **have obtained** the ~~future discover areas of our internal controls that need improvement. We cannot be certain~~ **information in this section concerning DTC and its book- entry system and procedures from sources** that we **believe to be reliable. We take no responsibility for the accuracy or completeness of this information. In addition, the description of the clearing system in this section reflects our understanding of the rules and procedures of DTC as they are currently in effect. DTC could change its rules and procedures at any time. The 2029 Senior Notes are represented by one or more fully registered global notes. Each such global note is deposited with, or on behalf of, DTC or any successor thereto and registered in the name of Cede & Co. (DTC' s nominee). So long as DTC or its nominee is the registered owner of the global notes representing the 2029 Senior Notes, DTC or such nominee** will be ~~successful in implementing~~ **considered the sole owner and holder of the 2029 Senior Notes** ~~or~~ **for all purposes of the 2029 Senior Notes and the indenture. Except as provided below, owners of beneficial interests in the 2029 Senior Notes will not be entitled to have the 2029 Senior Notes registered in their names, will not receive or be entitled to receive physical delivery of the 2029 Senior Notes in certificated form and will not be considered the owners or holders under the indenture, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each person owning a beneficial interest in a 2029 Senior Note must rely on the procedures of DTC or its nominee and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder. Unless and until we issue the 2029 Senior Notes in fully certificated, registered form under the limited circumstances described under the heading " — Certificated Notes ": • owners of beneficial interests in the 2029 Senior Notes will not be entitled to receive a certificate representing their interest in the 2029 Senior Notes; • all references herein to actions by holders will refer to actions taken by DTC upon instructions from its direct participants; and • all references herein to payments and notices to holders will refer to payments and notices to DTC or Cede & Co., as the holder of the 2029 Senior Notes, for distribution to owners of beneficial interests in the 2029 Senior Notes in accordance**

with DTC procedures. Book- Entry Only Form Under the book- entry only form, the paying agent will make all required payments to Cede & Co., as nominee of DTC. DTC will forward the payment to the direct participants, who will then forward the payment to the indirect participants or to the beneficial owner. Beneficial owners may experience some delay in receiving payments under this system. Neither we, the trustee, nor any paying agent has any direct responsibility or liability for making any payment to owners of beneficial interests in the 2029 Senior Notes. DTC is required to make book- entry transfers on behalf of its direct participants and is required to receive and transmit payments of principal and interest on the 2029 Senior Notes. Any direct participant or indirect participant with which a beneficial owner has an account is similarly required to make book- entry transfers and to receive and transmit payments with respect to the 2029 Senior Notes on its behalf. We and the trustee under the indenture have no responsibility for any aspect of the actions of DTC or any of its direct or indirect participants. In addition, we and the trustee under the indenture have no responsibility or liability for any aspect of the records kept by DTC or any of its direct or indirect participants relating to or payments made on account of beneficial ownership interests in the 2029 Senior Notes or for maintaining **, supervising or reviewing any records relating to such beneficial ownership interests. We also do not supervise these systems in any way. The trustee will not recognize a beneficial owner as a holder under the indenture, and a beneficial owner can only exercise the rights of a holder indirectly through DTC and its direct participants. DTC has advised us that it will only take action regarding a 2029 Senior Note if one or more of the direct participants to whom the 2029 Senior Note is credited directs DTC to take such action and only in respect of the portion of the aggregate principal amount of the 2029 Senior Notes as to which that participant or participants has or have given that direction. DTC can only act on behalf of its direct participants. A beneficial owner' s ability to pledge 2029 Senior Notes to non- direct participants, and to take other actions, may be limited because it will not possess a physical certificate that represents its 2029 Senior Notes. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2029 Senior Notes unless authorized by a direct participant in accordance with DTC' s procedures. Under its usual procedures, DTC will mail** an **omnibus proxy to us** ~~effective system of internal control over our financial reporting and financial processes. Furthermore,~~ as ~~we grow~~ **soon as possible after the record date. The omnibus proxy assigns Cede & Co.' s consenting** ~~our~~ **or** ~~business~~ **voting rights to those direct participants to whose accounts the 2029 Senior Notes are credited on the record date (identified in a listing attached to the omnibus proxy). If less than all of the 2029 Senior Notes are being redeemed , DTC' s current practice is to determine by lot the amount of the interest of each participant in such 2029 Senior Notes to be redeemed. A beneficial owner of 2029 Senior Notes shall give notice to elect to have its 2029 Senior Notes repurchased** ~~our~~ **or** ~~internal controls~~ **tendered, through its participant, to the trustee and shall effect delivery of such 2029 Senior Notes by causing the direct participant to transfer the participant' s interest in such 2029 Senior Notes, on DTC' s records, to the trustee. The requirement for physical delivery of 2029 Senior Notes in connection with a repurchase or tender** will **be deemed satisfied when** ~~become more complex, and we will require significantly more resources to ensure our internal controls remain effective. Additionally,~~ the **ownership rights in** ~~existence of any material weakness or significant deficiency would require our Manager to devote significant time and us to incur significant expense to remediate any~~ such ~~material weaknesses or significant deficiencies~~ **2029 Senior Notes are transferred by direct participants on DTC' s records** and **followed by a book- entry credit of such 2029 Senior Notes to the trustee' s DTC account. Certificated Notes Unless and until they are exchanged, in whole** ~~our~~ **or** ~~Manager~~ **in part, for 2029 Senior Notes in certificated registered form (" certificated notes ") in accordance with the terms of the 2029 Senior Notes, global notes representing the 2029 Senior Notes** may not be ~~able~~ **transferred except (1) as a whole by DTC** to ~~remediate~~ **a nominee of DTC or (2) by a nominee of DTC to DTC or another nominee of DTC or (3) by DTC or** any such **nominee to a successor of DTC or a nominee of such successor. We will issue certificated notes in exchange for global notes representing the 2029 Senior Notes, only if: • DTC notifies us in writing that it is unwilling or unable to continue as depositary for the global notes or ceases to be a clearing agency registered under the Exchange Act, and we are unable to locate a qualified successor within 90 days of receiving such notice or becoming aware that DTC has ceased to be so registered, as the case may be; • an Event of Default has occurred and is continuing under the indenture and a request for such exchange has been made; or • we, at our option, elect to exchange all or part of a global note for certificated 2029 Senior Notes. If any of the three above events occurs, DTC is required to notify all direct participants that certificated 2029 Senior Notes are available through DTC. DTC will then surrender the global notes representing the 2029 Senior Notes along with instructions for re- registration. The trustee will re- issue the 2029 Senior Notes in fully certificated registered form and will recognize the holders of the certificated notes as holders under the indenture. Unless and until we issue certificated 2029 Senior Notes, (1) beneficial owners will not be entitled to receive a certificate representing their interest in the 2029 Senior Notes, (2) all references herein to actions by holders will refer to actions taken by the depositary upon instructions from their direct participants, and (3) all references herein to payments and notices to holders will refer to payments and notices to the depositary, as the holder of the 2029 Senior Notes, for distribution to beneficial owners in accordance with its policies and procedures. In accordance with the indenture, we will make all payments of principal, premium, if any, and interest with respect to certificated 2029 Senior Notes by wire transfer of immediately available funds to the accounts specified by the holders of the certificated notes or, if no such account is specified, by mailing a check to each such holder' s registered address or against presentation and surrender at maturity or earlier redemption. Page 1 The First State I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CANCELLATION OF " ANGEL OAK MORTGAGE FUND, LP ", FILED IN THIS OFFICE ON THE TWELFTH DAY OF OCTOBER, A. D. 2022, AT 10: 35 O` CLOCK A. M. 6737483 8100 Authentication: 204672453 SR # 20223751543 Date: 10- 21- 22 You may verify this certificate online at corp. delaware. gov / authver. shtml Exhibit 10. 11 SECOND AMENDED AND RESTATED**

MORTGAGE LOAN PURCHASE AGREEMENT ANGEL OAK MORTGAGE FUND TRS (Purchaser) ANGEL OAK MORTGAGE SOLUTIONS LLC (Seller) Effective as of November 29, 2023ARTICLE I DEFINITIONS; GENERAL INTERPRETIVE PRINCIPLES 3 Section 1. 01 Definitions. 3 Section 1. 02 General Interpretive Principles. 13 ARTICLE II AGREEMENT TO PURCHASE 14 Section 2. 01 Loan Sale. 14 ARTICLE III PURCHASE PRICE 14 Section 3. 01 Purchase Price 14 ARTICLE IV EXAMINATION AND CONVEYANCE OF MORTGAGE LOANS 14 Section 4. 01 Examination of Mortgage Files and Mortgage Loan Documents. 14 Section 4. 02 Books and Records; Ownership of Mortgage Loans. 15 Section 4. 03 Trailing Mortgage Loan Documents. 15 Section 4. 04 Whole Loan Transfers or Securitization Transactions. 16 Section 4. 05 MERS Loans 17 ARTICLE V REPRESENTATIONS AND WARRANTIES; REMEDIES FOR BREACH 17 Section 5. 01 Representations and Warranties Regarding Individual Mortgage Loans. 17 Section 5. 02 Representations and Warranties Regarding Seller and Purchaser 29 Section 5. 03 Remedies for Breach of Representations and Warranties. 33 Section 5. 04 Repurchase of Mortgage Loans With Early Payment Default, Premium Recapture. 35 ARTICLE VI CLOSING 35 Section 6. 01 Closing 35 ARTICLE VII CLOSING DOCUMENTS 36 Section 7. 01 Closing Documents. 36 ARTICLE VIII COSTS 37 ARTICLE IX MISCELLANEOUS PROVISIONS 37 Section 9. 01 Seller to Provide Access / Information as Required by Law Error! Bookmark not Section 9. 02 Force Majeure 37 Section 9. 03 Governing Law; Waiver of Jury Trial; Choice of Forum 37 Section 9. 04 Notices. 37 Section 9. 05 Severability of Provisions. 38 Section 9. 06 Execution; Successors and Assigns. 38 Section 9. 07 Confidentiality. 38 Section 9. 08 Entire Agreement 39 ARTICLE X COMPLIANCE WITH REGULATION AB 38 Section 10. 01 … 38 Section 10. 02 38 Section 10. 03 41 This Second Amended and Restated Mortgage Loan Purchase Agreement (the " Agreement "), dated and effective as of November 29, 2023, is by and between Angel Oak Mortgage Fund TRS (and its successors and assigns, and any subsequent permitted holder or holders of the Mortgage Loans, the " Purchaser ") and Angel Oak Mortgage Solutions LLC, as seller (and its successors and assigns, the " Seller ", as applicable). WITNESSETH: WHEREAS, the Purchaser and the Seller previously entered into that certain Mortgage Loan Purchase Agreement, dated effective as of October 1, 2018, as amended by that certain Amendment No. 1 to the Mortgage Loan Purchase Agreement, dated and effective as of June 22, 2021, as amended by that certain Amended and Restated Mortgage Loan Purchase Agreement, dated effective as of May 22, 2023 (the " Existing Agreement "); and WHEREAS, the parties hereto desire to amend and restate the Existing Agreement in its entirety, on the terms and subject to the conditions set forth herein; and WHEREAS, the Purchaser desires to purchase from time to time, from the Seller, and the Seller desires to sell, from time to time, to the Purchaser, certain mortgage loans (the " Mortgage Loans "), on a non- recourse (except as set forth herein), servicing released basis, and which shall be delivered in the manner and on the terms and conditions set forth herein; and WHEREAS, each Mortgage Loan is secured by a mortgage, deed of trust or other instrument creating a first or second lien on a residential dwelling located in the jurisdiction indicated on the Mortgage Loan Schedule for the related Mortgage Loan Package, which is to be annexed to the related Purchase Advice and Release Letter on each Closing Date as Annex 1. NOW THEREFORE, in consideration of the premises and the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Purchaser and the Seller agree as follows: Whenever used herein, the following words and phrases, unless the context otherwise requires, shall have the following meanings: Accepted Servicing Practices: With respect to any Mortgage Loan, servicing practices and procedures (including collection procedures) that are in all respects legal, proper and customary in the mortgage servicing business in accordance with: (a) prudent mortgage banking institutions which service mortgage loans of the same type as such Mortgage Loans in the jurisdiction where the related Mortgaged Property is located; (b) Applicable Law; (c) the terms of the Mortgage Note, the Mortgage and any other Mortgage Loan Document; (d) the Fannie Mae Guides or the Freddie Mac Guides; and, (e) servicing practices that the Seller customarily employs and exercises in servicing and administering mortgage loans of the same type as the Mortgage Loans for its own account (to the extent not conflicting with clauses (a) through (d) in this definition. Adjustment Date: As to each ARM Mortgage Loan, the date on which the Mortgage Interest Rate is adjusted in accordance with the terms of the related Mortgage Note and Mortgage. Affiliated Assignee: as defined in Section 4. 04 (e). Agency: FHA, VA, USDA, Ginnie Mae, Fannie Mae or Freddie Mac, as applicable. Agreement: This Second Amended and Restated Mortgage Loan Purchase Agreement, and all amendments hereof and supplements hereto, including without limitation, each Purchase Advice and Release Letter executed in accordance with this Agreement. Applicable Law: All applicable (1) federal, state, and local laws and legal requirements applicable to a Person (including statutes, rules, regulations, and ordinances), including but not limited to usury, truth- in- lending, real estate settlement, consumer credit, equal credit opportunity, anti- predatory or abusive lending, or unfair and deceptive acts and practices laws; (2) requirements and guidelines of each governmental agency, board, commission, instrumentality, and other governmental body or office having jurisdiction over a Person and / or a Mortgage Loan, including, but not limited to, the CFPB; and (3) judicial and administrative judgments, orders, stipulations, awards, writs, settlements, and injunctions to which the Person is a party. Appraised Value: With respect to any Mortgaged Property, the lesser of (i) the value (or the lowest value if more than one appraisal is received) as determined by a Qualified Appraiser at the time of origination of the Mortgage Loan, and (ii) the purchase price paid for the related Mortgaged Property by the Mortgagor with the proceeds of the Mortgage Loan; provided, however, that in the case of (a) a Refinanced Mortgage Loan that is a First Mortgage Loan or a Higher Balance Second Mortgage Loan, such value (or the lowest value if more than one appraisal is received) of the Mortgaged Property is based solely upon the value determined by a Qualified Appraiser at the time of origination of such Refinanced Mortgage Loan or (b) a Lower Balance Second Mortgage Loan, such value as permitted by alternate valuation methods in the approved underwriting guidelines, to include AVM with acceptable confidence rating, BPO, or drive by appraisal. Approved Flood Certification

Contract Provider: A third party, mutually agreed to by the related Seller and the Purchaser that provides a transferable, life of loan flood certification. Approved Tax Service Contract Provider: A third party, mutually agreed to by the related Seller and the Purchaser that provides a transferable tax service contract. Arbitration: Arbitration in accordance with the then governing Commercial Arbitration Rules of the American Arbitration Association, which shall be conducted in a place mutually acceptable to the parties to the arbitration. Arbitrator: A person who is not affiliated with the Seller or the Purchaser, who is a qualified member of the American Arbitration Association. ARM Mortgage Loan: A Mortgage Loan purchased pursuant to this Agreement which provides for the adjustment of the Mortgage Interest Rate payable in respect thereto. Assignment of Mortgage: An assignment of the Mortgage, notice of transfer or equivalent instrument, in recordable form, that when properly completed and recorded, is sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to reflect of record the sale of the Mortgage Loan to the Purchaser or its designee. Business Day: Any day other than (i) a Saturday or a Sunday, or (ii) a legal holiday in the State of New York or the State of Georgia, or (iii) a day on which banks in the State of New York or the State of Georgia are authorized or obligated by law or executive order to be closed. Business Purpose Mortgage Loan: Any Mortgage Loan that is identified on the Mortgage Loan Schedule as investment or business purpose or words to substantially similar effect (and not for personal, family or household use, as defined under the Truth- in- Lending Act) or investor or non- owner occupancy, including without limitation, any Investor Cash Flow Loan. CFPB: The Consumer Financial Protection Bureau or any successor thereto. Closing Date: The date or dates on which the Purchaser from time to time shall purchase from the Seller and the Seller from time to time shall sell to the Purchaser, the Mortgage Loans identified in the related Purchase Advice and Release Letter, or such other date as may be mutually agreed to by the Seller and the Purchaser, with respect to the related Mortgage Loan Package. Closing Documents: With respect to any Closing Date, the documents required pursuant to Section 7. 01. CLTV: With respect to any Mortgage Loan, as of any date of determination, the ratio (expressed as a percentage), the numerator of which is the principal balance of such Mortgage Loan plus the principal balance of any mortgage loan that creates a lien on the related Mortgaged Property that is senior to such Mortgage Loan, and the denominator of which is the Appraised Value of the related Mortgaged Property. Code: The Internal Revenue Code of 1986, as amended. Commission: The Securities and Exchange Commission. Condemnation Proceeds: All awards, compensation and settlements in respect of a taking (whether permanent or temporary) of all or part of a Mortgaged Property by exercise of the power of condemnation or the right of eminent domain, to the extent not required to be released to a Mortgagor in accordance with the terms of the related Mortgage Loan Documents. Credit Score: The credit score, obtained at origination or such other time by the Seller, for each Mortgage Loan as required pursuant to the applicable Underwriting Guidelines. There is only one (1) Credit Score for any Mortgage Loan regardless of the number of Mortgagors and / or applicants. In no event shall fewer than two credit bureau scores be obtained to determine the Credit Score. Custodian: The custodian designated by the Purchaser from time to time. Custodial Account: The separate trust account maintained by the Custodian. Cut- off Date: With regard to a Mortgage Loan in a Mortgage Loan Package, the date which is one Business Day prior to the Closing Date, unless otherwise specified on the applicable Purchase Advice and Release Letter. Depositor: The depositor, as such term is defined in Regulation AB, with respect to any Subsequent Transaction. Due Date: The day of the month on which each Monthly Payment is due on a Mortgage Loan pursuant to the terms of the respective Mortgage Note. Early Payment Default Mortgage Loan: Unless otherwise provided in the related Purchase Advice and Release Letter, any Mortgage Loan as to which any of the first three (3) Monthly Payments due to the Purchaser after the related Closing Date was not made by the close of business on the Business Day next preceding the next scheduled Due Date; provided, however, that no Mortgage Loan shall be considered an Early Payment Default Mortgage Loan if the subject Monthly Payment was paid by the Mortgagor within 30 days of the applicable Due Date and was not deemed received timely due to (i) a servicing error, (ii) a servicing transfer error or (iii) borrower confusion as to where to make the payment as documented in the related servicing comments. Early Payoff Mortgage Loan: Unless otherwise provided in the related Purchase Advice and Release Letter, any Mortgage Loan that prepays in full on or prior to 90 calendar days following the related Closing Date. Environmental Protection Agency Endorsement: A title endorsement given by the Environmental Protection Agency. Escrow Account: The separate trust account or accounts created and maintained pursuant to this Agreement which shall be entitled " Specialized Loan Servicing, as servicer, in trust for the Purchaser and various Mortgagors, Fixed and Adjustable Rate Mortgage Loans ", established at a financial institution acceptable to the Purchaser. Escrow Payments: The amounts constituting ground rents, taxes, assessments, water rates, sewer rents, municipal charges, mortgage insurance premiums, fire and hazard insurance premiums and other payments required to be escrowed by the Mortgagor with the Mortgagee pursuant to any Mortgage Loan. Exchange Act: The Securities Exchange Act of 1934, as amended. Fannie Mae: The Federal National Mortgage Association or any successor (s) thereto. Fannie Mae Guides: The Fannie Mae Selling Guide and the Fannie Mae Family Servicing Guide and all amendments or additions thereto, including, but not limited to, future updates thereof. FDIC: The Federal Deposit Insurance Corporation, or any successor (s) thereto. FHA: The Federal Housing Administration or any successor (s) thereto. FHA Loan: A Mortgage Loan the payment of which is insured by the FHA, as indicated on the Mortgage Loan Schedule. FIRREA: The Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended and in effect from time to time. First Lien Mortgage: A mortgage, deed of trust or other instrument, which creates a first priority lien on or ownership interest in the related Mortgaged Property securing the related Mortgage Note, including any rider incorporated therein by reference. First Mortgage Loan: A Mortgage Loan secured by a First Lien Mortgage. Freddie Mac: The Federal Home Loan Mortgage Corporation or any successor (s) thereto. Freddie Mac Guides: The Freddie Mac Sellers' Guide and the Freddie Mac Servicers' Guide, any waivers obtained by the Seller and all

amendments or additions thereto in effect on and after the related Closing Date. Funding Schedule: With respect to each Mortgage Loan Package, the schedule attached to the related Purchase Advice and Release Letter setting forth the Stated Principal Balance, Purchase Price Percentage and such other information as the parties shall agree for each Mortgage Loan included in the Mortgage Loan Schedule for such Mortgage Loan Package and Closing Date. Ginnie Mae: The Government National Mortgage Association or any successor (s) thereto. Governmental Authority: Any U. S. federal, state, or local government, or political subdivision thereof, or other entity exercising executive, legislative, judicial, regulatory, or administrative functions, including but not limited to the U. S. Department of Housing and Urban Development (" HUD "), the Federal Housing Administration of HUD, the Department of Veterans Affairs, the Department of the Treasury, the Federal Reserve, the Office of the Comptroller of the Currency, the FDIC, the Consumer Financial Protection Bureau, the U. S. Securities and Exchange Commission, the Federal Emergency Management Agency and any state agency or body with authority to regulate banking, securities, or mortgage- related activities, and any similar agency or body, each to the extent of its authority over the affected Person or activity. GSE Loan: A Mortgage Loan that is eligible to be sold to Fannie Mae or Freddie Mac, as indicated on the Mortgage Loan Schedule. Higher Balance Second Mortgage Loan: A Second Mortgage Loan with an original principal balance that is greater than Two- Hundred Fifty thousand dollars ($ 250, 000. 00). Initial Rate Cap: With respect to each ARM Mortgage Loan and the initial Adjustment Date therefore, a number of percentage points per annum that is set forth in the related Mortgage Note, which is the maximum amount by which the Mortgage Interest Rate of such ARM Mortgage Loan may increase or decrease from the Mortgage Interest Rate in effect immediately prior to such Adjustment Date. Insurance Proceeds: With respect to each Mortgage Loan, proceeds of insurance policies insuring the Mortgage Loan or the related Mortgaged Property. Interim Servicing Period: With respect to each Mortgage Loan, the period commencing with the related Closing Date and ending with the related Servicing Transfer Date, which such period shall be no more than ten (10) Business Days from the Closing Date. Investor Cash Flow Loan: Any Mortgage Loan that was underwritten in accordance with a loan program for a business purpose (and not for personal, family or household use, as defined under the Truth- in- Lending Act) designed to rely on the value and rental income potential of the related Mortgaged Property and the Mortgagor' s or guarantor' s Credit Score. Lifetime Rate Cap: As to each ARM Mortgage Loan, the maximum Mortgage Interest Rate which shall be as permitted in accordance with the provisions of the related Mortgage Note. Loan- to- Value Ratio or LTV: With respect to any Mortgage Loan, the Original Principal Balance of such Mortgage Loan divided by the Appraised Value of the related Mortgaged Property. Lower Balance Second Mortgage Loan: A Second Mortgage Loan that is not a Higher Balance Second Mortgage Loan. Master Servicer: Any master servicer as related to a Reconstitution. MERS: Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto. MERS Designated Mortgage Loan: Any Mortgage Loan as to which the related Mortgage, or an Assignment of Mortgage, has been or will be recorded and registered in the name of MERS, as nominee for the holder from time to time of the Mortgage Note, with MERS on the MERS System. MERS ® System: The electronic system of recording transfers of mortgages maintained by the Mortgage Electronic Registration Systems, Inc. or any successor or assigns thereof. Minimum Interest Rate: With respect to each ARM Mortgage Loan, a rate that is set forth in the related Mortgage Note and is the minimum interest rate to which the Mortgage Interest Rate on such Mortgage Loan may be decreased. Monthly Payment: With respect to any Mortgage Loan, the scheduled payment due from the related Mortgagor under the related Mortgage Note on each Due Date. Mortgage: A First Lien Mortgage or Second Lien Mortgage, as the case may be, as indicated on the related Mortgage Loan Schedule. Mortgage File: In connection with a particular Mortgage Loan, all documents required under Applicable Law and the Underwriting Guidelines in the origination, underwriting and servicing of such Mortgage Loan, including but not limited to the documents specified in Exhibit A hereto and any additional documents required to be added to the Mortgage File pursuant to this Agreement. Mortgage Interest Rate: With respect to each Mortgage Loan, the annual rate at which interest accrues on such Mortgage Loan from time to time in accordance with the provisions of the related Mortgage Note, including, with respect to each ARM Mortgage Loan, the limitations on such interest rate imposed by the Initial Rate Cap, the Periodic Rate Cap, the Minimum Interest Rate and the Lifetime Rate Cap, if any. Mortgage Loan: An individual Mortgage and the related Mortgage Note or other evidences of indebtedness secured by each such Mortgage conveyed, transferred sold, and assigned to Purchaser pursuant to this Agreement as identified on the applicable Mortgage Loan Schedule, including the Mortgage File and Servicing Rights related thereto; provided however, that as of the related Closing Date, no Mortgage Loan is an REO Property. Mortgage Loan Documents: The documents listed in Exhibit C hereto pertaining to any Mortgage Loan. Mortgage Loan Package: The Mortgage Loans to be delivered by the Seller to the Purchaser on an applicable Closing Date, as identified in the applicable Purchase Advice and Release Letter. Mortgage Loan Schedule: With respect to each Mortgage Loan Package and Closing Date, the schedule of Mortgage Loans included in the related Purchase Advice and Release Letter and Funding Schedule setting forth the information identified on Exhibit E with respect to each such Mortgage Loan, in an electronic format agreed to by both the Seller and the Purchaser. Mortgage Note: The original executed note or other evidence of the Mortgage Loan indebtedness of a Mortgagor. Mortgaged Property: The real property securing repayment of the debt evidenced by a Mortgage Note, which property is considered to be real estate under the law of the state in which it is located and improved by a residential dwelling. Mortgagee: The mortgagee or beneficiary named in the Mortgage and the successors and assigns of such mortgagee or beneficiary. Mortgagor: The obligor on a Mortgage Note, who is an owner of the Mortgaged Property and the grantor or mortgagor named in the Mortgage and such grantor' s or mortgagor' s successors in title to the Mortgaged Property. Opinion of Counsel: A written opinion of counsel, who may be an employee of the Seller, reasonably acceptable to the Purchaser. Original Principal Balance: The principal balance

of the Mortgage Loan as of the date of the origination of such loan. Origination Date: With regard to a Mortgage Loan, the date upon which such Mortgage Loan closes escrow. Periodic Rate Cap: As to each ARM Mortgage Loan, the maximum increase or decrease in the Mortgage Interest Rate, on any Adjustment Date after the initial Adjustment Date as provided in the related Mortgage Note, if applicable. Permitted Encumbrance: As defined in Section 5. 01 (j). Person: Any individual, limited liability company, corporation, partnership, joint venture, association, joint- stock company, trust, unincorporated organization or government or any agency or political subdivision thereof. Purchase Advice and Release Letter: With respect to each Mortgage Loan Package and on each Closing Date, a purchase advice in the form of Exhibit B including a list of the purchased Mortgage Loans in connection with a sale to the Purchaser which shall set forth the loan identification numbers and the related Purchase Price on a loan- by- loan and aggregate basis in an electronic format agreed to by both the Seller and the Purchaser. Purchase Price: With respect to each Mortgage Loan, Mortgage Loan Package and each Closing Date, the purchase price to be paid in accordance with Section 3. 01. Purchase Premium: With respect to any Mortgage Loan, an amount equal to the product of (i) the amount by which the applicable Purchase Price Percentage for such Mortgage Loan exceeds one hundred percent (100 %), and (ii) the unpaid principal balance of such Mortgage Loan as of the Cut- off Date. Purchase Price Percentage: The purchase price percentage set forth in the related Purchase Advice and Release Letter that is used to calculate the Purchase Price of the related Mortgage Loans as set forth in Section 3. 01. Qualified Appraiser: With respect to each Mortgage Loan, an appraiser, duly appointed by the originator, who had no interest, direct or indirect in the Mortgaged Property or in any loan made on the security thereof, and whose compensation is not affected by the approval or disapproval of the Mortgage Loan, and such appraiser and the appraisal made by such appraiser both satisfy the requirements of the Underwriting Guidelines and Title XI of FIRREA and the regulations promulgated thereunder, all as in effect on the date the Mortgage Loan was originated. Qualified Depository: Either: (i) an account or accounts the deposits in which are insured by the FDIC to the limits established by such corporation, provided that, any such deposits not so insured shall be maintained in an account at a depository institution or trust company whose commercial paper or other short term debt obligations (or, in the case of a depository institution or trust company which is the principal subsidiary of a holding company, the commercial paper or other short term debt obligations of such holding company) have been rated by each Rating Agency in its highest short- term rating category; provided, that following a downgrade, withdrawal, or suspension of such institution' s rating below such level, each account shall promptly (and in any case within not more than thirty (30) calendar days) be moved to an account at another institution that complies with the above requirements: or, (ii) a segregated trust account or accounts (which shall be a " special deposit account ") maintained with any federal or state chartered depository institution or trust company having capital and surplus of not less than $ 50, 000, 000. 00, and acting in its fiduciary capacity. Rating Agency: Each of Standard & Poor' s Global Ratings, a Standard & Poor' s Financial Services LLC business, Moody' s Investors Service, Inc., Fitch, Inc., DBRS, Inc. or, in the event that some or all ownership of the Mortgage Loans is evidenced by mortgage- backed securities, the nationally recognized statistical rating agencies issuing ratings with respect to such securities, if any. Reconstitution: Any Subsequent Transaction or Whole Loan Transfer. Reconstitution Date: With respect to each Reconstitution, the applicable closing date. Regulation AB: Subpart 229. 1100 – Asset Backed Securities (Regulation AB), 17 C. F. R. § § 229. 1100- 229. 1123, as such may be amended from time to time, including amendments contained in Release Nos. 33- 9117 and 34- 61858 upon effectiveness, and subject to such clarification and interpretation as have been provided by the Commission in the adopting release (Asset- Backed Securities, Securities Act Release No. 33- 8518, 70 Fed. Reg. 1, 506, 1, 531 (Jan. 7, 2005)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time. Repurchase Price: With respect to any Mortgage Loan to be repurchased, (i) a price equal to the product of (x) the Stated Principal Balance of such Mortgage Loan times (y) the related Purchase Price Percentage, plus (ii) interest on such Stated Principal Balance at the Mortgage Interest Rate from and including the last Due Date through which interest has been paid by or on behalf of the Mortgagor to the Purchaser, plus (iii) any fees, costs or expenses related to transferring such Mortgage Loan back to the Seller, including but not limited to, shipping costs and recording fees plus (iv) all unreimbursed Servicing Advances incurred by or on behalf of the Purchaser. RESPA: The Real Estate Settlement Procedures Act, as amended. Second Lien Mortgage: A mortgage, deed of trust or other instrument, which creates a second priority lien on or ownership interest in the related Mortgaged Property securing the related Mortgage Note, including any rider incorporated therein by reference, which lien is subordinate only to any first mortgage loan secured by the related Mortgaged Property. Second Mortgage Loan: A Mortgage Loan secured by a Second Lien Mortgage. Securities Act: The Securities Act of 1933, as amended. Securitization Transaction: Any transaction involving either (1) a sale or other transfer of some or all of the Mortgage Loans directly or indirectly by the Purchaser to an issuing entity in connection with an issuance of publicly offered or privately placed, rated or unrated mortgage- backed securities or (2) an issuance of publicly offered or privately placed, rated or unrated securities or related instruments, the payments on which are determined primarily by reference to one or more portfolios of residential mortgage loans consisting, in whole or in part, of some or all of the Mortgage Loans. Seller Custodial Account: The separate account (s) created and maintained by Seller pursuant to Section 11. 03. Servicing Advances: All customary, reasonable and necessary " out of pocket " costs and expenses (including reasonable attorneys' fees and disbursements) incurred prior to, on, or after the related Cut- off Date in the performance by the servicer of its servicing obligations, including, but not limited to, the cost of (a) the preservation, restoration and protection of the Mortgaged Property, (b) any enforcement or administrative or judicial proceedings, including foreclosures, (c) taxes, assessments, water rates, sewer rents and other charges which are or may become a lien upon the Mortgaged Property, and (d) any losses sustained by the servicer with respect to the liquidation of the Mortgaged Property. Servicing File: With respect to each Mortgage Loan, the file consisting of originals or copies, which

may be imaged copies, of all documents in the Mortgage File and copies of the Mortgage Loan Documents, the originals of which are delivered to the Custodian, and all underwriting documents (including but not limited to credit, compliance, assets and employment, etc.) and backup documentation for any compensating factors. Servicing Rights: Collectively, all of the following: (a) any and all rights, title and interest in and to the servicing of the Mortgage Loans; (b) any Custodial Accounts, Servicing Advances, payments to or monies received, incidental income and benefits for servicing the Mortgage Loans; (c) any late fees, penalties or similar payments with respect to the Mortgage Loans; (d) all agreements or documents creating, defining or evidencing any such servicing rights to the extent they relate to such servicing rights; (e) any Escrow Accounts, Escrow Payments or other similar payments with respect to the Mortgage Loans and any amounts actually collected with respect thereto; (f) all accounts and other rights to payment related to any of the property described in this paragraph; and (g) any and all documents, files, records, Servicing Files, servicing documents, servicing records, data tapes, computer records, borrower lists, Mortgage Loan specific insurance policies, tax service agreements and any other information and documentation pertaining to the Mortgage Loans or pertaining to the past, present or prospective servicing of the Mortgage Loans. Servicing Transfer Date: With respect to each sale and purchase of Mortgage Loans as contemplated hereunder, the servicing transfer date as set forth in the related Purchase Advice and Release Letter, or such other date as mutually agreed upon between Purchaser and Seller. Stated Principal Balance: As to each Mortgage Loan and any date of determination, (a) the principal balance of such Mortgage Loan at the related Cut- off Date after giving effect to payments of principal due on or before such date, whether or not received, minus (b) all amounts previously distributed to the Purchaser with respect to the Mortgage Loan representing payments or recoveries of principal, or advances in lieu thereof. Static Pool Information: Static pool information as described in Items 1105 (a) (1)- (3) and 1105 (c) of Regulation AB. Subsequent Transaction: Any transaction involving either (1) a sale or other transfer of some or all of the Mortgage Loans directly or indirectly to an issuing entity in connection with an issuance of publicly offered or privately placed, rated or unrated mortgage- backed securities or to a trustee or a custodian in connection with the issuance of participation certificates or (2) an issuance of publicly offered or privately placed, rated or unrated securities, the payments on which are determined primarily by reference to one or more portfolios of residential mortgage loans consisting, in whole or in part, of some or all of the Mortgage Loans, or such other similar transaction or structure. Third- Party Originator: Each Person that originated Mortgage Loans acquired by the Seller. Title Policy: As defined in Section 5. 01 (r). TRID: Truth in Lending – RESPA Integrated Disclosure Rule. Underwriting Guidelines: As to each Mortgage Loan Package, the Seller' s written underwriting guidelines in effect as of the Origination Date of such Mortgage Loans, attached hereto as Exhibit D, as may be updated and incorporated into Exhibit D from time to time by attaching such updates to the related Purchase Advice and Release Letter. USDA: The United States Department of Agriculture. USDA Loan: A Mortgage Loan the payment of which is guaranteed by the USDA under the Single Family Guaranteed Loan Program, as indicated on the Mortgage Loan Schedule. VA: The United States Department of Veterans Affairs. VA Loan: A Mortgage Loan guaranteed by the VA, as indicated on the Mortgage Loan Schedule. USPAP: The Uniform Standards of Professional Appraisal Practice. Whole Loan Transfer: Any sale or transfer by the Purchaser of some or all of the Mortgage For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: (a) the terms defined in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender; (b) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (c) references herein to " Articles ", " Sections ", " Subsections ", " Paragraphs ", and other subdivisions without reference to a document are to designated Articles, Sections, Subsections, Paragraphs and other subdivisions of this Agreement; (d) a reference to a Subsection without further reference to a Section is a reference to such Subsection as contained in the same Section in which the reference appears, and this rule shall also apply to Paragraphs and other subdivisions; (e) the words " herein ", " hereof ", " hereunder " and other words of similar import refer to this Agreement as a whole and not to any particular provision; (f) the term " include " or " including " shall mean without limitation by reason of enumeration; and (g) the headings of the various articles, sections, subsections and paragraphs of this Agreement and theare for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. The Seller agrees to sell and the Purchaser agrees to purchase on each Closing Date pursuant to this Agreement the Mortgage Loans being sold by the Seller as listed on each Purchase Advice and Release Letter. The Seller shall deliver in an electronic format the Mortgage Loan Schedule for the Mortgage Loans to be purchased on such Closing Date to the Purchaser at least five (5) Business Days prior to such Closing Date. As of each Closing Date, upon receipt of the Purchase Price, the Seller will have sold, transferred, assigned, set over and conveyed to the Purchaser, without recourse, on a servicing released basis, the related Mortgage Loans and the Servicing Rights associated with the related Mortgage Loans, and the Seller hereby acknowledges that, upon receipt of the Purchase Price, the Purchaser will have all the right, title and interest of the Seller in and to such Mortgage Loans, including the Servicing Rights. Section 3. 01 Purchase Price. On each Closing Date, the Purchaser shall pay to the Seller in consideration for the Mortgage Loan (s) contained in the related Mortgage Loan Package and identified in the related Purchase Advice and Release Letter, the sum of: (i) the Stated Principal Balance of each such Mortgage Loan as of the related Cut- off Date, multiplied by (ii) the Purchase Price Percentage for the Mortgage Loan as specified in the related Purchase Advice and Release Letter. In addition, the Purchaser shall pay to the Seller on each Closing Date accrued interest on the Stated Principal Balance as of the Cut- off Date for each Mortgage Loan in the related Mortgage Loan Package. Section 4. 01 Examination of Mortgage Files and Mortgage Loan Documents. The Seller shall, at the direction of the Purchaser, at a reasonable time prior to the applicable Closing Date, pursuant to a mutually- agreeable bailee arrangement, (a) deliver to the Purchaser' s document Custodian as bailee, for

examination, the related Mortgage Loan Documents for each Mortgage Loan in the related Mortgage Loan Package, including the Assignment of Mortgage, and (b) make the related Mortgage Files available to the Purchaser for examination at a location as shall be agreed upon by the Purchaser and the Seller. The fact that the Purchaser has conducted or has failed to conduct any partial or complete examination of the Mortgage Files shall not affect the Purchaser' s (or any of its successor' s) rights to demand repurchase, or other relief or remedy to the extent provided under this Agreement. The Seller shall pay all costs associated with the shipment of the Mortgage Loan Documents listed on Exhibit C to the Purchaser' s Custodian. The Seller and the Purchaser shall pay all fees and expenses of the Purchaser' s Custodian, as incurred by each party. The Seller, simultaneously with the delivery of the Mortgage Loan Schedule with respect to the related Mortgage Loan Package to be purchased on each Closing Date, shall execute and deliver to the Purchaser a Purchase Advice and Release Letter in the form attached hereto as Exhibit B. Record title to each Mortgage Loan in a Mortgage Loan Package, as of the related Closing Date, shall be in the name of the Purchaser. All rights arising out of the Mortgage Loans, including the Servicing Rights, shall be vested in the Purchaser and shall be held by the Seller in trust for the benefit of the Purchaser or the appropriate designee of the Purchaser, as the case may be, as the owner of the Mortgage Loans pursuant to the terms of this Agreement. The Seller shall pay to the Purchaser or its designee by wire in immediately available funds no later than thirty (30) days after the respective Closing Date any funds owed to the Purchaser with regard to any Mortgage Loan in a purchased Mortgage Loan Package. It is the express intention of the parties that the transactions contemplated by this Agreement be, and be construed as, a sale of the Mortgage Loans by the Seller and a purchase of the Mortgage Loans by the Purchaser and not a pledge of the Mortgage Loans by the Seller to the Purchaser to secure a debt or other obligation of the Seller. Consequently, the sale of each Mortgage Loan shall be reflected on the Seller' s balance sheet, business records, tax returns and other financial statements as a sale of assets by the Seller. If the Seller cannot deliver any original recorded Mortgage Loan Document on the related Closing Date, then the Seller shall deliver such original recorded documents to the Purchaser, or its designee as identified in writing, promptly upon receipt thereof. If the Seller is delayed in making such delivery by reason of the fact that such documents shall not have been returned by the appropriate recording office, then the Seller shall deliver a recording receipt of such recording office or, if such recording receipt is not available, an officer' s certificate of an officer of the Seller confirming that such documents have been accepted for recording. If the Seller receives such document (s) from the applicable recorder' s office but delivery to the Purchaser is not completed within 180 days of the related Closing Date, the Seller shall, at the Purchaser' s sole option and upon formal written demand to the Seller, repurchase the related Mortgage Loan (s) at the Repurchase Price within ten (10) Business Days of receipt of such formal written demand from Purchaser. The Seller and the Purchaser agree that with respect to some or all of the Mortgage Loans, the Purchaser may effect either one or more Whole Loan Transfers, and / or one or more Securitization Transactions. (a) Whole Loan Transfers. With respect to each Whole Loan Transfer entered into by the Purchaser, the Seller agrees: (i) to cooperate with the Purchaser and any prospective purchaser with respect to all reasonable requests, including but not limited to assistance and information reasonably requested by the Purchaser to enable the Purchaser' s compliance with any law, rule or regulation affecting the servicing, sales or transfers of the Mortgage Loans; and (ii) to execute, at the Purchaser' s discretion, a mutually agreeable form of assignment, assumption and recognition agreement with regard to some or all of the Mortgage Loans. (b) Securitization Transactions. The Purchaser and the Seller agree that in connection with the completion of a Securitization Transaction: (i) the Seller, at Purchaser' s request, shall execute a mutually agreeable assignment, assumption and reconstitution agreement; and (ii) the Seller, as of the closing date with respect to such Securitization Transaction, (A) shall cooperate with the Purchaser, and provide any reasonably requested documentation and information, including but not limited to any and all publicly available information and appropriate verification of information which may be reasonably available to the Seller, and information required to comply with the laws, rules and regulations applicable to Securitization Transactions as related to the Mortgage Loans; and (B) shall agree and consent that all information provided by the Seller to any Rating Agency for the purpose of determining and which is used in connection with the initial rating of a rated securitization including the Mortgage Loans, or for undertaking credit rating surveillance on such securitization, may be posted on a website which complies with the requirements of Rule 17g- 5 of the Exchange Act on request of the Purchaser. Upon request of the Purchaser, the Seller shall provide all such information in electronic form as needed to affect such posting. To the extent any Rating Agency conducts an originator review or other review of the operations of the Seller which may be used in connection with the initial rating of a securitization or the surveillance thereof, on request of the Purchaser, the Seller shall provide to the Purchaser in electronic form all information that was provided to the Rating Agency in connection with such review. (c) All of the Mortgage Loans, including those Mortgage Loans that are subject to a Securitization Transaction or a Whole Loan Transfer, shall continue to be subject to this Agreement, and with respect thereto, this Agreement shall remain in full force and effect. In no event shall a Whole Loan Transfer or a Securitization Transaction be deemed to relieve the Seller or the Purchaser of each party' s respective obligations as set forth in this Agreement nor to increase the Seller' s liabilities, duties, obligations, or responsibilities as set forth in this Agreement. (d) In connection with each Whole Loan Transfer or Securitization Transaction, the Seller agrees to permit any prospective assignees of the Purchaser who have entered into a commitment to purchase any of the Mortgage Loans, to assess loan information and review the Seller' s servicing and origination operations, upon reasonable prior notice to the Seller, and the Seller reasonably shall cooperate with such reviews and underwriting to the extent such prospective assignees or independent third parties request information and documents (in electronic form or otherwise) that are reasonably available. Subject to any Applicable Laws, the Seller shall make the Servicing Files related to the Mortgage Loans held by the Seller available at the Seller' s principal operations center for review by any such prospective assignees or

independent third- party during normal business hours upon reasonable prior notice to the Seller (in no event fewer than two (2) Business Days' prior notice). (e) The Seller agrees that the Purchaser shall have the right, without notice to or the consent of the Seller, to sell, transfer or assign any Mortgage Loan to an affiliate of the Purchaser under common control or ownership with the Purchaser (each, an " Affiliated Assignee "). All rights and obligations of the Purchaser under the Agreement shall transfer and / or assign with said Mortgage Loan without any further action on the part of the Purchaser, the Seller, or such Affiliated Assignee and that such Affiliated Assignee shall be entitled to the benefit of and right to enforce all rights, representations, warranties, covenants, agreements and obligations owed to the Purchaser under this Agreement with respect to any such Mortgage Loan. Section 4. 05 MERS Loans. With respect to each MERS Loan, the Seller shall, on or prior to the related Closing Date, designate the Purchaser as the investor in MERS and the Custodian as custodian, and no Person shall be listed as interim funder on the MERS System. Section 5. 01 Representations and Warranties Regarding Individual Mortgage Loans. The Seller hereby represents and warrants to the Purchaser that, as to each Mortgage Loan, as of the applicable Closing Date (or such other date as may be specified herein): (a) As applicable, either: (1) The Mortgage File for each First Mortgage Loan and each Higher Balance Second Mortgage Loan contains a written appraisal prepared by an appraiser licensed or certified by the applicable governmental body in the jurisdiction in which the Mortgaged Property is located and in accordance with the requirements of Title XI of FIRREA and the Underwriting Guidelines. The appraisal and any or all supporting schedules required per the applicable guidelines were written in form and substance to customary standards of the related Agency, or in the case of a conventional Mortgage Loan, Fannie Mae or Freddie Mac standards for Mortgage Loans of the same type as the Mortgage Loans, and USPAP standards and satisfies applicable legal and regulatory requirements. The appraisal was made and signed prior to the final approval of the Mortgage Loan application. The person performing any property valuation (including an appraiser) had no interest, direct or indirect in the Mortgaged Property or in any loan made on the security thereof, and received no benefit from, and such person' s compensation or flow of business from the Seller was not affected by, the approval or disapproval of the Mortgage Loan. Each FHA Loan, VA Loan and USDA Loan complies with the related Agency' s rules, regulations, guidelines, bulletins or similar announcements relating to appraiser independence. Or (2) The Mortgage File for each Lower Balance Second Mortgage Loan contains either (i) a written appraisal that satisfies the requirements of the foregoing clause (1) or (ii) copies of the valuation documentation required by the applicable Underwriting Guidelines that (x) were prepared prior to the final approval of the Mortgage Loan application, (y) were prepared by a provider who had no interest, direct or indirect, in the Mortgaged Property or in any loan made on the security thereof, and whose compensation was not affected by the approval or disapproval of the Mortgage Loan and (z) satisfy all applicable legal and regulatory requirements. (b) With respect to each Mortgage Loan whose document type on the Mortgage Loan Schedule indicates documented income, employment and / or assets, the Seller verified the Mortgagor' s income, employment and / or assets in accordance with the Underwriting Guidelines. With respect to each Mortgage Loan other than a Mortgage Loan for which the Mortgagor documented his or her income by providing Form W- 2 or tax returns, the Seller employed a process designed to verify the income with third- party documentation (including bank statements). (c) With respect to each Mortgage Loan, the Seller gave due consideration at the time of origination to factors, including but not limited to, other real estate owned by the Mortgagor, commuting distance to work and appraiser comments and notes, to evaluate whether the occupancy status of the property as represented by the Mortgagor was reasonable. (d) With respect to each Mortgage Loan, no portion of the loan proceeds has been escrowed for the purpose of making scheduled payments on behalf of the Mortgagor and no payments due and payable under the terms of the Mortgage Note and Mortgage or deed of trust, except for seller or builder concessions or amounts paid or escrowed for payment by the Mortgagor' s employer, have been paid by any person (other than a guarantor) who was involved in or benefited from the sale of the Mortgaged Property or the origination, refinancing, sale or servicing of the Mortgage Loan. The proceeds of the Mortgage loan have not been and shall not be used to satisfy, in whole or in part, any debt owed or owing by the Mortgagor to the Seller or any Affiliate or correspondent of the Seller excluding an existing Mortgage Loan secured by the Mortgaged Property or any customary expenses incurred in connection with the closing of the Mortgage Loan. (e) The information on the Mortgage Loan Schedule correctly and accurately reflects the information contained in the Seller' s records (including, without limitation, the Mortgage File) in all material ~~weaknesses~~ **respects. In addition, the information contained under each of the headings in the Mortgage Loan Schedule (e. g. Mortgagor' s income, employment and occupancy, among others) is true and correct in all material respects. With respect to each Mortgage Loan, any seller or builder concession in excess of the allowable limits established by Fannie Mae or Freddie Mac has been subtracted from the Appraised Value of the Mortgaged Property** ~~or~~ **for** ~~significant deficiencies~~ **purposes of determining the LTV and CLTV. As of the Closing Date, the most recent Credit Score listed on the Mortgage Loan Schedule was no more than six months old, unless disclosed on the Mortgage Loan Schedule. As of the date of funding of the Mortgage Loan to the Mortgagor, no appraisal or other property valuation listed on the Mortgage Loan Schedule was more than twelve months old, unless disclosed on the Mortgage Loan Schedule. (f) Each Mortgage Loan was either underwritten** in ~~a~~ **substantial conformance to the applicable Underwriting Guidelines in effect at the** ~~timely --~~ **time of origination taking into account the compensating factors set forth in such Underwriting Guidelines as of the Closing Date, without regard to any underwriter discretion or, if not underwritten in substantial conformance to the Underwriting Guidelines, has reasonable and documented compensating factors. Each Mortgage Loan complies with the applicable Agency rules, regulations, requirements, guidelines, standards, announcements, notices, directives and instructions. Notwithstanding anything to the contrary in the Underwriting Guidelines: (i) except with respect to an Investor Cash Flow Loan, no Mortgage Loan was underwritten using less than twelve consecutive months of income documentation, (ii) no Mortgage**

Loan underwritten pursuant to a bank account statement income documentation program was underwritten using fewer than twelve consecutive months of bank statements, (iii) no Mortgage Loan was underwritten utilizing a borrower-prepared profit and loss statement, borrower- prepared expense statement or other borrower- prepared documentation for purposes of determining qualifying income or business expenses, (iv) in respect of any Mortgage Loan underwritten pursuant to a personal bank statement income documentation program, either (a) the related Mortgage File contains evidence of the existence of a separate business bank account for the related business or (b) the amount of qualifying income for the borrower was determined under the Underwriting Guidelines applicable to the business bank statement income documentation program, (v) any Mortgage Loan underwritten pursuant to a profit and loss statement income documentation program also utilized business bank account statements for the related business covering not less than the two most recent months prior to the origination of such Mortgage Loan to determine borrower income and the related Mortgage File contains copies of such bank account statements, (vi) no Mortgage Loan was underwritten pursuant to a written verification of employment program, (vii) in respect of any Mortgage Loan to a Mortgagor with an Individual Taxpayer Identification Number, the related Mortgage File has satisfactory evidence that the Mortgagor was legally entitled to reside in the United States as of the date that such Mortgage Loan was originated, (ix) no Mortgage Loan was underwritten including the value of any crypto currency assets in calculating the amount of reserves and (x) no Mortgage Loan underwritten pursuant to an asset utilization or asset depletion program included the value of any crypto currency assets in determining allowable assets. (g) Other than with respect to TRID, compliance with which is covered by representation and warranty number (mm) below, at the time of origination or the date of modification each Mortgage Loan complied in all material respects with all then- applicable federal, state and local laws, including (without limitation) truth- in- lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws and disclosure laws or such noncompliance was cured subsequent to origination, as permitted by Applicable Law. The servicing of each Mortgage Loan prior to the Closing Date complied in all material respects with all then- applicable federal, state and local laws; provided, however, that the Seller will only be deemed to be in breach of this representation in the event that the noncompliance resulted in foreclosure or ultimate realization on the note being precluded or where, upon foreclosure, specific costs could be attributed to noncompliance. The Mortgage Loan meets or is exempt from applicable state, federal or local laws, regulations and other requirements pertaining to usury. (h) With respect to each Mortgage Loan, unless otherwise indicated on the Mortgage Loan Schedule, each Mortgagor is a natural person or other acceptable forms (e. g. land trust), and at the time of origination, the Mortgagor was legally entitled to reside in or enter the U. S. (i) Immediately prior to the transfer and assignment to the Purchaser contemplated herein, the Seller was the sole owner and holder of the Mortgage Loan free and clear of any and all liens (other than any lien indicated on the Mortgage Loan Schedule), pledges, charges or security interests of any nature, and the Seller has good and marketable title and full right and authority to sell and assign the same. (j) With respect to a First Lien Mortgage, the Mortgage creates a valid, enforceable, and subsisting first priority perfected lien or a first priority security interest on the Mortgaged Property. With respect to a Second Lien Mortgage, the Mortgage creates a valid, enforceable, and subsisting second priority perfected lien or a second priority security interest on the Mortgaged Property subject only to a first priority mortgage loan. Except as noted in the Mortgage Loan Schedule, the related Mortgaged Property is free and clear of all encumbrances and liens having priority over the lien of the Mortgage, subject only to the following (each, a " Permitted Encumbrance "): (i) with respect to a Second Lien Mortgage, the first lien mortgage secured by the related Mortgaged Property; (ii) the lien of current real property taxes and assessments not yet due and payable; (iii) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; (iv) and such other matters to which like properties are commonly subject that do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage. Any security agreement, chattel mortgage or equivalent document related to and delivered to the Custodian with any Mortgage that establishes in the Seller a valid and subsisting first lien in the case of a First Mortgage Loan, or a second lien in the case of a Second Mortgage Loan, on the property described therein, and the Seller has full right to sell and assign the same to the Purchaser. (k) All taxes, governmental assessments, insurance premiums and water, sewer and municipal charges that previously became due and payable have been paid or an escrow of funds has been established, to the extent permitted by law, in an amount sufficient to pay for any such item that remains unpaid. Other than as permitted in representation and warranty number (q) below, Seller has not advanced funds, or induced, solicited or knowingly received any advance of funds by a party other than the mortgagor, directly or indirectly, for the payment of any amount required under the Mortgage Loan, except for interest accruing from the date of the Mortgage Note or date of disbursement of the proceeds of the Mortgage Loan, whichever is earlier, to the day which precedes by one month the due date of the first instalment of principal and / or interest thereunder. (l) The Mortgaged Property is undamaged by waste, water, fire, earthquake, earth movement other than earthquake, windstorm, flood, tornado or similar casualty to affect adversely the value of the Mortgaged Property or the use for which the premises was intended or would render the property uninhabitable. Additionally, there is no proceeding (pending or threatened) for the total or partial condemnation of the Mortgaged Property. (m) The Mortgaged Property is free and clear of all mechanics' and materialmen' s liens or similar liens or claims which have been filed for work, labor or material or a title policy affording, in substance, the same protection afforded by this warranty has been furnished to the Purchaser by the Seller. (n) Except for Mortgage Loans secured by co- op shares and Mortgage Loans secured by residential long- term leases, the Mortgaged Property consists of a fee- simple estate in real property; all the improvements included for the purpose

of determining the Appraised Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such property and no improvements on adjoining properties encroach on the Mortgaged Property (unless insured against under the related title insurance policy); and the Mortgaged Property and all improvements thereon comply with all requirements of any applicable zoning and subdivision laws and ordinances. (o) All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities. Seller has not received notification from any Governmental Authority that the Mortgaged Property is in material non- compliance with such laws or regulations, is being used, operated or occupied unlawfully or has failed to have or obtain such inspection, licenses or certificates, as the case may be. Seller has not received notice of any violation or failure to conform with any such law, ordinance, regulation, standard, license or certificate. With respect to any Mortgage Loan originated with an " owner- occupied " Mortgaged Property, the mortgagor represented at the time of origination of the Mortgage Loan that the mortgagor would occupy the Mortgaged Property as the mortgagor' s primary residence. (p) The Mortgage Note, the related Mortgage and other agreements executed in connection therewith are genuine, and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law). Additionally, all parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the M ortgage, and each Mortgage Note and Mortgage has been duly and properly executed by the related Mortgagor. (q) The proceeds of the Mortgage Loan have been fully disbursed, there is no requirement for future advances thereunder, and any and all requirements as to completion of any on- site or off- site improvements and as to disbursements of any escrow funds have been complied with (except for escrow funds for exterior items, which could not be completed due to weather, and escrow funds for the completion of swimming pools). Additionally, all costs, fees and expenses incurred in making, closing or recording the Mortgage Loan have been paid, except recording fees with respect to Mortgages not recorded as of the Closing Date. All funds due to FHA, VA or USDA for guarantee or insuring purposes will be promptly submitted in accordance with the applicable Agency' s regulations. (r) (1) Each First Mortgage Loan and each Higher Balance Second Mortgage Loan (except any such Mortgage Loan secured by a Mortgaged Property located in any jurisdiction for which an Opinion of Counsel of the type customarily rendered in such jurisdiction in lieu of title insurance is instead received and any Mortgage Loan secured by co- op shares) is covered by an American Land Title Association mortgagee title insurance policy or other generally acceptable form of policy or insurance acceptable to Fannie Mae or Freddie Mac, issued by a title insurer acceptable to Fannie Mae or Freddie Mac (the " Title Policy ") insuring the Seller or its successors and assigns as to the first priority lien of the First Lien Mortgage or second priority lien of the Second Lien Mortgage, as applicable,. The Seller is the sole insured of such Title Policy, the assignments to the Purchaser of the Seller' s interest in such Title Policy does not require any consent of or notification to the insurer that has not been obtained or made, such Title Policy is in full force and effect and will be in full force and effect and inure to the benefit of the Purchaser, no claims have been made under such Title Policy and no prior holder of the related mortgage, including the Seller, has done, by act or omission, anything that would impair the coverage of such Title Policy. (2) Each Lower Balance Second Mortgage Loan either (x) is covered by a Title Policy that satisfies the requirements of the preceding clause (1) or (y) has a short- form residential loan policy. (s) The Mortgaged Property securing each Mortgage Loan is insured by an insurer acceptable to the related Agency, or in the case of a conventional Mortgage Loan, an insurer acceptable to Fannie Mae or Freddie Mac, against loss by fire and such hazards as covered under a standard extended coverage endorsement in an amount not less than the lesser of (a) 100 % of the insurable value of the Mortgaged Property, including improvements as established by the property insurer or (b) the outstanding principal balance of the Mortgage Loan, so long as it equals the minimum amount – 80 % of the insurable value of the Mortgaged Property, including improvements, required to compensate for damage or loss on a cost replacement basis. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the project. If, upon origination of the Mortgage Loan, the improvements on the Mortgaged Property were in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, a flood insurance policy meeting the requirements of the current guidelines of the Federal Insurance Administration is in effect with a generally acceptable insurance carrier in an amount representing coverage not less than the least of the outstanding principal balance of the Mortgage Loan, the full insurable value of the Mortgaged Property, or the maximum amount of insurance that was available under the National Flood Insurance Act of 1968, as amended. Additionally, each Mortgage obligates the Mortgagor thereunder to maintain all such insurance at the Mortgagor' s cost and expense. All such insurance policies (collectively, the " hazard insurance policy ") contain a standard mortgagee clause naming Seller, its successors and assigns (including, without limitation, subsequent owners of the Mortgage Loan), as mortgagee, and may not be reduced, terminated or canceled without thirty (30) days' prior written notice to the mortgagee. No such notice has been received by Seller. To Seller' s knowledge, all premiums on such insurance policy have been paid. Seller has not engaged in, and has no knowledge of the mortgagor' s having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either. (t) There is no monetary default (including any related event of acceleration), monetary breach or monetary violation existing under the Mortgage or the related Mortgage Note and no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a monetary default, monetary breach, monetary violation or event of acceleration. Additionally, the Seller has not waived any such

default, breach, violation or event of acceleration, and no foreclosure action is currently threatened or has been commenced with respect to the Mortgage Loan. (u) No Mortgage Note or Mortgage is subject to any right of rescission, set- off, counterclaim or defense, including the defense of usury, nor will the operation of any of the terms of the Mortgage Note or Mortgage or the exercise of any right thereunder render the Mortgage Note or Mortgage unenforceable in whole or in part or subject it to any right of rescission, set- off, counterclaim or defense, including the defense of usury, and no such right of rescission, set- off, counterclaim or defense has been asserted with respect thereto. (v) Each Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security, including realization by judicial foreclosure (subject to any limitation arising from any bankruptcy, insolvency or other law for the relief of debtors), and there is no homestead or other exemption available to the Mortgagor that would interfere with such right of foreclosure. Each Mortgage Note and Mortgage is on a form acceptable to the GSEs. Payments on the Mortgage Loan commenced no more than sixty (60) calendar days after the funds were disbursed to the Mortgagor (or on the Mortgagor' s behalf) in connection with the Mortgage Loan. The Mortgage Loans have original terms to maturity of not more than forty (40) years, with interest payable in arrears on the Due Date set forth on the related Mortgage Loan Schedule. Interest on each Mortgage Loan is calculated on the basis of a three hundred sixty (360) calendar day year consisting of twelve (12) thirty (30) calendar day months. No Mortgage Loan provides for interest payable on a simple interest basis. Each Mortgage Note has a stated maturity date and provides that the related Monthly Payment will be applied as of its scheduled Due Date and will be applied to interest before principal. The Mortgage Loan does not have any negative amortization feature. (w) The Mortgage Loan is a" qualified mortgage" within the meaning of Section 860G (a) (3) of the Code. (x) With respect to each Mortgage where a Lost Note Affidavit has been delivered to the Custodian in place of the related Mortgage Note, the related Mortgage Note is no longer in existence. (y) With respect to each Mortgage Loan, all parties that have had any interest in such Mortgage Loan, whether as mortgagee, assignee, pledgee or otherwise, are (or, during the period in which they held and disposed of such interest, were) in compliance with any and all applicable licensing requirements of the laws of the state wherein the related Mortgaged Property is located, except to the extent that failure to be so licensed would not give rise to any claim against the Purchaser; provided, however, that the Seller will only be deemed to be in breach of this representation in the event that the noncompliance resulted in foreclosure or ultimate realization on the Mortgage Note being precluded or where, upon foreclosure, specific costs could be attributed to noncompliance. (z) No fraud or material error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of the Seller, any correspondent or mortgage broker involved in the origination of such Mortgage Loan, the Mortgagor or any appraiser, builder, developer or other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan. (aa) With respect to any insurance policy, including, but not limited to, hazard or title insurance, covering a Mortgage Loan and the related Mortgaged Property, the Seller has not engaged in, and the Mortgagor has not engaged in, any act or omission that would impair the coverage of any such policy, the benefits of the endorsement or the validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm, or other Person or entity, and no such unlawful items have been received, retained or realized by the Seller. (bb) In the event the Mortgage constitutes a deed of trust, a trustee, duly qualified under Applicable Law to serve as such, has been properly designated and currently serves and is named in the Mortgage, and no fees or expenses are or will become payable by the Purchaser or the Seller to such trustee under the deed of trust, except in connection with a trustee' s sale after default by the Mortgagor. (cc) Each original Mortgage was recorded, and all subsequent assignments of the original Mortgage have been recorded in the appropriate jurisdictions in which such recordation is necessary to perfect the liens against creditors of the Seller or has been submitted for recordation. (dd) The Mortgage contains an enforceable provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the Mortgagee. (ee) The Mortgaged Property is either a fee- simple estate or a long- term residential lease. If the Mortgage Loan is secured by a long- term residential lease: (i) the terms of such lease expressly permit the mortgaging of the leasehold estate, the assignment of the lease without the lessor' s consent (or the lessor' s consent has been obtained and such consent is in the Mortgage File) and the acquisition by the holder of the Mortgage of the rights of the lessee upon foreclosure or assignment in lieu of foreclosure or provide the holder of the Mortgage with substantially similar protection; (ii) the terms of such lease do not allow the termination thereof upon the lessee' s default without the holder of the Mortgage being entitled to receive written notice of, and opportunity to cure, such default or prohibit the holder of the Mortgage from being insured under the hazard insurance policy related to the Mortgaged Property; (iii) the original term of such lease is not less than 15 years; (iv) the term of such lease does not terminate earlier than five years after the maturity date of the Mortgage Note; and (v) the Mortgaged Property is located in a jurisdiction in which the use of leasehold estates for residential properties is an accepted practice. (ff) No Mortgage Loan on the Mortgage Loan Schedule is a" high- cost" loan," covered" loan or any other similarly designated loan as defined under any state, local or federal law, as defined by applicable predatory and abusive lending laws; provided, that, for the avoidance of doubt, no representation or warranty is made as to whether a Mortgage Loan constitutes a highly- priced mortgage loan, as permitted by specific state or federal laws. (gg) The instruments and documents with respect to each Mortgage Loan required to be delivered to the Custodian pursuant to Section 4. 01 on or prior to the Closing Date have been delivered to the Custodian. (hh) Unless otherwise indicated on the Mortgage Loan Schedule, neither the Seller nor any prior holder of the M ortgage or the related Mortgage Note has modified the Mortgage or the related Mortgage Note in any respect,

satisfied, rescinded, canceled or subordinated the Mortgage in whole or in part, released the Mortgaged Property in whole or in part from the lien of the Mortgage or executed any instrument of release, cancellation, modification or satisfaction, except in each case as reflected in an agreement included in the Mortgage File. (ii) Each Mortgaged Property is located in the U. S. or a territory of the U. S. and consists of a one- to four- unit residential property, which may include, but is not limited to, a single- family dwelling, townhouse, condominium unit or unit in a planned unit development or, in the case of Mortgage Loans secured by co- op shares, leases or occupancy agreements. (jj) Unless otherwise indicated on the Mortgage Loan Schedule, all Monthly P ayments required to be made up to the Due Date immediately preceding the Cut- off Date under the terms of the related Mortgage Note have been made, and no Mortgage Loan has been thirty (30) or more days delinquent since its origination. With respect to adjustable- rate Mortgage Loans, the mortgage interest rate is adjusted on each interest rate adjustment date to equal to the applicable index plus the gross margin (rounded up or down to the nearest 0. 125 %) as set forth in the Mortgage Note, subject to the mortgage interest rate cap as set forth in the Mortgage Note. The Mortgage Note is payable on a monthly basis in equal monthly instalments of principal and / or interest (subject to an " interest only " period in the case of Interest Only Loans), which instalments of interest (a) with respect to adjustable rate Mortgage Loans are subject to change on the interest rate adjustment date due to adjustments to the mortgage interest rate on each interest rate adjustment date as set forth in the Mortgage Note and (b) with respect to Interest Only Loans are subject to change on the interest only adjustment date due to adjustments to the mortgage interest rate on each interest only adjustment date as set forth in the Mortgage Note, in both cases with interest calculated and payable in arrears, sufficient to amortize the Mortgage Loan fully by the stated maturity date, over an original term of not more than 30 years from commencement of amortization. (kk) The Seller has not received notice that the related Mortgagor is a debtor in any state or federal bankruptcy or insolvency proceeding as of the Cut- off date. (ll) If required by the Underwriting Guidelines or Applicable Law, the Seller made a reasonable and good faith determination that the Mortgagor would have a reasonable ability to repay the Mortgage Loan according to its terms, in accordance with, at a minimum, the eight underwriting factors set forth in 12 C. F. R 1026. 43 (c) (2). (mm) With respect to each Mortgage Loan for which an application was taken on or after October 3, 2015, either: (i) the Mortgage Loan was originated in compliance with TRID; (ii) the Mortgage Loan is exempt from TRID; or (iii) with respect to each TRID compliance exception with respect to a Mortgage Loan, such TRID compliance exception will not result in civil liability or has been cured in a manner **which negates the associated civil liability . (nn) With respect to each Mortgage Loan, the proceeds of which were used to purchase the related Mortgaged Property, either (i) the Mortgagor paid with his / her own funds a purchase price equal to at least the lesser of (1) 100 % minus the CLTV of the Mortgage Loan and (2) 5 % of the purchase price or (ii) the Mortgagor received a gift to fund the purchase price in accordance with the Underwriting Guidelines. (oo) As of each Closing Date, each Mortgaged Property complied in all material respects with all environmental laws, rules and regulations that were applicable to such Mortgaged Property and there is no pending action or proceeding of which the Seller or the related servicer is aware directly involving the Mortgaged Property in which compliance with any environmental law, rule, or regulation is an issue or is secured by a lender' s environmental insurance property. (pp) If the Mortgage Loan is identified as " Qualified Mortgage- Safe Harbor " on the Mortgage Loan Schedule, such Mortgage Loan (i) is a " qualified mortgage " within the meaning of Section 1026. 43 (e) (2) of 12 C. F. R. Part 1026 (" Regulation Z ") without reference to Sections 1026. 43 (e) (4), (5), (6) or (f) of Regulation Z, (ii) complies with the total points and fees limitations for a qualified mortgage set forth in Section 1026. 43 (e) (3) of Regulation Z (including the inflation adjustments provided for in Section 1026. 43 (e) (3) (ii) of Regulation Z), (iii) is not a " higher- priced covered transaction " within the meaning of Section 1026. 43 (b) (4) of Regulation Z, (iv) only includes a prepayment penalty permitted by Section 1026. 43 (g) of Regulation Z, (v) does not provide for a balloon payment and (vi) qualifies for the safe harbor set forth in Section 1026. 43 (e) (1) (i) of Regulation Z. (qq) If the Mortgage Loan is identified as " Qualified Mortgage- Rebuttable Presumption " on the Mortgage Loan Schedule, such Mortgage Loan (i) is a " qualified mortgage " within the meaning of Section 1026. 43 (e) (2) of Regulation Z without reference to Section 1026. 43 (e) (4), (5), (6) or (f) of Regulation Z, (ii) complies with the total points and fees limitations for a qualified mortgage set forth in Section 1026. 43 (e) (3) of Regulation Z (including the inflation adjustments provided for in Section 1026. 43 (e) (3) (ii) of Regulation Z), (iii) is a " higher- priced covered transaction " within the meaning of Section 1026. 43 (b) (4) of Regulation Z, (iv) does not provide for a balloon payment and (v) qualifies for the presumption of compliance set forth in Section 1026. 43 (e) (1) (ii) of Regulation Z. (rr) Any prepayment premium or yield maintenance charge applicable to any Mortgage Loan constitutes a " customary prepayment penalty " within the meaning of Treasury Regulations Section 1. 860G- 1 (b) (2). (ss)** The ~~existence~~ **Mortgagor has not notified Seller, and Seller has no knowledge, of any relief requested or allowed to the Mortgagor under the Servicemembers Civil Relief Act of 2003. (tt) The Mortgagor has executed a statement to the effect that the Mortgagor has received all disclosure materials required by applicable law with respect to the making of adjustable rate mortgage loans, and Seller maintains such statement in the Mortgage File. (uu) The Mortgage Loan does not contain provisions pursuant to which monthly payments are paid or partially paid with funds deposited in any separate account established by Seller, the Mortgagor, or anyone on behalf of the Mortgagor, or paid by any source other than the Mortgagor nor does it contain any other similar provisions which may constitute a " buydown " provision. The Mortgage Loan is not a graduated payment mortgage loan. (vv) Any future advances made to the Mortgagor prior to the Closing Date have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate and single repayment term. (ww) No Mortgage Loan was made in connection with the construction or rehabilitation of a Mortgaged Property or facilitating the trade- in or exchange of a Mortgaged Property. (xx) The Mortgage Note does not, by its terms, provide**

for the capitalization or forbearance of interest. (yy) No document relating to the Mortgage Loan provides for any contingent or additional interest in the form of participation in the cash flow of the Mortgaged Property or a sharing in the appreciation of the value of the Mortgaged Property. The indebtedness evidenced by the Mortgage Note is not convertible to an ownership interest in the Mortgaged Property or the Mortgagor and Seller has not financed, nor does it own directly or indirectly, any equity of any form in the Mortgaged Property or the Mortgagor. (zz) Each Mortgage Loan is insured as to payment defaults by a policy of primary mortgage guaranty insurance in the amount required where applicable, and by an insurer approved, if applicable, and all provisions of such primary mortgage guaranty insurance have been and are being complied with, such policy is in full force and effect, and all premiums due thereunder have been paid. There are no defenses, counterclaims, or rights of setoff affecting the Mortgage Loans or affecting the validity or enforceability of any private mortgage insurance applicable to the Mortgage Loans. (aaa) The Seller has complied with all applicable anti- money laundering laws and regulations, including, without limitation, the USA Patriot Act of 2001 with respect to the origination of each Mortgage Loan. (bbb) Other than any customary claim or counterclaim arising out of any foreclosure, bankruptcy, eviction or collection proceeding relating to any Mortgage Loan, there is no action, suit, proceeding, investigation pending or, to the best of the Seller' s knowledge, threatened that is related to such Mortgage Loan and likely to materially and adversely affect such Mortgage Loan. (ccc) Each Purchased Loan that is a " nontraditional mortgage loan " within the meaning of the Interagency Guidance on Nontraditional Mortgage Product Risks, 71 FR 58609 (October 4, 2006), and that has a residential loan application date on or after September 13, 2007 (or, if such date cannot be determined, an origination date on or after October 1, 2007), complies in all respects with such guidance, including any interpretations, applications or implementation plans with respect thereto that have been communicated and / or agreed to by an institution' s regulator, regardless of whether the Mortgage Loan' s originator or seller is subject to such guidance. (ddd) No Mortgage Loan that is an adjustable rate Mortgage Loan and that has a residential loan application date on or after September 13, 2007, is subject to the Interagency Statement on Subprime Mortgage Lending, 72 FR 37569 (July 10, 2007) as defined by the Federal National Mortgage Association in the Lender Letter 03- 07 (August 15, 2007) or by the Federal Home Loan Mortgage Corporation (" Freddie Mac ") in the Freddie Mac Single Family Advisory (September 7, 2007) and Freddie Mac Bulletin 2007- 4. (eee) With respect to each MERS designated Mortgage Loan, a mortgage identification number has been assigned by MERS and such mortgage identification number has been accurately provided to Purchaser. (fff) To the best of Seller' s knowledge, no Mortgagor is a prohibited person that is currently the subject of any OFAC-administered sanctions, nor is located, organized or resident in a country or territory that is the subject of OFAC-administered sanctions; and, to the best of the Seller' s knowledge, no Mortgagor will directly or indirectly lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other prohibited person, to fund activities of or business with any prohibited person, or in any country or territory, that at the time of such funding or facilitation, is the subject of OFAC- administered sanctions, or in a manner that would otherwise cause any prohibited person (including any prohibited person involved in the purchase and sale of Mortgage Loans under this Agreement) to violate any OFAC- administered sanctions. (ggg) As of the date of origination, the Mortgaged Property was lawfully occupied in accordance with the Mortgage and under Applicable Law and the Mortgaged Property is lawfully occupied as of the Closing Date, which is consistent with the occupancy status identified in the Mortgage, the Servicing File and / or the residential loan application and in accordance with the Underwriting Guidelines. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including, but not limited to, certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate Governmental Authorities and neither the Seller nor any originator has received any notice regarding any noncompliance with any use or occupancy law, ordinance, regulation, standard, licenses or certificates with respect to such Mortgaged Property. With respect to each Mortgage Loan, the Seller (or if Seller did not originate the loan, the originator) gave due consideration at the time of origination to factors, including, but not limited to, other real estate owned by Mortgagor, the commuting distance to work, appraiser comments and notes, the location of the property and any difference between the mailing address active in the servicing system and the Mortgaged Property address, to evaluate whether the occupancy status of the Mortgaged Property as represented by the Mortgagor was reasonable. (hhh) Each FHA Loan is fully insurable by FHA and a Mortgage Insurance Certificate will be issued by FHA and delivered to the Purchaser within 60 days after the related Closing Date. Each VA Loan (a) is eligible for guaranty by the VA and a Loan Guaranty Certificate will be issued by the VA and delivered to the Purchaser within 60 days after the related Closing Date, (b) has an original term to maturity of not more than 360 months and not less than 180 months, (c) has a loan amount not exceeding the maximum amount permitted by the VA and (d) has a combined Loan Guaranty and equity of not less than 25 %. Each USDA Loan is eligible for guaranty by the USDA and a Loan Guaranty Certificate will be issued by the USDA and delivered to the Purchaser with 60 days after the related Closing Date. Each GSE Loan is eligible to be sold to Fannie Mae or Freddie Mac as indicated on the related Mortgage Loan Schedule. There are no defenses, counterclaims or rights of set- ~~of~~off affecting the validity or enforceability of any FHA insurance, USDA guaranty, VA guaranty or any applicable private mortgage insurance. (iii) All FHA Loans, VA Loans and USDA Loans are eligible for inclusion in mortgage- backed securities the principal and interest payments on which are guaranteed by Ginnie Mae. There are no defenses, counterclaims or rights of set- off affecting the eligibility for insurance or guaranty of any FHA Loan, VA Loan or USDA Loan by, or affecting the eligibility for sale of a GSE Loan to, the applicable Agency. (jjj) All representations and warranties made in any agreement incorporated into this Agreement by reference, including but not limited to the Purchase Advice and Release Letter, are true, correct and accurate in all material respects as of the Closing Date. (kkk)

Unless otherwise agreed upon by Purchaser and Seller in writing prior to the related Closing Date, each Mortgage Loan must be assigned an " A " or " B " final overall Rating Agency event grade for each Rating Agency by the Rating Agency approved third- party due diligence review firm. Section 5. 02 Representations and Warranties Regarding Seller and Purchaser. The Seller hereby represents and warrants to the Purchaser as of each applicable Closing Date: (a) Due Organization. It is duly organized, validly existing and in good standing and has all licenses necessary to carry on its business now being conducted and is licensed, qualified and in good standing under the laws of each state where a Mortgaged Property is located or is otherwise exempt under Applicable Law from such qualification or is otherwise not required under Applicable Law to effect such qualification; no demand for such qualification has been made upon it by any state having jurisdiction and in any event it is or will be in compliance with the laws of any such state to the extent necessary to enforce each Mortgage Loan or service each Mortgage Loan in accordance with the terms of this Agreement. To the extent the Seller originates (i) VA Loan, (ii) FHA Loans, (iii) USDA Loans, or (iv) mortgage loans approved or insured by the United Stated Department of Housing and Urban Development (" HUD "), it is a HUD approved mortgagee under Section 203 of the National Housing Act. (b) Due Authority. The Seller had the full power and authority and legal right to originate the Mortgage Loans that it originated, if any, and to acquire the Mortgage Loans that it acquired. The Seller has the full power and authority to hold each Mortgage Loan, to sell each Mortgage Loan and the full power and authority to execute, deliver and perform, and to enter into and consummate, all transactions contemplated by this Agreement. The Seller has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement, assuming due authorization, execution and delivery by the Purchaser, constitutes a legal, valid and binding obligation of the Seller, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, receivership, conservatorship, insolvency, moratorium and other laws relating to or affecting creditors' rights generally or the rights of creditors of banks and to the general principles of equity (whether such enforceability is considered in a proceeding in equity or at law). (c) No Conflict. Neither the execution and delivery of this Agreement, the acquisition or origination of the Mortgage Loans by the Seller, the sale of the Mortgage Loans to the Purchaser, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, will conflict with or result in a breach of any of the terms, conditions or provisions of the Seller' s charter, bylaws or other organizational documents or any legal restriction or any agreement or instrument to which the Seller is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Seller or its property is subject, or result in the creation or imposition of any lien, charge or encumbrance that would have an adverse effect upon any of its properties pursuant to the terms of any mortgage, contract, deed of trust or other instrument, or impair the ability of the Purchaser to realize on the Mortgage Loans, impair the value of the Mortgage Loans, or impair the ability of the Purchaser to realize the full amount of any insurance benefits accruing pursuant to this Agreement. (d) No Material Default. Neither the Seller nor any of its affiliates is in material default under any agreement, contract, instrument or indenture of any nature whatsoever to which the Seller or any of its affiliates is a party or by which it (or any of its assets) is bound, which default would have a material adverse effect on the ability of the Seller to perform under this Agreement, nor, to the best of the Seller' s knowledge, has any event occurred which, with notice, lapse of time or both, would constitute a default under any such agreement, contract, instrument or indenture and have a material adverse effect on the ability of the Seller to perform its obligations under this Agreement. (e) Financial Statements. Seller has delivered to the Purchaser financial statements as to its fiscal year ended December 31, 2022. Except as has previously been disclosed to the Purchaser in writing: (i) such financial statements fairly present the results of operations and changes in financial position for such period and the financial position at the end of such period of Seller and its subsidiaries; and (ii) such financial statements are true, correct and complete as of their respective dates and have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as set forth in the notes thereto. (f) No Change in Business. Unless previously disclosed to the Purchaser in writing, there has been no change in the business, operations, financial condition, properties or assets of the Seller since the date of the financial statements referenced in clause (e) above that would have a material adverse effect on the ability of the Seller to perform its obligations under this Agreement. (g) No Litigation Pending. There is no material action, suit, proceeding or investigation pending or, to the best of the Seller' s knowledge, threatened against the Seller before any court, administrative agency or other tribunal asserting the invalidity of this Agreement, seeking to prevent the consummation of any of the transactions contemplated by this Agreement or which, either individually or in the aggregate, would result in any material ~~**weakness**~~ **adverse change** in **the business, operations, financial condition, properties** ~~**our**~~ **or** ~~**internal**~~ **assets of the Seller, or in any material impairment of the right or ability of the Seller to carry on its business substantially as now conducted, or in any material liability on the part of the Seller, or would prohibit the Seller from entering into this Agreement or seek to prevent the sale of the Mortgage Loans or the consummation of the transactions contemplated by this Agreement, or would otherwise draw into question the validity of this Agreement or the Mortgage Loans or of any action taken or to be taken in connection with the obligations of the Seller contemplated herein, or would be likely to prohibit or materially impair the ability of the Seller to perform under the terms of this Agreement. Except as disclosed to Purchaser in writing, the Seller is not presently, aware of or subject to any administrative actions or sanctions imposed by any Agency or other federal or state regulator. (h) No Consent Required. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by it of or compliance by it with this Agreement, the delivery of the Mortgage Files to the Purchaser, the sale of the Mortgage Loans to the Purchaser or the consummation of the transactions contemplated by**

this Agreement or, if required, such approval has been obtained prior to the related Closing Date. (i) Underwriting and Origination. The Seller' s underwriting decision to originate any Mortgage Loan or to deny any mortgage loan application is an independent decision made by it, and is in no way made as a result of Purchaser' s decision to purchase, or not to purchase, or the price Purchaser may offer to pay for, any such mortgage loan, if originated. (j) Agency Approvals. With respect to any FHA Loan, the Seller is unconditionally approved with FHA to participate in its " direct endorsement " mortgage insurance program. With respect to any VA Loan, the Seller is approved by the Veterans Administration to underwrite mortgage loans with " automatic authority " and Lender Appraisal Processing Program authority. With respect to any USDA Loan, the Seller is a nationally approved lender under the USDA' s Single Family Housing Guaranteed Loan Program. With respect to any applicable GSE Loan, the Seller is approved as a seller to the GSE. The Purchaser hereby represents and warrants to the Seller as of each applicable Closing (a) Duly Organized. It is duly organized, validly existing and in good standing and has all licenses necessary to carry on its business now being conducted and is licensed, qualified and in good standing under the laws of each state where a Mortgaged Property is located or is otherwise exempt under Applicable Law from such qualification or is otherwise not required under Applicable Law to effect such qualification. (b) Due Authority. The Purchaser had the full power and authority and legal right to enter into and consummate all transactions contemplated by this Agreement. The Purchaser has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement, assuming due authorization, execution and delivery by the Seller, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, receivership, conservatorship, insolvency, moratorium and other laws relating to or affecting creditors' rights generally or the rights of creditors of banks and to the general principles of equity (whether such enforceability is considered in a proceeding in equity or at law). (c) No Conflict. Neither the execution and delivery of this Agreement, the acquisition or origination of the Mortgage Loans by the Seller, the sale of the Mortgage Loans to the Purchaser, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, will conflict with or result in a breach of any of the terms, conditions or provisions of the Purchaser' s charter, bylaws or other organizational documents or any legal restriction or any agreement or instrument to which the Purchaser is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Purchaser or its property is subject. (d) No Consent Required. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by it of or compliance by it with this Agreement, the purchase of the Mortgage Loans or the consummation of the transactions contemplated by this Agreement or, if required, such approval has been obtained prior to the related Closing Date. It is understood and agreed that the representations and warranties set forth in Sections 5. 01 and 5. 02 shall survive delivery of the Mortgage Loans to the Purchaser and shall inure to the benefit of the parties or their respective designees, notwithstanding any restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage or the examination, or lack of examination, of any Mortgage File. With regard to a Mortgage Loan, within thirty (30) days of the discovery by the Seller of a breach of a representation and warranty contained in Section 5. 01 that materially and adversely affects the value of the Mortgage Loan or the interests of the Purchaser therein, the Seller shall so notify the Purchaser in writing. With regard to a Mortgage Loan, within thirty (30) days of the discovery by the Purchaser of a breach of a representation and warranty contained in Section 5. 01 that materially and adversely affects the value of the Mortgage Loan or the interests of the Purchaser therein, then the Purchaser shall so notify the Seller in writing at any time prior to payment in full of such loan by the Mortgagor, outlining with specificity the subsection of this Agreement which the Purchaser claims has been violated, along with sufficient supporting documentation. Within thirty (30) days after its discovery of such breach or receipt of such notification from the Purchaser, the Seller may correct or cure any such breach or, if the Seller determines that it is unable to cure such breach, then it shall re- acquire the subject Mortgage Loan from the Purchaser at the Repurchase Price. In addition to such repurchase obligation, the Seller shall indemnify and hold harmless the Purchaser against any and all claims, losses, penalties, fines, forfeitures, reasonable and necessary legal fees and related costs (irrespective of whether or not incurred in connection with the defense of any actual or threatened action, proceeding, or claim), judgments, and any other costs, fees and expenses (collectively, " Losses ") that the Purchaser suffers or may sustain in any way related to or in connection with any: (i) fraud, negligence or willful misconduct by the Seller, or (ii) breach of any representation or warranty of the Seller hereunder. The Seller or the Purchaser shall immediately notify the other party if a claim is made by a third party with respect to this Agreement or the Mortgage Loans. It is understood and agreed that the obligations of the Seller set forth in this Section 5. 03 to repurchase a defective Mortgage Loan and to indemnify the Purchaser constitute the sole remedies of the Purchaser respecting a breach of the foregoing representations and warranties. If the Seller fails to repurchase a defective Mortgage Loan or to indemnify the Purchaser pursuant to this Section 5. 03, such failure shall be deemed a default of the Seller under this Agreement and the Purchaser shall be entitled to pursue all available remedies against the Seller. Any cause of action against the Seller relating to or arising out of the breach of any representations and warranties made in Sections 5. 01 shall accrue as to any Mortgage Loan upon (i) discovery of such breach by the Seller or the Purchaser and (ii) failure by the Seller to repurchase such Mortgage Loan as specified above. Within fifteen (15) Business Days of the repurchase of a Mortgage Loan by the Seller, the Purchaser agrees to return such repurchased Mortgage Loan to the Seller, together with the related Mortgage Loan Documents. In the event that the Seller timely delivers to the Purchaser a notice of arbitration (an " Arbitration Notice ") with respect to an alleged breach by the Seller of its representations and warranties or other dispute hereunder (a " Dispute "), each party hereby agrees to abide

by the decision of a neutral and qualified Arbitrator. The parties agree that any arbitration proceedings hereunder shall occur in New York, NY and should be scheduled and administered in order to proceed with the full and final resolution of the Dispute as swiftly as commercially reasonable and practical. Each party shall bear its own costs of any such arbitration, including without limitation, reasonable attorneys' fees and disbursements and other professional fees and costs, except however, the fees and costs of the Arbitrator shall be split equally between the parties. As soon as possible after the termination of the arbitration proceedings, the Arbitrator shall submit to the parties a written arbitration report setting forth the Arbitrator' s decision. It is the intention of the parties that Arbitration shall be conducted in as efficient and cost- effective a manner as is reasonably practicable, without the burden of discovery. Accordingly, the Arbitrator will resolve the dispute on the basis of a review of the written correspondence between the parties (including any supporting materials attached to such correspondence) conveyed by the parties to each other in connection with the Dispute prior to the delivery of notice to commence Arbitration; however, upon a showing of good cause, a party may request the Arbitrator to direct the production of such additional information, evidence and / or documentation from the parties that the Arbitrator deems appropriate. If requested by the Arbitrator or any party, any hearing with respect to an Arbitration shall be conducted by video conference or teleconference except upon the agreement of both parties or the request of the Arbitrator. The finding of the Arbitrator and any award granted shall be in writing and shall be final, conclusive and binding upon the parties. By submitting to Arbitration, the parties undertake to carry out any award without delay and shall be deemed to have waived their right to any form of recourse or appeal, including motions to vacate, modify or correct such award, insofar as such waiver can be validly made. Judgment upon any arbitration award rendered may be entered and enforced in any court of competent jurisdiction or a court having jurisdiction over the parties or their assets. The costs of the Arbitrator shall be shared equally between both parties. Each party, however, shall bear its own attorneys' fees and costs in connection with the Arbitration. Arbitration proceedings and any findings and award granted shall remain confidential unless a party finds it necessary to enforce such award. For purposes of this Section 5. 03, " Purchaser " shall mean the Person then acting as the Purchaser under this Agreement and any and all Persons who previously were " Purchasers " under this Agreement. The provisions contained in this Section 5. 03 shall survive the termination of this Agreement. (a) The Seller shall repurchase any Early Payment Default Mortgage Loan at the Repurchase Price within thirty (30) days following notification thereof from the Purchaser. (b) The Seller shall reimburse the Purchaser the related Purchase Premium in respect of any Early Payoff Mortgage Loan, less the amount of any prepayment premium received by the Purchaser in respect of such Mortgage Loan, within thirty (30) days following notification thereof from the Purchaser. (c) With respect to any notification required by Section 5. 04 (a) and (b), the Purchaser shall use commercially reasonable efforts to provide such notice within sixty (60) days of the triggering event or such other timing as the Purchaser and Seller agree to in writing. The provisions contained in this Section 5. 04 shall survive the termination of this Agreement. Section 6. 01 Closing. The closing for the purchase and sale of the Mortgage Loans in any Mortgage Loan Package shall take place on the applicable Closing Date listed in the Purchase Advice and Release Letter. Each closing shall be subject to each of the following conditions: (a) No breach or default exists under this Agreement; (b) The Purchaser and the Seller shall have received, or the Purchaser' s and the Seller' s attorneys shall have received in escrow, all Closing Documents, duly executed; (c) The Seller shall not have experienced any Material Adverse Change. For the purposes of this Section 6. 01, " Material Adverse Change " shall mean, (i) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Seller; (ii) a material impairment of the ability of the Seller to perform under this Agreement or any related agreements (the " Operative Agreements "); or (iii) a material adverse effect upon the legality, validity, binding effect or enforceability of any Operative Agreement against the Seller; and (d) All other terms and conditions of this Agreement shall have been complied with. (e) Purchaser shall reimburse Seller for negative escrow balances as of the Cut- Off Date and as referenced within the applicable Purchase Advice and Release Letter at the time of close. The Seller shall be entitled to reimbursement by the Purchaser for any properly incurred Servicing Advances made by the Seller with respect to the Mortgage Loans prior to the related Closing Date. Notwithstanding the foregoing, the Seller shall not be reimbursed for any Servicing Advances made within sixty (60) days of a Mortgage Loan' s Origination Date without the Purchaser' s prior written approval, which approval shall be in Purchaser' s reasonable discretion. Prior to reimbursement for any Servicing Advance, the Seller shall provide the Purchaser with commercially reasonable documentation or invoices satisfactory to Purchaser. Subject to the foregoing conditions, the Purchaser shall pay to the Seller on the applicable Closing Date, the Purchase Price for the Mortgage Loans in the related Mortgage Loan Package pursuant to Section 3. 01 of this Agreement, and the Seller shall deliver the Mortgage Loans to the Purchaser. The " Closing Documents " for the initial closing of a Mortgage Loan Package shall consist of fully executed originals of the following documents: (a) This Agreement, in two (2) counterparts; (b) The applicable Purchase Advice and Release Letter, in two (2) counterparts; and (c) The Purchase Advice and Release Letter. The Closing Documents for each additional closing of a Mortgage Loan Package shall consist of the following documents: (a) The applicable Purchase Advice and Release Letter, in two (2) counterparts; and (b) The Purchase Advice and Release Letter, as applicable. Section 8. 01 Costs. Unless otherwise agreed upon by Purchaser and Seller or specified in the applicable Purchase Advice and Release Letter, each party shall bear its own costs and expenses. Section 9. 01Force Majeure Purchaser and Seller shall be excused for a period of thirty (30) days in performance of any obligation hereunder to the extent such delay in performance is caused by a force majeure event. This includes acts of God, natural disasters, war, civil disturbance, action by governmental entity, strike, and other causes beyond the parties' reasonable control **. The party affected by the force majeure event will provide written notice to the other party within thirty (30) days and will use its best efforts to resume performance. Obligations not performed due to a force majeure event will be performed as**

soon as reasonably possible when the force majeure event concludes. Section 9. 02 Governing Law; Waiver of Jury Trial; Choice of Forum. This Agreement shall be construed in accordance with the laws of the State of Georgia and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with the substantive laws of the State of Georgia (without regard to conflicts of laws principles), except to the extent preempted by Federal law. EACH PARTY HERETO KNOWINGLY, INTENTIONALLY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY. With respect to any claim or action arising hereunder, the parties (a) irrevocably submit to the nonexclusive jurisdiction of the court of Fulton County, Georgia and (b) irrevocably waive any objection which such party may have at any time to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any such court, and irrevocably waive any claim that any such suit action or proceeding brought in any such court has been brought in an inconvenient forum. Section 9. 03 Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail, postage prepaid, to: (a) if to the Purchaser: c / o Angel Oak Capital Advisors, LLC 3344 Peachtree Road NE, Suite 1725 Atlanta, GA 30326 Attn: David Gordon wholeloans @ angeloakcapital. com (b) if to the Seller: Angel Oak Mortgage Solutions LLC 980 Hammond Drive, Suite 850 Atlanta, GA 30328 Attn: Ashlei McAleer Ashlei. mcaleer @ angeloaklending. com or such other address (es) as may hereafter be furnished by each party. Any such demand, notice or communication hereunder shall be deemed to have been received on the date delivered to or received at the premises of the addressee (as evidenced, in the case of registered or certified mail, by the date noted on the return receipt). Section 9. 04 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held invalid for any reason whatsoever, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement. Any part, provision, representation or warranty of this Agreement which is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall be ineffective, as to such jurisdiction, to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction as to any Mortgage Loan shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, the parties hereto waive any provision of law which prohibits or renders void or unenforceable any provision hereof. If the invalidity of any part, provision, representation or warranty of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, the parties shall negotiate in good faith to develop a structure the economic effect of which is nearly as possible the same as the economic effect of this Agreement without regard to such inability. Section 9. 05 Execution; Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by the Purchaser, the Seller, and the respective successors and assigns of the Purchaser and the Seller. As used herein, the trust formed in connection with a Subsequent Transaction shall be deemed to constitute a single " Person. " Section 9. 06 Confidentiality. The Seller and the Purchaser shall keep confidential and shall not divulge to a third party, without each other' s prior written consent, the terms or existence of any Purchase Advice and Release Letter or this Agreement, the price paid by the Purchaser for the Mortgage Loans or the transactions contemplated hereunder, except to the extent that it is reasonable and necessary for the Purchaser or the Seller to do so in working with legal counsel, auditors, taxing authorities or other governmental agencies. Each party recognizes that, in connection with this Agreement, it may become privy to non- public information regarding the financial condition, operations and prospects of the other party. Except as required by law, each party agrees to keep all non- public information regarding the other party strictly confidential, and to use all such information solely in order to effectuate the purpose of this Agreement; provided that each party may provide confidential information to its employees, agents and affiliates who have a need to know such information in order to effectuate the transaction; and provided further that such information is identified as confidential non- public information. In addition, confidential information may be provided to a regulatory authority with supervisory power over **the Purchaser; provided such information is identified as confidential non-** ~~financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our financial results, which could materially and adversely affect us. As a~~ public ~~company with listed equity securities~~ **information. Notwithstanding other provisions of this Agreement** , ~~we also are required to maintain~~ **the Seller and the Purchaser (and each employee, representative or other agent of any of the foregoing) may** ~~disclosure --~~ **disclose** ~~controls~~ **to any** and ~~procedures~~ **all persons, without limitation of any kind, the tax treatment and tax structure of transactions covered by this agreement and all materials of any kind (including opinions or other tax analyses)** that are ~~designed~~ **provided** to ~~ensure~~ **any of the foregoing parties relating to such tax treatment and tax structure. Notwithstanding anything to the contrary in this Agreement, each party may disclose the other' s confidential information in a judicial proceeding when required to do so by law when responding to a subpoena or as otherwise required by Applicable Laws. Section 9. 07 Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the sale and purchase of a Mortgage Loan Package and supersede all prior or contemporaneous oral or written communications regarding same. The Seller and the Purchaser understand and agree** that **no employee, agent or other representative of the Seller or the Purchaser has any authority to bind such party with regard to any statement, representation, warranty or other expression unless said statement, representation, warranty or other expression is specifically included within the express terms of this Agreement. Section 9. 08 Right of Offset. Notwithstanding any other provision of this Agreement, the Purchaser may, upon written notification to Seller, which shall include a reconciliation of such offset, reduce the**

Purchase Premium, payable to or on behalf of the Seller by the amount of any obligation of the Seller, to or on behalf of such Purchaser, that is or becomes due and payable, and the Seller hereby shall be deemed to have consented to such reduction. Notwithstanding the foregoing, such offset shall not be in excess of any Purchase Premium without the prior written consent of Seller. Section 9. 09 Seller to Provide Access / Information as Required by Law. The Seller shall provide to the Purchaser and its designees access to any documentation regarding the Mortgage Loans which may be required by Applicable Law. Such access shall be afforded without charge, but only upon reasonable request, during normal business hours and at the offices of the Seller. Section 9. 10 Non- Solicitation. Following the first twelve (12) month period from Closing Date, the Seller agrees that it will not take any action or permit to cause any action to be taken by any of its agents or Affiliates, or by any independent contractors or independent mortgage brokerage companies engaged by the Seller, to personally, by telephone, mail or electronic mail, solicit the Mortgagor under any Mortgage Loan for a loan purpose other than refinancing such Mortgage Loan. For the purposes of this agreement, solicitation does not include Seller' s reaction for contact with a consumer, following a mortgage inquiry, payoff request or other similar consumer driven trigger event as such event criteria has been previously agreed to by Purchaser in writing. It is understood and agreed that promotions undertaken by the Seller or any of its affiliates which are directed to the general public at large, including, without limitation, mass mailings based on commercially acquired mailing lists, newspaper, radio, internet or television advertisements shall not constitute solicitation under this Section, nor is the Seller prohibited from responding to unsolicited requests or inquiries made by a Mortgagor or an agent of a Mortgagor. Section 10. 01 Intent of the Parties; Reasonableness. The Purchaser and the Seller acknowledge and agree that the purpose of Article XI of this Agreement is to facilitate compliance by the Purchaser and any Depositor with the provisions of Regulation AB and related rules and regulations of the Commission. Although Regulation AB is applicable by its terms only to offerings of asset- backed securities that are registered under the Securities Act, the Seller acknowledges that investors in privately offered securities may require that the Purchaser or any Depositor provide comparable disclosure in unregistered offerings. References in this Agreement to compliance with Regulation AB include provision of comparable disclosure in private offerings. Neither the Purchaser nor any Depositor shall exercise its right to request delivery of information or other performance under these provisions other than in good faith, or for purposes other than compliance with the Securities Act, the Exchange Act and the rules and regulations of the Commission thereunder (or the provision in a private offering of disclosure comparable to that required under the Securities Act). The Seller acknowledges that interpretations of the requirements of Regulation AB may change over time, whether due to interpretive guidance provided by the Commission or its staff, consensus among participants in the asset- backed securities markets, advice of counsel, or otherwise, and agrees to comply with requests made by the Purchaser, any Master Servicer or any Depositor in good faith for delivery of information under these provisions on the basis of evolving interpretations of Regulation AB. In connection with any Subsequent Transaction, the Seller shall cooperate fully with the Purchaser to deliver to the Purchaser (including any of its assignees or designees), any Master Servicer and any Depositor, any and all statements, reports, certifications, records and any other information necessary in the good faith determination of the Purchaser, any Master Servicer or any Depositor to permit the Purchaser, any Master Servicer or such Depositor to comply with the provisions of Regulation AB, together with such disclosures relating to the Seller, or any Third- Party Originator and the Mortgage Loans, or the servicing of the Mortgage Loans, reasonably believed by the Purchaser or any Depositor to be necessary in order to effect such compliance. The Purchaser (including any of its assignees or designees) shall cooperate with the Seller by providing timely notice of requests for information under these provisions and by reasonably limiting such requests to information required **,** ~~to be disclosed~~ in the ~~reports that we file~~ **Purchaser' s reasonable judgment, to comply** with ~~, or submit~~ **Regulation AB. Section 10. 02 Information** to ~~,~~ **Be Provided by** the ~~SEC~~ **Seller The S e l l e r shall (i) within five Business Days following request by the Purchaser or any Depositor, provide to the Purchaser and such Depositor (or, as applicable, cause each Third- Party Originator and each subservicer to provide), in writing and in form and substance reasonably satisfactory to the Purchaser and such Depositor, the information and materials specified in paragraphs (a), (b), and (c) of this Section, and (ii) as promptly as practicable following notice to or discovery by the Seller, as applicable, provide to the Purchaser and any Depositor (in writing and in form and substance reasonably satisfactory to the Purchaser and such Depositor) the information specified in paragraph (a) of this Section. (a) If so requested by the Purchaser or any Depositor, the Seller shall provide such information regarding (i) the Seller, as originator of the Mortgage Loans, or (ii) each Third- Party Originator, and (iii) as applicable, each subservicer, as** is **requested for the purpose of compliance** ~~recorded, processed, summarized, and reported, within -~~ **with** ~~the time periods specified by the SEC~~ **Items 1103 (a) (1), 1105, 1110, 1117 and 1119 of Regulation AB** . ~~They~~ **Such information shall** include ~~controls~~ **, at a minimum: (A) the originator' s form of organization; (B) a description of the originator' s origination program** and ~~procedures designed to ensure that~~ **how long the originator has been engaged in originating residential mortgage loans, which description shall include a discussion of the originator' s experience in originating mortgage loans of a similar type as the Mortgage Loans;** information ~~required to be disclosed in reports filed with, or submitted to, the SEC is accumulated and communicated to management, including our principal executive and principal financial officers, to allow timely decisions~~ regarding **the size** ~~required disclosure. Designing~~ and **composition** ~~implementing effective disclosure controls and procedures is a continuous effort that requires significant resources and devotion~~ of **the originator' s origination portfolio;** ~~time. We may discover deficiencies in our disclosure controls~~ and ~~procedures~~ **information** that may be **material,** ~~difficult or time consuming to remediate~~ in ~~a timely manner. These reporting~~ **the good faith judgment of the Purchaser or any Depositor, to** ~~and -~~ **an analysis of the performance of the Mortgage Loans, including the originators' credit- granting or underwriting criteria for mortgage loans of similar type (s) as the Mortgage Loans and such** other ~~obligations place~~ **information as the Purchaser or any Depositor may reasonably request for the purpose**

of compliance with Item 1110 (b) (2) of Regulation AB; (C) a description of any material legal or governmental proceedings pending (or known to be contemplated) against the Seller, each Third- Party Originator and each subservicer; and (D) a description of any affiliation or relationship between the Seller, each Third- Party Originator, each subservicer and any of the following parties to a Subsequent Transaction, as such parties are identified by the Purchaser or any Depositor in writing in advance of such Subsequent Transaction: (1) the sponsor; (2) the depositor; (3) the issuing entity; (4) any servicer; (5) any trustee; (6) any originator; (7) any significant ~~demands~~ **obligor; (8) any enhancement or support provider; and (9) any other material transaction party. (b) If so requested by the Purchaser or any Depositor, the Seller shall provide (or, as applicable, cause each Third- Party Originator to provide) Static Pool Information with respect to the mortgage loans (of a similar type as the Mortgage Loans, as reasonably identified by the Purchaser as provided below) originated by (i) the Seller, if the Seller is an originator of Mortgage Loans, and / or (ii) each Third- Party Originator. Such Static Pool Information shall be prepared by the Seller (or Third- Party Originator)** on ~~us and~~ **the basis of its reasonable, good faith interpretation of the requirements of Item 1105 (a) (1)- (3) of Regulation AB. To the extent that there is reasonably available to the Seller (** ~~our~~ **or** ~~Manager~~ **Third- Party Originator) Static Pool Information with respect to more than one mortgage loan type, the Purchaser or any Depositor shall be entitled to specify whether some or all of such information shall be provided pursuant to this paragraph. The content of such Static Pool Information may be in the form customarily provided by the Seller, and need not be customized for the Purchaser or any Depositor. Such Static Pool Information for each vintage origination year or prior securitized pool, as applicable, shall be presented in increments no less frequently than quarterly over the life of the mortgage loans included in the vintage origination year or prior securitized pool. The most recent periodic increment must be as of a date no later than 135 days prior to the date of the prospectus or other offering document in which the Static Pool Information is to be included or incorporated by reference. The Static Pool Information shall be provided in an electronic format that provides a permanent record of the information provided, such as a portable document format (pdf) file, or other such electronic format reasonably required by the Purchaser or the Depositor, as applicable. Promptly following notice or discovery of a material error in Static Pool Information provided pursuant to the immediately preceding paragraph (including an omission to include therein information required to be provided pursuant to such paragraph), the Seller shall provide corrected Static Pool Information to the Purchaser or any Depositor, as applicable, in the same format in which Static Pool Information was previously provided to such party by the Seller. If so requested by the Purchaser or any Depositor, the Seller shall provide (or, as applicable, cause each Third- Party Originator to provide), at the expense of the requesting party (to the extent of any additional incremental expense associated with delivery pursuant to this Agreement), such agreed- upon procedures letters of certified public accountants reasonably acceptable to the Purchaser or Depositor, as applicable, pertaining to Static Pool Information relating to prior securitized pools for securitizations closed on or after January 1, 2006 or, in the case of Static Pool Information with respect to Third- Party Originator** ’ s ~~senior management team~~ **originations or purchases** , ~~administrative~~ **to calendar months commencing January 1** , ~~operational~~ **2006** , **as the Purchaser or such Depositor shall reasonably request. Such letters shall be addressed to** and **be for the benefit of such parties as the Purchaser or such Depositor shall designate, which may include, by way of example, any sponsor, any Depositor and any broker dealer** ~~accounting~~ **acting** ~~resources and~~ **as underwriter, placement agent or initial purchaser with respect to a Subsequent Transaction. Any such statement or letter may take the form of a standard, generally applicable document accompanied by a reliance letter authorizing reliance by the addressees designated by the Purchaser or such Depositor. (c) For the purpose of satisfying the reporting obligation under the Exchange Act with respect to any class of asset- backed securities, the Seller shall (or shall** cause ~~us~~ **each Third- Party Originator** to ~~incur significant expenses~~ **) (i) promptly notify the Purchaser, any Master Servicer and any Depositor in writing of (A) any material litigation or governmental proceedings involving the Seller or any Third- Party Originator, (B) any affiliations or relationships that develop following the closing date of a Subsequent Transaction between the Seller or any Third- Party Originator and any of the parties specified in clause (D) of paragraph (a) of this Section (and any other parties identified in writing by the requesting party) with respect to such Subsequent Transaction, (C) any default under the terms of this Agreement, (D) any merger, consolidation or sale of substantially all of the assets of the Seller, and (E) the Seller’ s entry into an agreement with a third party to perform or assist in the performance of any of the Seller’ s obligations under this Agreement or any Reconstitution Agreement and (ii) provide to the Purchaser and any Depositor a description of such proceedings, affiliations or relationships or other events. Section 10. 03 Helping Families Notice. With respect to each Mortgage Loan, within thirty (30) days following the related Closing Date, the Seller shall furnish to the Mortgagor of such Mortgage Loan the notice required by Section 404 of the Helping Families Save Their Homes Act of 2009 (the “ Helping Families Act ”) in accordance with the provisions of the Helping Families Act. In addition, in connection with any Subsequent Transaction with respect to any of the Mortgage Loans, the Seller shall furnish to each related Mortgagor, within thirty (30) days following the closing date with respect to such Subsequent Transaction, a notice with respect to such assignment in the form required by the assignee for the related Subsequent Transaction, which notice shall identify the assignee for the related Subsequent Transaction as the new owner of the Mortgage Loan and include any other information required by the Helping Families Act. ARTICLE XI SERVICING OF MORTGAGE LOANS Section 11. 01 Seller to act as Interim Servicer. (a) The Mortgage Loans will be purchased by Purchaser and sold by Seller on a servicing- released basis and the purchase of the Mortgage Loans by the Purchaser shall, for all purposes, include all Servicing Rights relating thereto** . From **the related Closing Date to the Servicing Transfer Date, Seller, as an independent contractor, shall interim service the Mortgage Loans in strict accordance with Accepted Servicing Practices. Without limiting the generality of the foregoing, the Seller shall not take, or fail to take, any action which would result in the Purchaser’ s interest in the Mortgage Loans being adversely affected.**

In determining the delinquency status of any Mortgage Loan, the Seller will use delinquency recognition policies as described to and approved by the Purchaser, and shall revise these policies as requested by the Purchaser from time to time **. On the Servicing Transfer Date** , ~~we~~ **the Seller shall transfer the servicing of the Mortgage Loans to the Purchaser or its designee in accordance with the requirements mutually agreed upon by the Seller and the Purchaser. (b) The Seller** may ~~need to upgrade~~ **perform its servicing responsibilities through agents** ~~our~~ **or independent contractors** ~~systems or create new systems~~ , **but shall not thereby be released from** ~~implement additional financial and other controls, reporting systems and procedures, and outsource an~~ **any** ~~effective internal audit function~~ **of its responsibilities hereunder** . ~~If we are~~ **The Mortgage Loans may be subserviced by one or more unaffiliated subservicers on behalf of Seller provided each subservicer is a Fannie Mae approved seller / servicer or a Freddie Mac approved seller / servicer in good standing, and no event has occurred, including but not limited to a change in insurance coverage, that would make it** unable ~~to accomplish these objectives in a timely and effective fashion, our ability~~ to comply with the ~~financial reporting requirements~~ **eligibility for seller / servicers imposed by Fannie Mae or Freddie Mac, or which would require notification to Fannie Mae or Freddie Mac. Seller shall pay all fees and expenses of the subservicer from its own funds (provided that any such expenditures that would constitute Servicing Advances if made by Seller hereunder shall be reimbursable to Seller as Servicing Advances). Seller shall be entitled to enter into** ~~and~~ **an agreement with the subservicer for indemnification of Seller by the subservicer and nothing contained in this Agreement shall be deemed to limit or modify such indemnification. Any subservicing agreement and any** other ~~rules that apply~~ **transactions or services relating** to ~~public companies~~ **the Mortgage Loans involving the subservicer shall be deemed to be between the subservicer and Seller alone, and the Purchaser shall have no obligations, duties or liabilities with respect to the subservicer including no obligation, duty or liability of the Purchaser to pay the subservicer' s fees and expenses. For purposes of distributions and advances by Seller pursuant to this Agreement, Seller shall be deemed to have received a payment on a Mortgage Loan when the subservicer has received such payment. Seller shall not make any amendment to any agreement with a subservicer if such amendment is not consistent with or violates the provisions of this Agreement, or if such amendment** could be ~~impaired~~ **reasonably expected to be materially adverse to the interests of the Purchaser Section 11** . **02 Reporting and Remittance. Within twelve (12) Business Days following the conclusion of each calendar month reporting and remittance cycle occurring during the Interim Servicing Period (each, a " Reporting Cycle "), if any, Seller shall forward to Purchaser with respect to the Mortgage Loans a full set of tapes and a trial balance as of the end of each such Reporting Cycle, which tapes and trial balance shall include information relating to all payment and other activity on the Mortgage Loans. With respect to any payments of principal or interest (including all prepayments) received, or applied to any Mortgagor' s account, by Seller during the Interim Servicing Period (or prior to the Closing Date, if any such payments were not reflected in the calculation of the Purchase Price), Seller shall remit to the Purchaser all such payments of principal and interest on the Mortgage Loans no later than the twelfth (12th) Business Day of the month following the conclusion of each Reporting Cycle and, with respect to the month in which the related Servicing Transfer Date occurs, no later than the twelfth (12th) Business Day thereafter Section 11. 03 Establishment of and Deposits to Custodial Account. The Seller shall, or shall instruct its sub- servicer to, segregate and hold all funds collected and received pursuant to a Mortgage Loan separate and apart from any of its own funds and general assets and shall establish and maintain one or more Seller Custodial Accounts, in the form of time deposit or demand accounts, titled " Angel Oak Mortgage Solutions LLC in trust for Purchaser and / or subsequent purchasers of Mortgage Loans, and various Mortgagors- P & I. " The Seller Custodial Account shall be established with a Qualified Depository. Upon request of Purchaser and within ten (10) calendar days thereof, Seller shall provide Purchaser with written confirmation of the existence of such Seller Custodial Account. Any funds deposited in the Seller Custodial Account shall at all times be insured to the fullest extent allowed by Applicable Law. Seller shall deposit in the Seller Custodial Account within one (1) Business Day of Seller' s receipt, and retain therein, all amounts received in respect of the Mortgage Loans. Any interest paid on funds deposited in the Seller Custodial Account by the depository institution shall accrue to the benefit of Seller. The amount of any losses incurred on funds deposited in the Seller Custodial Account shall be replaced by Seller from its own funds and shall be deposited into the Seller Custodial Account by the last calendar day of the current Reporting Cycle. Seller shall maintain adequate records with respect to all deposits and withdrawals made pursuant to this Section 11. 03. All funds required to be deposited in the Seller Custodial Account shall be held in trust for Purchaser until withdrawn in accordance with this Agreement. Section 11. 04 Establishment of Escrow Accounts; Deposits in Escrow Accounts. The Seller shall, or shall instruct its sub- servicer to, segregate and hold all funds collected and received pursuant to each Mortgage Loan which constitute Escrow Payments separate and apart from any of its own funds and general assets and shall establish and maintain one or more Escrow Accounts. Seller shall deposit in the Escrow Account or Accounts on a daily basis, and retain therein: (i) all Escrow Payments collected on account of the Mortgage Loans, for the purpose of effecting timely payment of any such items as required under the terms of this Agreement; and, (ii) all Insurance Proceeds and applicable Condemnation Proceeds which are to be applied to the restoration or repair of the related Mortgaged Property. Seller shall make withdrawals therefrom only to effect such payments as are required under this Agreement, and for such other purposes as shall be as set forth or in accordance with this Section 11. 04. Seller shall be entitled to retain any interest paid on funds deposited in the Escrow Account by the depository institution other than interest on escrowed funds required by law to be paid to the Mortgagor and, to the extent required by law, Seller shall pay interest on escrowed funds to the Mortgagor notwithstanding that the Escrow Account is non- interest bearing or that interest paid thereon is insufficient for such purposes. Withdrawals from the Escrow Account may be made by Seller: (i) to effect timely payments of ground rents, taxes, assessments, water rates, hazard insurance premiums, primary mortgage insurance premiums, if applicable, and comparable items; (ii) to**

reimburse Seller for any Servicing Advances made by Seller with respect to a related Mortgage Loan but only from amounts received on the related Mortgage Loan which represent late payments or collections of Escrow Payments thereunder; (iii) to refund to the Mortgagor any funds as may be determined to be overages; (iv) for transfer to the Seller Custodial Account in accordance with the terms of this Agreement; (v) for application to restoration or repair of the Mortgaged Property; (vi) to pay to Seller, or to the Mortgagor to the extent required by law, any interest paid on the funds deposited in the Escrow Account; or, (vii) to clear and terminate the Escrow Account on the termination of this Agreement. Section 11. 05 Fidelity Bond, Errors and Omission Insurance. Seller shall maintain, at its own expense, a blanket fidelity bond and an errors and omissions insurance policy, with broad coverage with responsible companies that would meet the requirements of Fannie Mae and Freddie Mac if Seller were servicing the Mortgage Loans for Fannie Mae or Freddie Mac, as the case may be, on all officers, employees or other persons acting in any capacity with regard to the Mortgage Loans to handle funds, money, documents and papers relating to the Mortgage Loans. The existence of such insurance policy shall not diminish or relieve Seller' s obligations under this Agreement. Seller shall cause to be delivered to Purchaser a certified true copy of the fidelity bond and insurance policy. Seller shall provide copies of the fidelity bond and insurance policy at each renewal of such policy. Section 11. 06 Modifications. Seller may not waive, modify or vary any term of any Mortgage Loan, forbear or defer any payment, principal or amount due, or consent to the postponement of strict compliance with any such term or in any manner grant indulgence to any Mortgagor without the prior written consent of Purchaser. Section 11. 07 Servicing Transfer. On the Servicing Transfer Date, Purchaser, or its designee, shall assume all servicing responsibilities related to the Mortgage Loans and Seller shall transfer the servicing to Purchaser or its designee in accordance with the servicing transfer procedures provided by Purchaser on or before such transfer date. Without limiting the generality of the foregoing, on or prior to the Servicing Transfer Date (or in the case of subclauses (c), (d) and (e) below, within five (5) Business Days from and after the Servicing Transfer Date), Seller shall take such steps as may be necessary or appropriate to effectuate and evidence the transfer of the servicing of the Mortgage Loans to Purchaser, or its designee, in compliance with Applicable Law, including but not limited to the following: (a) Seller shall send, or shall ensure its sub- servicer sends, when applicable, to each Mortgagor the servicing transfer notices required under RESPA, Regulation X and other Applicable Laws. Seller shall provide and / or make available to Purchaser with copies of all such related notices within thirty (30) days of the Servicing Transfer Date; (b) Seller shall transmit, or cause to be transmitted, to the applicable taxing authorities and insurance companies (including private mortgage insurance policy insurers, if applicable) and / or agents, notification of the transfer of the servicing to Purchaser, or its designee, and instructions to deliver all notices, tax bills and insurance statements, as the case may be, to Purchaser, or its designee, from and after the Servicing Transfer Date. Seller shall provide Purchaser, or its designee, with a Seller Officers' Certificate confirming that all such notices have been transmitted, together with a copy of the related standard form (s) of such notifications within ten (10) Business Days of the Servicing Transfer Date; (c) Seller shall forward to Purchaser, or its designee, all servicing records and the Servicing Files in Seller' s possession relating to each transferring Mortgage Loan, and shall make available to Purchaser, or its designee, during Seller' s normal business hours and on reasonable advance notice, any such records; (d) Seller shall deliver by wire transfer, or otherwise make available as Purchaser reasonably deems acceptable, to Purchaser, or its designee, in immediately available funds the aggregate amount of the Escrow Payments and suspense balances and all loss draft balances associated with the Mortgage Loans. Seller shall provide Purchaser, or its designee, with an accounting statement of Escrow Payments and suspense balances and loss draft balances sufficient to enable Purchaser, or its designee, to reconcile the amount of such payment with the accounts of the Mortgage Loans. Additionally, Seller shall deliver by wire transfer to Purchaser, or its designee, in immediately available funds, the amount of any prepaid transferring Mortgage Loan payments and all other similar amounts held by Seller; (e) Prior to the Servicing Transfer Date, all payments with respect to a Mortgage Loan received by Seller which are due on or after the Cut- Off Date shall be applied to such Mortgage Loan on receipt and such applied amounts will be forwarded by Seller to Purchaser, or its designee, by wire transfer in immediately available funds on or immediately after the Servicing Transfer Date; (f) Any Monthly Payments for the Mortgage Loans received by Seller after the Servicing Transfer Date shall immediately be forwarded to Purchaser or its designee by overnight mail; provided, however, that any such Monthly Payments received by Seller more than thirty (30) days after the Servicing Transfer Date shall be forwarded by Seller to Purchaser or its designee by or regular mail within three (3) Business Days of receipt. Seller shall notify Purchaser or its designee of the particulars of the payment, such as the account number, dollar amount, date received and any special Mortgagor application instructions with respect to such Monthly Payments received by Seller; (g) Misapplied payments on Mortgage Loans shall be processed as follows: (i) all parties shall cooperate in correcting misapplication errors; (ii) the party receiving notice of a misapplied payment occurring prior to the Servicing Transfer Date and discovered after the Servicing Transfer Date shall immediately notify the other party; (iii) if a misapplied payment which occurred prior to the Servicing Transfer Date cannot be identified and said misapplied payment has resulted in a shortage to Purchaser, Seller shall be liable for the amount of such shortage, and Seller shall reimburse Purchaser for the amount of such shortage within thirty (30) days after receipt of written demand therefor from Purchaser; (iv) if a misapplied payment which occurred prior to the Servicing Transfer Date has created an improper Purchase Price as the result of an inaccurate outstanding principal balance, the party with notice of such misapplied payment shall promptly inform the other party and a wire transfer or a check shall be issued to the party shorted by the improper payment application within five (5) Business Days after notice thereof by the other party; and, (v) any wire transfer or check issued under the provisions of this paragraph shall be accompanied by a statement indicating the corresponding Seller and / or Purchaser Mortgage Loan identification number and an explanation of the allocation of any such payments; (h) On and prior to

the Servicing Transfer Date, Seller shall maintain its books, records and accounts with respect to the servicing of the Mortgage Loans in accordance with Accepted Servicing Practices; (i) On or before the Servicing Transfer Date, Seller shall reconcile principal balances and make any monetary adjustments for the Mortgage Loans required by the Purchaser. Any such monetary adjustments will be transferred between Seller and Purchaser as appropriate within three (3) Business Days of the Servicing Transfer Date; (j) Seller shall file all IRS Forms 1099, 1099A, 1098 or 1041 and K- 1 which are required to be filed on or before the Servicing Transfer Date in relation to the servicing and ownership of the Mortgage Loans. Seller shall provide copies of such forms to Purchaser upon reasonable request and shall reimburse Purchaser for any penalties or reasonable costs incurred by Purchaser due to Sellers' s failure to comply with this paragraph; (k) Seller shall pay all hazard and flood insurance premiums and primary mortgage insurance policy premiums, due within thirty (30) days after the Servicing Transfer Date, provided that Seller has received bills for insurance premiums at least fourteen (14) days prior to the Servicing Transfer Date; and (l) Seller shall pay all tax bills (including interest, late charges and penalties in connection therewith) due within thirty (30) days after the Servicing Transfer Date, it being understood this is a reimbursable Servicing Advance. Section 11. 08 Additional Obligations. (a) In consideration for the Seller' s performance of servicing obligations pursuant to this Agreement and subject to the terms and conditions of this Agreement, Purchaser shall pay to the Seller, monthly during the term of this Agreement, an amount equal to ten dollars ($ 10. 00) (the " Interim Servicing Fee ") for each Mortgage Loan serviced during the Interim Servicing Period. The Interim Servicing Fee shall be fully earned on the first day of each month for each Mortgage Loan being serviced on the first day of the month. (b) All Mortgage Loans will have and Seller will assign to Purchaser, life- of- loan, fully transferable, tax service contracts with an Approved Tax Service Contract Provider based on the full legal description. To the extent any Mortgage Loan does not have such a tax service contract from an Approved Tax Service Contract Provider, Seller shall reimburse Purchaser for the actual documented cost to acquire such contract from an Approved Tax Service Contract Provider. All Mortgage Loans will have and Seller will assign to Purchaser, life- of- loan, fully transferable flood certification contracts from an Approved Flood Certification Contract Provider as of the Servicing Transfer Date. Seller will pay any transfer fees required in connection with the assignment to it of any tax service contract or flood certification contract. (c) If a Mortgage Loan was originated more than twelve (12) months prior to the Servicing Transfer Date, then Seller shall conduct such escrow analyses with respect to such Mortgage Loan as may be required under Applicable Law. With respect to any such Mortgage Loan, Seller shall make any adjustment to the escrow payment due, refunds of escrow overages and collections of escrow shortages in accordance with Applicable Law prior to the Servicing Transfer Date. (d) For ninety (90) days after the Servicing Transfer Date, Seller shall deliver such insurance policies or renewals and invoices as it may receive with respect to the Mortgage Loans to Purchaser or its designee within ten (10) Business Days of its receipt of the same, thereafter Seller shall exercise reasonable efforts to deliver such insurance policies or renewals and invoices as it may receive with respect to the Mortgage Loans to Purchaser or its designee within a reasonable time of its receipt of same. (e) For one (1) year after the Servicing Transfer Date, Seller shall deliver such tax bills as it may receive with respect to the Mortgage Loans to Purchaser or its designee within ten (10) Business Days of its receipt of the same, thereafter Seller shall exercise reasonable efforts to deliver such tax bills as it may receive with respect to the Mortgage Loans to Purchaser within a reasonable time of its receipt of same. (f) Seller shall be responsible for the initial recordation of all Assignments of Mortgage and all intervening assignments of mortgage, as applicable. [SIGNATURE PAGE FOLLOWS] IN WITNESS WHEREOF, the Seller and the Purchaser have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written. PURCHASER: By: Angel Oak Capital Advisors LLC, not in its individual capacity but solely as Administrator By: / s / David Gordon Name: David Gordon Title: Chief Legal Officer – Private Strategies SELLER: By: Angel Oak Lending, LLC, not in its individual capacity but solely as Manager By: / s / Ashlei McLeer Name: Ashlei McAleer Title: Chief Operating Officer EXHIBIT A CONTENTS OF MORTGAGE FILES With respect to each Mortgage Loan, the Mortgage File shall include each of the following items, unless otherwise disclosed to the Purchaser on the data tape, which shall be available for inspection by the Purchaser and which shall be delivered to the Purchaser or the Purchaser' s Custodian: (a) Copies of the Mortgage Loan Documents. (b) Residential loan application. (c) Mortgage Loan closing statement. (d) Verification of employment and income, if required. (e) Verification of acceptable evidence of source and amount of down payment. (f) Credit report on Mortgagor, in a form acceptable to either Fannie Mae or Freddie Mac. (g) Residential appraisal report, AVM report, property condition report and any other property valuation documentation as required by the Underwriting Guidelines. (h) Photograph of the Mortgaged Property. (i) Survey of the Mortgaged Property, unless a survey is not required by the title insurer. (j) Copy of each instrument necessary to complete identification of any exception set forth in the exception schedule in the title policy, i. e., map or plat, restrictions, easements, homeowner association declarations, etc. (k) Copies of all required disclosure statements. (l) If applicable, termite report, structural engineer' s report, water potability and septic certification. (m) Sales Contract, if applicable. (n) Each commitment letter related to the Mortgage Loan. (o) The related Form 1008 (underwriter transmittal form). (p) A copy of any hazard insurance policy, including any flood insurance policy, related to the Mortgaged Property, including the declaration pages related to any such insurance policy; and (q) A copy of the certificate of occupancy for the related Mortgaged Property. (r) Evidence for each GSE Loan that it received a recommendation of Approve / Eligible from the related GSE. (s) A copy of the certificate evidencing the insurance or guarantee applicable to the Mortgage Loan issued by the by the applicable Agency or private mortgage insurer, as the case may be. (t) With respect to a Second Lien Mortgage, copies of the mortgage note billing statement or other related documents (as deemed acceptable by Purchaser in its sole reasonable judgment) for the first mortgage loan secured by the related Mortgaged Property utilized in underwriting the Mortgage Loan. EXHIBIT B

PURCHASE ADVICE AND RELEASE LETTER [DATE] Atlanta, GA 30326 Attention: Operations Re: Loan purchase between Angel Oak Mortgage Fund TRS (“ Purchaser ”) and Angel Oak Mortgage Solutions LLC (“ Seller ”) pursuant to that certain Second Amended and Restated Mortgage Loan Purchase Agreement, dated as of November 29, 2023 (the “ Purchase Agreement ”) Ladies and Gentlemen: The Seller and the Purchaser hereby confirm that they have reached agreement on the purchase and sale, on a servicing released basis, of the Mortgage Loans described on Annex 1 attached hereto on the terms and conditions set forth in the Purchase Agreement (which terms and conditions are incorporated herein by this reference), as follows: 1. The Purchase Price Percentage for each of the Mortgage Loans is [%] [specified on Annex 1]. 2. The Cut- off Date is, 20. 3. The Servicing Transfer Date is, 20, or as otherwise mutually agreed by the parties. 4. The Servicing Fee Rate is 0 % per annum. 5. The Seller confirms to the Purchaser that the representations and warranties of the Seller set forth in Subsections 5. 01 and 5. 02 of the Purchase Agreement are true and correct with respect to the Seller and the Mortgage Loans listed on Annex 1 attached hereto and the related Mortgage Loan Schedule, each as of the Closing Date. Further, and effective immediately upon the receipt of an amount equal to or greater than the total purchase price of the loan due to Seller, as applicable, in the amount set forth in this Release Letter (the “ Proceeds ”), the Seller hereby releases any and all ownership interest, lien or security interest and assigns away title with respect to the Mortgage Loans referenced on Schedule A of this Release Letter (the “ Mortgage Loans ”), such release to be effective automatically [PURCHASE ADVICE AND RELEASE LETTER] without further action by any party upon such Seller (s) receipt of the Proceeds in full, in accordance with the wire instructions below in immediately available funds. Note Date: As per Schedule A forthe SellerSettle Date: Proceeds: Seller (s) Payment Instructions: Buyer’ s Collateral Delivery Instructions: USB Private Certs c / o Angel OakU. S. Bank National Association 1133 Rankin Street, Suite 100 St. Paul, MN 55116Attention: Brooke Alsides [SIGNATURES TO FOLLOW] Very truly yours, LLC, as Seller Name: Title: Approved by: ANGEL OAK MORTGAGE FUND TRS, as Purchaser By: Angel Oak Capital Advisors, LLC not in its individual capacity but solely as Administrator [PURCHASE ADVICE AND RELEASE LETTER – SIGNATURE PAGE] Annex 1 to FUNDING SCHEDULE SellerLoan # Borrower Last NameTotal Proceeds [PURCHASE ADVICE AND RELEASE LETTER – ANNEX 1] EXHIBIT C MORTGAGE LOAN DOCUMENTS With respect to each Mortgage Loan, the Mortgage Loan Documents shall consist of the following: (a) The original Mortgage Note evidencing a complete and unbroken chain of endorsements from the originator to the Seller to the last endorsee (“ Last Endorsee ”) bearing all intervening endorsements, endorsed “ Pay to the order of, without recourse ” and signed in the name of the Last Endorsee by an authorized officer. To the extent that there is no room on the face of the Mortgage Notes for endorsements, the endorsement may be contained on an allonge. If the Mortgage Loan was acquired by the Seller in a merger, the endorsement must be by “ [Last Endorsee], successor by merger to [name of predecessor] ”. If the Mortgage Loan was acquired or originated by the Last Endorsee while doing business under another name, the endorsement must be by “ [Last Endorsee], formerly known as [previous name] ”. (b) The original of any guarantee executed in connection with the Mortgage Note (c) The original Mortgage with evidence of recording thereon. If in connection with any Mortgage Loan, the Seller cannot deliver or cause to be delivered the original Mortgage with evidence of recording thereon because such public recording office retains the original recorded Mortgage, the Seller shall deliver or cause to be delivered to the Custodian, a photocopy of such Mortgage, together with a copy of such Mortgage certified by such public recording office to be a true and complete copy of the original recorded Mortgage. (d) The originals of all assumption, modification, consolidation or extension agreements, if any, with evidence of recording thereon. (e) Except with respect to each MERS Designated Mortgage Loan, an original Assignment of Mortgage for each Mortgage Loan, in form and substance acceptable for recording and shall be delivered in blank. If the Mortgage Loan was acquired by the Seller in a merger, the Assignment of Mortgage must be made by “ [Seller], successor by merger to [name of predecessor] ”. If the Mortgage Loan was acquired or originated by the Seller while doing business under another name, the Assignment of Mortgage must be by “ [Seller], formerly known as [previous name] ”. (f) The originals of all intervening assignments of mortgage (if any) evidencing a complete and unbroken chain of assignment from the originator to the Seller (or MERS with respect to each MERS Designated Mortgage Loan) to the Last Endorsee with evidence of recording thereon, or if any such intervening assignment has not been returned from the applicable recording office or if such public recording office retains the original recorded assignments of mortgage, the Seller shall deliver or cause to be delivered to the Custodian, a photocopy of such intervening assignment, together with (i) in the case of a delay caused by the public recording office, an officer’ s certificate of the Seller (or certified by the title company, escrow agent, or closing attorney) stating that such intervening assignment of mortgage has been dispatched to the appropriate public recording office for recordation and that such original recorded intervening assignment of mortgage or a copy of such intervening assignment of mortgage certified by the appropriate public recording office to be a true and complete copy of the original recorded intervening assignment of mortgage will be promptly delivered to the Custodian upon receipt thereof by the Seller; or (ii) in the case of an intervening assignment where a public recording office retains the original recorded intervening assignment, a copy of such intervening assignment certified by such public recording office to be a true and complete copy of the original recorded intervening assignment. (g) For each First Mortgage Loan and Higher Balance Second Mortgage Loan, the original final mortgagee policy of title insurance or copy thereof or, in the event such original final title policy has not yet been issued, a certified true copy of the related policy binder or commitment for title certified to be true and complete by the title insurance company, in each case, including an Environmental Protection Agency Endorsement and, in the case of an ARM Mortgage Loan, a variable rate endorsement along with a statement by the title insurance company or closing attorney on such binder or commitment that the priority of the lien of the related Mortgage during the period between the date of the funding of the related Mortgage Loan and the date of the related title policy (which title policy

shall be dated the date of recording of the related Mortgage) is insured. (h) For each Lower Balance Second Mortgage Loan, either a mortgagee policy of title insurance meeting the requirements of clause (g) above, or copies of the documents otherwise allowable under the applicable Underwriting Guidelines. (i) The original of any security agreement, chattel mortgage or equivalent document executed in connection with the Mortgage Loan. (j) The original of any applicable power of attorney with evidence of recording thereon. EXHIBIT D UNDERWRITING GUIDELINES [EXHIBIT D] EXHIBIT E DATA FIELDS TO BE INCLUDED IN MORTGAGE LOAN SCHEDULE [EXHIBIT E]